FLORIDA PUBLIC SERVICE COMMISSION
Capital Circle Office Center • 2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

MEMORANDUM

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SEPTEMBER 11, 1997

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF COMMUNICATIONS (ISLER)
DIVISION OF LEGAL SERVICES (CULPEPPER)

RE: DOCKET NO. 971016-TP - INVISION TELECOM, INC. - REVIEW OF INVISION TELECOM, INC.'S TARIFF TO BLOCK COLLECT CALLS FROM CONFINEMENT FACILITIES

AGENDA: SEPTEMBER 23, 1997 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\CMU\WP\971016TP.RCM

CASE BACKGROUND

On March 24, 1997, the Commission issued Order No. PSC-97-0325-FOF-TI approving the transfer of Interexchange Telecommunications Certificate No. 3123 from Central Payphone Services, Inc. to InVision Telecom, Inc. (InVision or the company). In addition, InVision holds Pay Telephone Certificate No. 4133. InVision provides telecommunications services to inmate facilities.

The Division of Consumer Affairs received several complaints from consumers who advised staff that their line was blocked, preventing collect calls from being completed from specific correctional facilities. Several consumers advised staff that they were customers in good standing with the LEC. In every case, InVision responded that due to an increasingly high level of uncollectible charges resulting from fraudulent use of service (the taking of service without the ability or intention of paying), it had adopted a proactive, preventive approach by blocking collect calls under certain circumstances.

InVision explained to staff that it extends a $50 credit to each called telephone number. Called parties may accept charges for collect calls up to that amount. When that amount is reached, the line is blocked so that no other calls can be accepted. If a

consumer wishes to exceed the $50 credit limit, a deposit is required up to an amount determined by the consumer on the level of charges he wishes to incur. The deposit, plus interest and less any past due charges, is refunded when no collect calls have been completed to the consumer's telephone number for 30 days.

The company advised staff that consumers are notified of the blocking by an automated telephone call. The automated verbal notice advises the consumer to call InVision at a toll free number if the consumer wishes to continue to receive collect inmate calls over InVision's network. In addition to the automated verbal notice, InVision provides the facilities it serves with brochures that explain its policies. The company went on to state that a five-day written notice as required by Rule 25-4.113, Florida Administrative Code, is "impractical in the inmate services environment."

Staff met with InVision and on its face did not initially believe the call-blocking practice would cause a problem. Therefore, staff agreed with the company to allow a trial. During the trial period, however, several complaints were filed with the Commission regarding InVision's call blocking. In investigating these complaints, staff determined that InVision's call blocking practice did, in fact, violate Commission rules. Staff met with InVision again to attempt to convince the company to withdraw its tariff. However, the company declined.

Under these circumstances, staff believes the following recommendations are appropriate.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission cancel InVision Telecom, Inc.'s tariff to block collect calls from confinement facilities because it is unlawful, discriminatory, and not in compliance with Rules 25-24.471(4)(c), Florida Administrative Code, Application for Certificate and 25-24.515(17), Florida Administrative Code, Pay Telephone Service?

RECOMMENDATION: Yes. (Isler)

STAFF ANALYSIS: InVision's Original Sheet 15, Section 4.8.2, of its tariff states:

> No advance deposits are required; provided, however, that in the event that a billed party wishes to exceed any maximum credit amount that may be predetermined by Carrier, that billed party may do so by first posting a deposit in an amount such that the level of credit sought is equal to 90 percent of the deposit amount. Carrier shall pay simple interest at a rate no less than the rate required for basic telephone service deposits. Past due amounts may be deducted from deposits at final billing. Carrier provides collect only calling to inmates of confinement facilities. Carrier may block inmate calls to certain telephone numbers when the amount charged to such telephone number (a) exceeds the credit limit or 90 percent of the deposit posted, or (b) becomes past due.

InVision advised staff that it provides specialized inmate calling systems and services to over 550 inmate facilities in 35 states. Prior to the effective date of the company's IXC certificate, the Commission began receiving complaints from consumers who advised staff that their line was blocked by InVision to prevent completed collect calls from specific confinement facilities. All consumers advised that the line was blocked without notice and without their authorization. In addition, several consumers advised staff that they were customers in good standing with the LEC.

In each case, InVision responded that it believed it had no alternative except to block some consumers lines from accepting collect calls from confinement facilities. At first, every called number may accept $50 of collect calls in a 30-day period. If the charges exceed $50 before the 30 days, InVision will block that consumer's line. InVision stated that consumers are notified of this procedure by an automated telephone call, which provides a toll free number for the called party to call InVision for information on how to continue receiving collect calls.

