

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Investigation into the) DOCKET NO. 910666-TI
billing practices of) ORDER NO. PSC-95-0523-FOF-TI
INTERNATIONAL TELECHARGE, INC.) ISSUED: April 26, 1995
and PEOPLES TELEPHONE COMPANY.)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON

ORDER ACKNOWLEDGING COMPLETION OF REFUNDS AND CLOSING DOCKET

BY THE COMMISSION:

I. BACKGROUND

During early 1991, our Division of Consumer Affairs received 27 customer complaints against International Telecharge, Inc. d/b/a Oncor Communications, Inc. (ITI/Oncor) that related to billing problems for intrastate calls. Approximately 23 of the 27 complaints involved instances of overcharging for collect calls originating from Florida correctional facilities.

On February 11, 1991, we contacted ITI/Oncor about overcharging of calls from Union Correctional Institution. We found ITI/Oncor had assessed improper rates at Florida correctional institutions operated by the Florida Department of Corrections (FDOC) from January 1990 to February 1991. We subsequently found that ITI/Oncor was acting as the billing agent for Peoples Telephone Company (PTC), who at the time had a contract with FDOC to provide pay telephone service at the Florida correctional facilities. Further investigations revealed that substantial overcharging had occurred at the confinement facilities jointly served by ITI/Oncor and PTC, and at non-confinement locations served by ITI/Oncor. We, therefore, initiated an investigation into the billing practices of ITI/Oncor and PTC.

As an alternative operator service provider, ITI/Oncor rated and billed calls originating from the FDOC prisons based on its tariffed rates. It paid commissions to PTC on this traffic. Most of the overcharges discovered during the investigation were

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associated with intrastate calls from the FDOC facilities. Initial estimates revealed that ITI/Oncor overcharged end users by approximately \$1.3 million. Approximately \$585,000 was passed on to PTC as excess commission payments.

In December, 1991, ITI/Oncor and PTC submitted a joint settlement proposal to address the overcharging at confinement facilities. ITI/Oncor filed a separate proposal to address its overcharging at non-confinement transient locations. By Order No. 25730, issued February 17, 1992, we rejected both settlement offers and directed that this docket be scheduled for a hearing.

In the summer of 1992, each company submitted new settlement proposals. By Order No. PSC-92-0728-AS-TI, issued July 28, 1992, we accepted PTC's proposal and by Order No. PSC-92-1063-AS-TI, issued September 24, 1992, we accepted ITI/Oncor's proposal. This docket has remained open until each company completed the terms of its settlement. Both ITI/Oncor and PTC have now completed all terms of their respective settlement agreements.

II. PEOPLES TELEPHONE COMPANY

PTC's settlement activities consisted of the following:

(1) PTC paid a fine of \$100,000 in September, 1992.

(2) Our investigation indicated the absence of the most rudimentary monitoring program in PTC's operations. We ordered PTC to perform an audit of all its intrastate traffic originating from its store and forward pay stations during the calendar years 1990, and 1991. PTC completed the audit in June, 1993. It revealed that some local/intraLATA store and forward calls were billed improperly from January, 1990 through May, 1990 and August, 1990. PTC has since instituted internal auditing procedures to avoid a repeat occurrence.

(3) PTC's intrastate overcharges related to local, intraLATA, and interLATA calls. Two different refunds were required: to end users and to LECs. PTC paid refunds to end users for overcharging on local and toll calls. These refunds included calls originating from FDOC correctional facilities and some store and forward calls at other locations. These involved overcharges on local calls billed in excess of the applicable LEC tariffed rates, overcharges on intraLATA toll calls which PTC inadvertently handled, and overcharges on interLATA calls in excess of the Commission's approved rate caps. The total amount of the intrastate refund made

to end users and LECs was \$728,415. Of this amount, \$626,025 was refunded directly to end users. \$89,917 could not be refunded directly to end users and was remitted to the FDOC-Inmate Welfare Fund. These activities were completed in January, 1994.

(4) As indicated above, some of the intrastate overcharging involved PTC's handling of local and intraLATA traffic. We required PTC refund to the LECs the revenues generated from these calls. Consequently, PTC paid refunds of \$12,473 to the affected LECs. This was completed in June, 1993.

(5) Overcharges on interstate traffic also occurred from FDOC correctional facilities. In the course of the refund process, PTC found it could not complete an interstate refund to end users. Therefore, PTC completed the refund through a prospective \$0.25 per call rate reduction on all interstate credit card and collect calls made from PTC's Florida pay telephones. The total amount refunded was \$235,236 and was completed in January, 1995.

III. INTERNATIONAL TELECHARGE, INC. D/B/A ONCOR
COMMUNICATIONS, INC.

ITI/Oncor's settlement activities consisted of the following:

(1) ITI/Oncor paid fines totaling \$250,000. The last installment was paid in January, 1993.

(2) Our investigation had indicated the need for a better monitoring program in ITI/Oncor's operations. We ordered ITI/Oncor to hire an outside party to perform an audit of all its intrastate traffic from non-confinement locations for the calendar years 1990 and 1991. The audit revealed no significant irregularities. ITI/Oncor has since instituted going forward internal auditing procedures to avoid any repeat occurrences. The audit was completed in September, 1993.

(3) ITI/Oncor's intrastate overcharges related to local, intraLATA, and interLATA calls. Two different refunds were required: to end users and to LECs. ITI/Oncor paid refunds to end users for overcharging on local and toll calls. These refunds primarily pertained to traffic that originated from PTC and other pay telephones located in FDOC correctional facilities. These involved overcharges on local calls billed at rates in excess of the applicable LEC tariffed rates, overcharges on intraLATA toll calls which ITI/Oncor inadvertently handled, and overcharges on interLATA calls in excess of the Commission's approved rate caps. The total amount of intrastate refunds due to end users and LECs

was \$765,938. Of this amount, \$326,330 was refunded directly to end users. \$284,052, which could not be refunded directly to end users, was paid to the FDOC-Inmate Welfare Fund. An additional \$37,931 was refunded through a prospective rate reduction. These activities were completed in October, 1993.

(4) As indicated above, some of the intrastate overcharging pertained to ITI/Oncor's handling of local and intraLATA traffic. The Settlement and Refund Proposal required that ITI/Oncor refund to the LECs the revenues generated from these calls. Consequently, ITI/Oncor paid refunds of \$117,625 to the affected LECs. This was completed in July, 1993.

(5) Overcharges on interstate traffic also occurred from FDOC correctional facilities. In the course of the refund process, ITI/Oncor found it could not complete an interstate refund to end users. Therefore ITI/Oncor deposited the entire interstate overcharges of \$233,317 into the FDOC-Inmate Welfare Fund. This was completed in August, 1993.

IV. CONCLUSION

Each company has completed its respective settlement agreement. Accordingly, this docket is hereby closed.

It is, therefore,

ORDERED by the Florida Public Service Commission that this docket is hereby closed.

By ORDER of the Florida Public Service Commission, this 26th day of April, 1995.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kay Helton
Chief, Bureau of Records

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.