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January 20, 1998

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

Re: MCI Telecommunications Corporation
Docket No. 950617-11

Dear Ms. Bayó:

Enclosed for filing on behalf of MCI Telecommunications Corporation are the original and fifteen copies of the "Report of MCI Telecommunications Corporation."

By copy of this letter, this Report is being provided to Mr. Rick Moses of the Commission staff. MCI is also providing Mr. Moses a list of additional amounts refunded on a per customer basis.

If you have any questions regarding this filing, please call.

Very truly yours,

Richard D. Melson

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____ RDM/mee
- EAG _____ Enclosures
- LEG 1 _____ cc: Mr. Moses
Mr. Bond
- LIN _____
- OPC _____
- RCH _____
- SEC 1 _____
- WAS _____
- OTH _____

DOCUMENT NUMBER-DATE

~~01068~~ JAN 20 98

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-T1

Filed: January 20, 1998

REPORT OF MCI TELECOMMUNICATIONS CORPORATION

On September 5, 1997, the Florida Public Service Commission (hereinafter the "Commission") issued an Order on Disposition of Refunds for Overcharges ("Order") in the above named matter. Order No. PSC-97-1050-FOF-T1. MCI Telecommunications Corporation ("MCI") hereby files its report in this matter in which it has now refunded \$1,493,672.30 to affected customers.

MCI has worked diligently to complete this refund process. Since its last report to the Commission, MCI has refunded \$61,689.97 in interest to customers who had previously been given refunds of the principal. This refund was accomplished through MCI's casual billing agreements with the various local exchange companies. In addition, MCI has refunded \$44,740.00 in principal plus interest to customers who had previously not received refunds. These additional refunds were made in cooperation with the Inmate Advocacy Groups. MCI has now refunded 87.48 percent of the total amount of funds identified for refund plus interest.

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.

On June 13, 1997, MCI filed its report to the Commission stating that it had refunded \$1,387,242.33 to affected customers. This represented 85.94% of the total amount to be refunded. MCI made these refunds through its casual billing agreements with the various local exchange companies. \$227,034.67, or 14.06% of the total amount, could not be returned to customers by this means and was unrefundable. MCI inadvertently failed to refund interest to the end users at the time it made its refund. In its report, MCI recommend that the unrefundable amount, together with the unrefunded interest, be used to benefit inmates in the State of Florida's correctional facilities. MCI also communicated to the Commission that DOCs had suggested that the money be placed in the Inmate Welfare Fund which it maintains.

On September 5, 1997, the Commission issued its Order on Disposition of Refunds for Overcharges. In this Order, the Commission directed MCI to make additional efforts to refund customers. The Commission also directed MCI to refund the interest to customers within 120 days.

THE INTEREST

This portion of the refund was for the interest on calls where MCI had previously refunded the principal amount only. To implement it, MCI first identified all collect calls made from Florida correctional facilities during the relevant time periods. The total interest on all calls was \$93,134.92. The adjustments were calculated for two scenarios. First, for the period from February 29, 1996, to March 15, 1996, the original refund amount had been \$2.00 per call. The interest for each such call was \$0.11. Second, for the period from March 16, 1996, to July 10, 1996, the original refund amount had been \$1.25 per call. The interest for each such call was \$0.07.

MCI initiated the refund to customers through its casual billing agreements with the various local exchange companies in October, 1997. Between October and December, 1997, the local exchange companies were able to credit \$61,689.97 in interest to the bills of the affected customers. A matrix showing the breakdown of the refund is attached hereto as Attachment A. The process MCI followed in implementing this portion of the refund is the same process MCI used in its initial refund. This process is discussed in more detail in MCI's prior report to the Commission. 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.

The total fallout from the LECs was \$32,348.10. The fallout for each LEC is shown in Attachment A. MCI is optimistic that this amount will be reduced shortly. At the time the other major LECs accepted MCI's dataset, GTE refused to process it. The amount of credits sent to GTE was \$24,307.74, or 75% of the total fallout amount. MCI has tried to work with GTE to convince GTE to flow these credits back to the end users. It now appears that GTE will accept these credits for processing in mid-January 1998. In that case, end users will receive these credits shortly, and MCI can supplement its report to reflect the additional amounts refunded.

ADDITIONAL REFUNDS

As directed by the Commission, MCI has worked with various public interest groups

(Inmate Advocacy Groups) to refund more of the original 14.06% that could not be refunded to end users through the LEC billing agreements. As a result of this effort, MCI refunded an additional \$44,740.00, including interest, to customers who had previously not received refunds. A list of the amounts refunded by customer is being provided separately to the Commission staff.

This additional effort consisted of two main components. First, MCI, in consultation with the Inmate Advocacy Groups, developed a claim form which end users who had not received the initial credit could use to request refunds. This form, including a stamped envelope addressed to MCI customer service, was incorporated into the newsletters of two of the Advocacy Groups. In exchange for being allowed to utilize this method of distribution, MCI paid the total cost to have the groups' newsletters distributed. Second, MCI published notices in newspapers in the five major metropolitan areas of Florida¹ advising affected end users how to file for a refund.