In response to complaints, the company would temporarily remove the block. In some cases, however, the consumer advised staff that the block was reinstated the next time their charges exceeded $50. In one complaint the customer, Robert Loeber, advised staff that his number was prevented from receiving calls from the Gadsden Correctional Institution. Mr. Loeber advised that the company said his line was blocked because his bill was over $50. Mr. Loeber stated that he does not have a past due balance with the company and pays his bills as soon as he receives them. InVision removed the block for seven days and subsequently blocked his line twice more in a very short period of time (May 8 and May 14, 1997). Mr. Loeber finally said he paid the deposit to prevent InVision from blocking his line in the future. (Attachment B)

In May, staff received a copy of an April 24, 1997, letter to Mr. James N. Biddy, Deputy Assistant Secretary for Administration, Department of Corrections, from Dr. Tim Cole, Senior Pastor of the Grace Bible Church. Dr. Cole stated that his congregation is caring for five children whose parents are incarcerated in Florida institutions. Dr. Cole said he speaks with both parents at least twice a week. The Church's line is blocked when its bill reaches $50 in charges. Dr. Cole stated that the line is blocked without any notice or regard for his prior payment history. (Attachment C)

As a result of Dr. Cole's letter, on May 6, 1997, Mr. Biddy wrote the warden of the Gadsden Correctional Institution, where the mother of the children is incarcerated. Mr. Biddy stated:

> The Department of Corrections has not allowed its inmate telephone vendors to require deposits from billed parties based solely on the volume of calls. We view this as unfair and adding another burden to the party that is already paying for the call.

Mr. Biddy asked the warden to meet with the vendor (InVision) and request that this practice be discontinued. (Attachment D)

Rule 25-24.490, Customer Relations; Rules Incorporated, Florida Administrative Code, incorporates Rule 25-4.113(1)(f), Refusal or Discontinuance of Service by Company, Florida Administrative Code, and states that a company may refuse or discontinue service "For nonpayment of bills for telephone service, including the telecommunications access system surcharge referred to in Rule 25-4.160(3), provided that suspension or termination of service shall not be made without 5 working days' written notice to the customer, except in extreme cases. The written notice shall be separate and apart from the regular monthly bill for service."

The company's tariff does not specifically state that notice will be provided to consumers. In a June 26, 1997, letter to staff, however, Mr. Barry Selvidge, Vice President of Regulatory Affairs and General Counsel for InVision, wrote that the company had:

> developed and utilizes a proprietary automated system to establish initial contact with the consumer as the credit limit is approached. The consumer receives the following greeting: 'Hello, this is InVision Telecom, a correctional facility collect call phone provider. Our telephone number is 1-888-77?-9778. Please press 5 now for a recording.' When the consumer presses "5," a message is played which directs the consumer to contact InVision at its toll-free number if the party wishes to continue to receive collect inmate calls over InVision's network.

Mr. Selvidge went on to state that when the called party presses "5," the company has the equivalent of a return receipt, or proof that the customer received the automated telephone notice. The company stated that in addition to the automated notice, InVision provides the correctional institutions with brochures, which are available to the inmates at the facility administrator's discretion, and the company's deposit policy is printed on its direct bills. It is staff's understanding that the first bill is from the LEC, so the customer would probably exceed the $50 limit and receive at least one block before InVision began direct billing. Based on this, InVision believes that it complies with

the intent of Rule 25-4.113, by providing "effective notice prior to any interruption of service." (Attachment E)

Staff called InVision and spoke with Mr. Adam Vexler on August 14. Mr. Vexler advised that InVision's ITAC computer system calls a billed-to number when the customer's charges reach $37.50. Since the consumers who contacted the Commission all stated that they did not receive notice before their line was blocked, staff asked if there were any circumstances where a consumer may not receive the automated notice. Mr. Vexler responded that if a consumer's charges reached the $50 level before a bill had been rendered, that consumer may not receive the automated call.

Staff disagrees that InVision's automated notice complies with the intent of the disconnect rule for several reasons. First, it is possible that a child could answer the phone when the automated call is made and not tell the adult of the family. Second, the consumer may not even have received a bill for the calls at the time the call is made. Third, and perhaps most important, the rule states that a five day written notice, separate and apart from the regular monthly bill, must be provided.

Additionally, while the company does not believe its tariff is discriminatory because it "applies its policies consistently to all consumers," staff disagrees. InVision may be consistent in requiring a deposit from a consumer whose charges reach $50, but the company's practice of requiring deposits from customers in good standing who have no choice in who handles the call is not a practice to which all other consumers are subjected. Therefore, it is staff's belief that InVision's tariff clearly conflicts with Rule 25-4.113(1)(f), Florida Administrative Code.

Rule 25-24.471(4)(c), Application for Certificate, Florida Administrative Code, states:

> Where only one interexchange carrier is available in a confinement facility, that interexchange carrier shall provide for completion of all inmate calls allowed by the confinement facility.

Rule 25-24.515(17), Pay Telephone Service, Florida Administrative Code, states:

> Providers serving confinement facilities shall provide for completion of all

> inmate calls allowed by the confinement facility.

These requirements are necessary because neither inmates nor the subscribers accepting the calls have a choice as to which company will handle the call. As a result, the cost of inmate calls are the highest allowed.

Staff would also like to point out that two other companies (MCI and Sprint) recently withdrew similar tariff filings.

In addition to the blocking concerns, staff is concerned that InVision is requiring deposits from customers at all. Rule 25-24.490(2) states:

> An interexchange company may require a deposit as a condition of service and may collect advance payments for more than one month of service if it maintains on file with the Commission a bond covering its current balance of deposits and advance payments (for more than one month's service). A company may apply to the Commission for a waiver of the bond requirement by demonstrating that it possesses the financial resources and income to provide assurance of continued operation under its certificate over the long term.

