

Re: GENERIC PROCEEDING CONSIDERING THE )  
PROMULGATION OF TELEPHONE RULES )  
GOVERNING BILLING AND COLLECTION )  
AND CUSTOMER RELATIONS )

DOCKET 15957

## ORDER

### BY THE COMMISSION:

#### I. Introduction/Background

By Order dated June 18, 2007, the Commission established a workshop to consider proposed changes to the Commission's Telephone Rules (T-Rules) for purposes of addressing third-party billing issues. The staff proposed amendments to rule T-16 (Billing and Collection). By Order dated July 10, 2007, the Commission expanded the workshop to include staff's proposed amendments to rule T-5 (Customer Relations). The proposed changes to rule T-5 are for purposes of requiring carriers to provide full disclosure of billed charges when quoting prices to an existing or potential customer.

The Commission workshop related to the above issues was conducted on July 25, 2007, in the Commission Hearing Complex. Attendees included representatives from incumbent local exchange carriers (ILECs), competitive local exchange carriers (CLECs), toll providers, billing aggregators, and legal counsel representing clients from various industry sectors. Staff modified the proposed Telephone Rules based on the feedback received through the workshop.

By Order dated December 4, 2007, the Commission sought comments from interested parties on the staff's proposed rule changes as modified following the Commission workshop of July 25, 2007. Comments were submitted by BellSouth Telecommunications, Inc., d/b/a AT&T Alabama, Quest Communications Corporation, and Verizon.[1] Joint comments were submitted by seventeen Incumbent Local Exchange Carriers[2] (the "ILECs") in Alabama.

#### II. The Comments of the Parties

##### A. General Jurisdictional Issues

The ILECs broached the issue of Commission jurisdiction over billing and collection in light of the language contained in the Communications Reform Act of 2005 ('the Act').

The ILECs express continuing concern, however, that some of the proposed requirements would run afoul of the Alabama Communications Reform Act of 2005 (the "Reform Act" or "Act"), which states, in relevant part: "With respect to retail billing requirements, after the enactment of this chapter, the commission shall enforce only the Truth in Billing regulations prescribed by the Federal

Communications Commission." ALA. CODE § 37-2A-4(c) (1975 as amended). The FCC's Truth in Billing requirements are found at 47 CFR 5 64.2401 (1999).[3]

AT&T suggests inclusion of the phrase "for telecommunications services regulated by the Commission" in the first sentence of Rule T-5(A)(1)(a), again in reference to the Act and the Commission's jurisdiction.

Under the Act, the Commission retains exclusive complaint jurisdiction over billing for residential telecommunications services including bundled offerings, contract offerings, and stand alone services as well as all services over which it retains general jurisdiction.

"Once a residential telecommunications service, a residential bundled offering, or a residential contract offering is no longer subject to the general jurisdiction of the commission as prescribed below, the commission shall nevertheless retain exclusive complaint jurisdiction for the telecommunications services provided, either as stand-alone services or as part of a bundled offering or contract offering, for complaints arising out of the following:

- (1) Inaccurate billing for telecommunications services.
- (2) Billing of telecommunications services not ordered by or on behalf of the customer.
- (3) The establishment of disruption of telecommunications service.

...with respect to retail billing requirements, after August 1, 2005, the Commission shall enforce only the Truth-in-Billing regulations prescribed by the Federal Communications Commission."[4]

In its initial Truth-in-Billing Order, the FCC explained that the Truth-in-Billing guidelines are general in nature and affirmed that states are free to adopt specific rules, consistent with the guidelines, to enforce the FCC's Truth-in-Billing requirements

"...we adopt minimal, basic guidelines that explicate carriers' binding obligations pursuant to these broad principles. These principles and guidelines are designed to prevent the types of consumer fraud and confusion evidenced in the tens of thousands of complaints we have received. Moreover, we believe that they represent fundamental principles of fairness to consumers and just and reasonable practices by carriers."[5]

"Notwithstanding the requirement of our 1998 Slamming Order and Further Notice that states must accept the same verification procedures as prescribed by the Commission, states will be free to continue to enact and enforce additional regulation consistent with the general guidelines and principles set forth in this Order, including rules that are more specific than the general guidelines we adopt today. In addition to whatever powers they may have to enforce their rules under state law, states also have express authority under §258 to enforce the Commission's verification procedure rules, including the principles and guidelines adopted here, with respect to intrastate services."[6]

Under the Act, the Commission retains general jurisdiction over selected residential and business services to include authority over pricing, billing, and the provisioning of those services. Section 37-2A-4(c) of the Act identifies services over which the Commission has complaint jurisdiction, including all residential telecommunications services but excluding broadband service.[7] The Commission's Telephone Rule T-5 (Rule T-5) complements the Commission's complaint jurisdiction regarding the establishment or disruption of service as referenced in 37-2A-4(c)(3) of the Act and is intended to require adequate disclosure that minimizes consumer complaints about actual or perceived deceptive marketing. The Rule requires full disclosure of actual and estimated charges that the customer will be billed in any price(s) quoted by telecommunication carriers.

