

FLORIDA PUBLIC SERVICE COMMISSION
Capital Circle Office Center • 2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Talbott
Vandiver

WJ
DSF

MEMORANDUM

JANUARY 23, 1997

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF LEGAL SERVICES (CULPEPPER) *pc WJB*
DIVISION OF COMMUNICATIONS (LEWIS) *C.L. JW*

RE: DOCKET NO. 961458-TI - INITIATION OF SHOW CAUSE
PROCEEDINGS AGAINST COMBINED COMPANIES, INC. FOR
VIOLATION OF RULE 25-24.470, F.A.C., CERTIFICATE OF
PUBLIC CONVENIENCE AND RULE 24-24.118, F.A.C.,
INTEREXCHANGE CARRIER SELECTION.

AGENDA: 02/04/97 - REGULAR AGENDA - SHOW CAUSE - INTERESTED
PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\961458.RCM

CASE BACKGROUND

On June 21, 1996, staff received a complaint from Killearn Brokers Realty, Inc. (customer or Killearn Brokers). (See Attachment 1). The customer complained that its long distance service had been switched from AT&T to Combined Companies, Inc. (CCI) without the customer's knowledge or authorization. In addition, Killearn Brokers was suddenly faced with a "True Up Charge" in the amount of \$3,959.03. Staff requested information from AT&T about the situation by letter dated July 1, 1996.

AT&T responded on July 26, 1996, and stated that CCI had purchased service from AT&T for resale. (See Attachment 3). AT&T further stated that CCI resells these services at volume discounts. AT&T asserted that CCI is AT&T's customer and the end-user, Killearn Brokers, is CCI's customer. Additionally, AT&T stated that pursuant to its tariff on file with the FCC, CCI is liable for shortfall charges if it does not meet a certain revenue commitment each year. According to AT&T, CCI did not meet its revenue requirement. As a result, AT&T stated that shortfall charges were billed by it in accordance with its interstate tariff, initially on

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FPSC-RECORDS/REPORTING

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a prorated basis, to all locations on CCI's plan. AT&T further stated that

[I]t is CCI (as AT&T's customer) which is liable to AT&T for payment of these charges. These charges will soon be transferred to a bill directed to CCI itself. Until CCI pays these charges, the discounts otherwise received under AT&T's tariffs will be applied to offset the shortfall charges. As a result, these discounts likely will not appear on the bills prepared by AT&T, at least for an interim period.

Staff requested information from CCI on August 1, 1996, and received a letter in response dated September 12, 1996. (Attachment 6). CCI stated, in part, that in 1994, CCI entered into discussions with Killearn Brokers Realty and other companies to acquire discounts on their AT&T Term Plans. CCI denied that it is providing interexchange service within Florida. In its initial complaint, however, Killearn Brokers stated that it had never authorized CCI to enter into any agreement on its behalf with AT&T. Killearn Brokers Realty further stated that it had no knowledge of any contact with a CCI representative.

Staff notes that the Division of Consumer Affairs received more complaints about AT&T and CCI during staff's investigation of the Killearn Brokers' complaint. The complaints were from Getzen and Hagin, Private Attorneys. Getzen and Hagin reported similar experiences with CCI as those of Killearn Brokers Realty.

Staff has determined that CCI is not certificated. Staff, however, believes that the company is providing service in Florida as a multiple location discount aggregator as defined in Rule 25-4.003(32), Florida Administrative Code. As such, CCI is required to be certificated.

Rule 25-4.003(32), Florida Administrative Code defines a "Multiple Location Discount Aggregator (MLDA)" as:

An entity that offers discounted long distance telecommunications services from an underlying interexchange company to unaffiliated entities. An entity is a MLDA if one or more of the following criteria applies:

- (a) It collects fees related to interexchange telecommunications services directly from subscribers,
- (b) It bills for interexchange telecommunications services in its own name,

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- (c) It is responsible for an end user's unpaid interexchange telecommunications bill, or
- (d) A customer's bill cannot be determined by applying the tariff of the underlying interexchange company to the customer's individual usage.

Staff notes that the FCC has addressed the problem with AT&T's bills issued on behalf of CCI. (Attachment 7). As a result, AT&T modified its billing to remove the AT&T brand and/or logo from bills it issues on behalf of its resellers. These modifications will be put into effect January 1, 1997. Staff is, however, still investigating AT&T's role regarding the complaints in Docket No. 961459-TI.