When InVision applied for the transfer of Central Payphone Services, Inc.'s IXC certificate, it advised that it will not collect deposits. However, the company noted that "The applicant will not be collecting deposits from its customers but may collect deposits on behalf of its customers. The applicant intends to provide billing and collecting services for service providers." (Attachment F)

It is staff's belief that if InVision is allowed to collect deposits from end users, then the company must file a bond and change its tariff to reflect that deposits are required. Even so, however, staff is concerned that InVision's policy duplicates fraud control measures that LECs undertake and should not be allowed. Currently, if a LEC has a billing and collection contract with an IXC, then the LEC takes the responsibility to require a deposit, send an interim toll bill, and/or disconnect service for nonpayment, if necessary. In a recent rule proceeding, staff

recommended disassociating toll charges from local charges. However, the industry opposed the rule amendment. InVision should not now be able to have it the other way, blocking toll when local and toll charges are current.

On August 22, 1997, InVision informed staff that the company has entered into an agreement with Talton Holdings, Inc. to sell the assets of its inmate phone division and is scheduled to close within the next five weeks. The company advised that InVision's IXC certificate and tariff will not be transferred to Talton. In addition, InVision advised that since the Commission has not received any further complaints from consumers, the company requested that staff reconsider its schedule of this docket on the September 23 Agenda Conference. However, since InVision is apparently continuing to operate under this tariff and because it is not guaranteed that the sale of InVision's inmate services will be completed, or known how long the transition will take if the sale is completed, staff believes it is appropriate to bring InVision into compliance with the Commission's rules, its contract with the Department of Corrections, and to go forward with this recommendation to prevent further complaints. Based on this, staff recommends that the Commission should cancel InVision's tariff to block collect calls from confinement facilities.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. If no person whose substantial interests are affected by the Commission's proposed agency action, files a protest within twenty-one days, this docket should be closed.

STAFF ANALYSIS: If no person whose substantial interests are affected, files a timely request for a Section 120.57, Florida Statutes hearing, no further action will be required and this docket should be closed.

4.8.2 Pay Telephone Service Providers

Carrier - InVision Telecom, Inc.
Policy - No advance deposits are required; provided, however, that in the event that a billed party wishes to exceed any maximum credit amount that may be predetermined by Carrier, that billed party may do so by first posting a deposit in an amount such that the level of credit sought is equal to 90 percent of the deposit amount. Carrier shall pay simple interest at a rate no less than the rate required for basic telephone service deposits. Past due amounts may be deducted from deposits at final billing. Carrier provides collect only calling to inmates of confinement facilities. Carrier may block inmate calls to certain telephone numbers when the amount charged to such telephone number (a) exceeds the credit limit or 90 percent of the deposit posted, or (b) becomes past due.

4.9 Contested Charges. For consideration of any disputed charge, a Customer must submit in writing to the Company, within thirty (30) days of the date the bill is issued, the call details and bases for any requested adjustment. The Company will promptly investigate and advise the Customer as to its findings and disposition.

4.10 Returned Check Charge. A charge of $10, or applicable state returned check charge, whichever is more, may be applied if a check or draft presented for payment of service is not accepted by the institution on which it is written.

Barry E. Selvidge
InVision Telecom, Inc.
1150 Northmeadow Parkway, Suite 118
Roswell, GA 30076

Name LOEBER, ROBERT

Address 908 N KNIGHT ST.

City/Zip PLANT CITY 33566 County HILL

Account Number

Company Contact

Company INVISION TELECOM, INC.

Attn. JEANIE RAY 168856

Consumer's Telephone # (813)-752-4899

Can Be Reached (352)-588-8236

Note

Limited Reponse N

Request No. 168856I

By RWM Time 2:20 PM Date 04

To CO Time FAX Date 04

Type S Form Phone

Category 3051

Infraction PS-46

Closed by RWM Date 05/19/97

Reply Received T

ATTACHMENT B
Docket 971016-TP
September 11, 1997

Customer said Invision Telecom has blocked his number so he cannot receive calls from The Gadsden Correctional Facility. He said when he caled the company he was told it was because his bill was over $50. Customer said he does not have a past due balance with the company and pays the bills as soon as he receives them. Please investigate this matter and provide a response by the date below. Include on what authority Invision which is certified as a payphone provide in Florida is blocking long distance calls. A report is due by the date below.

