

State of Florida



Public Service Commission
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COMMISSION CLERK

DATE: JANUARY 9, 2003

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK & ADMINISTRATIVE SERVICES (BAYÓ)

FROM: OFFICE OF THE GENERAL COUNSEL (CIBULA) *S.M.C. DS*
DIVISION OF COMPETITIVE MARKETS & ENFORCEMENT (MOSES) *R*
DIVISION OF ECONOMIC REGULATION (HEWITT) *COA TGT*

RE: DOCKET NO. 021166-TP - PROPOSED ADOPTION OF RULE 25-4.119, F.A.C., LINE INFORMATION DATABASE MAINTENANCE; AND PROPOSED AMENDMENT TO RULES 25-24.830, F.A.C., CONSUMER INFORMATION, AND 25-24.840, F.A.C., SERVICE STANDARDS.

AGENDA: 01/21/03 - REGULAR AGENDA - RULE PROPOSAL - INTERESTED PERSONS MAY PARTICIPATE

RULE STATUS: PROPOSAL MAY BE DEFERRED

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\GCL\WP\021166.RCM

CASE BACKGROUND

Staff received a complaint from an inmate who was unable to complete collect calls to his lawyer, a customer of an Alternative Local Exchange Telecommunications Company (ALEC). It was discovered that the reason the collect call was blocked was that the pay telephone provider had no way of billing the call. The ALEC serving the lawyer did not have a billing and collection agreement and the information contained in the Line Information Database (LIDB), which is the only information available to the company originating the call, showed the incumbent local exchange company as the owner of the line. Therefore, the ALEC could not be identified for direct contact to obtain billing name and address information for direct billing. Upon further investigation, it was discovered that this situation was not unique to confinement facility pay telephone providers, but also occurs from any

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telephone where a person is trying to complete a collect or third party billed call to an ALEC customer. According to Billing Concepts which is one of the largest clearinghouse rebillers, the problem of lost revenue from unbillable calls is estimated to be a \$1 billion a year problem nationwide.

Proposed Rule 25-4.119, Florida Administrative Code, and the proposed amendments to Rules 25-24.830 and 25-24.840, Florida Administrative Code, would make available through the Line Information Database (LIDB) sufficient information to ensure that collect and third party calls to ALEC customers can either be properly billed through the billing and collection agreements or through the acquisition of the billing name and address information from the ALEC serving the customer accepting the charges for the call.

The Commission has the authority to enact these rules pursuant to sections 364.03 and 364.337, Florida Statutes. Section 364.03(1), Florida Statutes, states in pertinent part that:

All rates, tolls, contracts, and charges of, and all rules and regulations of, telecommunications companies for messages, conversations, services rendered, and equipment and facilities supplied, whether such message, conversation, or service is to be performed over one company or line or over or by two or more companies or lines, shall be fair, just, reasonable, and sufficient, and the service rendered to any person by any telecommunications company shall be rendered and performed in a prompt, expeditious, and efficient manner.

Further, section 364.03(3), Florida Statutes, states that:

Every telecommunications company shall, upon reasonable notice, furnish to all persons who may apply therefor and be reasonably entitled thereto suitable and proper telecommunications facilities and connections for telecommunications services and furnish telecommunications service as demanded upon terms to be approved by the [C]ommission.

Also, section 364.337(5), Florida Statutes, states that the Commission has continuing regulatory oversight over the provision of basic local exchange telecommunications service provided by

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ALECs to establish reasonable service quality criteria, to assure resolution of service complaints, and to ensure the fair treatment of all telecommunications providers in the telecommunications marketplace.

Two staff rule development workshops were held in this matter on May 9, 2002, and July 22, 2002. At these rule development workshops, staff received comments on the rule adoption/amendments.

This recommendation addresses whether the Commission should adopt Rule 25-4.119 and amend Rules 25-24.830 and 25-24.840. The Commission has jurisdiction pursuant to sections 120.54, 350.127(2), 364.03, and 364.337, Florida Statutes.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission propose the adoption of Rule 25-4.119, Florida Administrative Code, Line Information Database Maintenance, and the amendment of Rules 25-24.830, Florida Administrative Code, Consumer Information, and 25-24.840, Florida Administrative Code, Service Standards?

