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June 16, 1998

Via Overnight Delivery

Blanca S. Bayo
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

980758-TP

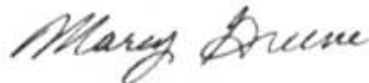
Re: Complaint of Tel-Save, Inc. Against BellSouth Telecommunications, Inc.

Dear Ms. Bayo:

On behalf of Tel-Save, Inc. please find enclosed for filing an original and fifteen (15) copies of Tel-Save's complaint against BellSouth Telecommunications, Inc. and Request for Relief. Also enclosed is a copy of the complaint on diskette formatted in WordPerfect 6.1.

Please date-stamp the enclosed extra copy of this filing and return it in the self-addressed, stamped envelope provided. Should you have any questions, please do not hesitate to contact the undersigned.

Very truly yours,



Warren Anthony Fitch
Marcy Greene

Counsel for Tel-Save, Inc.

Enclosure
cc: Tel-Save, Inc.

241654.1

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

**Complaint and Request for Relief of)
Tel-Save, Inc. Against BellSouth)
Telecommunications, Inc.)
for Violation of Sections 201(b) and 202 of)
the Communications Act of 1934, as amended,)
and Violation of Florida Statutes Annotated)
Section 364.03)**

Docket No. _____

**COMPLAINT AND REQUEST FOR RELIEF OF
TEL-SAVE, INC.**

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Counsel for Tel-Save, Inc.

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

**Complaint and Request for Relief of
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Docket No. _____

**COMPLAINT AND REQUEST FOR RELIEF OF
TEL-SAVE, INC.**

Tel-Save, Inc. ("TSI"), through undersigned counsel, files this complaint against BellSouth Telecommunications, Inc. ("BellSouth") for violation of Sections 201(b) and 202 of the Communications Act of 1934 as amended, and violation of Florida Statutes Annotated Section 364.03.

JURISDICTION

1. The Commission has jurisdiction of, and authority to grant the relief requested in, this proceeding pursuant to Florida Statutes Annotated Sections 364.01 and 364.14 and 47 U.S.C. Sections 201 and 202.

FACTUAL ALLEGATIONS

2 TSI is a Pennsylvania corporation with principal offices located at 6805 Route 202, New Hope, Pennsylvania, 18938. TSI is a wholly-owned subsidiary of Tel-Save Holdings, Inc., a Delaware corporation. TSI is a nondominant telecommunications carrier authorized to provide resold interexchange telecommunications services in 49 states. In Florida, TSI provides such intrastate telecommunications services. TSI also provides interstate and international telecommunications services as a nondominant common carrier, pursuant to authorization from the Federal Communications Commission ("FCC").

3. BellSouth is an incumbent local exchange carrier ("ILEC") in the State of Florida.

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FPSC-RECORDS/REPORTING

4. TSI is an industry leader in offering its customers affordable long distance rates. The ability to offer such favorable rates is a direct product of competition in the long distance telecommunications market arising in part from the Telecommunications Act of 1996. However, BellSouth effectively denies Florida consumers one of the most important benefits of increased competition -- *i.e.*, the affordable rates offered by TSI -- because it has refused to provide customers with a convenient means by which to switch their service to that provided by TSI.

5. Specifically, BellSouth does not permit end-user customers to lift PIC freezes by means of e-mail, whether transmitted directly by the customer or forwarded by TSI.¹ BellSouth's failure to accept e-mailed requests to lift PIC freezes unreasonably and unnecessarily delays, impedes, and often thwarts customer attempts to lift PIC freezes in order to switch their long distance service to that provided by TSI.

6. TSI currently receives PIC change requests from end-user customers and submits those requests to BellSouth electronically. If a customer has a PIC freeze on an account, TSI will receive a code from BellSouth indicating that the PIC request cannot be processed.

7. Upon being thus notified that a customer's account is subject to a PIC freeze, TSI presently has no alternative, under current BellSouth policy, except to attempt to contact the customer and either attempt to arrange a three-way conference call with BellSouth, during normal business hours,

¹ "PIC" is the abbreviation for "primary interexchange carrier" The term "PIC change request" refers to an order placed by end-user customers with an interexchange carrier ("IXC") to switch their PIC from their current provider to the chosen IXC. That order is then forwarded (usually electronically) to the LEC for processing. PIC change requests can also be submitted directly by the end-user customer to the LEC. A "PIC freeze" is a restriction placed by the LEC on an end-user customer's account which is supposed to prohibit the processing of a PIC change request without some form of express authorization from the end-user customer. (The term "PIC freeze," it may be noted, is something of a misnomer, as the restriction can also be applied to intraLATA toll and local exchange services.)

or have the customer personally attempt to contact BellSouth, in order to have the PIC freeze lifted. BellSouth will not accept, directly from customers or forwarded by TSI, e-mail requests that BellSouth lift a PIC freeze, regardless of whether such requests would be e-mailed directly by the customer or forwarded by TSI. Indeed, the arbitrariness of BellSouth's PIC-freeze lift procedures is underscored by the fact that BellSouth will not accept any form of written request to lift a PIC freeze even though it solicits its customers to place PIC freezes on their account by written notification.

8. BellSouth's refusal to accept e-mailed PIC-freeze lift requests is tantamount to refusing to communicate with the end-user customers and to locking them in to their current PIC. BellSouth's policy not only subjects such customers to a needlessly inconvenient hassle but also, in many instances, results in these customers being unable to effect their PIC preference.