4-17 Customer called he said his service had been blocked. I called Invision to speak with Jeannie Ray. Ms Ray is out of the office until 4-21. I spoke with Theresa Stroud who said she would look into the matter and call me back.
Ms Stroud said she spoke with Laura Floyd who said the block will be removed for 7 days until the matter can be resolved with the PSC. Ms. Stroud said Ms. Ray will call me on Apr. 21 when she returned to the office. Ms. Floyd called customer to let him know the block would be removed.
4-28 reply received
5-9 Mr. Loeber called he said his service had been blocked as of May 8. I told him our division of CMU was going to investigate the matter and I would convey his concerns to my supervisor. I spoke with Pam Johnson who said she would speak to Leroy Rasberry.
I called CCI at 3:30 spoke with Theresa Stroud because Jeannie Ray was out for the day. She said she would contact Invision regarding the block. Ms. Stroud

CONSUMER REQUEST

FLORIDA PUBLIC SERVICE COMMISSION

2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FL. 32399-0850
904-413-6100

PLEASE RETURN THIS FORM WITH REPORT OF ACTION TO:

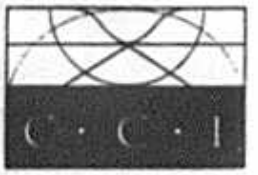
Ruth W. McHargue

DUE: 05/02/97

called back later and said the block would be removed over the weekend. She said Ms. Ray would call me on Monday, May 12. I called the customer and left a message on his voice mail regarding the block.
5-12 Ms. Ray did not call.
5-14 Mr. Loeber called he said his service had been blocked again and he would pay the deposit in order to keep his service from being blocked. However he did not agree with the deposit requirement and was not happy with the situation. I sent an e-mail to Pam Johnson and Leroy Rasberry informing them of customer's call.
5-19 File closed

FORWARD TO CMU FOR REVIEW.

ATTACHMENT B
Docket 971016-TP
September 11, 1997



April 22, 1997

Copy via Facsimile 904-413-6362
Original via United States Mail

Ms. Ruth W. McHargue
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Robert Loeber
Request No. 168856I

Dear Ms. McHargue:

This is in response to the Consumer Request filed by Mr. Loeber regarding services provided by InVision Telecom, Inc. ("InVision"). Mr. Loeber complained that his telephone number was blocked from receiving additional collect inmate calls over InVision's network when charges reached a certain level.

As background information, InVision provides specialized inmate calling systems and services to over 550 confinement facilities located in 35 states, including Florida. Pursuant to applicable tariff, and under parameters established by the facility administration, inmates are permitted to place collect-only calls, the charges for which are billed either directly by InVision or on the consumer's local exchange company ("LEC") telephone bill.

As discussed in filings made with the Commission in Docket No. 97-0061, InVision has experienced an increasingly high level of uncollected charges resulting from the fraudulent use of its service (i.e., the taking of service without the ability or intention of paying). In response, InVision adopted a proactive, preventive approach to the fraudulent and reckless use of its service.

InVision's fraud prevention program extends a specific amount of credit to any called telephone number, e.g., $50. Called parties may accept charges for collect inmate calls up to that amount, and those charges can be billed on the consumer's LEC telephone bill, where available, with no deposit required. If a consumer wishes to exceed that limit, a deposit is required, in an amount determined by the consumer and based on the level of charges he or she wishes to incur. The deposit is refunded, plus interest

and less any past due charges, when no collect inmate calls have been completed to the telephone number for a period of 30 days.

Mr. Loeber also stated that he did not owe any amounts that are past due. It should be noted that in addition to blocking telephone numbers for past due amounts, numbers are blocked when the credit limit is reached, similar to a credit limit on a commercial credit card. That is, when the limit is reached, additional charges cannot be made, regardless of whether a bill has been rendered for the outstanding charges. It should also be noted that should InVision block a telephone number, the only service affected is for calls provided over InVision's network. Basic local service and other long distance services are not affected.

Notifying consumers that their telephone number will be blocked is important to InVision. Because of several factors, including the transient nature of the service and the speed with which charges typically accumulate, traditional "notice" as provided when there is a continuing relationship between a LEC and its customer is impractical in the inmate services environment.

To address this concern, InVision developed and utilizes a proprietary automated system to establish initial contact with the consumer as the credit limit is approached. The consumer receives the following greeting: "Hello, this is InVision Telecom, a correctional facility collect call phone provider. Our telephone number is 1-888-777-9778. Please press 5 now for a recording." When the consumer presses "5," a message is played which directs the consumer to contact InVision at its toll-free number if the party wishes to continue to receive collect inmate calls over InVision's network.

In addition to this verbal notice to the consumer, InVision provides the facilities it serves with brochures that explain InVision's policies. The brochures are made available to the inmates and/or parties they wish to call, at the discretion of the facility administrator. InVision's deposit policy is also preprinted on the direct bills it renders.

In addition to providing InVision's toll-free Customer Service number in the automated announcement, the number is printed on the brochures and direct bills, and it is provided by facility personnel to consumers. InVision's Customer Service department is currently staffed Monday through Friday from 8 a.m. - 8 p.m. EDT and on Saturday from 8 a.m. - 5 p.m. EDT. InVision is in the process of increasing its Customer Service availability to provide assistance 24 hours a day, 7 days a week, with a target date for implementation by May 1, 1997.

InVision's fraud protection plan was implemented in Florida effective April 15, 1997, under authority granted in Docket No. 97-0061. When InVision implements its direct billing with deposit policies in a state, it is the company's policy to begin each billed-to number at zero, rather than beginning with the amount of charges that have accrued as of the implementation date. This enables InVision to notify called parties before their numbers are blocked. Our investigation into this complaint reveals that Mr. Loeber's charges were incorrectly calculated to include charges incurred prior to the implementation date. This has now been corrected, and we apologize for this inconvenience to Mr. Loeber.