RECOMMENDATION: Yes. The Commission should propose the adoption of Rule 25-4.119, Florida Administrative Code, and the amendment of Rules 25-24.830 and 25-24.840, Florida Administrative Code, as set forth in Attachment A. (CIBULA, MOSES, HEWITT)

STAFF ANALYSIS: The following addresses the proposed adoption of Rule 25-4.119 and the proposed amendment of Rules 25-24.830 and 25-24.840. The proposed rules are appended hereto as Attachment A.

Rule 25-4.119 - Line Information Database Maintenance

A Line Information Database (LIDB) contains customer information such as a service profile, billing specifications, and calling card validation. The line information is used by service providers to decide how to process a call. For example, line information can tell service providers whether to block certain calls, allow collect calls, or validate account information.

Part of the information contained in LIDB is the Operating Company Number (OCN). This number identifies the company claiming the access line. In today's environment, many of the OCNs are identified as the ILEC when the line is actually assigned to an ALEC. This misinformation prevents the company originating the collect call from identifying the correct company to contact if there are billing problems.

Rule 25-4.119(1) will require the ILEC to update LIDB with the correct OCN of the ALEC when the ALEC has contracted with the ILEC for this service. If the ALEC has not contracted with the ILEC, subparagraph (2) of the rule provides access to the LIDB for the ALEC to update the database directly.

Rule 25-24.830 - Customer Information

This rule requires an ALEC that chooses to restrict its customers from receiving collect or third party billing services to inform its potential customers about the calling restrictions. Staff believes it is imperative that customers be made aware that collect and third party calls cannot be processed prior to selecting an ALEC for service. An example of a company that would fit this situation would be a prepaid local service company that does not want toll charges charged to the line. The customers of this type of service generally are credit challenged and choose this type of service to prevent incurring additional expense.

Rule 25-24.840 - Service Standards

A company originating a collect or third party billed call can only bill the call if it either has information about the customer necessary to produce a direct bill or bill through a clearinghouse rebiller or ILEC billing system. If a customer of an ALEC accepts a collect call, and the ALEC does not have a billing and collection agreement, it is necessary for the ALEC to provide the originating company the BNA so a direct bill can be provided. The originating company will know that it needs to acquire the BNA information if it sees a toll restriction indicator in LIDB. For most companies, the toll restriction does not prevent the call from being processed; it only tells the originating company that another means of payment other than charging to the terminating telephone number must be obtained. Those ALECs that have entered into a billing and collection agreement do not need to place a toll restriction in LIDB, unless toll restricted service is the service the ALEC is providing, such as prepaid toll restricted local service. The rule also requires that the information in LIDB be updated daily. This will provide the most current information possible to companies originating the calls.

On January 7, 2003, post workshop, AT&T expressed concern with subparagraph (3)(b) of this proposed rule. AT&T stated that it has made a business decision not to enter into a billing and collection agreement because it would require billing format changes that will be costly to AT&T. The rule language would require a toll restrictor be placed in LIDB for AT&T's ALEC customers because it has chosen not to enter into a billing and collection agreement. AT&T has the ability to bill its customers that place a collect call to other AT&T customers because it has the customer records.

However, because AT&T's network is automated, when its system sees a toll restrictor in LIDB, it blocks the call.

AT&T believes that the requirement that ALECs provide BNA should be sufficient to ensure proper billing of collect and third-party bill calls. On its face this would hold true; however, without the toll restrictor indicator in LIDB, the company originating the call does not know it must obtain BNA and processes the call. This is the situation that is present today that leads to many unbillable calls. If the LIDB toll restrictor indicator is present, the company originating the call immediately knows it must obtain a method of billing.