9. E-mail would provide the most convenient, most reliable, and -- in many instances -- the only means of lifting their PIC freeze and switching to their preferred carrier. E-mail, which is used more than 68,000,000 times every day and thus has become a standard method of communication, offers a simple, convenient, efficient, inexpensive and reliable method of submitting requests to lift PIC freezes. There is no reason not to accept and process e-mailed PIC-freeze lift requests. Indeed, since written letters of authorization are the preferred method for changing carriers, the only purpose which BellSouth can have for its current policy of not accepting written requests to lift PIC freezes is to forestall and undermine competition in the telecommunications market. Such an anti-competitive policy directly harms not only BellSouth's present and future competitors but also the telecommunications consumers of this State. TSI is harmed by the unnecessary delay in bringing customers onto its service, the loss of some customers due to the inability to lift a PIC freeze without

undue burden and effort on the part on the customer, and the extra unnecessary resources expended attempting, with customers, to lift PIC freezes by BellSouth's restrictive methods.

10. BellSouth's above-described actions violate Sections 201(b) and 202 of the Communications Act of 1934 as amended, and Florida Statutes Annotated Section 364.03.

11. Section 201(b) of the Communications Act of 1934, as amended, requires that "[a]ll charges, practices, classifications, and regulations for and in connection with such communications service, shall be just and reasonable, and any such charge, practice, classification, or regulation that is unjust or unreasonable is hereby declared to be unlawful. 47 U.S.C. §201(b). Section 364.03 of the Florida Statutes Annotated requires all contracts, charges, rules and regulations of telecommunications companies to be fair, just and reasonable. BellSouth's practices are not just and reasonable in that they disallow the use of e-mailed requests, which are an acceptable means of direct communications.

12. Section 202 of the Communications Act of 1934, as amended, prohibits common carriers from engaging in unreasonable or unjust discrimination, as does Florida Revised Statutes Annotated Section 364.14. By refusing to allow the use of e-mail to lift PIC freezes, BellSouth clearly prejudices TSI's ability to bring customers onto its service in accordance with those customers' requests to do so. With respect to intraLATA toll services, BellSouth clearly seeks to protect its own market share and hinder the onset of real competition for the intraLATA toll market. In short, BellSouth's narrow and uncompromising approach to lifting PIC freezes is an anticompetitive customer retention program

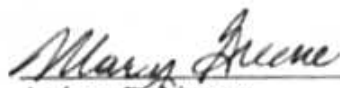
masquerading as an anti-slamming initiative. It is in BellSouth's interest not to accept PIC requests via e-mail in order to forestall customer subscription to TSI, which is introducing affordable rates to Florida consumers in direct competition with BellSouth.

13. TSI recognizes that PIC freezes are one means by which consumers can protect themselves against slamming. The FCC and numerous other state Commissions have recognized that PIC freezes can be used as anti-competitive tools by incumbent LECs. (See, *i.e.*, Order Granting in Part and Denying in Part Petition for Reconsideration, Cases 28425, 92-C-0665, 95-C-0154, 95-C-0650, 96-C-1041 (NY PSC, Dec. 15, 1997); *In the Matter of Implementation of the Subscriber Carrier Selection Changes Provision of the Telecommunications Act of 1996 and Policies and Rule Concerning Unauthorized Changes of Consumers' Long Distance Carriers*, Further Notice of Proposed Rule Making and Memorandum Opinion and Order on Reconsideration, CC Docket No. 94-129 (rel. Jul. 15, 1997); *In the Matter of the Complaint of MCI Telecommunications Corporation Against Ameritech Michigan*, Opinion and Order, Case No. U-11550 (MI PSC May 11, 1998). Such abuse can be avoided by the simple expedient of ordering BellSouth to accept and honor e-mailed requests to lift PIC freezes.

REQUESTED RELIEF

For the reasons stated above, TSI respectfully requests that the Commission enter an order directing BellSouth to cease and desist from imposing unreasonable requirements on lifting of customer PIC freezes; requiring that BellSouth accept e-mailed requests to lift PIC freezes, both directly from end-user customers and as forwarded by TSI; and providing such other and further relief as the Commission deems necessary and appropriate.

Respectfully submitted,



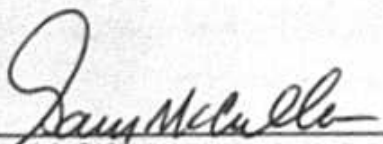
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Counsel for Tel-Save, Inc.

Dated: June 16, 1998

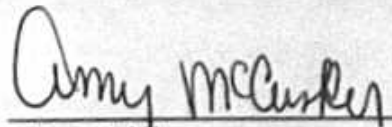
VERIFICATION

I, Gary McCulla, hereby declare under penalty of perjury, that I am President of Tel-Save, Inc.; that I am authorized to make this verification on Tel-Save Inc.'s behalf; that I have read the foregoing Complaint and exhibits; and that the facts stated therein are true and correct to the best of my knowledge, information and belief.



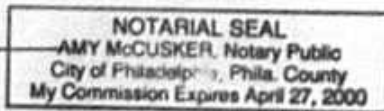
Gary McCulla
President

Subscribed and sworn to before me this 10 day of June, 1998.



Notary Public

My Commission expires: _____



CERTIFICATE OF SERVICE

I, Marcy A. Greene, hereby certify that on this 16th day of June, 1998, true and accurate copies of the foregoing Complaint and Request for Relief of Tel-Save, Inc. Against BellSouth Telecommunications, Inc., for Violation of Sections 201(b) and 202 of the Communications Act of 1934, as amended, and Violation of Florida Statutes Annotated Section 364.03 were served by overnight delivery to the following:

Stephen M. Vinovich
General Attorney
BellSouth Telecommunications, Inc.
Legal Department - Suite 4300
675 West Peachtree Street
Atlanta, GA 30375-0001