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TELECOMMUNICATIONS LAW UPDATES

FCC Adopts “Truth In Billing” Guidelines

On May 11, 1999, in response to a growing number of consumer complaints that telecommunications carriers’ bills are ambiguous or fraudulent, the FCC released an Order setting new guidelines for “truth in billing,” to ensure that consumers receive thorough, accurate, and understandable bills from their carriers. These rules aim to make telephone bills more consumer-friendly, reduce slamming and other telecommunications fraud, and enable consumers to make informed choices in the market for telecommunications services.

The FCC determined that it has authority to adopt truth-in-billing rules under sections 201(b) and 258 of the Communications Act. Section 201(b) requires that all carrier charges, practices, classifications, and regulations “for and in connection with” interstate communications services be just and reasonable, and gives the FCC jurisdiction to adopt rules to implement that requirement. Section 258 of the Act further authorizes the FCC to adopt verification requirements to deter slamming in the interstate and intrastate markets. The FCC made clear that its new requirements are not intended to preempt state laws. States remain free to adopt and enforce additional rules consistent with the general guidelines and principles set forth in the FCC’s Order.

The new federal guidelines are organized around three core principles. *First*, telephone bills

must be clear. To this end, bills must: (1) clearly identify the name of the service provider associated with each charge; (2) separate charges by service provider; and (3) provide a conspicuous notification of any change in service provider.

Second, telephone bills must contain full and nonmisleading descriptions of service charges. Again, the FCC issued three additional guidelines to amplify the core principle: (1) services included on the telephone bill must be accompanied by a brief plain-language description of the services rendered; (2) bills must clearly and conspicuously indicate whether nonpayment of a particular charge will result in disconnection of basic telephone service; and (3) line items associated with federal regulatory requirements should be identified by standard labels.

Third, telephone bills must clearly and conspicuously disclose any information that the customer may need to inquire about or contest charges on the bill. Specifically, carriers must prominently display on their monthly bill a toll-free number or numbers by which customers may inquire about or dispute any charge. A carrier may list a toll-free number of a billing agent, clearinghouse, or other third party, if that party has sufficient information to answer questions concerning the customer’s account and is authorized to resolve consumer complaints.

In addition to the Order, the FCC issued a Further Notice of Proposed Rulemaking (“FNPRM”) to explore some of the issues addressed in the Order in greater detail. The FNPRM seeks comment on two issues: (1) whether to apply the rules to commercial mobile radio service (“CMRS”) carriers, and (2) whether to require standard labels for line-item charges.

Because the record did not demonstrate any significant problems with respect to wireless carriers’ bills, the Order required such carriers only to include the name of the service provider and a contact number on the bill, and to use any standard

labels the FCC decides to adopt. In the FNPRM, the FCC seeks comment on whether the remaining disclosure rules adopted for wireline carriers should apply to CMRS carriers, as well.

As for standard labels, the Order provided that carriers must use them to refer to certain charges relating to federal regulatory requirements. The FNPRM tentatively establishes and seeks comment on three standard labels — “Long Distance Access,” “Federal Universal Service,” and “Number Portability” — and invites comment on alternative labels and appropriate abbreviations.

Telecommunications Law Updates also available at <http://www.wilmer.com>

This letter is for general informational purposes only and does not represent our legal advice as to any particular set of facts, nor does this letter represent any undertaking to keep recipients advised as to all relevant legal developments. For further information on these or other telecommunications matters, please contact one of the lawyers listed below:

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