At present, charges from third-party providers may be included on the telephone bills of consumers without the telecommunications carrier first obtaining the consumer's prior consent. Additionally, telecommunication carriers do not verify the nature and legitimacy of third-party charges through the affected customer. These results seem inconsistent with Commission's Telephone Rule T-16 (Rule T-16) which complements the Commission's complaint jurisdiction under the Act over disputes related to inaccurate billing[8] and for services billed to a customer's account that were not ordered for or on behalf of customers.[9] The primary purpose of said rule is to reduce the opportunity for slamming and consumer fraud from non-regulated, third-party providers and billing aggregators. It accordingly appears appropriate to incorporate into Commission's Telephone Rule T-16 measures aimed at preventing consumer fraud and confusion regarding third-party billing that have come to the attention of the Commission through numerous consumer complaints.

With respect to the Commission's jurisdictional authority to adopt and enforce the third-party billing regulations discussed herein, we note that the term 'complaint jurisdiction' is not defined in the Act. Therefore, the scope of the Commission's regulatory authority with respect to its retained complaint jurisdiction is unclear. The FCC's Truth-in-Billing Order clearly reserves for states the express authority to enforce the FCC verification procedure rules, but leaves states with the latitude to adopt rules that are more specific than the FCC regulations which are intended as minimum guidelines. Absent the adoption of such Alabama-specific rules, the Commission's effectiveness at reducing consumer complaints for those services over which it is granted complaint jurisdiction would be severely compromised. Essentially, the Commission would serve as a mere buffer between the consumer and the telecommunications carriers for purposes of passing on consumer complaints with no role whatsoever in effectuating measures aimed at eliminating or reducing the underlying causes of the complaints. Such a result was almost certainly not intended by the Alabama Legislature when it adopted the Act. We accordingly find that reducing customer complaints related to third-party billings is of significant public benefit as is the reduction of administrative costs to telecommunications carriers that will result from implementation of the rules we herein adopt. In consideration of the foregoing, we conclude that the

Commission's complaint jurisdiction as retained under the Act authorizes the adoption of measures aimed at minimizing the potential billing related consumer complaints cited in §37-2A-4(c) of the Act so long as such measures do not conflict with the minimum guidelines set forth by the FCC in its Truth-in-Billing requirements.

B. Issues Regarding Proposed Telephone Rule T-5

The ILECs recommend that T-5(A)(1)(a) be revised to exclude franchise fees from the items to be quoted and that the Rule not prohibit prorated billing resulting from service initiation that begins after the start of a billing cycle.[10] Verizon comments that carriers should be permitted to provide separate quotes to the customer for recurring and nonrecurring charges because, as a practical matter, it is difficult to lump the charges together under one single quote. Further, Verizon recommends that carriers should be permitted under T-5(A)(1)(a) to list the administrative, regulatory, and other surcharges that will appear on the customer's bill and provide an estimated total of these charges upon request by the customer.[11] The Commission concurs with the ILECs' and Verizon's recommended changes to T-5(A)(1)(a) and incorporates the recommendations into the version of rule T-5 shown on Appendix 1 to this Order.

With regard to T-5(A)(1)(d), which requires that telecom service not be established before customers actually received the requested written quotes, Quest comments that requiring a written quote be received by the customer prior to the establishment of service may result in unnecessary delays in establishing the service that is detrimental to the customer.[12] The Commission recognizes that such a requirement does leave the customer who asks for a written quote without the option of establishing service before having first received the quote. Therefore, the Commission is eliminating the requirement that a written quote be received before service is established. The requirement for telephone carriers to provide written quotes to customers upon request nevertheless remains a part of the Rule as and is now found in T-5(A)(1)(a).

With regard to T-5(A)(1)(e), requiring that providers acknowledge in their advertising of products to consumers that additional charges not included in the advertised price may apply, AT&T recommends the addition of a statement which clarifies that the requirement is only triggered if price(s) are specifically referenced in the advertising or marketing of the service(s).[13] The Commission concurs with the recommendation of AT&T and adds language clarifying the requirement as shown in T-5(A)(1)(d) on Appendix 1 to this Order.

