

FLORIDA PUBLIC SERVICE COMMISSION
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Tallahassee, Florida 32399-0850

MEMORANDUM

JULY 24, 1997

RECEIVED

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TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAHO) ^{10:40}
FROM: DIVISION OF COMMUNICATIONS (HAWKINS) ^{ASST}
DIVISION OF COMMUNICATIONS (CULPEPPER) ^{KMB}
RE: DOCKET NO. 970811-TI - REQUEST FOR DETERMINATION OF
APPROPRIATE METHOD FOR REFUNDING OVERCHARGES ON
INTRASTATE LONG DISTANCE CALLS AND LOCAL TOLL CALLS BY
AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.
AGENDA: AUGUST 5, 1997 - REGULAR AGENDA - PROPOSED AGENCY ACTION
- INTERESTED PERSONS MAY PARTICIPATE
CRITICAL DATES: NONE
SPECIAL INSTRUCTIONS: S:\PSC\CMU\WP\970811.RCM

CASE BACKGROUND

AT&T Communications of the Southern States, Inc. (AT&T), an interexchange carrier, has been providing service since January 1, 1984, and holds Certificate No. 69.

AT&T sent out a special promotion package to various end users to encourage subscription to AT&T's One Rate Plan in Florida. A system error generated brochures with the incorrect statement that in-state long distance calls would be rated at 10 cents per minute. The correct and tariffed rate is 15 cents for in-state long distance calls and 10 cents for local toll (intraLATA) calls. Approximately 79,000 Florida customers accepted AT&T's offer.

Of the 79,000 customers on the plan, 49,570 made calls that require re-rating. Those calls constitute a total of 6.2 million minutes of use. The difference in revenue between the tariffed rate of 15 cents per minute and 10 cents quoted in the materials is \$313,042.20. AT&T is currently in the process of re-rating and crediting customers' accounts for the difference between the rate quoted in the promotion and the tariffed rate. The 49,570 affected customers will receive individual credits based on their calls. The credits should appear on customer's bills before September 1, 1997.

DOCUMENT NUMBER-DATE

07442 JUL 24 97

FPSC-RECORDS/REPORTING

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DISCUSSION OF ISSUES

ISSUE 1: Should the Commission accept AT&T's proposed settlement?

RECOMMENDATION: Yes. The Commission should accept AT&T's proposed settlement. Upon completion of the refund, AT&T should submit a report to staff outlining how and when the refunds were completed. (Hawkins)

STAFF ANALYSIS: As stated above, a system error resulted in AT&T sending out brochures that included the incorrect statement that AT&T would rate in-state long distance calls at 10 cents per minute, rather than at the tariffed rate of 15 cents per minute. Rule 25-24.485(1)(e), Florida Administrative Code states, in part,

No public statement of service quality, rates, or service offerings or billings should be misleading or differ from those stated in the tariff.

When staff alerted AT&T to the error, the company immediately researched the problem and proceeded to rectify the situation by making the necessary credits to its customers in a timely manner. As of this writing, 46,000 of the 79,000 customers have received an apology letter with the correct rates. Letters are being sent to the remaining customers. The credits should appear on customer's bills before September 1, 1997. AT&T will credit the affected customer's bills from October, 1996, up through March, 1997.

After considering AT&T's explanation of the circumstances that resulted in these overcharges, AT&T's timely efforts to rectify the problem, and after reviewing AT&T's procedures for ensuring that all overcharges are refunded to the affected customers, staff recommends that AT&T's proposed settlement be approved. Staff believes the settlement is appropriate and is in the public interest. Upon completion of the refund, AT&T should submit a report to staff outlining how and when all the credits were refunded to the affected customers' accounts.

ISSUE 2: Should this docket be closed?

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RECOMMENDATION: Yes. If no person whose substantial interests have been affected by the Commission's proposed agency action files a timely protest, the Order resulting from this recommendation should become final. If no timely protest is filed, this docket may be closed administratively upon AT&T's submission to staff of its report on the refund. (Culpepper)

STAFF ANALYSIS: If no person whose substantial interests have been affected by the Commission's proposed agency action files a timely protest, the Order resulting from this recommendation should become final. If no timely protest is filed, this docket may be closed administratively upon AT&T's submission to staff of its report on the refund.