As a result of these efforts, MCI received and fulfilled 459 eligible requests for refunds.² MCI sent \$44,740.00 in certificates to these end users. Each refunded \$2.00 call received \$0.16 in interest. 6,704 of the \$2.00 calls were refunded for a total of \$14,480.64.³ Each refunded \$1.25 call received an additional \$0.10 in interest. 15,309 of the \$1.25 calls were refunded for a total \$20,667.15.⁴ Generally, end users had some of each type of call (i.e., some calls where they were owed \$2.16 and some where they were owed \$1.35). The totals of each type were added together. Then approximately 11% was added to each of these totals to defer customer expenses, such as taxes, and as a result of rounding to the next dollar. Certificates in the amount derived were then issued to the end users. In addition, \$4,950.00 in certificates were sent as settlement to people who filed claims but supplied incomplete data regarding the calls in question. These certificates can be used by the end user to pay telephone bills to the LEC and are redeemable by MCI.

¹ Notice was published in the Miami Herald, the Orlando Sentinel, the Jacksonville Times-Union, the St. Petersburg Times and the Ft. Lauderdale Sun-Sentinel.

² MCI received an additional 140 requests for refunds; however, the end users were not eligible since they received the collect calls out of state. The refund in this case was for intrastate calls only.

³ This includes \$1,072.64 in refunded interest ($6,704 \times 0.16 = 1,072.64$).

⁴ This includes \$1,530.90 in refunded interest ($15,309 \times 0.10 = 1,530.9$).

DISPOSITION OF THE UNCLAIMED AMOUNTS

MCI has now refunded \$1,493,672.30 to affected customers. The total amount of principal plus interest in this matter is \$1,707,411.92.⁵ Currently, \$213,739.62 remains unrefundable. As explained above, GTE is still processing \$24,307.74 in refunds and MCI is optimistic that the total of unrefundables will be slightly less than the current level once GTE completes the process.

In its Order, the Commission instructed MCI to consult with the Inmate Advocacy Groups and return to the Commission with suggestions for disposition of the unrefundable monies. Order p. 3. MCI has coordinated its refund process with the Advocacy Groups to the greatest extent possible, even paying the cost of distributing two of the groups newsletters, and has discussed with the Groups' representatives a number of possible solutions. Based on these discussions, MCI recommends that the unrefundable monies be placed in a trust fund or similar fund created by and administered by the Advocacy Groups for the benefit of Florida inmates and their families. MCI recommends that the Advocacy Groups submit, for Commission approval, a description of the uses to which the funds shall be placed and a list of criteria to be used by the fund in determining when and how monies should be disbursed. Upon creation of such a fund and upon approval of its uses by the Commission, MCI shall issue a check payable to the fund for all remaining unrefundable monies.

RESPECTFULLY SUBMITTED this 20th day of January, 1998

Thomas K. Bond / RB

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

⁵ \$1,614,277.00 in principal plus \$93,134.92 in interest.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished to the following parties by hand delivery this 20th day of January, 1998.

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

W.D.M.

Attorney

Florida DOC Recovery

Input dataset - BF.T.SAC.GXY.INTERST.EMI.FLORIDA

	Records	Credit
Input dataset	1,242,999	\$94,038.07
Invalid records dropped (Header & Trailer)	(2)	\$0.00
Lergs that won't except 41 records	(400,825)	(\$30,285.91)
GTE	(323,618)	(\$24,307.74)
MCI METRO	(949)	(\$72.79)
NIBP	(10,503)	(\$807.73)
NECA	(2,011)	(\$152.85)
ESBI	(63,744)	(\$4,944.80)
Transmittable records dropped as unbillable	(15,390)	(\$1,369.50)
Sprint	(42)	(\$4.06)
Alltel	0	\$0.00
Bell South	(15,347)	(\$1,365.37)
USIN	(1)	(\$0.07)
Records to be transmitted	826,782	\$62,382.66
Sprint	166,317	\$12,567.39
Alltel	12,489	\$944.63
Bell South	636,806	\$48,016.26
USIN	11,170	\$854.38

Florida DOC Recovery

Final Status	Transmitted		Rejected		Accepted	
	Records	Credit	Records	Credit	Records	Credit
<i>Sprint</i>	166,317	\$12,567.39	7,652	\$637.96	158,665	\$11,929.43
<i>Alltel</i>	12,489	\$944.63	651	\$54.73	11,838	\$889.90
<i>Bell South</i>	636,806	\$48,016.26	0	\$0.00	636,806	\$48,016.26
<i>USIN</i>	11,170	\$854.38	0	\$0.00	11,170	\$854.38
Final Totals	826,782	\$62,382.66	8,303	\$692.69	818,479	\$61,689.97