InVision trusts that the foregoing information is helpful to the Commission and Mr. Loeber, and appreciates the opportunity to respond to this Request.

Sincerely,

INVISION TELECOM, INC.

Jeanie Ray, Manager
Regulatory Affairs

cc: Barry E. Selvidge, Vice President
Regulatory Affairs and General Counsel

Robert E. Bowling, Vice President
Operations and General Manager, InVision

Norman H. Horton, Jr., Esq.
Messer, Caparello, Metz, Maida & Self

Robert Loeber
908 N Knight Street
Plant City, FL 33566

ATTACHMENT C
Docket 971016-TP
September 11, 1997

BIBLE CHURCH

built upon God's Word, growing by God's grace,
centered in the light of God's Son, to the praise of His glory.

April 24, 1997

Mr. Jim Biddy
Deputy Director of Budget and Finance
Department of Corrections
2601 Blairstone Road
Tallahassee, FL 32399-2500

Dear Mr. Biddy:

Warm greetings to you.

Not long ago I gave testimony before the Clemency Board in regards to a case our congregation is deeply interested in. I should have inquired then about the possibility of speaking with you directly in view of the fact that I was on your doorstep. But I didn't.

In any case, here are my concerns about a related matter.

Our congregation is deeply involved in a ministry to a family whose father and mother are currently incarcerated in Florida State Penitentiaries. These two people have left behind five birth children whom we are caring for. In addition to many other dimensions of support, I speak by phone with both inmates at least twice a week for purposes of spiritual guidance and encouragement.

Here's the crux of our concern. The mother, incarcerated at Gadsden Correctional Institution, is constantly prohibited from phoning us because the telephone carrier -- Invision Telecom -- blocks the phone connection.

The reason, per conversation with personnel from the telephone carrier, is that when our bill reaches an amount of $50 (per month), the phone is automatically blocked. This is done without any previous contact with us or without regard to any previous telephone credit payment history. This policy is both frustrating and unfair. I am thankful Florida Power doesn't operate by the same policy.

The telephone company's policy demands that we send them a $200 deposit in the event that we reach the $50 cut-off limit. In other words, they would like us (the real customer) to finance their operation. I'm wondering what amount of these "deposit funds" are shared by the Gadsden Institution.

555 - 61st Street South • St. Petersburg, FL 33715-1524 • Phone (813) 345-0534

For your information, we have encountered no difficulty with this issue as it relates to the institution where the husband is incarcerated.

We need and ask for your assistance and intervention to untie this communication knot.

Thank you for listening.

Sincerely,

Tim Cole

Dr. Tim Cole
Senior Pastor

ATTACHMENT D
Docket 971016-TP
September 11, 1997

DEPARTMENT of CORRECTIONS

Governor
LAWTON CHILES

Secretary
HARRY K. SINGLETARY, JR.

An Affirmative Action/Equal Opportunity Employer

2601 Blair Stone Road • Tallahassee, FL 32399-2500

May 6, 1997

Ms. Jane Grizzard, Warden
Gadsden Correctional Institution
Post Office Box 390
Quincy, Florida 32353-0390

Dear Warden Grizzard:

The attached letter from Dr. Tim Cole was sent to me concerning the restrictions that Invision Telecom is placing on high volume collect calls originating from Gadsden Correctional Institution.

The Department of Corrections has not allowed its inmate telephone vendors to require deposits from billed parties based solely on the volume of calls. We view this as unfair and adding another burden to the party that is already paying for the call.

We request that you surface this issue with your inmate telephone service provider and determine whether this practice will be discontinued.

Thank you for your attention to this matter.

Sincerely,

James N. Biddy

James N. Biddy
Deputy Assistant Secretary for Administration

JNB/mt
Attachment
cc: Dr. Tim Cole, Senior Pastor
Alan Taylor, PSC

ATTACHMENT E
Docket 971016-TP
September 11, 1997

June 26, 1997

Copy via Facsimile
Original via Airborne Express

Mr. Alan Taylor, Chief
Bureau of Service Evaluation
Division of Communications
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: InVision Telecom, Inc.
Direct Billing with Deposit Policies

Dear Mr. Taylor:

This is in follow up to the meeting Robert Bowling, Jeanie Ray, Doc Horton and I had with Rick Moses, Martha Brown and Beth Culpepper on June 11, and my subsequent telephone conversation with you on June 18, regarding the above matter. As you know, InVision has worked very closely with the Commission Staff since our initial meeting in November 1996, and we sincerely appreciate the time and attention you and other Staff members have afforded our company with regard to this crucial issue.

INTRODUCTION AND BACKGROUND

InVision faces a significant and growing fraud problem, primarily from uncollectible charges owed for collect inmate calls, that has increased approximately 13.5 percent from July 1994 through January 1997, to an average of about 25 percent. One reason for this increase is the LECs' evolving ability to assess unpaid charges back to the carrier of the calls, rather than allocating unpaid charges among all carriers of operator assisted calls, including non-inmate calls.