Staff believes the following recommendations are appropriate.

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DISCUSSION OF ISSUES

ISSUE 1: Pursuant to Section 364.285, Florida Statutes, should Combined Companies, Inc. be ordered to show cause why a fine of up to \$25,000 per day should not be imposed for each day it is determined to be in violation of Rules 25-24.470, Florida Administrative Code, Certificate of Public Convenience and Necessity Required, and 25-4.118, Florida Administrative Code, Interexchange Carrier Selection?

RECOMMENDATION: Yes.

STAFF ANALYSIS: Rule 25-24.470, Florida Administrative Code, states:

(1) No person shall provide intrastate interexchange telephone service without first obtaining a certificate of public convenience and necessity from the Commission. Services may not be provided, nor may deposits or payment for services be collected until the effective date of a certificate, if granted. However, acquisition of equipment and facilities, advertising and other promotional activities may begin prior to the effective date of the certificate at the applicant's risk that it may not be granted. In any customer contacts or advertisements prior to certification, the applicant must advise the customer that certification has not and may never be granted.

Staff believes that a show cause is warranted in this case because CCI appears to be an interexchange carrier operating as a Multi-Location Discount Aggregator (MLDA), which according to Rule 25-4.003 (18), Florida Administrative Code, is a category of Interexchange carrier. CCI is not certificated to provide intrastate interexchange telephone service; therefore, it appears to be in violation of Rule 25-24.470, Florida Administrative Code.

CCI denies that it is providing interexchange service within the state of Florida. CCI asserts that it is not collecting deposits or accepting payments for any service billed under its name to any end-user in the state of Florida. However, AT&T has identified CCI as a reseller of AT&T Term Plans. CCI stated in its response to staff's inquiry, dated September 12, 1996, "In late October 1994, CCI entered into discussions with several companies to acquire their AT&T Term Plans as part of a master plan that

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would provide additional services, including deeper discounts, to numerous small to medium size AT&T customers." (See Attachment 6) This statement underlines the fact that CCI has been acting as a MLDA.

Staff believes that a show cause is further warranted because CCI switched AT&T subscribers to CCI without the subscribers' consent (slamming) in violation of Rule 25-4.118, Florida Administrative Code. Rule 25-4.118 states, in part:

(1) The primary interexchange company (PIC) of a customer shall not be changed without the customer's authorization. A local exchange company (LEC) shall accept PIC change requests by telephone call or letter directly from its customers.

In previous dockets involving violations of the Commission's rules on IXC certification and slamming, the fines imposed and penalties paid have ranged from \$250 to \$40,000. In this case, staff believes that the violations warrant a penalty.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: No, this docket should remain open pending resolution of the show cause process. CCI must respond, in writing, to the allegations set forth in the show cause order within 20 days of the issuance of the order. The company's response must contain specific allegations of facts and law.

STAFF ANALYSIS: If the Commission approves the staff recommendation on Issue 1 an order to show cause will be issued. CCI must respond, in writing, to the allegations set forth in the show cause order within 20 days of the issuance of the order. The company's response must contain specific allegations of facts and law.

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ATTACHMENT 1

130590I



June 21, 1996

Florida Public Service Commission
Consumer Complaint Department
Capital Circle Office Center Blvd.
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

To Whom It May Concern:

Killearn Brokers Realty, Inc. would like to enter a complaint against the following two companies:

Combined Companies, Inc.
7061 W. Commercial Blvd.
Suite 5K
Tamarac, FL 33319
1-800-245-1826

AT&T
P. O. Box 27-680
Kansas City, MO 64180-0680

We have a 1-800 number that we use for our business (1-800-527-6661), which we obtained through AT&T. We have always believed that our service was with AT&T. At some point and apparently without our knowledge, our service was switched to Combined Companies, Inc. which AT&T personnel say are their customer. They called CCI a reseller or an aggregator. AT&T further said that they had contracted with CCI to do their billing. We had no idea that our service was with someone other than AT&T, as all of our bills have come to us on AT&T billing forms with AT&T logo. No where on the invoice does it denote the company Combined Companies, Inc. (See attached billing form.)

