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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE AMENDMENTS TO RULES GOVERNING CUSTOMER RELATIONS RULES FOR TELEPHONE CORPORATIONS, IDAPA 31.41.01.000 ET SEQ. | ))))))) | CASE NO.  31-4101-9801COMMENTS OF THECOMMISSION STAFF |

COMES  NOW  the Staff of the Idaho Public Utilities Commission, by and through its attorney of record, Cheri C. Copsey, Deputy Attorney General, in response to Notice of Proposed Rulemaking issued June 19, 1998, submits the following comments.

The Staff of the Commission (Staff) supports the recommended additions and changes to the Commission’s Customer Relations Rules for Telephone Corporations.  The proposed rules will provide both telephone companies and Staff with a clearer understanding of the Commission’s expectations in a number of areas, including service installation and customer notification.  Consumers will benefit by having access to information about billing and collection policies and uniform performance standards.  Local exchange companies’ bills have become more like credit card bills with the appearance of charges for other companies’ goods and services.  In this new billing environment, customers are not fully aware of their rights and responsibilities.  Disputing charges on a bill has become a complex task, and consumers are provided with conflicting information from the local exchange company and the various providers for whom it bills.  Some call the Commission or another public agency for help; others simply give up and pay unauthorized charges.  In light of the increasing number of incidences reported to Staff involving slamming (the unauthorized change of customers’ interexchange carrier or local exchange company) and cramming (charges for goods and services not authorized by the customer), consumers need better information so that they can better protect themselves.

While supporting the proposal in general, Staff is filing comments on several proposed changes in order to provide the Commission with additional information to aid in its decision-making.

RULE 103

Guarantee in Lieu of Deposit--Residential Customers of LECS.

The proposed change requires local exchange companies to inform residential customers that it will accept written payment guarantees in lieu of a cash deposit.  Deposits are typically required as a condition for obtaining or continuing to receive unrestricted telephone service.  The present rule requires local exchange companies to accept guarantees, but it does not mandate that companies advise customers of the availability of that option at the time a deposit is requested.  Consequently, customers who are not aware of that alternative—which Staff believes is the majority of customers who might benefit from it—are effectively precluded from using it.  The Commission’s Consumer Assistance Staff finds itself in the difficult position of enforcing a rule that does not clearly spell out local exchange companies’ obligations.  Without the proposed disclosure requirement, the rule is of little practical benefit to customers.  Therefore, Staff’s recommended alternative to adopting the proposed rule would be to eliminate the current rule.  Doing away with Rule 103 would eliminate the enforcement difficulties presented by the current rule, impose one less requirement on local exchange companies, and would impact a relatively small number of consumers.

RULES 207 and 208

Billing for Other Services; Notice Concerning Application of Payments and Disconnection.

Rule 207 requires that information be provided on bills to advise customers that local exchange service may not be disconnected due to nonpayment of charges related to services other than local exchange and MTS service.  Rule 208 requires bills to contain notice on how partial payments will be allocated and that local exchange service cannot be disconnected for failure to pay other non-local exchange services, including MTS service.  These minimal notice requirements will give customers valuable information at the point where it is most helpful—when they receive their bills.  Providing notification about billing and collection policies on bills is a common business practice in unregulated industries.  In fact, certain disclosures are required under federal law.  It would be neither unusual nor onerous for the Commission to impose a similar requirement.

Staff notes that the final phrase in Rule 207 may be considered duplicative of the requirement contained in Rule 208.  To eliminate that duplication, Staff would recommend that Rule 207 be amended as follows:

Telephone company bills for other services shall contain the mailing address(es) or toll-free telephone number(s) available to customers for answering inquiries and resolving complaints about the services billed, sufficient information to readily identify the service provider, the services rendered, and the associated specific charges for which the bill is tendered.  and a statement that local exchange service may not be disconnected due to nonpayment of charges related to these services.

RULE 401.02

Obligations for Billing Disputes.

The relatively minor changes proposed make it clear that local exchange companies cannot simply refer customers to other service providers for whom it bills and collects without addressing customers’ billing disputes.  Although one would think that the existing rule clearly obligates local exchange companies to stop allocation of payments to disputed charges prior to the removal of those disputed charges from customers’ bills, some companies have simply directed customers to the service provider and have taken no further action based on that initial customer contact.  Customers must make multiple contacts with the local exchange company to actually get disputed charges removed.  The intent of the proposed rule is to impose an obligation similar to that imposed on credit card companies which bill and collect for goods and services provided by unrelated entities: disputed charges so identified by the consumer are immediately removed from the credit card bill, allowing the consumer and the company involved to work directly with each other to resolve the dispute.  The consumer is advised by the credit card company to contact the provider of goods and services, but removal of the disputed charges is not contingent upon the consumers making that contact or the provider agreeing to an adjustment or removal of the charges.  Removal of disputed charges does not constitute an elimination of the obligation to pay the provider directly or as ordered by a court; it simply removes the middleman—the credit card company, or, in the case of this rule, the local exchange company—from the dispute.

RULE 504

Local Exchange Service Installation Standards.

The proposed new rule would set standards for installation of local exchange service.  Although the Commission has established standards for repair of local exchange service, it does not have similar standards for service installation.  Both repair and installation standards are necessary to enable the Commission to determine whether local exchange companies are meeting the statutory obligation to provide adequate service.  There is no distinction made between competitive and incumbent local exchange companies.  Establishing installation standards will provide the Commission with objective, uniform, and competitively-neutral yardsticks by which to measure the individual or collective performance of the companies it  regulates.  Obviously, companies will avoid the need to issue individual customer credits if they meet or exceed the standards.  Currently, local exchange companies do not know what the Commission’s expectations are or how their performance will be judged.  Adoption of the proposed rule will provide more certainty and allow companies to decide whether to modify or continue existing practices.

The proposed rule also requires that consumers be provided billing credits if the local exchange company fails to meet the standards.  It does not impose automatic fines or penalties on companies who fail to meet the standards.  It is both reasonable and appropriate to compensate affected consumers directly when established standards have not been met.

RULES 606-610

These rules address various aspects of slamming.  Staff would argue for much stricter requirements, but concedes that the Commission’s rules should reflect existing Idaho state law and the Federal Communications Commission’s rules on slamming.  Adoption of these rules will make it clear that the Commission does not condone slamming and will provide Staff with an additional tool for resolving consumer complaints and initiating enforcement actions when necessary.

Respectfully submitted this                day of August 1998.

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Cheri C. Copsey

Deputy Attorney General

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Beverly Barker

Consumer Division Supervisor

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