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**Ms. Blanca S. Bayó  
Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL - 32399**

**IN RE: ESTABLISHMENT OF APPROPRIATE  
REGULATORY POLICY FOR  
INTEREXCHANGE COMPANIES  
WHICH ISSUE PREPAID DEBIT  
CARDS.**

**Docket Nr. 000904-EE**

**Dear Ms. Bayó:**

**Interchange Operator Services, Inc. hereby submits its comments for consideration during the  
Workshop on Prepaid Debit Cards to be held June, 3, 1996. We regret that we cannot participate  
directly and hope that our comments will receive due consideration by workshop participants,  
Commission Staff and the Commissioners during the deliberations on this important issue.**

**Please feel free to call if there are questions or if further information is required.**

**CC: Mr. Jim Strong, FPSC  
Ms. Judith St. Ledger-Roty**

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**FPSC-RECORDS/REPORTING**

**BEFORE THE STAFF OF THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Establishment of appropriate )  
regulatory policy for interexchange )  
companies which issue prepaid debit cards )

DOCKET NO. 960254-T1  
ORDER NO. PSC-96-0560-FOF-T1

**COMMENTS OF INTELICALL, INC.**

Intellicall Operator Services, Inc. ("IOS"), hereby submits its comments for consideration in the workshop in the above-captioned docket. As IOS understands it, this workshop is intended to examine the current regulatory policy for the provision of prepaid debit card services in the state of Florida and identify ways in which such policy might be strengthened by incorporating minimum service and disclosure standards for the benefit of consumers when making purchase decisions. The ultimate objective is to the greatest extent possible, assure that consumers recognize all the advantages of prepaid debit card services with the least possible risk.

With a phonecard, individuals are now able to purchase only the service they need and can afford. Short of obtaining service for free, prepaid telecommunications approximate truly universal service, a goal of most public utility commissions, the Congress and the FCC. Increasingly, consumers in various walks of life find the phonecard as a desirable and competitive alternative to more traditional methods for away from home calling. Indeed for a surprisingly large population segment who do not have or cannot afford home telephone service or who are unable to establish credit necessary to obtain direct dial long distance service, phonecards represent that segment's only access to long distance telecommunications, including international. It has become increasingly easy and commonplace to stop by the market or corner drug store to purchase long distance services for immediate or future use.

IOS notes that debit card products are in reality packaged long distance and thus more akin to retail products ..... indeed, retail commodities ..... than to the more traditional away from home calling methods such as pay by coin, bill collect or bill to calling card. In fact, most if not all prepaid service providers are dependant on retailers (both regional and nationwide) to market and

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**distribute their products to consumers on a retail basis. The influence of such retailers on the quality of service, appearance of the product, packaging methods, card value, expiration and refund policies and the like should not be underestimated. Retailers want a competitive product that sells and is attractive to consumers. They realize that choosing the wrong provider of prepaid services results in unhappy customers, frustrated employees and lost profits.**

**There are no circumstances where a consumer is required to purchase a prepaid card or is limited by regulation in his or her choice of a provider of prepaid services. A consumer's decision to purchase a prepaid card is purely voluntary in the first instance. More importantly, if the service is poor, the expiration policy unclear, customer service is nonresponsive etc, he or she can simply decide not to purchase cards from that particular retailer. If another retailer offers a more attractive and competitive product, the consumer is free to purchase its cards.**

**IOS believes that , in the retail, freemarket economy, it is impossible for the Commission to, in essence, guarantee that consumers will always be satisfied with their purchase or that the company providing the purchased merchandise will always stay in business. The Commission can no more achieve this result than can the federal or state trade commissions which oversee catalogue sales of merchandise with similarities in that merchandise is paid for by credit card or check before the merchandise is received by the consumer.**

### **Enforcement of Existing Regulations**

**However, the Commission can and should enforce its existing rules to assure that all prepaid debit service providers whose debit cards are sold in the state of Florida are properly certified or cease doing business in the state. The Commission must first identify those providers who provide service in violation of the law, serve cease and desist orders and sanction those who fail to respond to the fullest extent allowable by law . It can also notify the selling retailers that the prepaid service represented by the debit cards they sell is being provided in violation of the law and if within its authority, issue a cease and desist order to the retailer(s).**

The Commission can also consider reporting violators to the Secretary of State and to the Revenue Office to enlist their support in determining if these same providers are also operating without registration as a foreign or domestic corporation and without paying proper state taxes due on the usage of their cards.

