

**HOPPING GREEN SAMS & SMITH**  
 PROFESSIONAL ASSOCIATION  
 ATTORNEYS AND COUNSELORS  
 123 SOUTH CALHOUN STREET  
 POST OFFICE BOX 6526  
 TALLAHASSEE, FLORIDA 32314  
 (904) 222-7500  
 FAX (904) 224-8551  
 FAX (904) 425-3415

ORIGINAL  
 FILE COPY

GARY S. HUNTER, JR.  
 JONATHAN T. JOHNSON  
 ROBERT A. MANNING  
 ANGELA R. MORRISON  
 GARY V. PERKO  
 KAREN M. PETERSON  
 R. SCOTT RUTH  
 W. STEVE SYKES  
 T. KENT WETHERELL, II  
 OF COUNSEL  
 W. ROBERT FOXES

JAMES S. ALVES  
 BRIAN H. BIBEAU  
 KATHLEEN BLIZZARD  
 ELIZABETH C. BOWMAN  
 RICHARD S. BRIGHTMAN  
 PETER C. CUNNINGHAM  
 RALPH A. DeMEO  
 THOMAS M. DeROSE  
 WILLIAM H. GREEN  
 WADE L. HOPPING  
 FRANK E. MATTHEWS  
 RICHARD D. MELSON  
 MICHAEL P. PETROVICH  
 DAVID L. POWELL  
 WILLIAM D. PRESTON  
 CAROLYN S. RAEPPEL  
 DOUGLAS S. ROBERTS  
 GARY P. SAMS  
 ROBERT P. SMITH  
 CHERYL G. STUART

June 13, 1997

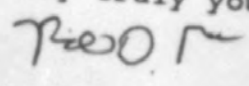
Ms. Blanca S. Bayó  
 Director, Records & Reporting  
 Florida Public Service Commission  
 2540 Shumard Oak Boulevard  
 Tallahassee, FL 32399-0850

Re: Docket 960617-TI

Dear Ms. Bayó:

I am enclosing for filing in the above-referenced docket the original and 15 copies of MCI Telecommunication Corporation's final report.

By copy of this letter, copies have been provided to parties on the attached Certificate of Service.

Very truly yours,  
  
 Richard D. Melson

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_ RDM/cc
- CAF \_\_\_\_\_ Enclosures
- CMU \_\_\_\_\_ cc: Parties
- CTR \_\_\_\_\_ Alan Taylor
- EAG \_\_\_\_\_
- LEG 1 \_\_\_\_\_
- LIN \_\_\_\_\_
- OFC \_\_\_\_\_
- RCH \_\_\_\_\_
- SEC 1 \_\_\_\_\_
- WAS \_\_\_\_\_
- YH \_\_\_\_\_

RECEIVED & FILED  
  
 FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE  
 06004 JUN 13 1997  
 FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Initiation of Show Cause )  
Proceedings Against MCI )  
Telecommunications Corporation )  
for Violation of Rule 25-24.630, )  
F.A.C. )

Docket No. 960617-TI

Filed: June 13, 1997

FINAL REPORT OF MCI TELECOMMUNICATIONS CORPORATION

On January 27, 1997, the Florida Public Service Commission (hereinafter the "Commission") issued a Final Order Accepting Proposed Settlement ("Final Order") in the above named matter. Order No. PSC-97-0088-AS-TI. MCI Telecommunications Corporation ("MCI") hereby files its final report in this matter in which it has refunded \$1,387,242.33 to affected customers. This constitutes 85.94 percent of the total amount of funds identified for refund. Of the total amount identified, \$227,034.67, or 14.06 percent, is unrefundable and awaits disposition by the Commission. In addition, \$90,565.88 in interest was not refunded and awaits disposition by the Commission. As these funds were generated by collect calls placed by Florida inmates, MCI suggests that the unrefundable amount, together with the unrefunded interest, be used to benefit the inmates in the State of Florida's correctional facilities.

BACKGROUND

In response to the Show Cause Order issued by the Commission in this matter, MCI filed a proposed settlement offer with the Commission on December 9, 1996. See Attachment A to the Commission's Final Order. This offer provided as follows:

1. MCI would refund directly to consumers, the difference of \$2.00 per call, plus interest, for calls made between February 29, 1996, and March 15, 1996;
2. MCI would refund directly to consumers, the difference of \$1.25 per call made between March 16, 1996, and July 10, 1996;
3. MCI anticipated that it could complete the refund process between the end of January and May, 1997, via the local exchange companies. Given the nature of the refund, MCI anticipated that a certain number of the refunds would be returned as unbillable. MCI agreed that it would track and identify any such unbillable refunds.
4. MCI acknowledged its responsibility to ensure that its future tariff filings

comply with the Commission rules and policy;

5. MCI agreed to contribute \$10,000 to the State General Revenue Fund within 10 days following the issuance of a final order accepting the settlement proposal.
6. MCI did not admit violation of any order, statute, or rule.

