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September 22, 2004

Chairman Marc Spitzer
Commissioner Bill Mundell
Commissioner Jeff Hatch-Miller
Commissioner Kris Mayes
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Re: Truth in Billing

Dear Colleagues:

I have read your letters filed in this newly-opened docket. It appears that two issues are emerging. First, there is a jurisdictional concern over whether interexchange carriers are required to file tariffs with this Commission to impose a "monthly recurring fee." Second, there is a consumer protection concern whether "regulatory assessment fees" mislead and confuse customers.

The FCC authorized carriers to pass on the costs of implementing local number portability. Since wireless LNP went into effect in November 2003, ***wireless*** companies have been assessing fees to recover their costs to port numbers. However, there is speculation that the revenue from these fees may exceed the costs actually incurred. Now, charges are being assessed by ***wireline*** companies. For example, Sprint charges wireline customers a $0.99 "Carrier Cost Recovery Charge." AT&T also has a $0.99 monthly charge. According to AT&T, "*This fee will help AT&T recover the costs associated with state-to-state connection charges, property taxes and the expenses associated with regulatory proceedings and compliance...This fee is not a tax or charge required by the government.*" (www.consumer.att.com/reg/index.html) Now Qwest has informed its customers that it will charge a $0.99/month "interstate services fee" along with a $2.00 "monthly recurring fee."

Consumer Education

At a staff meeting, I would like to discuss whether it would be useful for this Commission to post on its website an explanation of the typical charges, fees and federal and state taxes found on a person's residential phone bill. Even before Qwest informed its customers of the new fees, I regularly received comments from Qwest customers who questioned how their $13.18 monthly residential phone line ended up being around $25.00 per month. Providing information about the AUSF, USF, fees and taxes can educate consumers about their phone bill.

Other state commissions and some phone companies have similar postings. Specifically, I refer to:

"Navigating Your Phone Bill"	Oregon PUC
"Solving the Mystery of Your Telephone Bill"	Maryland PUC

"Sample Bill with Explanations"	Qwest Minnesota
"Billing and Accounting"	Kerryville Telephone Co.

Identification of Line Item Fees

It seems that line item charges can be placed into one of three categories: mandatory charges, authorized charges or discretionary charges.

Mandatory charges – like taxes or the USF – are levied by the government and are passed on to the consumer. The collected revenue is not retained by the carrier but is passed on to the government. Authorized charges are when the government gives a carrier license to assess a fee to recover a specific, identified cost. Carriers keep the collected revenue. Discretionary charges are fees that cover the carrier's general cost of providing service.

The names given by carriers to the various line item charges may confuse consumers as to whether the carrier is collecting a fee on behalf of the government, whether it is recouping expenses for a specific incurred cost or whether the fee is to cover general business expenses. I ask that this docket explore the difference between these types of charges, whether the FCC authorized carriers to charge the $0.99/month fee charged by Sprint, AT&T, Qwest and others and whether this fee was intended to recover expenses for a specific cost incurred such as the cost associated with line number portability or whether it enhances the carrier's general revenue stream.

Updates on FCC Pending Action

The National Association of State Utility Consumer Advocates has filed a 68 page ***Petition for Declaratory Ruling*** before the FCC (CC Docket No. 98-170). In this Petition, NASUCA asks the FCC to find that the wireless and wireline companies have violated the FCC's 1999 "Truth in Billing" Order by assessing misleading charges and that carriers be prohibited from imposing line items unless those charges are expressly mandated by federal, state or local regulatory action. I ask that Commission Staff regularly update the docket as to the progress of this filing.

As a final note, Arizona telecommunications carriers, RUCO and other interested parties should be made aware of the opening of this docket. They may wish to file their perspectives on this matter.

Sincerely,

Mike Gleason
Commissioner

Attachments

c: Ernest Johnson, Director, Utilities Division
Chris Kempley, General Counsel, Legal Division
Brian McNeil, Executive Secretary