Another major factor impacting collection of charges is the emergence of local competition. Resulting problems include billed-to numbers confirmed as billable by LIDB later being rejected by the incumbent LEC because the numbers were actually served by an unidentified competitive LEC. Often, even if the competitive LEC is identified, it

does not offer billing and collection of other carriers' charges. For example, competitive LECs may offer one day or one week's worth of prepaid local service. However, if the telephone number is cleared through LIDB, collect calls can be completed, with no possibility of collecting the charges.

The reality InVision faces is that existing billing and collection methodologies and regulatory policies, designed for traditional residential and business telephone services, are absolutely ineffective in today's inmate calling services environment. InVision believes that disputed charges are often written off by the LEC operator, contrary to the billing agreement between InVision's billing agent and the LEC. Even if local service is eventually disconnected for nonpayment of InVision's charges, substantial additional charges can accrue before disconnection because inmates use the telephones frequently.

In addition, when InVision bills charges through the LEC, it does not learn that charges are unpaid for 6 months to 2 years after it has provided the service. **Attachment 1** details this remarkably lengthy process. In the period between the time InVision provides service and it learns that charges are not paid, InVision does not have access to the LECs' proprietary customer payment records. Since InVision serves primarily local confinement facilities, where the average incarceration period is approximately 72 hours, when InVision receives a chargeback for unpaid amounts, the inmate has long since been released and the telephone number may no longer belong to the party who failed to pay the charges.

In view of the unabating increase in unpaid charges, InVision was forced to develop an innovative solution. The first facet was to take responsibility for billing its own charges, so that the company could be aware of its unpaid charges in a timely manner. The second facet was to secure payment of charges above a certain level with a deposit. To determine that level, InVision analyzed an average month's call records, which showed that nationwide, approximately 8 percent of billed-to numbers ("BTNs") exceeded $50 in a 30-day period. Remarkably, that relatively small percentage accounted for almost 52 percent of InVision's revenues. The correlating Florida-specific numbers showed that 8.7 percent of BTNs incurred charges equal to or greater than $50 per month, and that 8.7 percent of BTNs constituted 47.1 percent of InVision's revenues.

Based on this analysis, InVision concluded that by requiring a deposit for accounts higher than $50, a large portion of its revenues would be protected while only a small portion of consumers would be affected. The consumer decides the amount of deposit, based on the amount of charges he or she wishes to incur over a 30-day period. When the consumer reaches the "credit limit," or if charges become past due, InVision blocks additional inmate calls until payment is received. Payment of charges or deposits can be made by personal check, money order or by using Western Union Quick Collect, available at grocery stores and other chain stores nationwide. Weekly billing is also available. Ironically, because of the high risk of nonpayment, InVision was unable to secure agreements allowing it to accept credit card payments.

These deposits are true interest-bearing security deposits, not a prepayment that has to be continually replenished. When no calls are charged to a BTN for 30 days, the deposit is automatically triggered for refund. The deposit, plus interest and less any past due amounts, is refunded within 30 days of the expiration of the 30-day "no-call" period.

In addition to allowing the consumer to determine his or her own deposit amount, InVision's approach provides other consumer benefits. It enables parties accepting collect inmate calls to understand their charges as they accrue, so that there is no surprise when the bill is received. Additionally, InVision's direct billing allows consumers to keep their basic local telephone and long distance services, even if charges owed to InVision are not paid.

SPECIFIC ISSUES

InVision is aware of the Commission Staff's concerns raised in Docket No. 97-00166-TI, "MCI Telecommunications - Petition for Exemption from Rules 25-4.113, 25-24.471 and 25-24.515 and for Authorization to Discontinue Service without Notice and to Require Advance Payment for Service from Certain Customers," as discussed in the Staff Memorandum dated April 24, 1997, and wishes to address those specific concerns with respect to InVision's policies. The following discussion is intended to address these issues from a policies and procedures viewpoint, and does not address the Commission Staff's concerns regarding the legal structure of MCI's filings.

NOTICE OF DISCONTINUANCE OF SERVICE

Notifying consumers that their telephone number will be blocked is important to InVision. Because of the transient nature of the service and the speed with which charges typically accumulate, traditional "notice" as provided when there is a continuing relationship between a LEC and its customer is impractical in the inmate services environment. In addition, since calls are billed through a third-party billing agent such as OAN or ZPDI, the customer's billing name and address ("BNA") is not provided as part of the billing and collection service. Although BNA may be obtained from an incumbent LEC under a tariffed offering, it has been InVision's experience that the pricing, lack of timely response and inaccuracy of information make this service infeasible.

To address the notice issue, InVision developed and utilizes a proprietary automated system to establish initial contact with the consumer as the credit limit is approached. The consumer receives the following greeting: "Hello, this is InVision Telecom, a correctional facility collect call phone provider. Our telephone number is 1-888-777-9778. Please press 5 now for a recording." When the consumer presses "5," a message is played which directs the consumer to contact InVision at its toll-free number if the party wishes to continue to receive collect inmate calls over InVision's network.

This verbal notice is, at a minimum, as effective as written notice, which may or may not reach the addressee, who may or may not be the party accepting calls. When the consumer presses "5," InVision has the equivalent of a return receipt.