When we obtained our 1-800 number, we believed that we would be charged a monthly service charge of \$20.00, so much per minute for each call received, plus appropriate taxes. At no time did we ever believe that we could be charged any other charges on this bill. This month we were billed an additional "True Up Charge" of \$3,959.03. We have talked with AT&T, who say they are not responsible for placing the charge on the bill and tell us to call Combined Companies, Inc.

3646 Shamrock West • Tallahassee, FL 32308-2642

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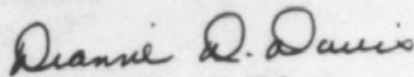
and Combined Companies, Inc., who say that AT&T is responsible and advises us to file a complaint with the FCC. (See the two attached faxes from Combined Companies, Inc.)

There is apparently a dispute between AT&T and Combined Companies, Inc. concerning a shortfall on Combined Companies, Inc.'s contract with AT&T. I am appalled that these companies have let their business dealings get so out of hand, and that they are trying to discredit each other and pass on their apparent losses to the consumer.

We would like you to know that we are disputing these charges with the two companies and do not intend to pay the "AT&T Term Plan Periodic True Up Charge." We are paying the amount of \$79.48, which AT&T says is our actual bill this month. We would like for you to look into this matter for us, and advise us what is going on and how we should handle the matter. We are also filing a complaint with the FCC.

We are totally confused as to what is really going on here, and feel that our 1-800 service has been misrepresented to us. Your earliest response would be greatly appreciated.

Sincerely,



Dianne D. Davis, GRI, CRS
Broker/Co-Owner

CC: AT&T
Combined Companies, Inc.

Enclosures: AT&T Readyline Invoice
AT&T 800 Readyline Summary of Charges
Letter to Combined Companies, Inc.
Faxed letter from Combined Companies dated June 17, 1996
Faxed letter from Combined Companies dated May 23, 1996

AT&T 800 READYLINE®



Summary of Charges

BILLING INQUIRIES CALL - 1 800 691-1131
 TO PLACE AN ORDER CALL - 1 800 222-0400
 SERVICE PROBLEMS CALL - 1 800 222-3499

Account Number	Customer 800 Number(s)	Bill Date	Payment Due
131 026-1223 833	800 627-8881	Jun 10, 1996	Jul 4, 1996

Charges	Amount	Subtotal
MONTHLY SERVICE - JUN 10 Thru JUL 9 AT&T 800 READYLINE®	29.00	29.00
AT&T TERM PLAN / PRICING PLAN ACTIVITY AT&T 800 READYLINE Domestic 29.99% CSTP II Option B Pricing Plan Applied to \$ 66.82	15.21CR	
TAXES ON TOTAL CURRENT CHARGES		15.21CR
Federal Tax		
State Tax - FL	2.23	
Local Tax - FL	209.46	
FL RES RCPT TX SURCH 2.56%	1.06	
FL INTRASTATE OR RC7 SURCH	65.54	
	39.67	
		396.76
CALLS DIRECTED TO: 904 893-6100		
DOMESTIC USAGE		
In-state usage	19.90	
In-state Local Toll usage	6.00	
Out-of-state usage	40.12	
		66.02
OTHER CHARGES AND CREDITS		
1. AT&T TERM PLAN PERIODIC TRUE UP CHARGE		
TOTAL OTHER CHARGES AND CREDITS (EXCL TAX)	3,959.03	
		3,959.03
TOTAL CURRENT CHARGES		4,420.60

*ATTN
 Beryl
 Taylor
 1-800-245-1826*

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ATTACHMENT 3



Doris Franklin
Manager-Regulatory Affairs

Suite 700
101 N. Monroe Street
Tallahassee, FL 32301
904 425-6349

July 26, 1996

Mr. Rick Moses
Division of Communications
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Dear Mr. Moses:

Re: Combined Companies, Inc.

This is in response to your July 1, 1996, letter regarding complaints received from Killearn Brokers Realty, Inc. and Road Runner Travel Resort. AT&T's records reflect that these companies are customers of Combined Companies, Inc. (CCI) and not customers of AT&T. As you know, companies like CCI routinely purchase service from AT&T and other facilities-based carriers at volume discounts, and utilize the networks of such carriers to, in turn, provide service to their own customers under terms and prices which they set by tariff or otherwise. In other words, CCI is a customer of AT&T, and Killearn Brokers Realty and Road Runner Travel Resort are customers of CCI.

