

November 13, 1998

Ms. Judy Boley  
Federal Communications Commission  
Room 234  
1919 M Street, N.W.  
Washington, D.C. 20554

**RE: Truth-in-Billing and Billing Format Rule Review Comment. FCC No. 98-232**

Dear Ms. Boley:

The American Association of Retired Persons (AARP) appreciates this opportunity to comment on the Federal Communications Commission's (FCC) Notice of Proposed Rulemaking regarding truth-in-billing for all telecommunications services. AARP believes that many of the requirements outlined in the Notice of Proposed Rulemaking, if implemented, will greatly benefit consumers. Additionally, if the proposals regarding which the FCC is soliciting comments are formalized, the deleterious practices of "cramming," the unauthorized addition of services to the telephone bill and "slamming," the unauthorized switching of long distance providers, will likely be curtailed.

AARP supports full disclosure in utility billings, with the belief that given adequate information, consumers will make intelligent decisions and will less likely fall victim to fraud and deceit. We therefore applaud the FCC for beginning the process toward bringing clarity and openness to customer billing within the telecommunications industry.

Our comments today will focus on the three broad principles that you introduced in the Notice of Proposed Rulemaking. These are:

- 1) Telephone bills should be clearly organized and highlight any new charges or changes to the consumers services.
- 2) Telephone bills should contain full and non-misleading descriptions of all charges and clear identification of the service provider responsible for each charge.
- 3) Telephone bills should contain clear and conspicuous disclosure of any information consumers need to make inquiries about charges.

**Telephone bills should be clearly organized and highlight any new charges or changes to the consumers services.**

The way in which telephone bills are currently structured causes a great deal of confusion and consternation among consumers. The intermingling of various charges and services makes it very difficult for consumers to discern what services are being delivered as well

as who is delivering those services and at what prices. The lack of clarity on the billing statements both facilitates and exacerbates the practices of slamming and cramming. Telecommunications companies that profit from slamming and cramming can avoid detection by the average consumer by burying or misidentifying charges on the telephone bill that reaches the consumer's residence or business. Clearly separating charges, while highlighting changes, would go a long way toward educating ratepayers and curtailing these onerous practices. We would also urge that only services related to telecommunications be included on the billing statement. AARP is concerned that phone bills are being used as another form of credit card, with services foreign to telecommunications services, like home security systems and travel clubs, being added to the monthly billing statement.

Better bill organization will, in AARP's view, not only reduce fraudulent billing, but also enable consumers to make better choices regarding long-distance service. Many long-distance callers -- particularly older callers -- do not take advantage of opportunities to save money on their monthly long-distance bills. Subscribing to a discount calling plan, for example, is one of the easiest and best options available for long-distance callers to save money on long-distance calling. While it does not require callers to cut back on their usage or receive inferior service, subscribing to a discount calling plan would save even low-volume callers up to 25 percent on their monthly bill.<sup>1</sup> Despite the substantial savings and ease of use, a recent AARP report shows that only 38 percent of all long-distance callers and only 26 percent of callers aged 65 and over say they belong to a discount plan.<sup>2</sup>

AARP believes that many more long-distance callers could avoid paying unnecessarily high rates for long-distance telephone service if their bills presented essential information in a user-friendly format. In this regard, the FCC should require uniform price disclosures on monthly long-distance bills to make comparison shopping easier for consumers. In particular, the FCC should ensure that all monthly bills include a clear and conspicuous summary page that provides two critical pieces of information about the consumer's current long-distance calling plan: the name of the plan, and the price per minute to make long-distance calls. Because of the complex system in place for pricing phone calls, it may be necessary to include, as a separate page in the bill, a fee schedule to outline the cost per minute of the calls and whether they were priced as intrastate, interstate or intraLATA calls. Further, the bill should denote any monthly fees and/or minimums and should classify them into one or two categories -- either a government-mandated charge or a fee charged to the consumer at the carrier's discretion.