In addition to verbal notice to the consumer, InVision provides the facilities it serves with brochures that explain InVision's policies. The brochures are made available to the inmates and/or parties they wish to call, at the discretion of the facility administrator. InVision's deposit policy is also preprinted on the direct bills it renders. InVision's toll-free Customer Service number is announced in the automated notice, printed on InVision's brochures and direct bills, and it is provided by facility personnel to consumers.

InVision's notice procedures comply with the intent of Section 25-4-113, Florida Administrative Code by providing effective notice prior to any interruption of service.

COMPLETION OF ALL AUTHORIZED CALLS

By direct billing for its own services, InVision is able to meet the stated objective of Section 25-24.515(17), Florida Administrative Code: completion of collect calls from inmates to all points in Florida, even if there is no billing agreement with the called party's LEC.

InVision also notes that unlike the system described in the April 24, 1997 Staff Memorandum, which operates on an "allowed" or "authorized" number basis, InVision's systems operate on a "disallowed number" basis. Rather than blocking any telephone number that is not pre-approved, InVision blocks only those telephone numbers it is specifically requested to block, at the request of the facility, other law enforcement agencies or the called party. In addition, InVision's system allows the called party to block his or her own number from future inmate calls by pressing 3 on the dialpad, as instructed by the automated announcement at the beginning of each collect inmate call.

RECIPIENTS OF INMATE CALLS WOULD BE SUBJECT TO UNREASONABLE PREJUDICE

InVision's policies are applied to all consumers in a non-discriminatory manner. The Staff Memorandum mentions the concern that even subscribers in good standing with the LEC would be blocked when charges reach a certain level. Because the LECs classify their customer payment histories as confidential and proprietary, they will not confirm to InVision whether a LEC service subscriber has a satisfactory credit history. Thus InVision applies its policies consistently to all consumers.

MONOPOLY ENVIRONMENT

The Memorandum raises several concerns regarding the monopolistic nature of inmate calling services. One concern is that fraud control measures should not be implemented without notice in a monopoly environment. InVision's notice provisions as discussed earlier afford anyone whose number

might be blocked the opportunity to maintain uninterrupted service.

The Memorandum further suggests that there is no longer a concern about providing inmates with access to alternate carriers because of instrument implemented fraud control. In InVision's inmate calling systems, and in all inmate calling systems with which InVision is familiar, it is necessary for the provider to control the call from the time the receiver goes offhook until the call ends. The specialized features that provide security controls for the facility and reduce fraud, abuse of the telephone network and harassment of the public are no longer in place once the call leaves the inmate calling provider's network.

In its discussion of the monopoly environment in which calls can be prescreened, the Memorandum offers the high commission rates recently bid by certain facilities-based carriers as evidence that inmate calling services are very lucrative, even if laced with fraud. Because inmate calling service is the only service InVision provides, it is unable to subsidize its operations with revenues from other service offerings, nor does InVision enjoy the economies of scale of the facilities-based carriers. At the same time, rates charged by InVision for inmate calls are capped by the Public Service Commission at standard payphone collect call rates. Accordingly, the commission rates cited in the Memorandum are much higher -- approximately 80 percent higher -- than InVision's average Florida commission rate. Furthermore, as shown by the steady increase of bad debt, this level of uncollectible charges was not a known or anticipated "risk of the business" when the company began providing inmate calling services in February of 1994.

POLICIES DUPLICATE LEC PROCEDURES

Because of the number of LEC territories in which InVision provides service in the 35 states in which it operates, it is infeasible for InVision to have direct billing agreements with the LECs. When InVision's charges are billed through the LEC, those accounts are not purchased by the LEC. InVision pays a third-party billing agent a service fee that includes the LEC's billing fees. The billing agent and LEC are paid to bill the charges, regardless of whether they are collected. The collection remedies available under a direct agreement are not applicable to InVision, nor is there privity between the LEC and InVision that would enable the LEC to collect deposits

or advance payments on InVision's behalf, assuming they would agree to do so.

Moreover, as previously stated, it is essential for InVision to be able to bill for its own services because traditional LEC billing and collection procedures and regulations were never intended to address the transient nature and other unique aspects of inmate calling services, particularly at the local facility level which InVision primarily serves.

CONCLUSION

InVision has demonstrated that its direct billing with deposit requirement policy is a reasonable solution for all concerned that will allow InVision to continue to provide quality inmate calling services in the state of Florida. Nevertheless, as discussed in the June 11, 1997 meeting with Staff, InVision is willing to make reasonable modifications to its policies. InVision appreciates the Commission Staff's consideration, and is ready and willing to address any additional issues not covered in this overview.

Sincerely,

INVISION TELECOM, INC.

Barry E. Selvidge, Vice President,
Regulatory Affairs and General Counsel

Attachments

cc: Robert E. Bowling, Vice President,
Operations and General Manager, InVision

Jeanie Ray, Manager, Regulatory Affairs

Norman H. Horton, Jr., Esq.
Messer, Caparello & Self

Rick Moses, Engineering Supervisor
Certification and Compliance, Public Service Commission

Martha Brown, Esq. and
Beth Culpepper, Esq.
Legal Services, Public Service Commission

Attachment 1
Timeline of a LEC Chargeback

01/01/96 Inmate calls Called Party collect over InVision's network, creating a call record

From Number + To Number + Date + Time + Duration

InVision downloads batches of call records from the facilities it serves every 24 hours.

