

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of a New Proposed Rule)
4 CSR 240-33.045)

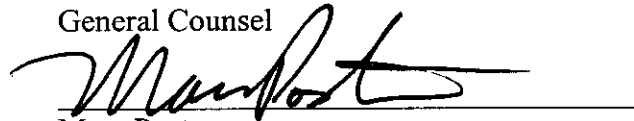
Case No. TX-2005-0258

MOTION FOR A NOTICE FINDING NECESSITY FOR RULEMAKING

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through its Office of General Counsel, pursuant to Section 536.016 RSMo 2000, and submits the attached affidavit in support of the necessity for a rulemaking regarding charges on customer bills for telecommunications services. This rulemaking is necessary to carry out the purposes of Sections 386.040, 386.250, 392.200, 392.220, 392.240, 392.451, and 392.470 RSMo 2000. The Staff hereby motions the Commission to issue a notice finding a necessity for a rulemaking regarding charges on residential and business customer bills.

Respectfully submitted,

DANA K. JOYCE
General Counsel




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Senior Counsel
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to the Office of the Public Counsel this 3rd day of February 2005.



Marc D. Poston

AFFIDAVIT

[illegible]

I, Natelle Dietrich, Regulatory Economist III in the Commission's Telecommunications Department, being of lawful age, and being duly sworn on my oath state:

The FCC's truth-in-billing rules require customer bills to be clear and require all charges to be conspicuously displayed on the bills. The rules also require companies to provide an explanation of all charges that appear on the bill. Despite this attempt to make telecommunications bills easier to understand, bills that contain many line-item charges can be confusing to customers. For instance, following is a partial list of charges that telecommunications companies include on bills. Most of these charges are authorized or allowed by state or federal law.

- Federal Interstate access surcharge (also known as the subscriber line charge or end user common line charge) – a flat monthly fee designed to assist recovery of the non-traffic sensitive portion of the local loop.
- Federal USF surcharge -- all telephone companies providing interstate service must contribute to the USF; many carriers choose to pass their contribution costs on to customers.
- Federal Number portability surcharge – this charge recovers costs for providing customers with the ability to retain, at the same location, an existing telephone number when switching providers; local companies may assess this charge for five years.
- County Emergency Telephone Surcharge -- a tax used to provide 911 service
- Non-specific regulatory charges (i.e., regulatory compliance charge)

Currently, 4 CSR 240-33.040 includes standards for what charges must be itemized on a residential telecommunications bill. The proposed rule would add a new section outlining standards for requiring clear identification and placement of separately identified charges on customer bills.

If the proposed rule is promulgated, telecommunications companies would be prohibited from placing non-mandated or non-authorized surcharges on a residential or business telecommunications bill.

There is a growing concern that it is difficult for customers to understand their telephone bills. For instance, an ILD Teleservices, Inc. bill reviewed by the Commission's Staff contains the following "miscellaneous" charges for one telephone line: Universal Service Fund: Jan 16 \$1.27; USF Carrier Adminstrati: Jan 16 \$1.03; Universal Service Fund: Jan 22 \$.89; USF Carrier Adminstrati: Jan 22 \$.83; Universal Service Fund: Jan 30 \$1.46; USF Carrier Adminstrati: Jan 30 \$1.13; Universal Service Fund: Feb 7 \$1.66; USF Carrier Adminstrati: Feb 7 \$1.24. There is no clear description of these apparently similar charges, no explanation as to why each charge appears multiple times and no explanation as to why each charge is a different amount than the previous time period. This example suggests that even uniform or similar labeling will not alleviate consumer confusion.

There is also a concern that it is more and more difficult for customers to comparison shop for telecommunications services since they cannot necessarily make an "apples to apples" comparison of all services, rates, and surcharges. As one Missouri consumer recently commented, "When I query the phone company about the fees and taxes, they maintain they are imposed by State and Federal governments and there is nothing they can do about it. What is unclear is how much is truly tax and how much is routine cost-of-business expense."¹ Another Missouri consumer wrote, "From my limited experience it [having added charges included in the price of service] would be most helpful both in understanding current billings, and doing comparative shopping."²

All telecommunications companies certificated to provide service in Missouri will be affected by the proposed rule.

There is no anticipated fiscal impact to the PSC. The telecommunications industry indicates the fiscal impact will be great if they lose revenues associated with the various charges that will no longer be permitted as a separate line-item, and therefore, will no longer be recovered from customers as a separate line-item charge. The telecommunications industry indicated a fiscal impact of \$640,000 because they will be required to have Missouri-specific price disclosures.

The fiscal impact to businesses or customers could be positive since customers would no longer be required to pay charges that are not mandated. The fiscal impact could also be positive if customers and businesses are able to make informed decisions about their telecommunications services. The fiscal impact could be neutral or negative if telecommunications companies seek to increase rates to recover revenue that is lost due to the proposed rule.

¹ Consumer comment to the Missouri Public Service Commission in response to an article in the *Kansas City Star*. Comment No. P200400279. May 3, 2004.

² Consumer comment to the Missouri Public Service Commission in response to an article in the *Kansas City Star*. Comment No. P200400280. May 3, 2004.

Natelle Dietrich

Natelle Dietrich
Regulatory Economist III
Missouri Public Service Commission

Subscribed and sworn to before me this 3rd day of February, 2005.

Sharon S. Wiles

NOTARY PUBLIC