On January 27, 1997, the Commission issued its Final Order Accepting Proposed Settlement in the above named matter. Order No. PSC-97-0088-AS-TI. The Commission accepted the proposed settlement as a resolution of the Show Cause Order with a finding that it "adequately responds to our intent that refunds of the overcharges be made directly to those customers who were overcharged." Final Order, p. 2. The Commission further ordered that when MCI files its final report, that it suggest a method of disposing of any unclaimed amounts.

Id.

#### THE REFUND

The refund was necessary for all Florida DOCs Intrastate calls made from February 29, 1996 to July 10, 1996. To implement the refund, MCI first identified all collect calls made from Florida correctional facilities during the relevant time periods. Had all such calls been billed to end users, the total amount of the refund would have been \$1,685,526.50; however, \$71,249.50 of these were dropped out because they were never actually billed. This left a total refund amount of \$1,614,277.00. MCI then initiated the refund to customers through its casual billing agreements with the various local exchange companies in late January, 1997. Between February and May, 1997, the local exchange companies were able to credit \$1,387,242.33, or 85.94% of the total refund amount, to the bills of the affected customers. Of the total amount identified, \$227,034.67, or 14.06 percent, is unrefundable and awaits disposition by the Commission. In addition, \$90,565.88 in interest was not refunded and awaits disposition by the Commission. A matrix showing the breakdown of the refund is attached hereto as Attachment A. The process MCI followed in implementing the refund is discussed in more detail below.

MCI's MEGA Call Processing Unit identified the affected calls within the Galaxy billing stream. Galaxy is the system housing Florida Prison billing records. Florida intrastate calls were identified by searching for originating and terminating numbers which had Florida area codes. Prison calls were isolated by searching Indicator 17 (position 97 in the billing record) fields for a value of '2'. The adjustments were calculated for two scenarios: 1) For the period from February 29, 1996, to March 15, 1996, when AT&T's tariffed surcharge was \$1, the refund amount would be the difference between \$3 and \$1, which would be \$2 per call; and, 2) for the period from March 16, 1996, to July 10, 1996, when AT&T's tariffed surcharge was \$1.75, the refund amount would be the difference between \$3 and \$1.75, which would be \$1.25 per call. Effective July 11, 1996, MCI's tariffed surcharge was changed to \$1.75, and no refunds were necessary for calls placed on or after that date.



As stated above, the total amount of potential refunds initially identified by MCI was \$1,685,526.50; however, \$71,249.50 of these were dropped out because they were never actually billed. This left a total refund amount of \$1,614,277.00. The \$71,249.50 is composed of four categories of drops: 1) In the case of one call, the NPA/NXX was invalid. This resulted in a drop of \$2.00; 2) In some cases, the calls were from the service areas of local exchange companies with which MCI had no billing agreement; since MCI was never able to collect the charges for such calls, it did not need to refund any of the charges. This resulted in a drop of \$15,217.00; 3) In some cases, the calls were not properly recorded. The calls with an invalid LERG amounted to \$30,709.50; 4) In some cases, billing data for affected Florida Prison Intrastate calls was sent to the local company, but had never been billed. In these instances, MCI determined a credit was neither warranted, nor feasible. When a match could be made between adjustment information and unbillable information for the same charges, the adjustment records were removed from the local company feed. Such unbillable matches amounted to \$25,321.00.

At the conclusion of MEGA Call Processing's review, the information on the affected calls was sent to MEGA Outclearing. When MEGA Outclearing received the records from MEGA Call Processing, they formatted the records into standard EMI (Exchange Message Interface) format. EMI is the standard by which all information is exchanged between the Exchange Carriers and Interexchange Carriers.

The files completed by MEGA Outclearing were then sent to Casual/10XXX Production Support. Each affected Local Company had different requirements with respect to receiving adjustment records for casual billing. Production support took this into account as they prepared the information for transmission to the local companies. Issues to consider were file sequencing, packing preference, transmission medium, and use of pack type indicator.

The local phone companies received and processed the adjustment information each according to its own operating procedures. Credits were presented on customer invoices in a manner set forth by local company guidelines. Some adjustment records errored out and as a result did not appear on the customer invoice. The adjustment can error out up front (reject), or further downstream (unbillable). The total fallout from the LECs was \$227,034.67, or 14.06% of the total refund amount. The fallout for each LEC is shown in Attachment A. This fallout occurred because, for one reason or another, the LEC was unable to credit a bill. Because of the casual billing arrangements MCI has with the LECs, MCI is given the total amounts of the fallout but is not given the information on a customer specific basis and is not told the specific reasons for the inability to credit. In many cases, however, it is likely caused by the fact that the LEC no longer has the customer. The time frame for adjustment processing by LECs ranged from 4-12 weeks. In all, MCI was able to return 85.94% of the total refund amount to the consumers.

