



Public Service Commission

990000

DATE: February 5, 1999
TO: Records and Reporting
FROM: Kelly Biegalski, Division of Communications
RE: Docket No. 971483; Unidial, Inc.

Please place the attached correspondence in the docket file.

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ATTORNEY-AT-LAW

DIRECT DIAL
(202)424-7856
MAGREENE@SWIDLAW.COM

January 28, 1998

Via Overnight Delivery

RECEIVED

JAN 29 1998

Mr. Rick Moses
Florida Public Service Commission
2450 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

CMU

Re: UniDial, Inc. -- Docket No. 971483

Dear Mr. Moses:

UniDial, Inc., by its undersigned attorneys, respectfully submits its settlement offer in the above-referenced matter.

UniDial is an interexchange carrier which provides interexchange service in 48 states. UniDial was certified by the Florida Public Service Commission to provide intrastate interexchange service in Docket No. 930865-TI, on December 2, 1993. UniDial currently provides service to approximately 120,000 presubscribed customers nationwide, and to approximately 7,000 customers in Florida.

As you know, 67.8% (38 of the 56 complaints closed as of January 22, 1998)¹ of the complaints received by the Commission arose from the activity of one agent, Call Central.² UniDial has historically operated through a network of independent agents. UniDial provides training and support to its agents; agents are required to comply with UniDial's policies and procedures regarding marketing, including policies regarding federal and state regulation of PIC change requirements. (These marketing guidelines are available for your review if you wish). UniDial has added a direct sales force and anticipates that, over time, its direct sales force will substantially supplement its independent agents.

Call Central and UniDial entered into a standard Agent's Agreement in March 1997. Among

¹ Although the report provided by the Commission's Staff indicates 58 closed slamming complaints, two of those complaints -- Alford (053470P) and Thompson (103654P) -- are not slamming offenses. Ms. Kelly Biegalski has confirmed this.

² Of the closed complaints received after May, 1997, 38 of the 39 (97.4%) are attributable to the activities of Call Central.

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other things, the Agreement subjected Call Central to termination for “[t]he failure of the Agent or any Subagent, employee, representative, contractor of Agent to comply with the policies and procedures of UniDial in effect, from time to time including, without limitation, those regarding letters of agency and the prevention of unauthorized switching of Telecommunications Services.”

During the week of May 19, 1997, Call Central submitted electronically an order of approximately 5,000 ANIs to be switched to UniDial. Due to the size of the order and relative newness of the agent, UniDial’s Senior Vice President of Operations, Ed Wampler, contacted Call Central and requested a sampling of the Letters of Authorization (“LOA”) for the phone numbers submitted. Unfortunately, the electronic order was processed before UniDial personnel were able to verify the sample LOAs. UniDial now has procedures in place to ensure that this timing problem will not be repeated.

As the orders were processed, it quickly became apparent that proper authorization had not, in fact, been received for the orders. UniDial took all steps in its power to rectify the situation, including voluntarily contacting you, contacting LECs to stop further provisioning of the orders, and hiring an independent company (Arback Marketing) to contact each affected customer. Call Central was quickly terminated. During the following months, UniDial kept the Commission informed of its actions and implemented any recommendations that you offered. Arback Marketing contacted 3,089 of the affected customers and informed them of what had happened, and instructed them on how to switch back to their preferred carrier. Through Arback, UniDial also informed each customer that any switching fees assessed by the LEC would be paid by UniDial, that any calls made while on UniDial’s service would be billed at UniDial’s lowest rate (interstate \$0.099 per minute and intrastate \$0.119 per minute), and that UniDial would credit the difference between this rate and any lower rate that customers may have enjoyed with their previous carrier. UniDial issued credit for the amount of services provided to affected customers; these credits totaled approximately \$45,000.³ A significant number of affected customers were credited in full for their long distance usage and PIC change fees.

Further, UniDial has responded quickly to other, non-Call Central related consumer complaints, has made every effort to ensure that customers were personally contacted, and offered credits where appropriate.⁴ UniDial respectfully submits that it has learned from this experience,

³ UniDial has also worked with the U.S. Postal Inspector’s Office investigation to locate and prosecute Call Central’s President, Mr. Brett Kaye.

⁴ For example, UniDial refers the Commission to the September 16, 1997 letter of Glen Powell (complaint 183313I), thanking the Commission for its assistance in resolving his complaint, and noting that UniDial personnel had contacted him, provided a contact name and

has improved its procedures for verifying orders, and continues to do so. Without the Call Central complaints, UniDial had only one closed slamming complaint since May, 1997.

