

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for exemption) DOCKET NO. 960556-TL
from Rule 25-4.113(1)(f),) ORDER NO. PSC-96-0865-FOF-TL
F.A.C., by GTE Florida) ISSUED: July 2, 1996
Incorporated.)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

NOTICE OF PROPOSED AGENCY ACTION
ORDER DENYING REQUEST FOR EXEMPTION

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. Background

On September 7, 1993, GTE Florida Incorporated (GTEFL) filed a Petition for Variance from Commission Rule 25-4.113, Florida Administrative Code. GTEFL stated in its petition that it had been experiencing an adverse trend in its uncollectible accounts and requested the variance in order to propose a credit limit program. On February 22, 1995, GTEFL filed a tariff which proposed a credit limit program called Advanced Credit Management (ACM).

By Order No. PSC-95-0588-FOF-TL, issued May 11, 1995, we granted GTEFL an exemption from Rule 25-4.113, Florida Administrative Code, and approved the ACM program on an experimental basis for one year. ACM established limits on residential and small business customers' toll use and allowed GTEFL to block 1+, 0+, and all 900/976/700 calls when a customer exceeded the assigned dollar limit. ACM had three credit levels, low, medium and high. Low risk customers had unlimited toll credit. Medium risk customers had a \$300 toll credit limit. High risk customers had a \$200 toll credit limit. The toll credit

DOCUMENT NUMBER-DATE

07068 JUL-28

FPSC-RECORDS/REPORTING

limits were based on credit reports for new customers and past payment history for existing customers. When a customer reached his or her credit limit, the customer's toll service was suspended until payment arrangements were made. The experiment ran from May 1, 1995 through April 30, 1996.

On November 16, 1995, GTEFL filed a tariff to add additional types of calls to those blocked under the terms of the ACM program. We denied the tariff. See Order No. PSC-96-0530-FOF-TL, issued April 15, 1996. We found that by blocking access to interexchange carriers (IXCs) without sufficient cause, GTEFL's proposal violated Sections 364.051(2)(c) and 364.02(2), Florida Statutes. Order No. PSC-96-0530-FOF-TL at p. 2. Section 364.051(2)(c), Florida Statutes, requires price regulated LECs to provide basic local telecommunications service. Section 364.02(2), Florida Statutes, states that part of basic local telecommunications service is access to all locally available IXCs. Because GTEFL proposed to block access to almost all IXCs, including those with which the customer had no debt, we found GTEFL's proposal would violate the statutory provisions and we denied the tariff.

On May 2, 1996, GTEFL filed the petition at issue here, a request for an exemption from Rule 24-4.113(1)(f), Florida Administrative Code, which requires five days' notice for discontinuance of service to be given separately from the regular monthly bill. GTEFL seeks the exemption in order to implement a toll blocking procedure that would affect high-risk residential customers only. A tariff was also filed on May 2, 1996, to delete the ACM experimental tariff and to introduce Post Billing Toll Blocking (PBTB). GTEFL requested an effective date of July 1, 1996, for the tariff.

II. The PBTB Program

Under GTEFL's PBTB proposal, if payment is not received by a high-risk customer two days after the payment due date shown on the regular monthly bill, a toll block would go into effect. Rule 24-4.113(1)(f), Florida Administrative Code, requires five days' notice for discontinuance of service be given separately from the regular monthly bill for service. We consider a toll block to be discontinuance of service. Therefore, the proposal would deviate from the Rule, since notice would not be sent separately from the bill, and toll service would be blocked in less than the required five days.

An exemption would allow GTEFL to implement the PBTB procedure which would place a notice of possible restriction of service directly on the bill for high-risk residential customers. If

payment is not received within two days after the payment due date shown on the bill, and the total bill is greater than \$50, toll service would be restricted.

Once PBTB is initiated, toll service would remain blocked until the delinquent balance is paid. GTEFL would continue to send late payment notices in the usual manner. If a customer does not make payment or payment arrangements, GTEFL will temporarily disconnect the customer from service and subsequently issue an out-of-service order. GTEFL claims that once the toll block is in place, GTEFL and the presubscribed IXC (for whom GTEFL provides billing and collection service) will only have been exposed for two unprotected days, versus 17 unprotected days under the current procedure. GTEFL asserts that every day past the due date without receipt of payment, is an unprotected day where additional charges can be accumulated.

GTEFL proposed criteria for new and existing customers to determine if they are high-risk. GTEFL will base a new customer's credit worthiness on third-party credit reporting information. A high risk level would be assigned to new customers if they meet the following criteria:

1. Collection judgments;
2. Charged (written) off accounts;
3. Outstanding collection accounts;
4. Various degrees of delinquency history from 30-180 days, and not paid in full or current at the time of credit scoring.

This high-risk level assessment process is similar to that under the ACM program.