It should be noted that with the elimination of section T-5(A)(1)(d) in the proposed version of rule T-5, the proposed section T-5(A)(1)(e) is renumbered as T-5(A)(1)(d) in the version of rule T-5 shown on Appendix 1 to this Order.

The ILECs recommend that subsection (3) be added to T-5(A) allowing the provider to reference on-line price lists when marketing services to the consumer rather than quoting prices, provided the customer agrees to on-line price disclosure.[14] The Commission, however, does not believe that most residential customers possess the required familiarity with telecommunications

terminology used by carriers nor are they familiar with all the pricing elements required to establish service. Allowing providers to opt out of actually quoting prices to customers is not likely to reduce customer confusion and misunderstanding regarding expected versus billed charges, which is the Commission's intended goal of full price disclosure. The provider's sales representative, who should be knowledgeable about the service components and possesses familiarity with the terminology, is far more capable of interpreting the price lists and providing estimated billed charges than the customer. The Commission believes that the additional time required for the sales representative to quote prices to the customer is in the long-term the best interests of both the consumer and the provider, likely resulting in less customer dissatisfaction and fewer customer complaints. Therefore, the Commission rejects the ILECs' recommendation to allow providers the option for referencing on-line price lists when quoting prices to customers.

### C. Issues Regard Proposed Telephone Rule T-16

Verizon recommends that rule T-16 be revised to accommodate those circumstances where a business customer, on behalf of itself and its agents, has signed a contract with a carrier that allows for designated third-party charges.[15] The Commission's intent as it relates to rule T-16 is to protect consumers from unscrupulous and/or deceptive marketing practices, not to erect barriers that hamper commerce between consenting third parties and business customers of telecommunications services. The Commission concurs with Verizon's recommendation regarding an exception for those business customers who knowingly enter into agreements authorizing third-party billing and Section T-16(B) is amended to incorporate that exception.

Regarding T-16(C)(1)(c), AT&T recommends omission of the word "authorized" preceding the term "charges as part of the LEC's bundled service offerings" from those items that are not considered third-party charges. AT&T argues that the mere allegation that a bundled charge is unauthorized can arguably cause the exception for third-party charges to be lost. AT&T also recommends that charges from LEC affiliates be included among those charges not considered third-party provider charges.[16] The Commission concurs with AT&T's recommendations. The charges from LEC affiliates are added to the list of exceptions and the word "authorized" omitted from the version of T-16(C)(1)(c) shown on Appendix 2.

The ILECs recommend that T-16(C)(4) be revised "...to allow a LEC to include its own toll free number for third-party billing inquiries in those circumstances where it [is] authorized to respond to initial inquiries and has a policy or agreement allowing for the LEC to grant credits for disputed third-party billing..."[17] The Commission concurs with the recommendation provided that LECs who take upon themselves this authority do so with full knowledge that they are obligated to represent the customer's interests with the third-party provider and ensure that the third-party provider honors the credits issued to the customer. Third-party providers who subsequently fail to honor credits issued the customer by the LEC, under such an agreement referenced in

this paragraph, are subject to revocation of the Commission approval allowing the third-party provider's charges to be included on the bills of Alabama telephone utility customers.

With regards to T-16(C)(5) which requires telephone utilities to include a statement on the customer's bill that failure to pay disputed third-party charges will not result in disconnection of telephone services, AT&T recommends the addition of alternative language as follows:

“or that failure to pay a separately-identified minimum amount, which does not include any disputed third-party provider and/or billing aggregator charges, may result in disconnection of local or toll service.”[18]

The Commission's intent is for clear and unambiguous disclosure to customers that their telephone service is not in jeopardy of being disconnected for failure to pay disputed third-party charges. Listing a minimum payment requirement that excludes third-party charges without also informing the customer that third-party charges are excluded from the minimum payment requirement does not comport with the Commission's intent. Customers may still believe they are required to pay the third-party charges, rather than dispute them, out of fear that they will otherwise lose their telephone service. The Commission, however, agrees with the alternative billing language recommended by AT&T provided there is a reference in the statement, directly or by footnote, that the minimum payment requirement excludes third-party charges.