The proposed rule language will cause AT&T to either make program changes that will override the LIDB toll restrictor for its customers or it must obtain a billing and collection agreement with a clearinghouse rebiller to facilitate the billing of the calls. Staff understands that this represents an expense to AT&T, but we believe it is necessary for all participants in the telecommunications industry to make the necessary modifications in order for customers to be able to make collect and third-party calls. In fact, Sprint commented in its response to the SERC that it supports the rules and believes the rules should become a national standard.

Statement of Estimated Regulatory Costs

The Florida Administrative Procedures Act encourages an agency to prepare a Statement of Estimated Regulatory Costs (SERC). The SERC prepared for this rule proposal is appended hereto as Attachment B.

According to the SERC, there are 425 ALEC companies with active certificates in Florida that will have to comply with the rules. Also, there are 10 incumbent local exchange companies (LECs) in Florida which will incur costs if they have not already changed the current LIDB to correctly display the ALEC as the service provider on resold lines.

LECs indicated that the initial expenses of complying with the proposed rule adoption/amendment may range from \$26,000 to \$485,000, not including the costs associated with development work the third party LIDB provider may experience. All the companies stated that their billing systems will have to be modified if the

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proposed rule adoption/amendment takes effect. Some ALECs indicated that they would experience transactional costs to comply with the proposed rule adoption/amendment.

Objections have been raised by the smaller local exchange companies because of the costs associated with modifications to both the billing systems and LIDB. The companies will bear the cost of the changes without the benefit of additional revenue. However, none of the large or small local exchange companies offered alternative suggestions of how to correct the problem.

In order to make the telecommunications network seamless to end users and to offer the end users the ability to process calls in the same manner they have experienced for years before local competition emerged, staff believes these modifications are necessary.

The only costs the Commission and other state entities are expected to incur are associated with promulgating the rule. Local government entities may incur costs similar to a private ALEC company if they offer calling services but do not have the necessary billing processes. Also, small businesses, small cities, and small counties may be affected if they have an ALEC certificate and offer calling services, and the costs could be similar to those of private telecommunications companies.

Based on the foregoing, staff recommends that the Commission propose the adoption of Rule 25-4.119, Florida Administrative Code, and the amendment of Rules 25-24.830 and 25-24.840, Florida Administrative Code, as set forth in Attachment A.

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ISSUE 2: If no request for hearing or comments are filed, should the proposed rules be filed for adoption with the Secretary of State and the docket closed?

RECOMMENDATION: Yes. The docket should be closed if no request for hearing or comments are filed. (CIBULA)

STAFF ANALYSIS: If no request for hearing or comments are filed, the proposed rules should be filed for adoption with the Secretary of State and the docket should be closed.

SMC
Attachments

1 DOCKET NO. 021166-TP
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ATTACHMENT A

3 25-4.119 Line Information Database Maintenance

4 Within 6 months of the effective date of this rule, each local
5 exchange telecommunications company shall:

6 (1) Update the Line Information Database (LIDB) with the account
7 ownership code of the Alternative Local Exchange Company claiming
8 the customer, provided the ALEC has contracted with the local
9 exchange company to provide such information or has purchased the
10 line directly from the local exchange company; and

11 (2) Provide ALECs access to LIDB, or provide updates on a
12 contractual basis, at reasonable cost-based terms and conditions,
13 for each ALEC that enters into a contract.

14 **Specific Authority: 350.127(2) FS.**

15 **Law Implemented: 350.115, 364.03 FS.**

16 **History: New _____.**
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1 DOCKET NO. 021166-TP
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3 **25-24.830 Consumer Information**

4 (1) The quality of service information in paragraph (1)(d) of
5 rule 25-24.825 shall be provided, verbally or in writing, upon
6 request to any person inquiring about the company's basic local
7 exchange telecommunications service. In addition, the above
8 information shall be provided in writing before or in the basic
9 local exchange telecommunications customer's first bill for
10 service. The above information shall be expressed in simple words,
11 sentences, and paragraphs. Unnecessarily long, complicated, or
12 obscure phrases or acronyms must be avoided.

