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Marcell Morrell**
Vice President & General Counsel - Florida

97 MAY 27 AM 10:17 GTE Telephone Operations

Associate General Counsel
Anthony P. Gillman**
Leslie Reicin Stein*

One Tampa City Center
201 North Franklin Street, FLTC0007
Post Office Box 110
Tampa, Florida 33601
813-483-2606
813-204-8870 (Facsimile)

Attorneys*
Kimberly Caswell
M. Eric Edgington
Ernesto Mayor, Jr.

* Licensed in Florida
** Certified in Florida as Authorized House Counsel

970631

May 27, 1997

Ms. Blanca S. Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. **970631-TL**
Petition of GTE Florida Incorporated for Exemption and/or
Variance from Commission Rules 25-4.110(3) and 25-4.113

Dear Ms. Bayo:

Please find enclosed for filing an original and fifteen copies of a Petition for Exemption and/or Variance from Commission Rules 25-4.110(3) and 25-4.113. Service has been made as indicated on the Certificate of Service. If there are any questions regarding this matter, please contact me at (813) 483-2615.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
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- WAS _____
- OTH _____

Very truly yours,

Anthony P. Gillman
Anthony P. Gillman

APG:tas
Enclosures

A part of GTE Corporation

DOCUMENT NUMBER-DATE

05257 MAY 27 97

FPS-C-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of GTE Florida Incorporated
for Exemption from Commission Rules
25-4.110(3) and 25-4.113, Fla. Admin. Code

) Docket No. 970631-TL
) Filed: May 27, 1997
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**PETITION OF GTE FLORIDA INCORPORATED
FOR EXEMPTION AND/OR VARIANCE OF
COMMISSION RULES 25-4.110(3) AND 25-4.113**

GTE Florida Incorporated (GTE) requests an exemption and/or variance from Commission Rules 25-4.110(3) and 25-4.113, Fla. Admin. Code. In support thereof, GTE states as follows:

1. GTEFL is a telecommunications company as that term is defined in Section 364.02(12), Fla. Stat. (1995). As such, its regulated operations are subject to the jurisdiction of this Commission.

2. Communications in regard to this Petition should be directed to:

Anthony P. Gillman
Kimberly Caswell
GTE Florida Incorporated
P. O. Box 110, FLTC0007
Tampa, Florida 33601

3. In *In Re: Proposed Amendment of Rule 25-4.113, F.A.C, Refusal or Disconnection of Service by Company*, Docket No. 951123-TP, the Commission Staff recommended revising Rule 25-4.113 in order to prohibit local exchange carriers from disconnecting local exchange service for non-payment of toll bills. GTE and other members of the industry (LECs and IXC's alike) opposed the rule amendments. GTE filed comments and testimony explaining that GTE had experienced a negative trend in its

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uncollectible accounts. GTE was of the view that if the amendments would be adopted, the level of uncollectibles would rise even more.

4. The Staff's amendments were considered by the Commission during a late 1996 agenda conference. During this agenda, the affected LECs offered the Commission an alternative to the disconnection rule amendments. This alternative involved toll blocking plans in lieu of local service disconnection. At the agenda, GTE, BellSouth and Sprint agreed to file toll blocking proposals consistent with the broad alternative discussed before the Commission.

5. In accordance with the framework of the toll blocking plans discussed at the agenda, GTE is proposing its Advanced Credit Management (ACM) program. ACM is a comprehensive plan designed to significantly reduce losses in revenue from uncollectible accounts and effectively deter subscription fraud. Under this plan, GTE will block a customer's toll at a certain level depending upon the particular credit risk of such customer. Although the alternatives proposed at the agenda were for experimental filings, GTE feels that it has enough experience with ACM to seek permanent approval. This program was previously approved on an experimental basis.

6. Details behind this plan are provided in GTE's tariff filing being made contemporaneously with this filing. As set forth in that tariff filing, for new customers, the credit scoring process starts when the customer requests telephone service. Using GTEFL's Positive Identification procedure (PID), the Company's service representative will verify the identity of the applicant. At that point, the customer is assigned a credit score using a separate computer process. Once the customer's credit score is established, it is

then translated into an account credit limit for toll usage. If the customer is concerned with his or her credit limit, the customer representative will refer the customer to the appropriate credit bureau. Existing customers will receive credit scores based upon their existing payment history with GTEFL. The credit limit is a dollar value which is continually matched against the total of the customer's unpaid toll and unbilled toll.