AT&T files tariffs with the Federal Communications Commission (FCC) that spell out customer requirements and commitments. (A copy of the pertinent tariff page from Tariff F.C.C. No. 2 is enclosed.) Pursuant to the tariff provisions which apply to the 800 service that CCI purchases from AT&T, CCI directs AT&T to forward bills directly to the locations on its plans. Also pursuant to the tariff, CCI is liable to AT&T for shortfall charges if it does not meet a certain revenue commitment each year. The charges referred to in your letter are shortfall charges billed because the annual revenue commitment was not met. The tariff provides that such shortfall

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charges are to be billed initially to all of the locations on a customer's plan on a prorated basis. This is precisely what was done, resulting in the charges on the bills of Killam Brokers Realty, Inc. and Road Runner Travel Resort. Ultimately, however, it is CCI (as AT&T's customer) which is liable to AT&T for payment of these charges. These charges will soon be transferred to a bill directed to CCI itself. Until CCI pays these charges, the discounts otherwise received under AT&T's tariffs will be applied to offset the shortfall charges. As a result, these discounts likely will not appear on the bills prepared by AT&T, at least for an interim period.

Rule 25-24.4701, Florida Administrative Code, specifically requires "each certificated carrier" to place certain language in its intrastate tariff. Such language must state that "customers reselling or rebilling such services must have a Certificate of Public Convenience and Necessity as an interexchange carrier from the Florida Public Service Commission." AT&T Communications of the Southern States, Inc. has complied with that requirement. The language required by the rule is contained in AT&T's intrastate tariffs, and has been included in such tariffs for some time. Additionally, AT&T has procedures to notify potential reseller customers of this requirement.

Also, the above referenced rule requires "each certificated interexchange company" to implement procedures to "identify and report those customers whom it believes are reselling or rebilling interexchange telecommunications service on an intrastate basis in Florida." Additionally, that subsection provides that "each certificated interexchange company" will provide a list of such customers' names and addresses to the Commission within thirty days of a written request by the Staff. AT&T Communications of the Southern States, Inc., which is the certificated carrier providing interexchange telecommunications services in Florida, has provided such a list in the past and stands ready to do so in the future.

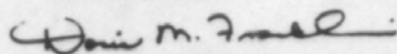
One of the documents included with your July 1 letter was a letter dated June 17 which CCI apparently sent to many of its customers regarding the shortfall charges on their bills. This letter contained many false statements, and in order to set the record straight AT&T found it necessary to send its own letter (dated June 27, copy enclosed) to end users inquiring about these charges. The letter not only explains the charges, but also the relationship between AT&T, CCI, and end users.

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Mr. Rick Moses
July 27, 1996
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Hopefully, this responds to your concerns regarding this matter. Please call me if you have any additional questions.

Yours very truly,



Doris M. Franklin

Enclosures

ATTACHMENT 4

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Attachment E

June 27, 1996

Thank you for your recent inquiry regarding the "Periodic True-Up Charges" that appeared on your telephone bill. AT&T realizes that this charge may come as a surprise. Please allow us a moment to explain the entire situation to you.

AT&T's records reflect that you are a customer of Combined Companies, Inc. (CCI) and not a direct customer of AT&T. Companies like CCI routinely purchase service from AT&T, and other carriers, at volume discounts which they then resell to businesses like yours under terms and prices with which AT&T is not familiar. In other words, CCI is a customer of AT&T, while your company is a customer of CCI (or of an intermediate reseller to which CCI may provide service).

AT&T files tariffs with the Federal Communications Commission (FCC) that spell out customer requirements and commitments. In the case of the service CCI has purchased from AT&T, CCI is liable for shortfall charges if it does not meet its annual revenue commitment, which is what has happened (You should know, however, that CCI disputes these charges.)

The tariff provides that shortfall charges should be billed initially on a prorated basis to all locations on CCI's plans. Although AT&T offered to bill CCI directly, CCI declined the suggestion. The shortfall charges were then billed to CCI's customers to comply with the tariff requirement. These charges will soon be transferred to a bill directed to CCI itself. Until CCI pays these charges, the discounts otherwise received under AT&T's tariffs will be applied to offset the shortfall charges. As a result, these discounts likely will not appear on the bills prepared by AT&T, at least for an interim period.

