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December 3, 1997

VIA HAND DELIVERY

Ms. Blanca Bayó
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 971403-TI - In re: Complaint of Robert A. Butterworth, Attorney General, and the Citizens of the State of Florida, by and through Jack Shreve, Public Counsel, against LCI International for slamming David Howe in violation of Rule 25-4.118, F.A.C.

Dear Ms. Bayó:

Enclosed are the original and 15 copies of LCI's Answer and Request for Hearing to be filed in the above docket.

I have enclosed an extra copy of the above documents for you to stamp and return to me. Please contact me if you have any questions. Thank you for your assistance.

Sincerely,

Joe McGlothlin
Joseph A. McGlothlin

- ACK _____
- AFA _____
- APP _____
- CIF _____
- CMD _____
- CTP _____
- EAR _____
- LEL 1 JAM/jg
- LEP 2 Enclosures
- _____
- REF _____
- SEC 1 _____
- WTS _____
- OTH _____

DOCUMENT NUMBER-DATE

12333 DEC-3 97

FD-36 (REV. 5-22-64) REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Complaint of Robert A.)
 Butterworth, Attorney General, and)
 the Citizens of the State of Florida,)
 by and through Jack Shreve, Public)
 Counsel, against LCI International)
 for slamming David Howe in violation)
 of Rule 25-4, 118, F.A.C.)

Docket 971403-TI

Filed December 3, 1997

**ANSWER
 AND
REQUEST FOR HEARING**

Pursuant to Rule 25-22.037, Florida Administrative Code, LCI INTERNATIONAL TELECOM CORP ("LCI") files its Answer to the Complaint of the Attorney General and the Office of Public Counsel, and states in response to the allegations thereof:

1. Admitted.
2. Admitted.
3. Admitted.

4. LCI admits that the PIC change occurred, as the result of processing what LCI reasonably believed to be, on its face, a valid letter of authorization received from an independent contractor. LCI denies that the letter of authorization was prepared or executed by LCI, its employee or agents.

5. LCI denies that the unauthorized change of Mr. Howe's PIC was accomplished through its employees and/or agents, by the forgery of the signature on the LOA. LCI admits that the unauthorized change occurred as the result of processing an LOA which appeared on its face to be valid, but was in fact, forged by

DOCUMENT FILED DATE

12333 DEC-36

FPSC-REGISTRATION REPORTING

an independent contractor acting outside of and beyond LCI's prescribed scope of rules and conduct.

6. Admitted.

7. LCI denies that the unauthorized PIC change which occurred as a result of the signature forged by the independent contractor can be attributed to LCI or that the forgery constitutes "actions of LCI International." LCI admits that the unauthorized PIC change affects Mr. Howe's substantial interests. LCI denies that such interests are the same as the interest of the State or its citizens as a whole. LCI denies the allegation that there are no disputed issues of material fact, and that the allegations of the Complaint encompass all relevant material facts. The relevant material facts include facts relating to and supporting the Affirmative Defenses set forth below, which are incorporated in this paragraph by reference.

8. LCI denies the allegations of Paragraph 8, inasmuch as the statute authorizes the imposition of fines for intentional misconduct or willful violation of lawful rule or order of the Commission. The facts as stated in LCI's responses to the averments and the following affirmative defenses reveal that the instance of non-compliance with Rule 25-4.118(1), Florida Administrative Code, was not willful nor intentional, and therefore no basis exists for the penalty sought by Complainants.

AFFIRMATIVE DEFENSES

LCI reiterates its responses in Paragraphs 1-8 above, and, in addition thereto, affirmatively shows as follows:

1. LCI has a company-wide "zero tolerance policy" with regard to slamming that applies to its sales representatives and to the independent contractors who act as distributors of its services. LCI's standards and policies require strict adherence to all applicable federal and state rules, and must be acknowledged in writing by independent contractors and sales representatives as a contractual condition of employment. See Attachment A. LCI's "zero tolerance" policy mandates the termination of employment of independent contractors as well as sales representatives who violate the prescribed standards of conduct.

2. LCI's policies and procedures are reasonably designed to comply with this Commission's rules and are actively and responsibly implemented for that purpose. Among other measures, LCI advises all sales personnel of the causes of slamming and offers practical guidance to avoid such occurrences.

3. LCI's commitment to compliance with the rules governing unauthorized PIC changes is evident in a record that compares very favorably with the experience of other carriers in the industry.

4. As a matter of law, absent authorization or ratification LCI is not liable for the forgery or criminal act of another. The individual who forged Mr. Howe's signature was not an employee of LCI, but an independent contractor acting outside the scope of his authority and in violation of contractual obligations. LCI did not know

and had no reason to know that a forgery had occurred when it processed what reasonably appeared to be a valid letter of authorization. Upon receipt of Mr. Howe's Complaint, LCI promptly credited Mr. Howe's account for all charges for service, and subsequent to investigation of Mr. Howe's complaint, the individual who supplied the forged letter of authorization was terminated.

REQUEST FOR HEARING

Several matters of material fact not encompassed by the bare allegations of the Complaint, but raised by LCI's Affirmative Defenses, are relevant to the consideration and disposition of the Complaint. Accordingly, LCI demands a formal evidentiary hearing governed by Sections 120.569 and 120.57(1), Florida Statutes, on the allegations of the Complaint and LCI's responses thereto.


