

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Investigation and determination of appropriate method for refunding overcharges assessed on directory assistance calls by Verizon Florida Inc.	DOCKET NO. 050532-TL ORDER NO. PSC-05-0943-PAA-TL ISSUED: September 26, 2005
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The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
LISA POLAK EDGAR

NOTICE OF PROPOSED AGENCY ACTION ORDER
ACCEPTING VERIZON FLORIDA, INC.'S REFUND PROPOSAL

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.

I. CASE BACKGROUND

As part of a routine service quality evaluation between February 21, 2005, and March 18, 2005, we conducted tests to evaluate Verizon Florida Inc.'s (Verizon) Directory Assistance (DA). After completing and reviewing the evaluation, we determined that Verizon was overcharging for Local Directory Assistance calls. The company billed in compliance with its General Service tariff for directory assistance calls. However, Local Directory Assistance (LDA) calls were improperly classified and billed at the higher National Directory Assistance (NDA) rates. According to Verizon, the overcharges occurred between February 23, 2005, and June 15, 2005, and were the result of errors in workstation software updates that took place on February 23, 2005.

We are vested with jurisdiction over this matter pursuant to Sections 364.285 and 364.604.

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II. DISCUSSION OF ISSUES

As part of a service quality evaluation, our staff determined that Verizon was overcharging for LDA calls. LDA requests were billed at the NDA rate of \$1.25 instead of the correct LDA rate of \$.70. Verizon determined that the overcharges were the result of errors in workstation software updates. According to the company, the software updates were missing a safeguard that would have ensured that the Directory Assistance calls were billed at the correct rates. The problem was corrected as of June 17, 2005.

To resolve the overbilling issue, the company has agreed to do the following:

- Issue a refund plus interest to all customers affected by the directory assistance overcharges that occurred between February 23, 2005 and June 15, 2005.
- Provide our staff within 30 days after the issuance of the Proposed Agency Action Order a report indicating the total number of customers that were affected by the overcharges and the amount of revenue that the company received from the overcharges.
- Once the refunds are processed, submit to our staff a final report within 90 days after the issuance of this Order. The report will include the following information:
 1. The number of customers refunded;
 2. The amount of money that was refunded including interest; and
 3. The amount of any unclaimed refunds including interest.

At this time, Verizon is unable to determine or estimate the total number of customers that were overcharged for DA calls. However, the company will provide that information to our staff in the report that it will submit 30 days after the issuance of this Order. Verizon estimates the overbilled revenue to range anywhere from \$187,000 to \$400,000 depending on the number of customers entitled to unlimited directory assistance. This estimate was based on the comparison of the number of LDA and NDA calls that occurred between February 2005 and June 2005 to the previous six months.

Refunds to Verizon's current customers that were affected by the overbilling will receive a credit on their bill. Verizon expects the credit and interest to appear on its customers' bills beginning with the first billing cycle in October, which begins October 3, 2005. The credits will be computed on a per customer basis and issued to all affected customers. These customers will receive credit for the difference between the NDA rate of \$1.25 that was billed and the correct LDA rate of \$.70. Customers who subscribe to a local package, which entitles them to unlimited LDA will receive the full \$1.25 credit per call. Interest will be calculated based on the highest 30 day commercial paper rate for the period of February 2005 through August 2005, and will be applied for each month of the overbilling period and each month between the overbilling and the period that refunds are issued (February 2005 to September 2005). Where the interest amount is

less than one cent, Verizon will round up to the nearest penny. As for past customers of Verizon that are entitled to a refund but are no longer with the company, Verizon will mail a refund check to the last known billing address, however, no refund for less than \$1.00 will be made to these customers.

Section 364.285(2), Florida Statutes, Penalties; states in pertinent part that

The Commission may, at its discretion, . . . compel the accounting and refund of any moneys collected in violation of this chapter or commission rule.

Section 364.604(2), Florida Statutes, Billing Practices states:

A customer shall not be liable for any charges for telecommunications or information services that the customer did not order or that were not provided to the customer.

Rule 25-4.114, Florida Administrative Code, Refunds, requires that all refunds ordered by this Commission be made in accordance with the provisions of the rule unless otherwise ordered by us.

III. DECISION

As stated above, Verizon acknowledges that the company did overcharge its customers for directory assistance calls between February 23, 2005, and June 15, 2005, by billing LDA requests at NDA rates. Verizon has therefore agreed to issue a refund plus interest to all customers affected by the overcharges. Based on the discussion above, we accept Verizon's proposal to issue a refund plus interest to all affected customers for overcharges on directory assistance calls from February 23, 2005, to June 15, 2005.

Verizon must submit, within 30 days after the issuance of this Proposed Agency Action Order, a report indicating the total number of customers (both past and current) that were affected by the overcharges and the amount of revenue that the company received from the overcharges. If this Order is not protested, the company will also submit a final report within 90 days after the issuance of this Proposed Agency Action Order. The report will identify the total number of customers that were refunded, the amount that was refunded including interest, and the amount of any unclaimed refunds including interest. The company will also remit payment of any unrefunded monies to this Commission for deposit in the state of Florida General Revenue Fund. If Verizon complies with the provisions of our Order, then this docket will be closed administratively. If Verizon fails to demonstrate that it has complied with the provisions of our Order, then this docket should remain open pending further action.

This Order will become final and effective upon issuance of a Consummating Order, unless a person whose substantial interests are affected by the our decision files a protest that identifies with specificity the issues in dispute, in the form provided by Rule 28-106.201, Florida Administrative Code, within 21 days of the issuance of the Proposed Agency Action Order. As

provided by Section 120.(13)(b), Florida Statutes, any issues not in dispute should be deemed stipulated.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Verizon Florida, Inc. (Verizon) shall submit, within 30 days after the issuance of this Proposed Agency Action Order, a report indicating the total number of customers (both past and current) that were affected by the overcharges and the amount of revenue that the company received from the overcharges. It is further

ORDERED that if this Order is not protested, Verizon will also submit a final report within 90 days after the issuance of this Proposed Agency Action Order. This report shall identify the total number of customers that were refunded, the amount that was refunded including interest, and the amount of any unclaimed refunds including interest. It is further

ORDERED that Verizon shall also remit payment of any unrefunded monies to this Commission for deposit in the state of Florida General Revenue Fund. It is further

ORDERED that if Verizon has complied with the provisions of our Order, then this docket shall be closed administratively. If Verizon fails to demonstrate that it has complied with the provisions of our Order, then this docket shall remain open pending further action. 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 Director, Division of the Commission Clerk and Administrative Services, 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

By ORDER of the Florida Public Service Commission this 26th day of September, 2005.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(S E A L)

JLS

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 Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on October 17, 2005.

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.