

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Investigation and determination of appropriate method for refunding apparent overcharges by HSI Telecom, Inc. | DOCKET NO. 060081-TC
ORDER NO. PSC-06-0253-PAA-TC
ISSUED: March 27, 2006

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman
J. TERRY DEASON
ISILIO ARRIAGA
MATTHEW M. CARTER II
KATRINA J. TEW

NOTICE OF PROPOSED AGENCY ACTION
ORDER ACCEPTING PROPOSED REFUND

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

HSI Telecom, Inc. (HSI) is registered as a pay telephone (PATS) provider with the Florida Public Service Commission (Commission). HSI uses Custom TeleConnect, Inc. (CTI), a registered intrastate interexchange company (IXC), to route and bill customers for 0+ calls placed from its pay telephones. HSI reported \$736,393.46 operating revenue in Florida on its 2005 Regulatory Assessment Fee Return.

In April and May 2005, our staff placed 0+ test calls for timing and billing accuracy checks from six HSI pay telephones in three Florida towns. The telephone bills for July and August 2005 reflected that CTI billed this Commission's rates, which are higher than maximum rates allowed for such calls by Rule 25-24.630, Florida Administrative Code. Since CTI was the operator services provider (OSP) that billed for the calls, our staff initially contacted CTI concerning the rates charged for these calls.

CTI responded that the calls came into its switch via a dedicated access number for its Star 11 (*11) product assigned to its customer, HSI, and was billed appropriately. To correctly identify the type of call placed by a customer, CTI provides its clients, such as HSI, a separate dedicated access number for calls placed using 0+ access from pay telephones. This Commission's rate caps apply only to 0+ calls and do not apply to calls, such as *11, where the customer has voluntarily selected his carrier of choice. CTI claimed that it has no control over

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the programming and routing of calls from pay telephones, and that such misrouting is a direct breach of the language contained in its agreement with HSI.

On September 19, 2005, our staff informed HSI of the evaluation findings and requested that HSI identify and correct the misrouting errors and submit a refund proposal. HSI investigated and found that its pay telephones were incorrectly programmed to route 0+ calls to CTI's dedicated access number for *11 calls. HSI reports that it corrected the programming in its pay telephones as of October 10, 2005. On February 7, 2006, HSI submitted its refund proposal.

We have jurisdiction over this matter pursuant to Sections 364.3375 and 364.3376, Florida Statutes.

II. Analysis

Rule 25-24.630, Florida Administrative Code, provides in part:

(1) Services charged and billed to any end user by an operator services provider for an intrastate 0+ or 0- call made from a pay telephone or in a call aggregator context shall not exceed a rate of \$.30 per minute plus the applicable charges for the following types of telephone calls:

- (a) A person-to-person call - a charge of \$3.25;
- (b) A call that is not a person-to-person call - a charge of \$1.75.

Since the Rule sets the maximum amounts allowed to be charged for 0+ or 0- calls, if a customer places a 0+ or 0- call, the call must be routed as such by the pay telephone provider to ensure proper billing. By improperly routing the calls to CTI's *11 dedicated access number when making a 0+ call, customers were charged rates higher than those allowed by the Rule. To resolve this matter, HSI reprogrammed its pay telephones to correctly route the calls on October 10, 2005, and completed field testing by the end of that month.

HSI proposes to credit the apparent overcharges to customers, with interest, in the same manner each respective customer was billed, either through a credit to the customer's local telephone service bill or through a credit to the customer's credit card, during the 30-day billing cycle following the issuance of the Consummating Order in this Docket. HSI also proposes to remit any monies that cannot be refunded to this Commission for deposit in the State of Florida General Revenue Fund within 60 days of the issuance of the Consummating Order.

Accordingly, we hereby accept HSI's offer to issue a refund of \$5,946.92, plus interest of \$254.38, for a total of \$6,201.30, to the affected customers within 30 days of the issuance of the Consummating Order for overcharging end-users through incorrect routing of 0+ telephone calls from April 2005 through September 2005; require the company to remit monies that cannot be refunded to this Commission for deposit in the State of Florida General Revenue Fund within 60 days of the issuance of the Consummating Order; and further require the company to submit a report within 60 days of the issuance of the Consummating Order stating (1) how much was

refunded to its customers, (2) the number of customers, and (3) the amount of money that could not be refunded.

III. Decision

This Order is a proposed agency action. Thus, this Order shall become final and effective upon issuance of the Consummating Order if no person whose substantial interests are affected timely files a protest within 21 days of issuance of this Order. The company should submit its final report, identified by docket number, and a check for the unrefunded amount (if any), made payable to the Florida Public Service Commission, within 60 days of the issuance of the Consummating Order. Upon receipt of the final report and unrefunded monies, if any, this Docket shall be closed administratively if no timely protest has been filed.

Based upon the foregoing, it is

ORDERED by the Florida Public Service Commission that HSI Telecom, Inc.'s proposal to issue a refund is hereby accepted. It is further


ORDERED that in accordance with HSI Telecom, Inc.'s proposal, it shall issue a refund of \$5,946.92, plus interest of \$254.38, for a total of \$6,201.30, to the affected customers within 30 days of the issuance of the Consummating Order; remit monies that cannot be refunded to this Commission for deposit in the State of Florida General Revenue Fund within 60 days of the issuance of the Consummating Order; and submit a report within 60 days of the issuance of the Consummating Order stating (1) how much was refunded to its customers, (2) the number of customers, and (3) the amount of money that could not be refunded. It is further

ORDERED that this Order issued as a proposed agency action shall become final and effective upon issuance of the Consummating Order if no person whose substantial interests are affected timely files a protest within 21 days of issuance of this Order. It is further

ORDERED that HSI Telecom, Inc. shall submit its final report, identified by docket number, and a check for the unrefunded amount (if any), made payable to the Florida Public Service Commission, within 60 days of the issuance of the Consummating Order. It is further

ORDERED that upon receipt of the final report, this Docket shall be closed administratively, unless a timely protest has been filed.

By ORDER of the Florida Public Service Commission this 27th day of March, 2006.



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

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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 April 17, 2006.

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.