

REQUEST TO ESTABLISH DOCKET  
(PLEASE TYPE)

Date 7/29/97

Docket No. 970968-TP

1. Division Name/Staff Name Division of Communications/Isler
2. OPR Division of Legal Services
3. OCR Division of Communications
4. Suggested Docket Title Petition for exemption from Rules 25-4.113, 25-24.471, and 25-24.515, Florida Administrative Code, and for authorization to discontinue service without notice and to require advance payment for service from certain customers, and for such other relief as may be appropriate by North American InTeleCom, Inc.

5. Suggested Docket Mailing List (attach separate sheet if necessary)

- A. Provide NAMES ONLY for regulated companies or ACRONYMS ONLY regulated industries, as shown in Rule 25-22.104, F.A.C.
- B. Provide COMPLETE name and address for all others. (Match representatives to clients.)

1. Parties and their representatives (if any)

|                                       |                                       |
|---------------------------------------|---------------------------------------|
| <u>North American InTeleCom, Inc.</u> | <u>Patrick K. Wiggins</u>             |
| <u>Alice King, Attorney</u>           | <u>Wiggins &amp; Villacorte, P.A.</u> |
| <u></u>                               | <u>501 East Tennessee Street</u>      |
| <u></u>                               | <u>Post Office Drawer 1457</u>        |
| <u></u>                               | <u>Tallahassee, FL 32302</u>          |
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2. Interested Persons and their representatives (if any)

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6. Check one:  Documentation is attached.  
 Documentation will be provided with recommendation.

DOCUMENT NUMBER-DATE  
**07628 JUL 29 97**  
FPSG-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for exemption from Rules )  
25-4.113, 25-24.471, and 25-24.515 and for )  
authorization to discontinue service without )  
notice and to require advance payment for service )  
from certain customers, and for such other )  
relief as may be appropriate, by North American )  
InTeleCom, Inc. )  
\_\_\_\_\_ )

Docket No. 970968-TP

Filed:

PETITION FOR EXEMPTION

Pursuant to Commission Rule 25-24.505 (3), Florida Administrative Code, North American InTeleCom, Inc. ("NAI") petitions the Florida Public Service Commission (the "Commission") for an exemption from rules 25-4.113, 25-24.471, 25-24.515, and other rules, to the extent necessary to enable NAI to implement a program to control losses arising from nonpayment for its services. In support of its petition, NAI states:

INTRODUCTION

1. Petitioner's complete name and address is:

North American InTeleCom, Inc.  
14100 San Pedro, Suite 400  
San Antonio, Texas 78232

2. All notices, pleading, orders, and other materials in this docket should be directed to the following on behalf of NAI:

Patrick K. Wiggins  
Wiggins & Villacorta, P.A.  
501 East Tennessee Street  
Post Office Drawer 1657  
Tallahassee, Florida 32302

Alice King  
Attorney  
North American InTeleCom, Inc.  
14100 San Pedro, Suite 400  
San Antonio, Texas 78232

3. NAI is certificated by the Commission to provide interexchange telecommunications services.

#### RELIEF REQUESTED

4. NAI requests an exemption from Rule 25-4.113 (Refusal or Discontinuance of Service by Company); Rule 25-24.471 (Application for Certificate), and Rule 25-24.515 (Pay Telephone Service), and any other rules which the Commission interprets as prohibiting carriers from blocking calls and requiring advance payment, to the extent necessary to permit NAI to block calls (with and without notice) and to require advance payment for services from customers pursuant to reasonable loss control procedures.

#### BACKGROUND

5. NAI owns and manages inmate telephones and pay telephones at various confinement facilities and retail outlets in Florida. Local and long distance collect calls from inmate telephones are carried by the local carrier or NAI's long-distance carrier. Local and long distance collect and third-party billed calls from pay telephones are carried by the local carrier or by NAI's long distance carrier unless the customer selects another carrier. (Collect and third-party billed calls are hereafter referred to as "Collect Calls.")

6. NAI collects its charges for Collect Calls from the accepting customer by having its charges included on the accepting customer's bill from the local telephone company.

7. NAI is obligated to pay all local access and long distance charges for Collect Calls transmitted by the local carrier or by NAI's long distance carrier, regardless

of whether it is able to collect its charges from its customers. NAI suffers significant losses from non-payment of charges for Collect Calls. For example, losses related to some locations may equal up to 20% of NAI's monthly revenue. These losses from unpaid charges make it costly for NAI to operate, and ultimately result in higher charges for NAI's customers.

8. NAI believes that these losses are caused by several factors. In some instances, customers incur charges with no intention of paying them (toll fraud). NAI has also discovered that many customers who accept Collect Calls are not aware of the volume of calls accepted at their number. For example, a customer may be aware that she has accepted 10 calls but not know that her spouse has also accepted 10 calls. Some customers may not be aware that calls are being accepted at their telephone number at all. These customers are surprised by the amount of the charges included on their billing statements and may be unable or unwilling to pay.

9. NAI has developed a Customer Assistance Awareness Program ("CAAP") to control these losses. Under the CAAP, NAI monitors the amount of charges for calls accepted for billing by a particular number. If the volume exceeds certain parameters (currently \$50 per day, \$100 per week, or \$250 per 28 days), NAI attempts to contact the accepting customer to notify them of the amount of the charges incurred. If NAI is able to reach the customer, NAI asks the customer to make a prepayment to the local telephone company equal to NAI's outstanding charges as a condition to permitting the customer to accept additional Collect Calls from NAI's phones. If the customer is unwilling or unable to make the payment NAI, with the customer's consent, contacts the

local telephone company to assess the customer's creditworthiness. If NAI is able to verify that the customer has a good credit history with the local telephone company, NAI continues to permit Collect Calls from NAI's telephones to be accepted at that telephone number. If NAI is unable to verify the customer's credit history, or the customer does not have a good credit history, NAI blocks the number. NAI removes the block when the customer informs NAI that he or she has made the requested prepayment and NAI confirms the prepayment with the local telephone company. In instances where NAI is unable to contact the customer after repeated attempts, or where the volume or nature of calls is so dramatic that NAI suspects toll fraud, NAI may block the line without first notifying the customer.

10. NAI also blocks calls to a telephone number if the local phone company notifies NAI that charges for a particular line are unbillable or uncollectible. For example, a local telephone company may be unable to bill NAI's charges because the customer has changed his or her telephone number, or because the local company placed a block on the line that NAI did not discover through its validation process.

11. NAI believes that its CAAP procedures are a reasonable and effective means of controlling unpaid charges for Collect Calls. For example, before NAI implemented its CAAP program in one regional operating area, its losses from bad debt were in excess of 20% of revenue. NAI's bad debt in this area is now 10-11%. This reduction in bad debt allows NAI to offer more competitive pricing for its services, which ultimately benefits NAI's customers. Although some customers may be asked to pay for charges prior to their normal billing date, NAI believes that the benefit to all consumers

of controlling these losses outweighs the inconvenience to those few customers who incur charges in excess of the CAAP parameters.

WHEREFORE, NAI respectfully requests that it be granted the relief requested herein, and such other relief as is consistent with this petition.

Respectfully submitted, this 17<sup>th</sup> day of July, 1997.

WIGGINS & VILLACORTA, P.A.

by: Patrick K. Wiggins  
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