AT&T understands that CCI has issued letters to some of its customers urging them to contact the FCC on this matter by sending a fax to 800-338-0409. Of course, you should feel free to contact whomever you wish about this matter. You should know, however, that the number CCI has furnished is not the FCC's. Instead, it appears this number terminates at a CCI fax machine.

AT&T apologizes for any hardship or inconvenience this episode may have caused for you or your business. If you have any questions about this matter, we suggest you contact your carrier, CCI, directly.

CCI's address is 7081 West Commercial Boulevard, Suite 5K, Tamarac, Florida 33319, its telephone number is 305-726-2666, and its fax number is 305-726-2707.

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ATTACHMENT 5

Mr. Debbie Ruck

June 17, 1996

Combined Companies, Inc.

We have been receiving inquiries from customers about additional charges, called true up charges, appearing on their most recent AT&T bills for 800 services. These charges are being placed on your bills by AT&T directly. We have no control over AT&T's billing procedures and are not at fault for these charges being placed on your bill.

If AT&T has told you we are at fault, they are misleading you. We did attempt to stop AT&T when we informed them, in writing, several weeks ago, that they should not bill for True Up Charges and that doing so was improper.

If you are handling these AT&T invoices for the first time for your company or simply haven't scanned your previous AT&T 800 service billings, please refer to the "Summary of Charges" page of your AT&T invoice. You will note an entry - "CSTP II Option B Pricing Plan." Pursuant to policies adopted by the Federal Communications Commission, Washington D.C., our company administers the plan by which your company receives substantial additional discounts on its 800 charges. AT&T does not want smaller end-users such as your company getting these additional discounts.

We have demonstrated to the satisfaction of the U.S. District Court for New Jersey that AT&T's conduct has violated federal law in regard to our company's efforts to obtain even larger discounts (e.g. 28%) for companies like yours. The U.S. Court of Appeals for the 3rd Circuit has told us to get a ruling from the FCC as well. We are in the process of doing so, but in the meantime, AT&T continues its relentless attack on our continued existence. The billing you have received and AT&T's placing blame for it on us is part of that attack.

AT&T will continue to pressure you in its efforts to have you become angry with us. We have been to the FCC and are working with its staff on the proper procedures to obtain a rapid clarification of the matters that affect what AT&T is doing. So WE WANT YOU TO CONTACT THE FCC. Please tell them how you have been billed by AT&T and what you've been told by AT&T about that billing. ASK THE FCC TO ACT IMMEDIATELY. FAX YOUR LETTER ADDRESSED TO THE FCC TO FAX NUMBER 800-338-0409 and we will collect as many as come in and DELIVER THEM TO THE FCC personnel with whom we are dealing.

WE HAVE BEEN ATTEMPTING SINCE JANUARY, 1995 TO GET YOUR COMPANY THE 28% LARGER DISCOUNT WE BELIEVE ITS ENTITLED TO AND CONTINUE TO MAKE THAT EFFORT. HELP YOURSELF BY DEMANDING ACTION BY THE FCC. SEND YOUR LETTERS TODAY.

Combined Companies, Inc.

September 12, 1996

Ms. Paula J. Isler
Research Assistant
Bureau of Service Evaluation
Public Service Commission
2450 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Delivered Via Facsimile and US Mail

Dear Ms. Isler:

As discussed August 19, 1996, please find following our response to your letter of August 1, 1996, regarding two complaints received by your offices from Florida customers, which are directly related to an on-going legal struggle between Combined Companies, Inc. and AT&T.

First, let me address the specific statements and conclusions formed within your letter, that in our opinion, are factually incorrect:

1. Combined Companies, Inc. (CCI) is not "providing intrastate interexchange telephone service" within the state of Florida, or in any other state. Additionally, CCI is not "collecting deposits" or "accepting payment" for any service billed under its name for any end-user in the state of Florida or any other state.
2. Notwithstanding anything AT&T might claim, CCI has taken no steps to alter the relationship between any end-user within any AT&T Term Plans with which we might be associated. For instance, AT&T's statement to certain of these end-users indicating that "you are a customer of Combined Companies, Inc" and "not a direct customer of AT&T", when referring to complaining customers, is simply not true. The relationship that existed, as between the customer and AT&T, prior to this "short-fall" episode is exactly the same as the relationship these customers previously had with AT&T. Which, I suggest could be best categorized as a "customers of convenience" relationship. When its convenient for them to be acknowledged as customers of AT&T (in those times when there are no problems), then they are customers of AT&T. However, if a problem exists (such as now with the disputed issue of short-fall), then they are someone else's customers (such as CCI's).