UniDial proposes the following terms of settlement:

1. For a period of one year, UniDial will independently verify 50% of all Florida orders initiated by an LOA. For a period of six months following that, UniDial will independently verify 25% of all Florida orders authorized by LOA.
2. For a period of one year, UniDial will mail an information package with prepaid postcards to 50% of all Florida sales generated by telemarketing (and verified by independent third party verification).⁵ For a period of six months following that, UniDial will mail an information package to 25% of all Florida orders generated by telemarketing (and verified by independent third party verification).
3. UniDial will formally adopt its previously unwritten "Satisfaction Guarantee" policy, under which UniDial will incur the PIC change fee to return any customer to his or her carrier of choice if, for any reason, the customer is not satisfied with UniDial's service.
4. UniDial will make a contribution in the amount of \$125,000.00 to the general revenue fund of the State of Florida, with no admission of liability or wrongdoing.

Additionally, UniDial would be pleased to have a member of the Commission's Staff visit its headquarters in Louisville, Kentucky in order to review UniDial's operations and provide any suggestions for improvements. UniDial would be happy to pay for travel and accommodations if the Commission feels that such a on-site visit would be beneficial.

We believe that the foregoing settlement terms and conditions fully and appropriately address the salient concerns in this matter. The vast majority of the complaints received were due to the actions of one agent. UniDial accepts full responsibility for the conduct of its agent, has terminated the agent, and has revised its internal operating procedures to ensure that no such incident will occur in the future. UniDial recognizes that the activities of its agent created problems for Florida consumers and placed demands on the time and resources of the Commission and its Staff. UniDial

number, and made arrangements for appropriate credits.

⁵ UniDial currently requires that all telemarketing generated orders be verified by an independent third party, in accordance with F.A.C. 25-4.118(2)(c) and 47 C.F.R. §64.1100(c).

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believes that the interests of the public, the Commission and UniDial itself can best be served at this time through settlement. The amount of the voluntary contribution is significant, reflecting how seriously the Commission considers unauthorized carrier changes. At the same time, the amount of the payment reflects the mitigating factors in this case, including UniDial's long-standing regulatory compliance efforts, its own early and self-initiated actions to remedy the problem, its attempt (which it believes has been successful) to resolve every complaint to the customer's satisfaction, regardless of cost, and its efforts to ensure that similar problems do not arise in the future.

If you have any questions, or wish to discuss this matter further, please do not hesitate to contact the undersigned.

Respectfully submitted,

A handwritten signature in cursive script that reads "Marcy Greene". The signature is written in black ink and is positioned above the typed name.

Warren A. Fitch
Marcy Greene

cc: John Greive, Esq.



12910 Shelbyville Road
 Louisville, KY 40243
 Phone 502/244-6666
 Fax 502/244-8443

February 10, 1998

To our valued UniDial Authorized Agents:

Thanks to UniDial's strong anti-slamming policies and procedures, we enjoy one of the cleanest records in the telecom industry. We are determined to make sure it stays that way. We have, however, had a recent problem in Florida, which UniDial voluntarily brought to the attention of the PSC and are currently resolving.

So, in 1998, we are declaring war on slamming, and that's not all. We're also declaring war on its lesser cousins, the PIC dispute, and other PSC, PUC and FCC complaints. Our goal is nothing less than 0% PIC disputes and 0 complaints with any government agency.

Why are we taking such a strong stand? There are three basic reasons. Customer satisfaction is crucial to the future of our business. Every slammed customer and every bad headline means scores of sales lost for UniDial. Second, the regulatory environment is becoming more vigorous, and less forgiving. Third, we are growing larger and more visible by the day. We are marketing to more customers and standing before more important audiences than ever. As we grow, so must our ability to maintain the reputation for honest and ethical practices we have worked so hard to achieve.

Over the next 30 days, we will be evaluating new ways to tighten our order provisioning process, including third party verification. We will institute a zero-tolerance policy on PIC disputes. We will be taking a close look at the Agency business plans you submit for any marketing idea that could be misunderstood by potential customers.

Remember, every Agent of UniDial is *obligated* to quickly resolve their own complaints. ANY slamming complaint will result in *immediate* action, and possibly repayment to UniDial for any costs and financial liability involved.

We need your help to ensure that these things do not happen. What would help you monitor your PIC disputes better? How could we modify our training materials to better explain our policies to you and your Sub-Agents? How can we do a better job of helping you avoid these problems in the future? These are the things we need to hear from you if we are to enforce our zero-tolerance goal. If you have any thoughts or comments on this matter, please feel free to e-mail your suggestions to Ed Wampler at ewampler@unidial.com.

Sincerely,

J. Sherman Henderson,
 President and CEO

Andy McKay
 COO

Ed Wampler
 VP Operations

Jim Petrie,
 SVP, Sales & Mktg.

UniDial Customer Support

12910 Shelbyville Road, Louisville, KY 40243

07/16/97 10:28 8502 244 4810

UNIDIAL ORDER IN

001

FAX

Date: 7/16/97
 Number of pages including cover sheet: 3

To: Rick Mosas

 Phone: _____
 Fax phone: 904. 413-6583
 CC: _____

From: Karen Harbor Ext. 1174

 Phone: 502-244-1174 800-393-7300
 Fax phone: 502-254-2374

REMARKS: Urgent For your review Reply ASAP Please comment

Rick, Thanks FOR ALL OF YOUR advice on every thing. This was the "FINAL" report as received, let me know "what ever" else we need to do.