Rule T-16 also requires third-party bill blocking be offered to customers, upon request and free-of-charge, by those telephone utilities who bill for third-party providers. Several LECs currently provide third-party bill blocking service to customers, free, upon request. The Commission's Telephone Rules also requires customer consent before third-party bill blocking may be removed. The ILECs recommend that T-16(C)(6) be revised to require third-party bill blocking only when justified by repeated violations of the Commission's rules.[19] The ILECs did not, however, define how many times third-party providers and telephone utilities are permitted to violate the Commission's rules before action to implement third-party bill blocking is mandatory. Additionally, the ILECs did not address the issue of how the Commission is to be informed of such violations. The Commission's intent is that customers who desire that third-party provider charges be excluded from their bill for telephone service have the option of excluding such charges. The Commission is well aware that deceptive and misleading practices are sometimes used by third-party providers to obtain consumer subscriptions to their services. Denying consumers the option of excluding third-party providers from their telephone bill until such time as a predetermined “trigger” for violations of the Commission's rules has been reached is impractical to implement, is contrary to the stated objective of the Commission in the proceeding, and essentially represents an abrogation of the Commission's responsibility to protect consumers from unauthorized charges. Therefore, the Commission rejects the ILEC's

recommended change to T-16(C)(6).

Rule T-16(C)(7) requires that customers be called and that they give verbal approval before third-party bill blocking is removed. AT&T and the ILECs recommend that consumer consent to removing a third-party bill block be by consumer consent without the specific requirements for telephonic contact and verbal approval.[20] The Commission acknowledges that there are other legitimate ways to obtain consumer consent for removal of third-party bill blocking including written as well as verbal approval. Such consent may also be a direct result of the consumer contacting the telephone utility in order to request removal of a third-party bill block. The Commission's intent is that third-party bill blocking not be removed by the telephone utility without prior consent from the telephone subscriber. That consent can be either verbal or written and may be at the initiation of the subscriber. Therefore, rule T-16(C)(7) is amended to eliminate the overly restrictive requirements used for obtaining customer approval to remove third-party bill blocking.

Under T-16(C)(13), telephone utilities are required to inform consumers about the availability of third-party bill blocking and procedures for disputing third-party provider charges either by publishing information about the service in a prominent section of the telephone directory or annually via a bill insert.

AT&T requests that T-16(C)(13) be amended to allow telephone utilities to utilize a bill message in lieu of a bill insert. The Commission concurs with AT&T's recommended change and amends T-16(C)(13) accordingly.

Rule T-16(C)(8) requires telephone utilities to remove from the consumer's telephone bill any third-party charge disputed by the consumer and reverse those charges back to their source. Telephone utilities will not take any negative action against any consumer that disputes third-party charges. The ILECs recommend the following changes:

"T-16(C)(8) should be revised to reflect that billing is appropriate in those instances where a dispute has been denied by proper administrative or legal authority and to eliminate the inference that a telephone company cannot take "any negative action" for non-payment of bundled services." [21]

The Rule addresses third-party charges, whose source is from companies that are not under the Commission's jurisdiction. Furthermore, third-party charges, by definition,[22] are not charges from the telephone utility for its services, including bundled services, or those from its affiliates. No inference exists in T-16(C)(8) or elsewhere in the Commission's Telephone Rules that the telephone utility cannot take negative action for non-payment of bundled services. Such action is authorized where necessary. However, the Commission cannot conclude that billing from companies over which it has no jurisdiction is "appropriate". The determination as to what charges from a third-party provider are "appropriate" is under the purview of federal consumer law, state consumer law, and the courts. Telephone utilities are paid a fee for inclusion of third-party charges on the bills of their customers. In most cases, the telephone utilities do not verify that the consumer actually subscribed to the

products or services of the third-party providers or what terms, conditions, prices, etc. were included in any agreement between the third-party provider and the telephone utility's customer. Consequently, telephone utilities should not assume upon themselves the authority to determine what third-party charges are "appropriate". The Commission's intent is clear that any third-party charges, as defined in Rule T-16(C)(1), that are disputed by the telephone utility's customer should be removed from the customer's telephone bill and redirected back to the third-party provider or billing aggregator for action. If, however, the customer agrees to accept reduced charges or other terms offered by third-party provider, their associated billing aggregator, or from the telephone utility acting on behalf of the third-party provider or their billing aggregator, the telephone utility may include those revised charges on the customer's bill. The Commission thus rejects the ILEC's recommended changes to T-16(C)(8).

Rule T-16(C)(10) requires third-party providers to refund charges collected from a telephone utility customer for up to the previous six-months if the Commission determines that the charges should be disallowed. The ILECs recommend that an addendum be attached to T-16(C)(10) which limits the provisions of the section to any applicable statute of limitations under state or federal law and any other limitations period agreed to between the company and the customer.[23] In light of the ILECs' recommendation, the Commission scrutinizes more closely the requirements proposed under T-16(C)(10) and elects to modify it.