We know this to be the case since we have been trying since December 1994 to direct AT&T to accept our order to move these very same "customers" to deeper discount plans. But, AT&T has steadfastly and continually refused those orders.

• 7061 West Commercial Blvd., Suite 3-K, Tallahassee, FL 32310 •
(904) 726-2666, (904) 726-2707 fax

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Ms. Paula J. Isler
Florida Public Service Commission
September 12, 1996
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3. The short-fall charges were placed on end-user bills by AT&T directly. CCI never directed AT&T to place the charges on anyone's bill. And, as you might imagine, these charges are very much in dispute; as in our opinion, they should have never been posted to either CCI, or any other customer in the first place. The charges are not for actual usage provided any customer. And according to a Federal Judge are illusory. However, CCI did everything it could do, consistent without understanding of AT&T's procedures, policies, tariffs and agreements to avoid this problem from getting started in the first place.

4. Since CCI did not invoice, nor did we direct AT&T to invoice, these charges, we are unable to have them removed from customer's billing. However, with no apparent regard at all for the validity of the charges, or the problems that have been caused by them, we understand AT&T itself has removed the charges from customer's bills. This, of course, only further validates our position that this charges were always inappropriate (see AT&T invoice whereby charges are removed and labeled "Misapplied") Hopefully, this action is because they have come to the correct conclusion that the charges were inappropriate in the first place; since their tariff would mandate their collection from the customers it originally invoiced if otherwise.

5. AT&T would have us believe that somehow CCI has the power and influence to direct AT&T to do certain things, that it would otherwise not do. However, I'm confident that this notion, once scrutinized, will be revealed for what it is, as just another attempt by AT&T to avoid meeting its responsibilities to its customers. After all, if one is to believe the letter they sent to the thousands of customer's, who complained about short-fall charges (which they inappropriately assessed, see AT&T letter dated June 27, 1996), you would conclude that AT&T has nothing to do with them. It's all CCI's fault. Well nothing could be further from the truth.

In closing, let me address how CCI came to be associated with AT&T (and the customers within Florida that are the subject of your most recent letter to our company).

In late October 1994, CCI entered into discussions with several companies, to acquire their AT&T Term Plans as part of a master plan that would provided additional services, including deeper discounts, to numerous small to medium size AT&T customers. These plans, all held directly with AT&T, had collectively in excess of 15,000 customers, many of whom had been AT&T customers, and within the very same plans, for over five years.

CCI submitted several orders in December 1994, and again in January 1995, to direct AT&T to transfer several of the plans to CCI. Although AT&T at first initially processed certain of CCI's

- 7061 West Commercial Blvd., Suite 5-K, Tamara, FL 33319 -
(954) 726-2668, (954) 726-2707 fax

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Ms. Paula J. Isler
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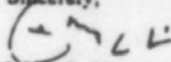
orders, it later declined to process any of the orders and revoked the orders that it had previously processed, thereby requiring CCI to go to court in an attempt to compel the transfer.

Thereafter, CCI was successful in obtaining two preliminary injunctions by the United States District Court, District of New Jersey. These injunctions required AT&T to move the plan(s) and the traffic as CCI had requested. This transfer would have not had any adverse effect on any customer within the plan, as each customer would continue to remain with AT&T and receive AT&T service, AT&T billing, and all discounts (plus additional discounts) which had previously been made available to these customers. AT&T appealed the judge's ruling, and the matter is now presently before the Federal Communications Commission (FCC).

Because of the pending litigation, and therefore lack of closure on the transfers, CCI has not had any contact, or developed any relationship, with any customer within any of these plans. However, and as mentioned earlier, contrary to what AT&T may have indicated, neither CCI, nor any court order has instituted any change in the relationship any customer has had with AT&T. Any unfortunate difficulties that these customers, including our company, are now experiencing, such as AT&T refusal to grant credits, its denials that these customers are even AT&T customers, and any other similar actions are not the result of any positions or actions taken by CCI. These are unilateral positions taken by AT&T itself, and are an unfortunate litigation tactic employed by AT&T to unfairly prejudice CCI in connection with its lawsuit.

Hopefully, this responds to your concerns regarding this matter. However, if additional information is required, please don't hesitate to contact me.