13 (2) If an ALEC elects not to provide any third-party billing
14 or collect call services to its customers, the ALEC shall so state
15 in its price list and notify customers of such prior to a customer
16 agreeing to obtain local service from the ALEC.

17 **Specific Authority:** 350.127(2), F.S.

18 **Law Implemented:** 364.337(5), F.S., Ch. 95-403, §32, L.O.F.

19 **History:** New 12/26/95.
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3 **25-24.840, Service Standards**

4 (1) Each provider of alternative local exchange
5 telecommunications service shall make access to 9-1-1 emergency
6 services available to each of its basic telecommunications service
7 customers at a level at least equivalent to the service provided by
8 the incumbent local exchange company.

9 (2) ~~By July 1, 1997,~~ Access to 911 services shall be
10 maintained for the duration of any temporary disconnection for non-
11 payment of a residential subscriber's local service.

12 (3) Within 6 months of the effective date of this rule, each
13 Alternative Local Exchange Company shall:

14 (a) Provide billing name and address information at a
15 reasonable cost and in a timely manner, to any telecommunications
16 company that requests the information unless the ALEC has an active
17 billing and collection agreement.

18 (b) Populate LIDB with collect and third-party billing toll
19 restrictions if the ALEC has not entered into a billing and
20 collection agreement with a company capable of billing
21 telecommunications services.

22 (c) Update account ownership information and appropriate toll
23 restriction information directly into LIDB or contract with the
24 appropriate local exchange company for daily updates.

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3 **Specific Authority: 350.127(2), F.S.**

4 **Law Implemented: 364.03, 364.035, 364.337, 364.345, F.S.**

5 **History: New 05/06/97.**

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MEMORANDUM

November 13, 2002

TO: DIVISION OF APPEALS (CIBULA)

FROM: DIVISION OF ECONOMIC REGULATION (HEWITT) *CBH* *[Signature]* *[Signature]*

SUBJECT: REVISED STATEMENT OF ESTIMATED REGULATORY COSTS FOR PROPOSED RULE 25-4.119, F.A.C., LINE INFORMATION DATABASE MAINTENANCE, AND PROPOSED AMENDMENTS TO RULES 25-24.830, F.A.C., CONSUMER INFORMATION, AND 25-24.480, F.A.C., SERVICE STANDARDS

SUMMARY OF THE RULE

Proposed Rule 25-4.119, F.A.C., Line Information Database Maintenance, Proposed Amendments to Rules 25-24.830, F.A.C. Consumer Information, and 25-24.480, F.A.C., Service Standards, describe the Commission's plan for ensuring that all calls to ALEC customers can be properly billed.

The proposed additions and amendments would make available through the Line Information Database (LIDB) sufficient information to ensure that collect and third party calls to ALEC customers are properly billed.

ESTIMATED NUMBER OF ENTITIES REQUIRED TO COMPLY AND GENERAL DESCRIPTION OF INDIVIDUALS AFFECTED

There are 425 ALEC companies with active certificates in Florida. Each would have to comply with the proposed rule. There are 10 incumbent local exchange companies (LECs) in Florida which would incur costs if they have not already changed the current LIDB to correctly display the ALEC as the service provider on resold lines.

RULE IMPLEMENTATION AND ENFORCEMENT COST AND IMPACT ON REVENUES FOR THE AGENCY AND OTHER STATE AND LOCAL GOVERNMENT ENTITIES

The Public Service Commission and other state entities are not expected to experience implementation costs other than the costs associated with promulgating a proposed rule. Existing Commission staff would continue to handle the monitoring and review of compliance.

Local government entities may incur costs to comply if they offer calling services and do not have the necessary billing processes. The cost would be similar to the cost incurred by a private ALEC company.

ESTIMATED TRANSACTIONAL COSTS TO INDIVIDUALS AND ENTITIES

Some LECs indicated that they would incur new costs from the proposed rule changes. Sprint estimated that it would incur initial expenses of \$485,000 to comply with the proposed rule changes. Costs include purchase of software of \$245,000; modification of programs to identify resellers - \$20,000; staff time working on the project - \$20,000; and, cost to add Billing Service Provider to Sprint's systems - \$200,000.

