

**McGILL, GOTSCHNER, WORKMAN & LEPP, P.C.**

ATTORNEYS AT LAW

FIRST NATIONAL PLAZA - SUITE 500

11404 WEST DODDIE ROAD

OMAHA, NEBRASKA 68154-2576

(402) 492-9200

FAX: (402) 492-9222

INTERNET: mgol@mgol.com

R. THOMAS WORKMAN  
GARY M. GOTSCHNER  
ROBERT L. LEPP  
PAUL D. KRATZ  
MICHAEL S. MOSTEK  
PAUL R. ELOPSON  
ROBERT J. KIMBECK  
KEITH A. GREEN  
MARK A. PEPPER  
MARY L. HEWITT  
ALAN E. PEDERSEN  
NANCY L. CRAWFORD  
MICHELLE K. ALLEN

OF COUNSEL  
STEPHEN J. MCGILL  
RONALD R. VOLKMER  
G. MICHAEL FENNER  
GEORGE O. REBENSTORF

July 17, 1997

*via Airborne Express*

Director, Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0862

RE: Proposed Rules Governing Prepaid Calling Card Services  
Docket No. ~~97-0720~~  
Order No. PSC-97-0720-NOR-TI

Dear Director:

This firm represents SmarTalk TeleServices, Inc. ("SmarTalk") with respect to its regulatory compliance matters. We have reviewed the Proposed Rules Governing Prepaid Calling Card Services and on behalf of SmarTalk we would like to share the following comments and concerns with you.

25-24.900(3). Clearly stating that prepaid calling card services provided without compensation should be exempt from the proposed rules helps clarify which products must be included in a tariff. Perhaps this could be further expanded to state, "for example, promotional private label cards or other cards used for advertising purposes."

ACK \_\_\_\_\_ 25-24.915(3)(a). We agree that it is sufficient to state in the Company tariff the maximum  
AFA \_\_\_\_\_ amount a person will be charged per minute for prepaid calling card services. After SmarTalk  
APP *Callcard* distributes its products to retailers, the price charged by such retailers is difficult, if not impossible,  
CAF \_\_\_\_\_ for SmarTalk to monitor and control. Competition among debit card users, not tariff rates, keeps  
CMU 1 prices fair and reasonable for consumers. Further, allowing a maximum charge rate would allow  
CTR \_\_\_\_\_ SmarTalk to provide price breaks to its large volume retailers, which price breaks can be passed on  
to the Florida consumers.

EAG \_\_\_\_\_ 25-24.920(2)(a). Companies should not be required to display the maximum charge per  
LEG \_\_\_\_\_ minute for prepaid calling card services at the point of sale. This requirement is unnecessary and  
LIN 5 imposes additional burdens on Companies that are not outweighed by the benefit, if any to  
OPC \_\_\_\_\_ consumers.

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25-24.920(4). It is assumed that the requirement to "record" a call means to take notes or keep a written record rather than tape record or similarly transcribe customer complaints.

25-24.920(6). This first sentence is difficult to understand. We understand this to mean that a Company cannot decrement more per minute than the maximum tariff rate. It is presumed that this requirement applies to intrastate services only. Again, it is unreasonably burdensome to print these maximum charges on the card, packaging or in-store display.

25-24.920(10). It is assumed that the Company can maintain a shorter expiration policy so long as such policy is disclosed on the card or packaging.

25-24.930. It is not clear over what period of time these call percentages are calculated; i.e., 95% per day?, per month?, per year?

This concludes the specific remarks for the proposed regulations. In general, the legislation is fair, reasonable and clearly stated. We welcome the opportunity to further discuss these or any other debit card issues with you and would like to respectfully reserve the right to participate at the August 14, 1997 hearing before the commission.

Very truly yours,



Nancy L. Crawford  
FOR THE FIRM

NLC:srw

C: David Hamburger  
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Requiring the maximum price per minute to be displayed is unnecessary. The number of minutes purchased is required to be disclosed to the consumer. Presumably, consumers know the price they are paying for the designated number of minutes at the time of purchase. By doing simple math, consumers can readily determine the price charged per minute and compare such price with similar services. This is no different than expecting consumers to discern the price per ounce of laundry soap, dry goods, milk, etc., and make informed choices accordingly. Further, Consumers also have a myriad of choices in debit card providers and are savvy when it comes to comparing prices for prepaid services. If the price of a card exceeds the market price, consumers will not purchase such services.

Secondly, requiring the maximum price per minute to be displayed is overly burdensome. Rates vary over time creating problems with tracking released rate information. This requirement would also create numerous costs with respect to printing and packaging which would eventually be passed on to the consumer.

Third, this requirement would create confusion in the marketplace. For example, if a company had a maximum rate of \$.60/minute on its card and later changed its maximum rate to \$.50/minute, it cannot be assumed that all of the \$.60/minute cards are sold and out of circulation. A consumer could purchase two seemingly identical cards which display two different maximum rates for service. This would create, not reduce confusion for the consumer.

Of greater concern to SmarTalk and other reputable companies are those providers which collect money and go out of business stranding the consumer or which misstate or mislead the consumer about the hidden costs associated with using their services. We therefore agree that the number of minutes purchased and the surcharges, if any should be disclosed. But, to require more information to be present on the card or its packaging places an unnecessary and unreasonable burden on companies such as SmarTalk which continuously strive to meet ongoing regulatory requirements. There is little benefit, if any to providing consumers information about maximum charges when consumers have numerous choices when using this discretionary service. Certainly, the benefit to consumers does not outweigh the burden placed on compliant companies.<sup>1</sup>

25-24.920(3)(b). Customer service should inform customers of the maximum tariff rates for debit card services. As was discussed earlier, it is impossible for debit card providers to be informed of the retail price of all debit cards produced.

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<sup>1</sup>It should also be noted that the California legislature recently considered this issue and the bill (AB-1424) was defeated in committee.