Sincerely,


Larry G. Shipp

LGS

Enclosure(s)

ATTACHMENT 7



Federal Communications Commission
Washington, D.C. 20554

November 25, 1996

Mr. J. Alan Taylor
Chief, Bureau of Service Evaluation
Division of Communications
State of Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850



Dear Mr. Taylor:

Mary Beth Richards, Deputy Bureau Chief of the Common Carrier Bureau, asked me to respond to your letter of September 19, 1996 inquiring about the FCC staff's views on AT&T's billing arrangements with its resale carrier customers. You stated that AT&T was issuing end-user billing statements on behalf of resale carrier customers labeled with AT&T's logo and not with the logos of the carriers for whom AT&T was performing the billing functions. Accordingly, you state that because of AT&T's billing practices, "subscriber[s] had no way of knowing that the service provider was not AT&T."

As part of your inquiry, you ask: 1) whether AT&T committed to cease billing this way; 2) what date AT&T agreed upon to stop; and, 3) whether the FCC Staff holds AT&T responsible as the carrier claiming the PIC when no other carrier is included on AT&T bills. To provide you with the most up-to-date answers on the first two questions, we asked AT&T's Government Affairs Office in Washington, D.C. to provide an update on AT&T's efforts to modify its billings programs. A copy of AT&T's response is enclosed. As AT&T explains in its letter, it undertook to modify its bills and remove the its brand and logo from these bills issued on behalf of resale carriers because the appearance of the AT&T brand and/or logo on such bills contributed to confusion among the resale carriers' end-user customers about the nature of AT&T's involvement.

AT&T also confirms in its letter that its ACUS product (part of AT&T's Bill Manager Service) was modified to remove the AT&T logo last April in time for the May billing statements. In addition, AT&T expects its modified location billing service (which is associated with its AT&T F.C.C. Tariff Nos. 1 and 2) to become operational on January 1, 1997. AT&T explains that it delayed the operational start of the location billing service in order to accommodate its reseller customer carriers' request for additional time in order to adjust their internal operations consistent with AT&T's modifications.

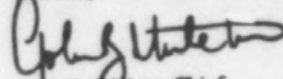
In order to answer your third and final question, I must first explain that the Commission has the statutory obligation, under Section 208 of the Communications Act of 1934, as amended, to serve complaints it receives about common carriers on all of the carriers that have or could have relevant information about these complaints. Under its rules of practice and procedure set forth in 47 C.F.R. §§1.711-1.718, the Commission ordinarily assesses responsibility or liability for the matters complained of only after the carriers involved have had an opportunity to satisfy the complaint and have failed to do so. It has been the staff's experience that the majority of consumer complaints received by the Commission are usually satisfied once they have been served on the relevant carriers and, therefore, require little or any further investigation by the staff.

Mr. J. Alan Taylor
November 25, 1996

Given this statutory service requirement and the complaint procedures contained in the Commission's rules, I would like to offer the following clarification of my earlier statement to you regarding AT&T's billing practices on behalf of its resale carrier customers. As you well know, consumers that have problems with their carriers are usually able to identify or track the problem through their carriers bills. In cases where the consumer is unable to identify in its complaint which carrier the consumer believes is at fault, or where the consumer's complaint arises out of the interaction of several carriers, the staff, in preparing the complaint for service as required by Section 208 of the Act, routinely examines the consumer's billing statement to identify and serve all of the relevant carriers that are or could be involved. Thus, my statement to you when we met in September was aimed at describing a process where if the billing statement carried only AT&T's logo and/or brand, the staff would routinely serve the complaint on AT&T (as well as the reseller carrier customer if that information was readily available) as a matter of course. It has been the staff's experience that AT&T subsequently directs these complaints to the appropriate parties and that these complaints are, for the most part, resolved to the consumer's satisfaction. Because this process was cumbersome, confusing and added unacceptable delay to the Commission's resolution of consumers' complaints, however, the staff welcomed AT&T's proposal last winter to modify its billing systems by the spring of this year in order to address and alleviate the confusion among consumers. Needless to say, the staff eagerly awaits the completion of these changes.

I hope that this letter satisfies your inquiry. Please do not hesitate to call me at (202)418-0700 if you have additional questions or comments.

Sincerely,



John B. Mileta, Chief
Enforcement Division

Enclosure

cc: Mary Beth Richards