

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Initiation of show cause proceedings against Sprint Communications Company, Limited Partnership d/b/a Sprint for violation of Rule 25-4.118, F.A.C., Interexchange Carrier Selection.

DOCKET NO. 971484-TI
ORDER NO. PSC-98-0879-AS-TI
ISSUED: July 2, 1998

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.

ORDER APPROVING OFFER OF SETTLEMENT

BY THE COMMISSION:

BACKGROUND

Sprint Communications Company, Limited Partnership d/b/a Sprint (Sprint), Certificate Number 83, is a provider of interexchange telecommunications service and was certificated on June 27, 1986. Sprint reported gross operating revenues of \$446,942,275 on its Regulatory Assessment Fee Return for the period January 1, 1997, through December 31, 1997. As a provider of interexchange telecommunications service in Florida, Sprint is subject to the rules and regulations of this Commission.

From January 1, 1996, until April 23, 1998, the Division of Consumer Affairs closed a total of 106 complaints against Sprint as unauthorized carrier change (slamming) infractions in apparent violation of Rule 25-4.118, Florida Administrative Code. Based on the number of complaints received by the Division of Consumer Affairs as apparent slamming violations, staff opened this docket to investigate whether Sprint should be required to show cause why it should not be fined or have its certificate canceled, pursuant to Section 364.285, Florida Statutes. However, prior to show cause proceedings, Sprint submitted an offer to settle the case. (Attachment A)

DOCUMENT NUMBER DATE

06956 JUL-28

DATE OF ORIGINAL FILING

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FILED IN THE OFFICE OF THE CLERK

On January 29, 1998, and again on April 23, 1998, Sprint met with Commission Staff to discuss the pending show cause case. It was determined that the two major causes of slamming complaints were keying errors and LOAs from cable company orders applications. Thereafter, on May 4, 1998, Sprint submitted its offer to settle which is attached and incorporated herein as Attachment A. In its settlement, Sprint agreed to do the following:

1. Sprint will implement telephone number double entry.
2. Sprint will monitor sales and verification calls.
3. Sprint will provide a toll-free number to Local Exchange Companies for complaints received regarding slamming.
4. Sprint has created the Slamming Action Center which is dedicated to investigating and resolving slamming complaints.
5. Sprint will make a contribution in the amount of \$150,000 to the General Revenue Fund of the State of Florida, with no admission of liability or wrongdoing.

We find that Sprint's proposal to implement a telephone number double entry method for keying service order requests will reduce the occurrence of keying errors. Sprint has already changed the verification method of cable company orders from negative ballot to third party verification. This will allow Sprint to reduce the occurrence of forgeries or incorrect information on the LOAs received from cable companies. We also support Sprint's provision of a toll-free number and creation of the Slamming Action Center to quickly address and resolve slamming complaints.

Therefore, we find the terms of the settlement agreement to be fair and reasonable. Accordingly, the offer of settlement filed by Sprint on May 4, 1998, is approved.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Offer of Settlement dated May 4, 1998, by Sprint Communications Company Limited Partnership d/b/a Sprint is hereby approved. It is further


ORDERED that this docket shall remain open pending the remittance of the \$150,000 voluntary contribution. The voluntary

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contribution shall be submitted within five business days after the Order Approving the Offer of Settlement becomes final. Upon remittance, the \$150,000 contribution shall be forwarded to the Office of the Comptroller for deposit in the State General Revenue Fund, pursuant to Section 364.285(1), Florida Statutes, and this docket will be closed administratively.

By ORDER of the Florida Public Service Commission this 2nd day of July, 1998.

BLANCA S. BAYÓ, Director
Division of Records and Reporting



Kay Flynn, Chief
Bureau of Records

(S E A L)

CB

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 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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of

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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 and/or wastewater 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.

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ATTACHMENT A



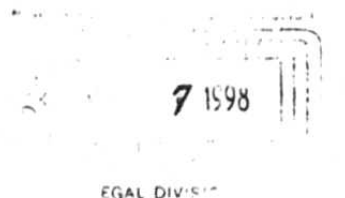
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May 4, 1998

Ms. Catherine Bedell and Ms. Kelly Biegalski
Division of Legal Services
Division of Communications
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 971484-TI



Dear Ms. Bedell and Ms. Biegalski:

The purpose of this letter is to outline Sprint's view of slamming in general and to offer a settlement of this matter for your consideration.

