BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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| In Re: Initiation of Show Cause Proceedings Against Discount Network Services, Inc. for Violation of Rule 25-4.118, F.A.C., Interexchange Carrier Selection. |  | )  )  )  )  )  )  ) | DOCKET NO. 961551-TI  ORDER NO. PSC-97-0438-AS-TI  ISSUED: April 18, 1997 |

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman

SUSAN F. CLARK

J. TERRY DEASON

JOE GARCIA

DIANE K. KIESLING

ORDER APPROVING SETTLEMENT OFFER

BY THE COMMISSION:

I.Background

Discount Network Services, Inc. (DNS) is a provider of interexchange telecommunications service and was certificated to provide service in Florida on October 12, 1995. The company holds Certificate No. 4077.

By Order No. PSC-96-0721-FOF-TI, issued May 29, 1996, in Docket No. 960434, we required DNS to pay a $250 fine for violation of Rule 25-24.480, Florida Administrative Code, by failing to inform us of its new address, telephone number, and contact person within 10 days of the change. The company paid the $250 fine, provided our staff with the required information, and the docket was closed.

Between January 1 and November 30, 1996, our Division of Consumer Affairs received a total of 72 complaints against DNS concerning unauthorized carrier changes in violation of Rule 25-4.118, Florida Administrative Code (slamming). The majority of the complainants stated that DNS's telemarketers used misleading sales tactics and led customers to believe that the customers were speaking with AT&T representatives. As a result, this docket was opened to investigate whether DNS should be required to show cause why it should not be fined or have its certificate cancelled for slamming. Prior to our consideration of whether DNS should be ordered to show cause, the company's attorney contacted our staff with a proposed settlement offer. We postponed consideration of this matter in order to review DNS's proposal. On March 18, 1997, DNS amended its original settlement offer. The amended settlement offer is attached to and incorporated in this Order as Attachment A.

II.Amended Settlement Offer

Discount Network Services, Inc.'s proposed settlement offer is as follows:

1) DNS will credit customer billings in the amount of $8,631.59 in accounts receivable. (We note that DNS has already issued the credits which appeared on the March 3, 1997, billing cycle.)

2) DNS will refund to customers within 30 days of the issuance of the Commission's Order all previously collected revenues in the amount of $10,062.37.

3) Effective February 1, 1997, DNS removed all references to AT&T in its telemarketing scripts and implemented an employee training program.

4) DNS promises to comply with all Commission rules and orders.

5) DNS will promptly refund or credit customer billings for the primary interexchange carrier (PIC) change fee for any other Florida consumer who complains that their service was switched without proper authorization.

6) DNS will promptly refund or credit customer billings for the difference between the consumer's preferred carrier and DNS' rates, if any, for any other Florida consumer who complains that their service was switched without proper authorization.

7) DNS will provide a detailed billing report of the customers who filed complaints with the Commission's Division of Consumer Affairs. The billing report is attached to this Order as Attachment B.

8) DNS will pay $5,000 to the Commission within 90 days of the date this Order becomes final.

Upon review, we find that the company's amended settlement proposal is reasonable, and adequately addresses our concerns regarding the slamming complaints. We shall, however, also require DNS to submit a report to our staff within 45 days of the issuance of this Order outlining the dates upon which any refunds or credits are issued. In addition, DNS shall forward the $5,000 to the Office of the Comptroller for deposit in the State General Revenue Fund in accordance with Section 364.285 (1), Florida Statutes. Furthermore, if we do not see an improvement in the number of complaints against DNS, we will not hesitate to investigate.

Based on the foregoing, it is therefore

ORDERED by the Florida Public Service Commission that the amended Settlement Offer proposed by Discount Network Services, Inc. is, hereby, approved. It is further

ORDERED that Discount Network Services, Inc. shall submit a report to Commission staff within 45 days of the issuance of this order outlining the dates upon which any refunds or credits are issued. It is further

ORDERED that Discount Network Services, Inc. shall remit $5,000 to the Office of the Comptroller for deposit in the State General Revenue Fund, in accordance with Section 364.285(1), Florida Statutes. It is further

ORDERED that upon remittance of the $5,000 and receipt by Commission staff of Discount Network Services, Inc.'s report, this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 18th day of April, 1997.

/s/ Blanca S. Bayó

BLANCA S. BAYÓ, Director

Division of Records and Reporting

This is a facsimile copy. A signed copy of the order may be obtained by calling 1-904-413-6770.

( S E A L )

SOME (OR ALL) ATTACHMENT PAGES ARE NOT ON ELECTRONIC DOCUMENT.

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, 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.