The Commission has no jurisdiction over third-party providers but does exercise authority over telephone utility billing for those services over which it has general and complaint jurisdiction. The Commission concludes, however, that its statutory obligation for ensuring compliance with truth-in-billing requirements extends by association to charges from third-party providers if billed in combination with telephone utility services for which the Commission exercises billing jurisdiction. Therefore, the Commission expects third-party providers, who find it advantageous to include their charges on telephone utility bills rather than bill customers themselves, to comply with the same statute of limitations requirements in the Commission's Telephone Rules for telephone utilities. The existing Commission rule that addresses telephone utility overcharges to the customer, T-16(C)(6), requires refunds for the prior thirty-six (36) months of overcharges from the date of the customer's objection to the charges. The Commission, therefore, expects third-party providers to abide by the same thirty-six (36) month refund requirement if the Commission finds, after investigation, that such charges should be disallowed due to billing error or because of fraudulent, deceptive, or misleading marketing practices as referenced in T-16(C)(10)(a), shown in Appendix 2 to this Order. In instances where third-party provider billing error or the use of fraudulent, deceptive, or misleading marketing practices is not an issue, the Commission concurs with the comments of the ILECs and refrains from setting any requirement for third-party provider refund of charges previously paid by the customer. As referenced in T-16(C)(10)(b), shown on Appendix 2 to this Order, third-party



providers or their billing aggregators are expected to cancel unpaid charges disputed by the customer for the current billing period and, at their discretion, credit or refund to the customer all or a portion of charges previously paid by the customer.

AT&T and the ILECs recommend that the Commission provide telephone utilities sufficient notice after withdrawing a third-party provider's or billing aggregator's approval for including their charges on Alabama telephone utility customer bills.[24] The Commission agrees with the recommendation and amends T-16(C)(11)(b) to provide a thirty (30) day period from the date of the Commission Order withdrawing such authority and the effective date of the withdrawal.

### III. Implementation Procedures and Schedule

The effective date for amendments to Commission Telephone Rule T-5, shown in Appendix 1, is the date of this Order. For Commission Telephone Rule T-16, shown in Appendix 2 to this Order, the Commission requires that all third-party providers and billing aggregators register with the Commission, according to the requirements of Commission Rule T-16, by no later than October 1, 2008. The registration procedures and requirements will be provided via the Commission's website by no later than July 8, 2008. The Commission will publish on its website no later than October 10, 2008, a list of all third-party providers and billing aggregators approved by the Commission for including their charges on the customer bills of Alabama telephone utilities. The remaining provisions of Commission's Telephone Rule T-16 shall become effective for telephone utility customer bills issued after October 10, 2008 unless the telephone utility, for good cause, requests a Commission waiver to extend the effective date.

IT IS, THEREFORE, ORDERED BY THE COMMISSION, That the amendments to Commission's

Telephone Rule T-5, as shown in Appendix 1 to this Order, are hereby approved.

IT IS FURTHER ORDERED, That Commission's Telephone Rule T-16, as shown in Appendix 2 to this Order, is hereby approved subject to the effective date provided in the implementation schedule contained herein.

IT IS FURTHER ORDERED, That this Order shall be effective as of the date hereof.

Done at Montgomery, Alabama, this \_\_\_\_\_ of June, 2008.

ALABAMA PUBLIC SERVICE COMMISSION

Jim Sullivan, President

Jan Cook, Commissioner

Susan D. Parker, Commissioner

ATTEST: A True Copy

Walter L. Thomas, Jr., Secretary

#### RULE T-5

##### (A) Rate and Special Charges Information

###### (1) Customer Quotes to Fully Disclose Total Billed Charges.

(a) For prospective customers of residential intrastate services (excluding broadband services) and business services for which the Commission retains jurisdiction under the Act, Telephone utilities shall disclose all nonrecurring charges and recurring charges that will be included on the customer's bill. Quotes may be given orally unless the prospective customer requests a written quote. Recurring charges may be quoted separately from nonrecurring charges. Telephone utilities will list all administrative and regulatory surcharges that will be included on the customer's bill and provide an estimate of such surcharges if requested by the customer. Administrative fees and regulatory surcharges consist of those charges approved by the FCC for inclusion on the customer bill. Telephone utilities need not include in the price quote to the prospective customer state and local regulatory fees and taxes, including but not limited to E911 fees, any franchise fees, and the Dual Party Relay fee but the telephone utility will fully disclose that the quoted price excludes those additional charges. This requirement is in no way intended to infringe on the necessary practice of prorating bills required when a customer's service is initiated within rather than at the beginning of a billing cycle.