As discussed above, the Commission ordered that MCI include interest in the refund. Unfortunately, in trying to initiate the refund as quickly as possible, MCI failed to include the interest in the amounts refunded to the consumers. MCI's Proposed Settlement and the

Commission's Final Order adopting it anticipated that MCI would provide the information about the refunds to the local exchange companies by the end of January 1997 for inclusion in the February billing cycles, and that the unbillable refunds would have cycled through the LECs by the end of May, 1997. Final Order, pp. 2 and 8. MCI conveyed the information about the refund to the LECs on January 29, 1997. Through inadvertence and oversight, this information was conveyed before MCI received the interest calculation from Staff on March 18, 1997. See Rule 25-4.114(4)(e) of the Rules of the Florida Public Service Commission. The interest on the refund amounted to \$90,565.88. As discussed below, MCI requests that this amount be combined with the unrefundable amount and be used in a way which will benefit the inmates in the State of Florida's correctional facilities. MCI regrets that the interest was not included in the refund; however, MCI believes that rather than return to the expensive and time consuming process of refunding, the money could be put to better use by benefiting the inmates. Finally, it should be noted that MCI obtained no benefit from failing to include the interest in the refund since, of course, MCI can in no event retain that money.

#### DISPOSITION OF THE UNCLAIMED AMOUNTS

In its Final Order, the Commission instructed MCI to suggest a method of disposing of any unclaimed amounts remaining after the refund was concluded. Final Order, p. 2. Since these funds were generated by collect calls placed by Florida inmates, MCI requests that the unrefundable amount, together with the unrefunded interest, be used to benefit the inmates in the State of Florida's correctional facilities. DOCs has suggested that the money be placed in the Inmate Welfare Trust Fund which it maintains. This fund was created to benefit inmates by providing prisons with amenities for inmates which the prisons would otherwise be unable to afford.

RESPECTFULLY SUBMITTED this 13th day of June, 1997.

*Thomas K. Bond / RBM*

THOMAS K. BOND  
MCI TELECOMMUNICATIONS CORPORATION  
780 Johnson Ferry Road  
Suite 700  
Atlanta, Georgia 30342  
(404)267-6315

FLORIDA DOC'S RECOVERY

REVENUE INTO CBPS FROM GALAXY

DROPS: Invalid NPA/NXX  
 No Credit Agreement (LERG 0318, 0338)  
 Invalid LERG  
 Unbillable Match

2.00  
 15,217.00  
 30,709.50  
 25,321.00

1,685,526.50

TOTAL DROPS  
 FINAL OUTPUT TO LEC'S  
 LEC DROPS  
 AMOUNT REPAID TO END USERS  
 AMOUNT OUTSTANDING

71,249.50  
 1,614,277.00  
 227,034.67  
 1,387,242.33  
 298,284.17


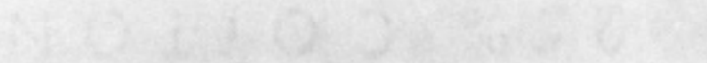

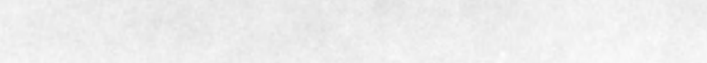
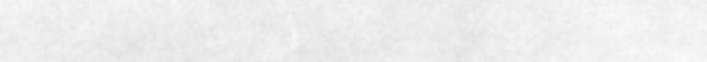
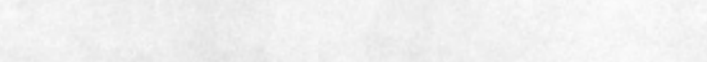


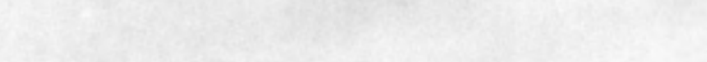
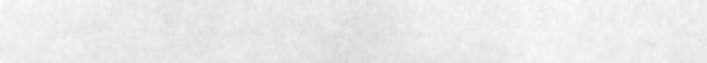
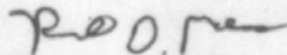
LEC BREAKDOWN

		Total Transmitted	Rejects	Unbillables	Total Fallout	Total Accepted
BellSouth	\$	913,820.50	45.00	154,353.93	154,398.93	759,421.57
	#	675,773	30	n/a	n/a	n/a
GTE	\$	435,838.50	420.25	964.50	1,384.75	434,453.75
	#	323,727	236	n/a	n/a	n/a
Sprint United	\$	230,496.00	44,601.75	22,340.25	66,942.00	163,554.00
	#	169,506	32,340	14,901	47,241	122,265
MCI Metro	\$	24.00	24.00	-	24.00	-
	#	12	12	-	12	-
Alltel	\$	17,622.00	-	2,273.24	2,273.24	15,348.76
	#	12,948	-	n/a	n/a	n/a
USIN	\$	14,464.25	-	-	-	14,464.25
	#	10,624	-	-	-	10,624
NECA	\$	2,011.75	2,011.75	-	-	-
	#	1,484	1,484	-	-	-
TOTAL	\$	1,614,277.00	47,102.75	179,931.92	227,034.67	1,387,242.33
	#					

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished to the following parties by hand delivery this 13th day of June, 1997.

Martha Carter Brown  
Division of Legal Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

\_\_\_\_\_  
Attorney