AARP would also like to comment on the Commission's proposal to provide a status sheet in the bill. We concur with the Commission's idea of including a single page in each month's billing statement that provides the consumer with the current status of their telecommunications services. The inclusion of information specifying who provides

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<sup>1</sup> Lee, Dwight R., "Charging For Residential Long-Distance Service: Who Is Paying Too Much?," United Homeowners Association, July 3, 1997.

<sup>2</sup>AARP Survey on Long-Distance Callers' Awareness and Use of Various Telephone-related Options, Winter 1997-1998.

interstate, intrastate, intraLATA and local exchange service for the consumer is necessary. Further, a notation indicating whether carrier or preferred carrier freezes or blocking mechanisms have been implemented for any presubscribed telecommunications services is an important and long overdue addition to the billing statement.

**Telephone bills should contain full and non-misleading descriptions of all charges and clear identification of the service provider responsible for each charge.**

AARP believes that telephone bills should differentiate between “deniable” charges, for which basic communications services would be terminated for non-payment, and “non-deniable” charges, for which basic services would not be terminated for non-payment. We suggest that all monthly telephone bills identify deniable charges with an asterisk and include a brief description at the bottom of the bill to explain what deniable and non-deniable charges are. We believe that this action would help to reduce any confusion consumers may have about the risk of losing basic telephone service for failure to pay non-telecommunications related charges.

AARP supports the Commission’s efforts to prescribe “safe harbor” language for inclusion in bills of carriers that choose to recover universal service contributions and access charge obligations, such as the Primary Interexchange Carrier Charge (PICC), as separate line items on their bills. We also recommend that the carriers be required to inform subscribers that some of these charges are assessed on a per-line basis. Furthermore, we recommend that the FCC require carriers that include these separate line item charges to also include the following “safe harbor” language in each monthly bill:

*The Federal Communications Commission recently restructured the manner in which long-distance companies pay to support universal service and to use local telephone companies’ networks. While the result of this restructuring effort has been a net reduction in government-mandated costs of providing long-distance service, some companies have opted to add new charges to your bill in response to these changes. The FCC did not require companies to add these or any new charges or surcharges to your bill.*

Consumers must be able to compare among carriers to select the best value. Making comparisons, however, becomes very difficult if carriers choose different names for the same charge. In this regard, AARP urges the FCC to adopt a standard name for the PICC and universal service charges imposed by some service providers.

**Telephone bills should contain clear and conspicuous disclosure of any information consumers need to make inquiries about charges.**

AARP agrees with the Commission on the need to provide consumers with information regarding whom to contact to inquire about charges and/or to resolve disputes. AARP members have complained that telephone bills often fail to provide them with adequate information as to whom they should contact to ask questions about standard billing procedures. What makes the current situation even less palatable is the fact that in the cases of slamming and cramming, consumers find it difficult to reach the company whose charges appear on their bill. It is imperative therefore, that each billing statement include the name of each service provider, a valid business address and a toll-free number that the consumer can call to ask questions, lodge complaints or resolve disputes.

## **Conclusion**

The Federal Communications Commission is to be commended for the issuance of this Notice of Proposed Rulemaking regarding Truth-in-Billing and the Billing Format. AARP agrees with the Commission's view that inaccurate, deceptive or unclear charges and information on telephone bills represent a major concern for consumers. With advancements in telecommunications products and services occurring almost daily, it is of paramount importance to consumers to be able quickly to determine what goods and services they are purportedly being provided. It is equally critical for consumers to be able to identify who is providing the service and what they are being charged for each service. Finally, if consumers have questions or concerns about their telephone bill they should be able to easily get in touch with the company that is providing the service by having a name, address and toll-free phone number at hand. The FCC is proposing the adoption of all of these proposals and AARP supports its effort.

We appreciate the opportunity to comment and are hopeful that these proposals will be implemented in the near future. If you have any questions, please feel free to contact me or call Jeff Kramer of the Federal Affairs staff, at 202/434-3800.

Sincerely,

Martin A. Corry  
Director  
Federal Affairs