7. Approximately six months after the initial credit scoring for new customers, GTEFL will begin to periodically review a customer's account to determine whether the account credit limit should be changed to reflect improvements or setbacks in the customer's billing and payment history. For existing customers with six or more months of service, reviews will occur monthly on such accounts. Once a customer establishes a good payment history, the credit limit will be raised to the point where the customer will have unlimited long distance access. When the credit limit is changed on an existing account, a message will be printed on the customer's bill.

8. If the unpaid toll amount reaches the credit limit, a five working days written notice is sent to the customer. The notice is separate from the regular bill. The notice will reflect the current balance, account credit limit, amount over the credit limit and the minimum payment which must be paid in order to avoid blockage of the customer's long distance access. If the customer does not make the minimum payment, the toll will be blocked even though the bill may not yet be due. However, although the toll is blocked, the customer will retain access to 911 and local dial tone, including Extended Calling Service (ECS) and Extended Area Service (EAS). Once a customer's account has been blocked for toll usage, the customer will receive a message directing them to dial an 800

number for instructions by which the customer can immediately regain toll usage through payment. The toll block will be removed upon payment of at least eighty percent (80%) of the amount due. Again, the local service of the customer remains available during the entire period.

9. To implement this plan, it is necessary for GTE to obtain exemptions and variances from the technical requirements of Rules 25-4.110(3)(a) and 25-4.113. Rule 25-1.110(3)(a) permits GTE to demand immediate payment of all charges under specified circumstances, including where toll service is two times greater than the customer average usage as reflected on the monthly bills for the three months prior to the current bill. Under GTE's ACM plan, when a customer exceeds his toll limit, GTE will demand an 80% payment of the toll charges (not the entire bill) even though the specific parameters of this rule are not met. Likewise, Rule 25-4.113 prohibits disconnection of service except under specified circumstances including failure to make payment on a bill. GTEFL's proposed plan approaches the matters addressed in Rule 25-4.113 in a manner different from the rule only with respect to the establishment of limits on toll use. Under GTE's ACM program, for medium and high risk customers, GTE will suspend toll usage after a specified limit is met and five days notice is provided. Treatment of the account is made even though payment on the bill may not yet be delinquent.

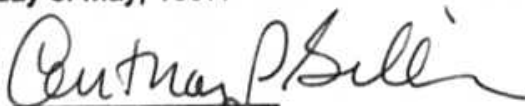
10. GTE believes that an exemption and/or variance from these two rules is beneficial to the customer as well as GTE. By taking action early in the process, rather than permitting charges to escalate higher, GTE may avoid disconnection of the

customer's local service in the future. Thus, ACM provides an alternative to local service disconnection, and alleviates the need for deposits, as was intended by the Commission.

11. An exemption and/or variance will serve the purposes of the statutes underlying the rules in questions as is required under section 120.542 of the Florida Statutes. The rules implement Section 364.03 of the Florida Statutes which deals with the requirement for local exchange carriers to charge reasonable rates. The exemption and/or variance being sought here will not affect the reasonableness of GTE's rates or its provision of service. The same is true for the other statutes implemented under these rules. See e.g., Fla. Stat. §§364.04; 364.05; 364.17; and 364.19. Further, strict application of the rules to GTE would create a substantial hardship and violate the principles of unfairness because without such exemption and/or variance, GTE will be less able to control its uncollectible expense. See Fla. Stat. §120.542.

WHEREFORE, GTE Florida Incorporated petitions the Florida Public Service Commission for an exemption from Rules 25-4.110(3) and 25-4.113, Fla. Admin. Code, for the very limited purpose of suspending toll service even though the bill may not be overdue.

Respectfully submitted the 27th day of May, 1997.



Anthony P. Gillman
Kimberly Caswell
P. O. Box 110, FLTC0007
Tampa, FL 33601
813/483-2615

Attorneys for
GTE Florida Incorporated

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the Petition of GTE Florida Incorporated for Exemption and/or Variance of Commission Rules 25-4.110(3) and 25-4.113 was sent via overnight delivery on May 23, 1997 to:

Staff Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850


Anthony Gillman