(b) For usage sensitive services included in subparagraph (a) above, telephone utilities will disclose any nonrecurring and/or recurring charges for the service, the usage sensitive rates, and any minimum charges for usage, if applicable.

(c) For promotional offerings, telephone utilities shall disclose to the prospective customer all charges and fees referenced in subparagraph (a) and/or (b) above to be billed during the promotion period and those applicable upon

expiration of the promotion period.

(d) Telephone utilities will not engage in deceptive or misleading practices when advertising or marketing their services. All advertising and marketing that includes the price of the service(s) will clearly indicate that additional charges, fees, and taxes will apply if not included within the advertised and/or marketed price.

(2) Where special charges apply, such as those for extraordinary construction, labor, and special installation/assemblies not included in the telephone company tariff on file with the Commission, consumers will be provided an estimate of these charges. A written estimate of charges will be provided at the consumer's request.

## RULE T-16

### Billing And Collection

(A) Telephone companies shall comply fully with the FCC's Truth in Billing requirements and all Commission rules and orders that implement the Truth in Billing requirements.

(B) Telephone companies shall not knowingly provide billing and collection for telecommunication providers that do not possess a Commission approved certificate of convenience and necessity with the associated authority to provide the service(s) to be included on the consumer bill, or, for billing aggregators or third-party providers not registered with and approved by the Commission for inclusion of their charges on consumer telephone bills. However, designated third-party providers authorized to bill for their products and/or services on the monthly bill of a telephone utility customer, as referenced in a written contract between the customer and the telephone utility, shall be excluded from any of the registration requirements referenced herein.

### (C) Third-Party Billing

#### (1) Definitions

(a) The term "third-party provider" is defined as any entity, excluding LEC affiliates, not possessing a Certificate of Public Convenience and Necessity from the Commission to provide telephone services in the state of Alabama. Third-party providers' charges are included on a consumer's monthly telephone bill based on an agreement between the consumer's LEC and the third-party provider or between the consumer's LEC and a billing aggregator.

(b) The term "billing aggregator" is defined as any entity that serves as the

billing agent for a product or service offered by a third-party provider.

(c) The following are not considered charges from third-party service providers: charges for local exchange carrier (LEC) services, charges for services associated with the LEC's bundled service offerings, charges from the LEC's affiliates, casual billing charges, charges from the subscriber's designated toll service provider to include those associated with bundled service offerings, Internet service provider and/or wireless carrier charges (if offered by the LEC or their affiliates, or the customer's designated toll carrier or their affiliates), and authorized regulatory fees, taxes, late fees, and interest charges.

(d) The term "casual billing" consists of collect calls including third-party collect calls, charges from dial around toll providers, directory assistance charges, and charges for directory advertising.

(2) Third-party providers and/or their associated billing aggregators must register with and be approved by the Commission before their charges may be included on any consumer bill from telephone utilities subject to the Commission's regulatory authority. Commission approval is contingent upon acceptance of the terms, conditions, and requirements for third-party billing as referenced in the subparagraphs that follow. The Commission will identify procedures for third-party providers to register with the Commission and maintain a list of third-party providers and billing aggregators approved by the Commission via the Commission's website.

(a) Third-party providers that exclusively utilize the services of a Commission approved billing aggregator as their billing agent for recovery of charges to consumers through the telephone company bill need not register separately with the Commission provided the third-party provider's billing aggregator requests separate authority for the third-party provider.

(b) In addition to providing the Commission with current and accurate information about their company, the identity of clients whose charges will be included on telephone company bills, and the names (and contact information) for billing aggregator representatives that the Commission may contact directly for purposes of resolving consumer disputes, billing aggregators must register with the Commission those clients whose charges will be included on any telephone company bill. Registration will include identifying information about the client, and a description of the services that may be billed. Additionally, billing aggregators will fully disclose, to the Commission satisfaction, the method(s) utilized by the client for obtaining consumer subscription to the client's service(s) in such detail that the Commission may determine that Alabama consumers are not being subjected to cramming or other fraudulent and misleading marketing practices.

