

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Show Cause Proceeding Against)	DOCKET NO. 900960-TL
Southern Bell Telephone and Telegraph)	ORDER NO. 24041
Company for Misbilling Customers)	ISSUED: 1-28-91
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The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 BETTY EASLEY
 GERALD L. GUNTER
 FRANK S. MESSERSMITH
 MICHAEL MCK. WILSON

ORDER INITIATING INVESTIGATION
INTO MISBILLING OF CUSTOMERS

BY THE COMMISSION:

For years, Southern Bell Telephone and Telegraph Company (Southern Bell or the Company) has maintained programs to encourage its non-contact employees to help the Company sell its services. We have recently become aware of a significant problem Southern Bell has had in monitoring the legitimacy of many billing changes made through the Company's non-contact sales program. Beginning at least as early as 1988, it appears that some Southern Bell employees began changing customer billing records to reflect that customers had requested certain services when, in fact, the customer had made no such request. The unsolicited services added to customers' bills include monthly inside wire maintenance and trouble isolation plans (both unregulated services), and possibly other services. According to unpublished reports, the misbilling appears to have impacted approximately 40,000 customers, and resulted in \$600,000 in refunds.

Section 364.03(3), Florida Statutes, states in part that:

"Every telecommunications company shall . . . furnish telecommunications service as demanded upon terms to be approved by the Commission. " (emphasis added)

Rule 25-4.110(1), Florida Administrative Code, states that:

"Each bill shall set forth a clear listing of all charges due and payable . . . " (emphasis added)

Southern Bell may have violated both of the above provisions by providing service that was never demanded by its customers and by billing customers for charges that were not due and payable.

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According to the Company, the source of the problem is its non-contact employee sales incentive programs. These plans enable employees to earn gifts and prizes for selling the Company's various services. Over time, the awards and prizes have changed, however, such awards have included gift certificates at major department stores, televisions, trips, and outings for winning units. Until April 1990, when the Company switched to the current non-contact sales incentive program (Florida GoldLine), non-contact employees who participated in the program reported their own sales. There was no follow-up verification with customers to determine if, indeed, the customer wanted the service added. The incentives, without appropriate management control, may have created an atmosphere which resulted in customers being charged for services that they did not order.

Southern Bell is attempting to locate customers who may have been misbilled. However, the number of customers who have paid for unsolicited services through these incentive programs appears to be large and we are concerned that some of these misbilled customers will not be found by the Company's investigative method. While the Company's efforts may catch most of the misbilled customers, no customer should pay for services which he or she did not order. Thus, we find it appropriate to initiate an investigation into this matter. Southern Bell is hereby directed to fully cooperate with Commission Staff in the course of this investigation.

In the furtherance of this investigation, Southern Bell shall provide the Commission with a weekly report, reflecting the number and amount of refunds made to customers who did not subscribe to any of the services at issue here. This report shall be broken down by: the amount of the refund per customer, customer location (exchange), services removed/refunded, and duration of period for which refund was required. This report must include the number and level of all employees involved and any disciplinary actions taken by the Company. The weekly report shall contain copies of all internal and external correspondence dealing with this issue. The first report shall be filed by February 11, 1991 and shall contain all related activity from January 1, 1987 through February 1, 1991. All reports thereafter shall be filed on Mondays and reflect activity for the week ending ten days prior to the Monday reporting date.

This docket shall remain open until the final resolution of this investigation.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that an investigation of Southern Bell Telephone and Telegraph Company is

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hereby initiated as set forth in the body of this Order. It is further

ORDERED that Southern Bell shall provide the reports described in the body of this Order on the conditions set forth above.

By ORDER of the Florida Public Service Commission, this 28th day of JANUARY, 1991.


 STEVE TRIBBLE, Director
 Division of Records and Reporting

(S E A L)

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, 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 or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.