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Attorneys for LCI International
Telecom Corp.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of LCI's foregoing **Answer and Request for Hearing** has been furnished by United States mail or hand delivery(*) this **3rd day of December, 1997:**

Martha Carter Brown*
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Room 390-M
Tallahassee, Florida 32399-0850

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Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
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Michael A. Gross
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Department of Legal Affairs
The Capitol, PL-01
Tallahassee, Florida 32399-1050



Joseph A. McGlothlin

**"LCI'S POLICIES AND PROCEDURES REGARDING SLAMMING PREVENTION"
ADVISORY TO ALL REPRESENTATIVES SELLING LCI INTERNATIONAL LONG DISTANCE SERVICES:**

All Representatives/Distributors selling LCI International Telecom Corporation's (LCI) long distance service must carefully read the contents of this document. It will explain LCI's policies and procedures for the sale of LCI long distance services. The purpose of this document is to explain what can cause unauthorized switching of a customer, the importance of preventing such switching, and the seriousness of the matter to LCI, its authorized Representatives, and their independent distributors. This document includes an "Acknowledgment" that must be read, signed, and returned to the Representative/Distributor by each individual selling LCI services. Representatives/Distributors must make a signed copy of this document available to LCI, upon request.

A. COMMON CAUSES OF SLAMMING:

- Incorrect telephone number on submitted LOAs - means that incorrect telephone number is switched without the customer's written consent.
- The submitted LOA is illegible and directly causes the person that keys the order into the system to enter the wrong name and/or phone number.
- The person who "authorizes" switching carries really didn't have the authority to make the switch. Sometimes receptionists, secretaries or assistants authorize a switch to qualify for some sort of premium or other inducement.
- A simple misunderstanding when one partner doesn't tell the other partner or accounts payable personnel about selecting a new long distance service. This is especially true when it is the other person who reviews or pays the bills. The bill-paying partner or accounts payable representative sees a new long distance carrier name and thinks something is wrong. Please ask your customers to inform the appropriate persons within the company about changing long distance carriers.
- Signing someone up just to "get the sale" or reach a qualification or commission level.
- Signing someone up, without the customer's knowledge, as a result of spending a lot of time with a company decision-maker and assuming that the person would be satisfied with LCI service for the company.

B. EFFECTS OF SLAMMING:

- It is illegal and will not be tolerated by LCI
- Creates a bad image and adversely affects LCI's and the Sales Agent/Distributor's reputation.
- Takes time to investigate and correct.
- If we can get information verified (correct), it will save on:
 1. Order rejects
 2. Returned mail
 3. Time to process valid and accurate orders.
- Frustrating experiences for the company that was slammed.
- Usually the local telephone company levies a charge to make the initial switch to LCI and then charges again to switch the affected customer back to the original long distance company. LCI and then the distributor and its sales agents are billed for these costs. These LCI charges will probably be billed by distributors to their sales agent. This leads to serious consequences for the agent, including termination of the sales agent relationship with LCI.

LCI AS WELL AS FEDERAL, STATE, AND LOCAL REGULATORY AGENCIES VIEW "SLAMMING" AS A VERY SERIOUS PROBLEM. THE FCC CAN IMPOSE SIGNIFICANT FINES ON A PER VIOLATION BASIS.

C. HOW CAN A REPRESENTATIVE/DISTRIBUTOR PROTECT AGAINST SLAMMING:

- You are strongly encouraged to verify information against each new customer's actual telephone bill for each LOA.
- The person signing the LOA should be a person with authority to act on behalf of the company. It is essential that the person signing the LOA has authority to change long distance carriers. Note that receptionists, secretaries and assistants typically do not have the authority to change long distance carriers for the company. If the person signing the LOA is different from the person with the actual authority to do so, you should attempt to contact the other person. While this policy might jeopardize some sales orders, it should give you a chance to retain sales by demonstrating your concern and professionalism.
- Take your time. Review the LOA for accuracy and legibility, especially the telephone number. Confirm the person's telephone number.
- NEVER sign someone else's name on an LOA or any other document!
- Don't force a sale that is not there.

LCI'S ANSWER
ATTACHMENT A
DOCKET No. 971403-TI

PAGE 1 OF 3

ACKNOWLEDGMENT

This will verify that I have received, read, understand, and will comply with the document entitled "LCI'S POLICIES AND PROCEDURES REGARDING SLAMMING PREVENTION". I fully understand and appreciate my obligations as an LCI sales agent OR INDEPENDENT CONTRACTOR not to engage in or facilitate the practice of "slamming" customers. I understand that LCI will not tolerate further occurrences of "slamming", and that LCI will take whatever actions are necessary to protect against slamming including, without limitation, termination of the sales agent relationship and enforcement of all applicable legal rights and remedies.

Signature Of Representative Selling LCI International Long Distance

Date _____

Print Name

Home Phone Number _____

Print Name of Company

Channel Code _____

Organization Code _____

LCI'S ANSWER
ATTACHMENT A
DOCKET No. 971403-TI

PAGE 2 OF 3

ACKNOWLEDGMENT BY SALES AGENT

This will verify that on behalf of _____, I have received, read, understand, and will distribute the document entitled "LCI'S POLICIES AND PROCEDURES REGARDING SLAMMING PREVENTION" to the individuals responsible for selling LCI International Long Distance Service. We fully understand and appreciate our obligations as an LCI sales agent not to engage in or facilitate the practice of "slamming" customers. We understand that LCI will not tolerate further occurrences of "slamming", and that LCI will take whatever actions are necessary to protect against slamming including, without limitation, termination of the sales agent relationship and enforcement of all applicable legal rights and remedies.

Signature Of Representative

Date _____

Print Name

Business Phone Number

Print Name of Company

Channel Code

Organization Code

Please remit this form within fourteen days of receipt to: LCI International, Inc., 4650 Lakshurst Court, Dublin, Ohio 43016, Attn: Sherri Ronnebaum, Legal Dept.

Signature Of Representative for _____

LCI'S ANSWER
ATTACHMENT A
DOCKET NO. 971403-TI

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