(3) Charges on telephone bills shall have sufficient detail and explanation to allow a subscriber to understand the charge's purpose and origin. Lists of fees such as "service fee," "membership," "miscellaneous," and "calling plan" are deemed insufficient detail and are not permitted. The charge should, at a minimum, describe the service, the date the service was provided to the subscriber, and the name of the service provider.

(4) A toll-free number for the third-party provider or their designated billing aggregator shall be listed on the subscriber's bill from the telephone utility so that subscribers can inquire about the nature of the charge and request redress. If the telephone utility has a contract or policy agreement with the third-party provider or their designated billing aggregator that authorizes the telephone utility to respond to consumer inquiries and to grant credits to the consumer for the third-party charges on the third-party provider's behalf, the telephone utility may alternatively list their own toll-free number for subscriber inquiries regarding the applicable third-party charges.

(5) Telephone utilities that bill for third-party providers and/or billing aggregators must indicate on the customer bill that telephone service will not be disconnected for failure to pay disputed third-party charges. Alternatively, the bill may include a statement that failure to pay a separately-identified minimum amount, which does not include any disputed third-party provider and/or billing aggregator charges, may result in disconnection of local or toll service provided a reference is included on the bill that third-party charges are not included in the minimum payment requirement. Telephone utility customer service representatives, responding to consumer inquiries regarding third-party charges, will fully disclose to consumers that their service will not be disconnected for non-payment of disputed third-party charges.

(6) LECs are required to offer their customers, upon request and free of charge, a service that blocks the inclusion of charges on the customer's telephone bill from third-party providers. Telephone companies that do not bill for third-party providers and/or billing aggregators are exempt from this requirement.

(7) LECs will not include charges from a third-party or their associated billing aggregator on the monthly bill of consumers who have subscribed to bill blocking nor will they remove a third party provider charge block without the prior verbal or written consent of the telephone subscriber.

(8) Telephone companies will remove from the consumer's telephone bill any third-party charge disputed by the consumer and reverse those charges back to their source. Telephone companies will not take any negative action against any consumer that disputes third-party charges.

(9) Third-party providers and billing aggregators will cooperate fully with any

Commission investigation involving charges included on a consumer's telephone bill and will fully disclose to the Commission marketing practices/methods used for obtaining consumer subscription to their products or services. Charges may be disallowed or reduced for the following reasons:

(a) When a charge for a product of service from a third-party provider initially appears on the consumer's telephone bill and the consumer disputes having subscribed to the third-party product or service; or, when the third-party provider is found to have overcharged the customer for the product or services.

(b) When the Commission, upon investigation, determines that fraudulent, deceptive, or misleading practices were utilized by the third-party provider to obtain the consumer's subscription for the product or service, or when the Commission determines that the product or service has been misrepresented or otherwise marketed to the consumer using exaggerated claims.

(10) The Commission does not consider consumer payment for charges included on their telephone bill as acknowledgment that a consumer consents to or accepts the products or services offered by third-party providers.

(a) When a consumer disputes charges from a third-party provider, the Commission may, upon investigation referenced in T-16(C)(9)(a) and T-16(C)(9)(b), determine that the charge(s) should be reduced or disallowed due to third-party provider billing error or for reasons of fraudulent, deceptive, or misleading practices used to obtain the customer's subscription for products or services. For such overcharges, the Commission expects third-party providers to comply with the provisions of Commission Telephone Rule T-5(C)(6), which requires telephone utilities to refund all over-billed charges collected from the consumer for up to thirty-six (36) months prior to the date of the customer's objection and to cancel the customer's subscription for the third-party provider's products or services.

(b) In those situations where Commission investigation, per T-16(C)(9)(a) and T-16(C)(9)(b), determines that no fraudulent, deceptive, or misleading practices were utilized by the third-party provider to obtain the customer's subscription for products or services and/or the customer was not otherwise overcharged due to billing error, the Commission expects third-party providers or their billing aggregators, upon customer request, to remove disputed and unpaid charges for the current billing period and, at the third-party provider's discretion, to refund or credit to the customer's telephone utility bill, all or a portion of disputed charges for any previous billing periods. Additionally, the Commission expects third-party providers to cancel the customer's subscription for the third-party provider's products or services at the customer's request. This requirement is in no way intended to discourage third-party providers or their billing aggregators from collecting for products and services used by the

telephone utility customer or from negotiating with the customer to continue the provision of their products or services to the customer based on terms mutually agreeable to both the third-party provider and the telephone utility customer.