Sprint believes that one of its most valuable assets is its brand, and the Company goes to great lengths to protect its image, integrity and use. Accordingly, slamming is not encouraged nor is it tolerated. Sprint takes swift and immediate action, up to and including termination of any individuals found to have knowingly switched customers' service without their authorization. Moreover, Sprint is committed to reviewing its processes, procedures and relationships to reduce the possibility of consumers being switched to Sprint without proper authorization. In support of this policy, Sprint complies with the verification rules approved and adopted by the Florida Public Service Commission. In every respect Sprint's zero tolerance policy towards unauthorized conversions is underscored. As such, Sprint respectfully submits that it has neither knowingly nor willfully violated any Commission rule or order; nor has Sprint refused to comply with any Commission rule or order.

Sprint's zero tolerance policy is evidenced by the fact that in 1997 less than one-hundredth of one percent of the Florida PIC orders resulted in a complaint. In reviewing the Commission complaints lodged against Sprint in 1996 and 1997, alleging slamming, the majority of those complaints involved switches resulting from keying errors. Although Sprint does not believe that these errors are evidence of intent to slam customers, Sprint is committed to improving its order process to reduce errors. To that

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end, Sprint will implement a telephone number double entry process for all telemarketing sales. Each time Sprint enters a telephone number, double entry will be required.

The second largest category of complaints lodged against Sprint involved orders Cable Companies submitted on behalf of Sprint. There were 14 complaints in 1996 and 15 complaints in 1997. During 1996 and 1997, Sprint opted to use the negative ballot option to verify these orders. Although this option is permitted by Rule 25-4.118(2)(d), Florida Administrative Code, Sprint ceased using this method as of February 16, 1998.¹ Sprint now uses third party verification for all cable and outbound telemarketing sales.

The remainder of the complaints lodged against Sprint in 1996 and 1997 did not reveal a pattern of conversions attributable to a single source. Moreover, several of the complaints can be attributed to a reseller and two can be eliminated since the customer actually requested service. There are some complaints associated with Sprint sales agents and vendors. There are two that are attributable to end-user fraud. Notwithstanding the limited number of complaints in any one category other than those mentioned above, Sprint is reviewing all of its sales channels and processes to determine what changes can be made to reduce the opportunity for errors. Sprint notes, however, that errors can and do occur at different points of a sale. The complaints that are the subject of this proceeding revealed that the Local Exchange Company, the Interexchange Carrier, the Interexchange carrier's vendors or agents and the customer could be the source of an error.

There are some complaints for which Sprint lacks sufficient information to determine the root cause. This is due in part to the fact that many of the complaints are two years old. While Sprint denies any intentional wrongdoing with respect to any of the complaints, rather than pursuing costly and timely litigation, Sprint, in the spirit of compromise and cooperation, offers the following settlement terms in addition to the measures outlined above:

1. Sprint will implement telephone number double entry at an estimated cost of \$90,000.00.
2. Sprint has dedicated resources to monitor sales and verification calls and recently reiterated its policy on slamming in a memorandum sent to all of its agents and vendors.
3. Sprint is in the process of reviewing its reseller and vendor contracts. Sprint has modified its reseller contracts to include additional language emphasizing its no tolerance policy towards slamming.
4. Sprint has created a department dedicated to investigating slamming complaints at a current annual cost of \$125,000 and is expected to exceed \$600,000 by year end.

¹ As of this letter, the Florida Legislature has passed HB 4785, Second Engrossed. This provision provides in pertinent part that the Commission will adopt rules to prevent unauthorized changing of a customer's telecommunications service. In addition, the rules shall allow for a customer's change to be considered valid if verification was performed consistent with the Commission's rules.

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5. Sprint is in the process of providing a toll free number to local exchange companies that can be provided to a customer who claims he or she has been slammed. This is expected to be in place by July 1, 1998.
6. Sprint will contribute \$150,000 to the general revenue fund for the State of Florida with no admission of liability or wrongdoing.
7. If the Commission accepts Sprint's proposals, the Commission agrees to close this docket. Moreover, no allegation of unauthorized carrier changes received by the Commission from 1996 through the entry of the order approving the settlement in this proceeding would be the basis of enforcement actions or penalties against Sprint in the future.

By offering this settlement, Sprint does not waive any of its legal rights, including the right to contest any assertions of fact or law.

Sprint strongly supports the Commission's commitment to reducing slamming incidents in Florida and reiterates that it does not encourage nor tolerate slamming. Sprint believes the measures outlined above have and will continue to demonstrate Sprint's commitment to the same goal. Sprint hopes that these measures are acceptable to the staff and the Commission.

If you have any questions about this proposal or any questions about the complaints that are the subject of this proceeding, please do not hesitate to call.

Very truly yours,



Monica M. Barone