Call records are rated and formatted to meet billing company, e.g., ZPDI's, specifications and uploaded to ZPDI twice weekly.

From Number + To Number + Date + Time + Duration + Charges

ZPDI formats InVision's call records to meet the Called Party's LEC's specifications, batches them with call records from other carriers, and forwards to LEC within 48 hours, where electronic interface is available.

Call records are sold to the LEC with recourse. The LEC pays ZPDI for the calls to be billed and in turn, ZPDI pays InVision. (ZPDI and the LEC are paid on a per-message billed basis, and those fees are deducted from InVision's remittance.)

The LEC bills the Called Party, on a separate billing page included with the regular monthly telephone bill, in the next billing cycle. Depending on the Called Party's billing cycle, this can take 30 to 60 days.

From Number + To Number + Date + Time + Duration + Charges + Taxes + LEC Rating and Tax Codes

03/01/96 Called Party Receives Monthly Telephone Bill

Called Party pays nothing.

04/01/96 Called Party Receives 2nd Bill

Called Party makes partial payment, which the LEC applies to basic service portion of bill. The LEC carries the outstanding balance for the remainder of its charges, InVision's and other carriers' charges, forward to the next bill. At this point, charges are tracked by LECs as balances rather than specific call records.

05/01/96 Called Party Receives 3rd Bill

Called Party pays nothing. LEC gives 30-day notice to Called Party that service will be disconnected if payment is not made within 30 days.

07/01/96 Called Party's Service is Disconnected

Charges go into a holding period, usually 90 days, in case the Called Party wishes to re-establish service.

10/01/96 Unpaid charges are classified as bad debt.

LEC batches InVision's unpaid charges with other carriers' unpaid charges and charges those amounts back to ZPDI and other billing companies.

11/01/96 ZPDI receives charge backs from the LEC.

If unpaid charges are non-specific, ZPDI receives the dollar amount being charged back, which it then allocates among all companies it bills for through that LEC.

If unpaid charges are ANI-specific, ZPDI receives the dollar amount being charged back, the billed to number and an estimate of the month in which the calls were originally billed by the LEC. ZPDI searches its database by billed to number to determine originating ANI. ZPDI can then charge the carrier that provided the service.

Depending on when the charge back occurs in ZPDI's reconciliation process, it is about 3 months before ZPDI deducts the uncollected charges from InVision's then current remittance.

02/01/97 InVision receives charge back for unpaid charges, including those for call provided January 1, 1996.

Time spans used above are averages, and can total from 6 months to 2 years. During this time, InVision does not know whether charges billed for services it provides are paid because it has no access to the telephone company's proprietary billing records. Even when InVision receives the originating and terminating ANI with the charged back amount, it is unlikely that unpaid amounts can be collected as the inmate has typically been released.

ATTACHMENT F
Docket 971016-TP
September 11, 1997

**** APPENDIX B ****

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

A statement of how the Commission can be assured of the security of the customer's deposits and advance payments may be responded to in one of the following ways (applicant please check one):

(√) **The applicant will not collect deposits nor will it collect payments for service more than one month in advance.** *See Note.

( ) **The applicant will file with the Commission and maintain a surety bond in an amount equal to the current balance of deposits and advance payments in excess of one month. (Bond must accompany application.)**

UTILITY OFFICIAL: Barry E. Selvidge — **Signature**; 1/10/97 — **Date**

Barry E. Selvidge

Vice President - Regulatory Affairs and General Counsel

InVision Telecom, Inc. — **Title**; (770) 442-7300 — **Telephone No.**

*Note: The applicant will not be collecting deposits from its customers but may collect deposits on behalf of its customers. The applicant intends to provide billing and collecting services for service providers.

FORM PSC/CMU 31 (11/95)
Required by Commission Rule Nos. 25-24.471, 25-24.473, and 25-24.480(2).

August 15, 1997

-----VIA FACSIMILE-----

Blanca S. Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Docket No. 971008-TC Docket No. 971016-TP

Dear Ms. Bayó:

The Florida Public Telecommunications Association, Inc. requests that it be included on the mailing list as an interested entity in each of the above-referenced dockets. Please address all correspondence as follows:

Angela B. Green, General Counsel
Florida Public Telecommunications Association, Inc.
125 South Gadsden Street, Suite 200
Tallahassee, Florida 32301

Thank you for your assistance with this matter.

Sincerely,

Angela B. Green
General Counsel

971008mailinglist.doc

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August 13, 1997

Ms. Blanca Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Docket No. 971016-TC - Review of InVision's Tariff to Block Collect Calls from Confinement Facilities

Dear Ms. Bayo:

Please add this firm to the mailing list for Docket No. 971016-TC directing all pleadings, orders, notices, or other materials to the undersigned.

Thank you for your assistance in this matter.

Yours very truly,

Norman H. Horton, Jr.

NHH/amb