(c) The Commission expects refunds due the telephone utility customer to be received by the customer within sixty (60) days of dispute resolution or, alternatively, credited to the customer's monthly telephone bill within sixty (60) days of dispute resolution, if such credits are authorized by the customer's telephone utility based on agreement with the third-party provider or their billing aggregator. The Commission expects that third-party providers and/or billing aggregators will not initiate any negative credit reporting action against the consumer for any refunds, credits, or cancellation of charges referenced herein but in no way discourages third-party providers from pursuing redress from the telephone utility customer for other unpaid charges.

(11) Third-party providers and/or billing aggregators that fail to maintain updated registration information with the Commission, fail to comply with Commission rules and Orders related to third-party billing practices, or, after investigation by the Commission, are determined to be involved in cramming, fraudulent, deceptive, or misleading marketing practices and/or failing to promptly and adequately address Commission and/or consumer inquiries and refunds, are subject to withdrawal of the Commission's approval for telephone utilities to include the third-party provider's charges on telephone utility customer bills.

(a) The Commission will notify the third-party provider and/or their billing aggregator in writing of the Commission's intent to reconsider their approval status along with the reasons for the action, and will provide the third-party provider and/or their billing aggregator an opportunity to respond in writing, or by hearing, before taking formal action to withdraw the Commission's approval to include their charges on the customer bills of Alabama telephone utilities.

(b) Withdrawal of authority for third-party providers to include their charges on telephone utility monthly bills will be by Commission Order with a minimum thirty (30) days notice before the withdrawal becomes effective, allowing telephone utilities sufficient prior notice of the Commission action.

(12) Third-party providers and/or billing aggregators whose approval is withdrawn by the Commission are not authorized to utilize telephone company bills to collect charges from consumers. Third-party providers and/or billing aggregators whose approval has been withdrawn may request subsequent Commission approval. Such approval may be granted based on satisfactory resolution of the issues that led to the approval being withdrawn.

(13) Telephone companies are responsible for verifying that third-party providers and billing aggregators have Commission approval before including

charges from these entities on any customer bill. Additionally, telephone companies that include charges from third-party providers on their customer's monthly bills will publish in a prominent section of the telephone directory; or alternatively, at least annually via bill message or bill insert with the consumer's bill, information concerning the procedures for disputing third-party provider charges and for obtaining free, third-party bill blocking service.

[1] MCImetro Access Transmission Services LLC d/b/a Verizon Access Transmission Services, TTI National, Inc., Teleconnect Long Distance Systems & Services Company, MCI Communications Services, Inc. d/b/a Verizon Long Distance Company, NYNEX Long Distance, Inc. d/b/a Verizon Enterprise Solutions, and Verizon Select Services, Inc. (collectively, "Verizon").

[2] Joint comments of: Blountsville Telephone Company, Inc.; Brindlee Mountain Telephone Company; CenturyTel of Alabama, LLC; Farmers Telecommunications Cooperative, Inc.; Graceba Total Communications, Inc.; Hayneville Telephone Company, Inc.; Hopper Telecommunications Co., Inc.; Interstate Telephone Company, Inc.; Millry Telephone Company, Inc.; Moundville Telephone Company, Inc.; Otelco Telephone, LLC; National Telephone of Alabama, Inc.; Pine Belt Telephone Company, Inc.; Roanoke Telephone Company, Inc.; TDS Telecom; Valley Telephone Co., LLC; and, Windstream Alabama, LLC (collectively, the "ILECs").

[3] The ILECs comments dated February 8, 2008, p.1.

[4] Code of Alabama, Section 37-2A-4(c)

[5] In the Matter of Truth-in-Billing and Bill Format, CC Docket No. 98-170, Adopted April 15, 1999, part 5.

[6] Ibid, part 26.

[7] Code of Alabama, Section 37-2A-4(a)

[8] Ibid, Section 37-2A-4(c)(1)

[9] Ibid, Section 37-2A-4(c)(2)

[10] The ILECs comments, p.2.

[11] Verizon comments, dated February 1, 2008, p. 3.

[12] Quest comments, dated January 30, 2008, p.3.

[13] AT&T comments, dated February 1, 2008, p. 3.

[14] The ILECs comments, p. 2.

[15] Verizon comments, p.4.

[16] AT&T comments, p.3.

[17] The ILECs comments, p.4.

[18] AT&T comments, p.4.

[19] The ILECs comments, p.4.

[20] AT&T comments, p.5; and, The ILECs comments, p.4.

[21] The ILECs comments. p.4.

[22] Appendix 2 to this Order, Rule T-16(C)(1)

[23] The ILECs comments, p.5.

[24] AT&T comments, p.6 and The ILECS comments, p.3.