



Andrew Isar, Director - Industry Relations

Telecommunications
Resellers
Association

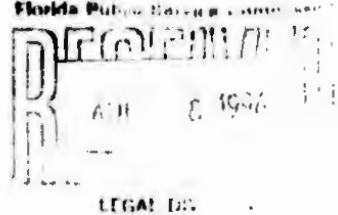
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Via Overnight Delivery

7 August 1996

Mr. Blanca S. Bayo
Florida Public Service Commission
Division of Communications
2540 Shumard Oak Boulevard
Tallahassee, FL 32309-0886



RE: Docket No. 96034-TT

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEC 2 _____
- LIT 5 _____
- OPB _____
- RCH _____
- SEC 1 _____
- WAS _____
- OTH _____

Dear Ms. Bayo:

Enclosed are an original and ten (10) copies of the Comments of the Telecommunications Resellers Association ("TRA") filed in anticipation of the Commission's August 13, 1996 conference in the above-referenced proceeding.

Questions, may be directed to me.

Sincerely,

Telecommunications Resellers Association

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Enclosures

DOCUMENT NUMBER - DATE

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FPSC-RECORDS/REPORTING

10/11/96
11:10 PM

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

**In Re: Establishment of Appropriate)
Regulatory Policy for Interexchange)
Companies Which Issue Prepaid)
Debit Cards.)**

Docket No. [REDACTED]

**COMMENTS OF THE
TELECOMMUNICATIONS RESELLERS ASSOCIATION**

The Telecommunications Resellers Association ("TRA")¹, on behalf of its members, hereby comments on the Commission Staff's proposed recommendations regarding prepaid calling card regulation, in anticipation of the Commission's August 13, 1996 conference². TRA commends the Commission Staff for the development of well reasoned recommendations which appropriately acknowledge that the consumer is best protected against prepaid calling card abuse through the Commission's vigorous enforcement of its existing rules and through consumer education. The proposed recommendations correctly place an emphasis on enforcement of existing certification requirements, noting that providers "...do not require a different method of achieving compliance with the rules than any other type of telecommunications company the Commission regulates", and on consumer education consistent with good industry practice, without overly burdening legitimate prepaid calling card providers. In so doing, all prepaid calling card providers are held to fair

¹TRA is a national industry association, representing the interests of more than 420 telecommunications service providers and their suppliers. TRA members offer a variety of value-added telecommunications services through their own networks and/or through virtual networks created utilizing the network services of underlying facilities-based carriers. Many TRA members are engaged in the provision of prepaid calling card services.

²In Re: Establishment of appropriate regulatory policy for interexchange companies which issue prepaid debit cards, Florida Public Service Commission, Docket No. 960254-T1, Agenda for Commission Conference, August 2, 1996.

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FPSC-RECORDS/REPORTING

compliance, service and consumer disclosure standards without assuming further regulatory requirements which disreputable providers, who should appropriately be the focus of the Commission's rules, could in any case disregard. TRA urges the Commission to adopt the proposed Staff recommendations with the following minor clarifications.

I. THE PROPOSED RECOMMENDATIONS SHOULD BE CLEAR IN THEIR APPLICABILITY TO ALL PREPAID CALLING CARD PROVIDERS.

Issue 1 proposes a two part definition of a prepaid debit card provider, requiring that one or both of the proposed conditions be met, e.g.; that the provider "... buys bulk time from an underlying interexchange company and repackages and resells the time as telephone prepaid cards" - is a reseller, and/or that the provider "... specifies the initial volume of usage in the telephone prepaid card account..." While presumably all providers, including facilities-based providers would meet the second part of the test, it is entirely possible that a facilities-based provider could bypass the requirement by choosing not to indicate the initial volume of card usage on the card, thus technically circumventing the Commission's rules, contrary to the Commission's intent. To avoid this potential loop hole, an additional clarification should appear under the first test which would apply to *either* those providers who buy bulk time from an underlying carrier, *or* the underlying carrier itself which offers time as telephone prepaid cards. This would remove a potential loop hole for facilities-based providers currently existing in the proposed recommendations. The proposed recommendations should clearly apply equally to *all* providers, regardless of their method of provisioning service.

II. FINES FOR UNCERTIFICATED PROVIDERS ARE APPROPRIATE AND SHOULD BE ADOPTED IN THE PROPOSED RECOMMENDATIONS.

Staff proposes an alternative recommendation that fines of not less than \$1,000 be imposed on uncertificated prepaid calling card providers or those in willful violation of the Commission's rules. Such proposed fines are appropriate and should be adopted. An economic penalty puts teeth behind the Commission policies, clearly communicating the Commission's public interest concerns. TRA simply cautions that before penalties are assessed on a certificated provider, that the provider be afforded an opportunity to correct its non-compliance within a fixed period of time, in instances where the provider can demonstrate that it has not intentionally attempted to avoid compliance. Obvious Commission discretion will be necessary in assessing penalties. Yet providers should be allowed to correct unintentional errors before they become subject to fines.

III. STAFF'S PROPOSED CONSUMER EDUCATION REQUIREMENTS ARE APPROPRIATE AND CONSISTENT WITH INDUSTRY PRACTICE, WITH MINOR CLARIFICATION.

The proposed recommendations appropriately recognize that consumer education is perhaps the best weapon to combat fraud. The requirements for informing consumers of what they are purchasing before they buy, is critical towards eliminating instances of prepaid calling card fraud. Prepaid calling card services, because of their temporary nature, defined usage and wide availability, more than any other type of telecommunications service, have become a true consumer "product". As a consumer product, the consumer must make an informed buying decision, requiring information about the product in order to determine its value. TRA long ago recognized the responsibility held by its members to clearly inform consumers of what they were purchasing when it developed its

Prepaid Calling Card member Guidelines and Consumer's Bill Of Rights.³
The proposed rules are entirely consistent with the standards developed by TRA for its members and with industry practice. They ensure that consumers may be fully informed about their purchases, before they buy.

While TRA does not object to the requirement that sample cards be clearly marked as such, the Commission should consider those cards with obviously fictitious card identification numbers ("CINs"), such as a repeating number (777.777.777), or no CIN, as clearly identifying the card to be a sample. Sample cards are typically provided without accompanying information and frequently contain either a repeating CIN or no CIN at all (rendering the card unusable). Both situations should be viewed by the Commission as acceptably reflecting that the card is a sample, without the need to place additional identification to signify that the card is a sample.

The proposed rule strongly proposes that underlying carriers obtain payment in advance from providers. While the basis for this suggestion is understandable and well founded, it is inappropriate for purposes of the Commission Staff's proposed recommendations. The relationship between underlying carriers and resellers is a matter of contractual relationship between supplier and vendor, each responsible for developing the contractual relationship between them. The Commission should not attempt to offer guidance to such contractual relationships where it lacks jurisdiction to do so.

IV. CONCLUSION.

³TRA's Prepaid Calling Card Guidelines and Consumer's Bill of Rights have been provided to the Commission through comments filed in the instant proceeding on May 26, 1996.

The proposed telephone debit card recommendations represent a well reasoned framework which acknowledges the importance of enforcement of existing rules and consumer education, to eliminate potential calling card abuse. They reflect Staff's laudable efforts to work with the industry in developing effective recommendations. TRA urges the Commission to adopt the proposed recommendations, with minor clarification as proposed herein, to serve as an effective method of protecting the public without inappropriately burdening legitimate providers.

Respectfully submitted,

Telecommunications Resellers
Association

By: 

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7 August 1996