Thank you. P.H.L

Wow, this is the final report from UniDial concerning the claims in NE Toluca - wow.

Unidial Call Report
CALL CENTRAL PROBLEM

Total Names 4963
Leas R's - 491
Starting Number 4472

COMPLETED CALL CODES

CN = Completed No Contact By Call Central Or Unidial
CY = Completed Was Contacted By Call Central Or Unidial
PC = Please Call Upset Wants Customer Service Rep To Call
PCUDR = Please Call Re: Unidial Rates
UD = Interested In Being A Unidial Customer
SWUD=Stay With Unidial

ATTEMPT CODES

AM = Answering Machine
NA = No Answer
BZ = Line Busy
CB = Busy/Adult Not Home

Date Calls Made	Completed						Total Completed Calls	Not Counted As Completed->				TOTAL NAMES ACCT.FOR	Attempts				Total Dials
	CN	CY	PC	PCUDR	UD	SWUD		Disc. Ph.#	Wrong Ph.#	Unpub. Ph.#	Other		AM	NA	BZ	CB	
6-09	25	4	0	0	1	0	30	2	2	0	0	34	10	40	3	3	90
6-10	157	14	0	0	0	1	172	6	17	0	0	195	57	178	11	40	481
6-11	181	18	0	0	0	2	201	3	30	0	0	234	70	267	24	28	623
6-12	159	4	0	0	1	0	164	18	47	1	2	232	128	301	20	50	731
6-13	95	2	0	0	0	1	98	13	19	0	1	131	37	146	8	32	354
6-14	146	7	0	0	1	2	156	1	20	0	0	177	74	224	16	26	517
6-16	163	4	3	1	0	4	175	12	64	1	1	253	114	221	28	52	668
6-17	230	10	4	1	1	1	247	18	46	1	1	313	106	179	18	29	645
6-18	196	2	12	1	0	2	213	33	35	0	0	281	79	169	18	56	603
6-19	155	1	7	0	0	1	164	11	27	0	0	202	76	197	14	29	518
6-20	123	0	1	0	0	2	126	8	36	0	0	170	92	243	25	22	552
6-21	265	0	1	0	0	0	266	2	28	0	0	296	86	152	10	18	562
Totals	1895	66	28	3	4	16	2012	127	371	3	5	2518	929	2317	195	377	6356

LEADS FOR CALLS COMPLETED ON 6-21

Name	Phone	Proc. Date	Completion	Status	T	SI	Comment
------	-------	------------	------------	--------	---	----	---------

STAYING WITH UNIDIAL
None

INTERESTED IN BEING A UNIDIAL CUSTOMER
None

PLEASE CALL RE: UNIDIAL RATES
None

PLEASE CALL UPSET
Joe Reddish 904-845-1964 5-30 P X C1

SPECIAL NOTES:

1. Tom Stubblefield (904-325-8713) is an Excel customer. Said he had been slammed by AT&T and had just straightened that one out...he was not happy to hear that he had been slammed again by Call Central/Unidial.
2. W. Ivey (904-325-2673)..was told by her local phone company that "Switched Services" is associated with WorldComm which switched her "local" phone service without her authorization".
3. Davis Raver (904-259-2912) said she knew this had happened and she had already filed a complaint with the FCC and called Call Central and left rude messages on Call Central's Machine and she did thank caller for calling her and giving her the 800# so she can give it to her attorney and she went on to say they would take this to the Supreme Court if she has to but since UNIDIAL (we) called, Unidial is fine unless proven otherwise in court.

NOTE: CALLS NEED TO COMPLETE = 3321 (per new 6-23 projection - see next page)
COMPLETED 2012
LEFT TO GO 1309
PERCENT FINISHED 60.6%

UPDATED COST PROJECTION AS OF 6-23

Total Names	4963
Less R's	491
Starting #	<u>4472</u>
Less Actual Disc/Wrong #'s To Date	- 506
Less Projected Add'l Disc/Wrong #'s	- 275 (A)
Net Starting Number	<u>3691</u>
Objective Is To Complete 90%	x .90
Completed Call Objective	<u>3321</u>

(A) Most of the 275 will be wrong numbers vs. disconnected numbers as all names have been called 1+ times and disconnected numbers have been weeded out by now.

Cost = 3321 Calls To Complete Divided By 10 Per Hour = 332.1 Hours x \$23.50 Per Hour= \$7804.35
 +\$1763.00 Long Distance

Projected Cost \$9567.35

COMPLETION TIMETABLE

Assignment is to complete calls by close of business on Saturday, June 28th, 2 days before billing goes out.

Completion Objective	3321
Completed	- 2012
Left To Go	<u>1309</u>

There are 6 more calling days left to go. 1309 divided by 6 = 218 average needed per day.