

MEMORANDUM

SEPTEMBER 24, 1996

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FPSC-RECORDS/REPORTING

TO: DIVISION OF RECORDS AND REPORTING
FROM: DIVISION OF LEGAL SERVICES (LUGO) *scl/mb*
**RE: DOCKET NO. 960254-TI - ESTABLISHMENT OF APPROPRIATE
REGULATORY POLICY FOR INTEREXCHANGE COMPANIES WHICH ISSUE
PREPAID DEBIT CARDS**

PSC-96-1224-fof-TI

Attached is an ORDER REGARDING PREPAID DEBIT CARD SERVICES to be issued in the above-referenced docket. (Number of pages in Order - 4)

SCL/clp
Attachment
cc: Division of Communications
I: 960254.scl

*Jakels - 490
Now Fixed.*

II. Decision:

Having heard from several representatives of the debit card industry and a representative from the Attorney General's Office, and having considered the other information before us, we have chosen to proceed as rapidly as possible to protect the citizens of Florida and to promote fair competition in this industry pursuant to Section 364.01(4), Florida Statutes.

In order to protect the public from potential abuse in the PDC industry, we find it appropriate to move forward with rulemaking based on the recommendations presented at the September 3, 1996 agenda. While we conduct the rulemaking process we will establish the following interim policies:

We will define a prepaid debit card provider is any entity that does one or both of the following activities:

(a) buys bulk time from an underlying interexchange company and repackages and resells the time as telephone prepaid cards.

(b) specifies the initial volume of usage in the telephone prepaid card account, expressed in terms of minutes, units of time or dollar value.

This definition may be modified and refined as our rules are developed.

PDC providers comprise a sub-category of Interexchange Telecommunication Companies (IXC's). As interexchange companies, PDC providers must comply with Commission rules regarding the provision of interexchange service.

Retailers of prepaid debit cards should not be required to obtain an interexchange company certificate. These companies buy and sell the cards issued by the PDC provider and act strictly as marketing agents. All provision of telephone service is provided by the underlying carrier which is the party responsible to the consumer for service.

To date the Commission's policy has been to warn uncertificated PDC providers that they should apply for certification as an Interexchange Telecommunications Company. A letter is sent explaining that failure to comply will result in a show cause proceeding. Typically, the PDC providers apply for certification once given the warning. This policy, however, could

encourage PDC providers to remain uncertificated until the Commission becomes aware that a company is conducting business without an IXC certificate. If a company risked clearly defined penalties for operating without a certificate, we believe it would be more inclined to voluntarily seek certification.

Therefore, as of November 30, 1996, PDC providers who sell cards in Florida and who have not filed for certification and who are in willful violation of the requirement that they be certificated as IXC's shall be fined not less than \$1,000.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that as of the date this Order becomes final, the definition of a Prepaid Debit Card Provider is as follows:

A prepaid debit card provider is any entity that does one or both of the following activities:

(a) buys bulk time from an underlying interexchange company and repackages and resells the time as telephone prepaid cards.

(b) specifies the initial volume of usage in the telephone prepaid card account, expressed in terms of minutes, units of time or dollar value.

It is further

ORDERED that beginning November 30, 1996, PDC providers who sell cards in Florida, who have not filed for certification, and who are in willful violation of the requirement that they be certificated as Interexchange Telecommunications Companies shall be fined not less than \$1,000. Further, the names of such uncertificated PDC providers shall be forwarded to the Department of Revenue for appropriate action. It is further

ORDERED that rulemaking will be initiated to further develop our policy regarding prepaid debit cards. It is further,

ORDERED that this docket will remain open to provide for rulemaking.

ORDER NO. PSC-96-1224-POF-TI
DOCKET NO. 960254-TI
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By ORDER of the Florida Public Service Commission, this 26th
day of September, 1996.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kay Flynn
Chief, Bureau of Records

(S E A L)

SCL

Dissent: Commissioner Kiesling dissented.

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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/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 after the issuance 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.