

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Investigation and determination of appropriate method for issuing time-out-of-service credits to all affected customers of Verizon Florida LLC. | DOCKET NO. 070150-TL
ORDER NO. PSC-07-0399-PAA-TL
ISSUED: May 8, 2007

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman
MATTHEW M. CARTER II
KATRINA J. McMURRIAN

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING PROPOSAL
CONCERNING OVERDUE REFUNDS

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

The Commission has jurisdiction over this matter pursuant to Sections 364.01, 364.285, and 364.604, Florida Statutes.

Background

Verizon Florida LLC (Verizon) is certificated as a local exchange telecommunications company (LEC) with the Florida Public Service Commission (Commission.) As such Verizon must comply with certain Commission rules with respect to quality of service and customer billing. This matter involves Verizon's failure to comply with these rules resulting in certain customers not receiving refunds to which they were entitled.

Applicable Rules

Two specific rules are involved here. The first is Rule 25-4.070(1)(b), Florida Administrative Code, and it provides as follows.

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FPSC-COMMISSION CLERK

In the event a subscriber's service is interrupted other than by a negligent or willful act of the subscriber and it remains out of service in excess of 24 hours after being reported to the company, an appropriate adjustment or refund shall be made to the subscriber automatically, pursuant to Rule 25-4.110, F.A.C. (Customer Billing). Service interruption time will be computed on a continuous basis, Sundays and holidays included. Also, if the company finds that it is the customer's responsibility to correct the trouble, it must notify or attempt to notify the customer within 24 hours after the trouble was reported.

The second rule is Rule 25-4.110 (6), Florida Administrative Code, which provides as follows:

Each company shall make appropriate adjustments or refunds where the subscriber's service is interrupted by other than the subscriber's negligent or willful act, and remains out of order in excess of 24 hours after the subscriber notifies the company of the interruption. The refund to the subscriber shall be the pro rata part of the month's charge for the period of days and that portion of the service and facilities rendered useless or inoperative; except that the refund shall not be applicable for the time that the company stands ready to repair the service and the subscriber does not provide access to the company for such restoration work. The refund may be accomplished by a credit on a subsequent bill for telephone service.

Service Quality Evaluation

As part of the Commission's service quality evaluation program, staff conducted a comprehensive telephone service evaluation in the Bradenton, Englewood, North Port, Palmetto, Venice and Sarasota exchanges during the period April 24, 2006, to May 18, 2006. This service quality evaluation included a review of Verizon's repair services to determine whether it had complied with the Commission's service standards.

Staff analyzed Verizon's repair tickets received during the first quarter of 2006 to determine whether they were cleared within 24 hours and, if not, whether the proper rebate was automatically applied to the affected customer's account. Staff found that, for each month evaluated, Verizon automatically applied the rebate to between 70.2% and 78.1% of the customers who were due a rebate. In other words, during the five weeks covered by the review between 29.8% and 21.9% of the customers did not get the rebate required under the rules due to delayed restoration of service. On October 24, 2006, staff informed Verizon of its evaluation findings and requested that Verizon identify and correct all areas where the service evaluation standards were not satisfied.

Verizon's Report and Explanation

Verizon investigated and found that the missed rebates were due to one of three problems. First, some customers did not receive their rebates because of a compatibility problem between two databases from which data is imported into a third for processing the rebates. Verizon reported that a solution is in place and is being tested.

The second problem involved human error. Verizon reported that its employees have received additional training to ensure that rebates are appropriately handled.

The third problem involved incorrectly creating some "out-of-service repair" tickets as "not-out-of-service" repair tickets. This caused the mis-labeled tickets to be omitted from the databases queried for rebate determination. Verizon provided employees coaching on proper procedures relating to repair tickets and the importance of coding them correctly.

Verizon reported that due to the age of the records, the data must be examined and the credits processed manually, which is a labor intensive project. With approximately 23,000 trouble tickets to be worked, Verizon believes that it will take approximately six months to process all of the credits. Therefore, Verizon could not state the exact amount to be credited or the number of customers affected at this time. However, based on a historical average of credits per customer, Verizon estimates the amount to be around \$63,000.

Verizon's Proposal Concerning Overdue Refunds

Given its acknowledgement and explanation of the problem, it was incumbent upon Verizon to submit a refund proposal to satisfy our rules. Verizon submitted its proposal on March 8, 2007. The proposal contained the following basic elements:

1. Verizon will issue a refund to the affected customers beginning with the first billing cycle in April 2007;
2. Verizon will remit monies that cannot be refunded to the Commission for deposit in the State of Florida General Revenue Fund by November 15, 2007; and
3. Verizon will submit a report by November 15, 2007, to the Commission stating,
 - a. how much was refunded to its customers,
 - b. the number of customers; and
 - c. the amount of money that was unrefundable.

Typically, our staff works with the regulated entity to define and calculate interest applicable for refunded principle amounts. In this case, refund amounts on a per-customer basis will range from approximately \$0.50 to \$2.50. We believe that in the instant case it would be impractical and unduly costly for Verizon to program its systems to determine the small amounts of interest that would be due on the refunds anticipated in this proceeding. We conclude therefore that interest should not be added to the rebates. We are accorded this flexibility with respect to interest on refunds under Rule 25-4.114, Florida Administrative Code.

Some credits have already been effected because they were issued as they were identified. Verizon will provide a status report to the Commission on the first workday of each month, with the first report due on May 1, 2007. Each status report will provide the number of refunds that have been processed and the dollar amount to date.

Verizon expects the remainder of the refund process to take six months, but will make every effort to complete the refunds sooner. Verizon should submit its final report by November 15, 2007. For customers entitled to a refund, but no longer in its system, Verizon proposes to mail a refund check to the last known billing address, except that no refund for less than \$1.00 will be made to these customers. Any monies that are unrefundable will be remitted to the Commission for deposit in the General Revenue Fund by November 15, 2007.

Conclusion

We conclude that Verizon's proposal to address the overdue refunds is in the public interest. The proposal will result in the overdue refunds being timely made where possible. Unjust enrichment will be avoided because Verizon will remit monies that cannot be refunded to the Commission for deposit in the State of Florida General Revenue. Finally, to ensure regulatory compliance, Verizon will submit to us a report by November 15, 2007, stating how much was refunded to its customers, the number of customers, and the amount of money that was unrefundable. We thus accept Verizon's proposal as more fully described above.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the above described proposal of Verizon Florida LLC to resolve its non-compliance with Rule 25-4.070(1)(b) and Rule 25-4.110 (6), Florida Administrative Code, is hereby accepted. It is further

ORDERED that consistent with the its proposal Verizon (1) shall issue a refund to the affected customers beginning with the first billing cycle in April 2007, (2) shall remit monies that cannot be refunded to the Commission for deposit in the State of Florida General Revenue Fund by November 15, 2007, and (3) shall submit a report by November 15, 2007, to the Commission stating, (a) how much was refunded to its customers, (b) the number of customers, and (c) the amount of money that was unrefundable. It is further,

ORDERED that the findings made in the body of this Order are hereby approved in every respect. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 8th day of May, 2007.



ANN COLE
Commission Clerk

(S E A L)

PKW

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 that is available under Section 120.57, 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 will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on May 29, 2007.

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In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.