TDS Telecom indicated that its Sabre billing system does not currently have the capability to comply with the proposed rule. Many changes to the system would be necessary including changes to the database, service order, inquiry screens, and to interfaces. The estimated costs to implement this functionality are between \$75,000 and \$100,000. TDS has approximately 400 resold lines which would cost between \$187 and \$250 per resold line to comply. Further, TDS estimated that it would require approximately 600-1,000 programming hours to comply. Therefore, TDS recommends that, at a minimum, that LECs should be allowed 6 months to comply with the proposed rule once an ALEC provides "unrestricted resale."

Frontier Communications of the South contacted its LIDB vendor, who indicated that they are not able to comply with the new requirements regarding LIDB database maintenance. Frontier does not have the information why its vendor can not comply at this time. However, if its vendor does not upgrade their database and the rule is implemented, Frontier would have significant cost to create its own LIDB database and any requirement that is specific just to Florida would be economically burdensome. Frontier has about 4,500 access lines in a very rural area of the state and would have to apply for a rule waiver if the costs to comply are unduly large.

Northeast Florida Telephone Company indicated that each transaction record for subscriber information that is extracted and sent as external party updates to LIDB contains Northeast's OCN. Should they be required to update the OCN record to reflect the OCN for the ALEC, major billing changes would be required. Northeast's outside vendor indicated that their present software cannot support this change and many changes would be required. Northeast has approximately 1,000 resold lines and the estimated cost would be between \$50 and \$100 per resold line or \$50,000 to \$100,000 to comply with the proposed rule.

ALLTELL stated that its CAMS billing system currently will not accommodate the requirements of this proposed rule. The function to put the OCN code of the customer's new provider into ALLTELL's LIDB records would have an estimated cost of \$26,000-\$56,000. This estimate does not include any costs associated with development work the 3rd party LIDB provider may have. Additional costs would include: storage costs to maintain customer data on the database, and incremental costs to report on the usage; CSSR time spent to process the updates; per transaction

costs to send the information to the LIDB; Information Systems programming costs, including testing, to make changes to billing system to accommodate this requirement.

Some ALECs would have transactional costs to comply with the proposed rule. One company stated that it estimated its incremental costs associated with the daily update of the LIDB with such information as toll restrictions and account ownership would be approximately \$20,000. The ongoing costs would be approximately \$10,000 annually, given factors such as volume of records, and human and technical resources. If the company decides not to provide third-party billing or collect call services, it estimated that the incremental cost would be approximately \$5,000 annually. Additional incremental cost to provide this information in writing before or in the customer's first bill would be approximately \$5,000 annually. The company could not speculate as to the costs associated with contracting with the appropriate local exchange company for daily updates. But the company expects to incur annualized costs in this regard of approximately \$5,000 annually.

Another company estimated that the costs to comply with the proposed rule would run into substantial sums of money. However, that company apparently does not understand how the rule works. The rule does not mandate billing and collection agreements (B&C). The rule allows flexibility so that if a company does not have a B&C agreement, it can provide billing name and address information so that the originating company can direct bill the call. Companies do not have to open their billing system to others. The originator of the call can bill through a clearing house or a direct bill. There may be some additional costs if there is a toll restriction code in the LIDB and the originating company has to obtain the billing name or address or contact the customer directly before billing can be completed. However, that should more than be offset by the benefits of the rule that would enable many millions of dollars of uncollectible calls to be eliminated, thus lowering the overall cost of service.

It was suggested that the Commission should establish a strict time frame for companies to implement the provisions of the rule amendments in order to have uniformity in the timing of carriers ability to obtain said information.

IMPACT ON SMALL BUSINESSES, SMALL CITIES, OR SMALL COUNTIES

Small businesses, small cities, and small counties may be affected if they have an ALEC certificate and offer calling services. The cost could be similar to the private company costs listed above.

Cc: Mary Bane
Rick Moses
Hurd Reeves