Existing customers would be classified as high-risk based on their past payment history with GTEFL. Existing customers would be classified as high-risk if they fall into one of the following four categories:

1. Six or more telephone bills not paid by the due date or in full for the preceding 12 months;
2. Three or more bad checks for telephone bill payments during the preceding 12 months;
3. Two or more service denials due to nonpayment during the preceding 12 months;
4. Six or more reminder notices during the preceding 12 months.

GTEFL proposes that PBTB will not block access to local calling (including ECS), 911, local directory assistance, 1+800/888+, 950+ and 0- calls. If implemented, PBTB will block access to:

1. 0+
2. 1+900/976/700
3. Customer Abbreviated Dialing (#NXX)
4. 1+555+1212
5. 1+NPA+555+1212
6. DDD 1+
7. DDD+01+
8. DDD+011+
9. All 10XXX+1+
10. All 101XXXX+011+
11. All collect, credit card and third number billed calls.

The proposed blocking procedure, PBTB, differs from ACM in several ways. First, under ACM, customers were assigned into three different risk categories: low, medium, and high risk. Each category had a different credit limit. There is no credit limit with PBTB. As proposed, a \$50 treatment parameter applies to the total bill, which includes both local and toll charges. The \$50 treatment parameter is a signal for GTEFL to initiate the toll block on the high-risk customer if payment is not received two days after the payment due date. If a high-risk customer's bill is below \$50 and payment is not received, the toll block would not be initiated.

Second, when a customer reached his or her credit limit under ACM, GTEFL could block toll service without prior notice and before the customer had an opportunity to make a payment. GTEFL proposes with PBTB to classify customers as high-risk or not high-risk. The toll block would only be activated two days after the due date and only if a high-risk customer fails to pay his or her bill that is in excess of \$50.

III. Conclusion

Some of our concerns over the ACM program have been alleviated with the proposed PBTB procedure. Customers will not be blocked without notice and would be given time to make payment or payment arrangements. Also, with PBTB, GTEFL will not restrict customers to an arbitrary credit limit.

However, we are concerned that toll service could be restricted even if the total bill due consists of only local and ECS charges. For example, if a high-risk customer's bill is in excess of \$50 and none of the charges consist of toll, then toll

service could be blocked until payment of the local charges is received. It is inappropriate to block toll service for nonpayment of local service. GTEFL indicated its billing system cannot distinguish between local and toll charges. Therefore, it cannot screen only toll charges.

Another problem with the PBTB procedure that also existed with ACM, is that a blocked customer would be denied access to all IXCs. This violates Sections 364.051(2)(c) and 364.02(2), Florida Statutes, which require price regulated LECs to provide, with basic local service, access to all locally available IXCs. Although IXCs which have a billing and collection agreement with GTEFL may support the PBTB plan, we do not believe GTEFL should block access to those IXCs with which it has no contractual arrangement for billing and collection service. For example, AT&T Communications of the Southern States, Inc. (ATT-C) does not use GTEFL's billing and collection services to bill all of its customers in GTEFL's service territory. A high-risk customer who is late making a payment to GTEFL, but is billed directly by ATT-C, would be denied toll access to ATT-C, and all other IXCs, even if the customer is in good standing with ATT-C. The decision to provide or deny toll access to any customer should rest with the IXC, not GTEFL.

Another problem with the PBTB procedure, is that it proposes to block outgoing collect calls, third party billed calls, and credit card billed calls. There is no reason or purpose for GTEFL to block access to calls carried by a different provider, when GTEFL will have no financial risk associated with the calls.

In addition, the ability to provide toll blocking presents a competitive advantage in billing and collection services for GTEFL. Since other billing and collection agencies do not have the ability to block toll, GTEFL can use this advantage to market its billing and collection services.

For the above reasons, we deny the petition for exemption. Further, we order GTEFL to withdraw the PBTB tariff because it violates Section 364.051(2)(c), Florida Statutes.

Based on the foregoing, it is

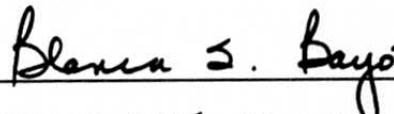
ORDERED by the Florida Public Service Commission that GTE Florida Incorporated's Request for Exemption from Rule 25-4.113(1)(f), Florida Administrative Code, is denied. It is further

ORDERED that GTE Florida Incorporated shall withdraw its Post Billing Toll Blocking Tariff. It is further

ORDER NO. PSC-96-0865-FOF-TL
DOCKET NO. 960556-TL
PAGE 6

ORDERED that, unless a person whose substantial interests are affected by the action proposed herein files a petition in the form and by the date specified in the Notice of Further Proceedings or Judicial Review, this Order shall become final and this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 2nd day of July, 1996.



BLANCA S. BAYO, Director
Division of Records and Reporting

(S E A L)

LMB

Chairman Susan F. Clark and Commissioner J. Terry Deason dissent from the Commission's action in this docket.

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.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative

ORDER NO. PSC-96-0865-FOF-TL
DOCKET NO. 960556-TL
PAGE 7

Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on July 23, 1996.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party substantially affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water 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 of the effective date 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.