Thus, as IOS sees it, the task of the workshop and ultimately for the Commission is to assist the consumer in making an intelligent purchase decision for debit cards offered by certificated carriers.<sup>1</sup> It is not in creating unreasonable barriers to entry through the imposition of bonds or even the creation of a "Service Assurance Fund."

As set forth below, IOS advocates that the Commission adopt reasonable standards for the basic information about the service to be provided to consumers. Such information may be provided on the card itself and/or accompanying literature, if any. Such provisions however must take into account the fact that packaging methods vary by retailer and that available space is at a premium. Further, in most instances debit cards are intended for distribution in all states where the retailer has a presence and that the retailer's buying location may be in a state other than Florida.<sup>2</sup>

It is also important that the Commission not adopt rules or embark on its consumer or retail education program in a manner which creates public skepticism as opposed to consumer or retail awareness. It would be unfortunate if the Commission, in attempting to educate, created an

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<sup>1</sup> IOS has been an advocate of state regulation in the area of debit cards, as a means of eliminating those providers who were undercapitalized or otherwise unfit to serve the public. IOS has spent time and money to obtain certification in all of the states in which it operates; it has filed tariffs, posted bonds, attended hearings, paid attorneys, paid its taxes and obtained foreign corporation status, all in addition to trying to build a business and make a reasonable return on its investment. Others have gotten into the business without the time and expense associated with complying with the rules as IOS understands them and, thus, have a competitive advantage over IOS and other similarly-situated companies.

<sup>2</sup> IOS also notes that the information contained must be kept to a minimum in that, often, too much information is the same as providing no information at all. With too much information to distill, the consumer either may be turned off and not make the purchase or, alternatively, fail to read the material provided in order to assist in his or her ability to make an informed choice.

environment where retailers and consumers only felt safe in buying brand names such as AT&T or MCI, when, in fact, it was the entrepreneurs such as IOS that took the financial risks, pioneered the service and created the market in the first place.

### Notice Provisions

IOS believes that each debit card and/or accompanying informational packet should include the following standard information:

- a. The name of the certificated service provider
- b. The face value of the card
- c. Expiration policy
- d. Toll free customer service number
- e. Available domestic minutes or units (optional)
- f. Usage instructions

It is important to note that responsible providers already and will continue to provide such information, not necessarily because regulations require it but because it is good business to do so. The objective of both the provider and the retailer is for consumers to continue purchasing debit cards because they are easy to use, service is good and attractively priced. The Commission may want to consider including these basic requirements as conditions of certification and/or to be included in a provider's tariff.

Armed with this information, the consumer should be able to make a choice of debit card provider intelligently again and again. Of course, the consumer is not alone in making these decisions and, arguably, has some recourse, even now. This is because the retailers who sell the debit cards can and do attempt to protect themselves and their customers through the contracts into which they enter with the debit card providers. Retailers can and do perform due diligence to assure themselves that the selected provider is financially, technically and managerially capable of providing the service, and that the service provided is of acceptable price and quality. Most of all,

they seek to assure themselves that the service, which is generally offered with the retailer's name on it, represents the overall quality of service which they would offer in the normal course of their business. Retailers do this because they understand that, because this retail product carries their name, the debit card becomes associated with the retailer in the consumer's mind.

Respectfully submitted,

**INTELLICALL OPERATOR SERVICES, INC.**