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State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

RECORDED AND REPORTING
OCT-5 AM 11:41
RECEIVED-FPSC

DATE: OCTOBER 5, 2000

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF LEGAL SERVICES (CALDWELL) *duc b/c*
DIVISION OF CONSUMER AFFAIRS (DEMELLO/LOWERY) *(BA) (JE)*
DIVISION OF COMPETITIVE SERVICES (BUYS) *DB*

RE: DOCKET NO. 000399-TI - INITIATION OF SHOW CAUSE PROCEEDINGS AGAINST AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC. D/B/A CONNECT 'N SAVE AND D/B/A LUCKY DOG PHONE CO. AND D/B/A ACC BUSINESS FOR APPARENT VIOLATION OF RULE 25-4.043, F.A.C., RESPONSE TO COMMISSION STAFF INQUIRIES.

AGENDA: 10/17/00 - REGULAR AGENDA - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\LEG\WP\000399.RCM

CASE BACKGROUND

- January 1, 1984 - The Commission granted AT&T Communications of the Southern States, Inc. (AT&T) Certificate Number 69 to provide intrastate interexchange telecommunications service.
- April 4, 2000 - Staff opened Docket No. 000399-TI to initiate show cause proceedings against AT&T for apparent violation of Rule 25-4.043, Florida Administrative Code, Response to Commission Staff Inquiries.

DOCUMENT NUMBER-DATE

12667 OCT-58

FPSC-RECORDS/REPORTING

- July 25, 2000 - AT&T reported intrastate operating revenue of \$263,354,360.80 on its Regulatory Assessment Fee Return for the period January 1, 2000 through June 30, 2000.
- September 29, 2000 - Staff received a settlement offer from AT&T. (Attachment A, pages 5,6)

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission accept the settlement offer proposed by AT&T to resolve the show cause proceedings for apparent violations of Rule 25-4.043, Florida Administrative Code, Response to Commission Staff Inquiries?

RECOMMENDATION: Yes. The Commission should accept AT&T's settlement offer, including a contribution of \$246,000 to the State General Revenue Fund, to resolve apparent violations of Rule 25-4.043, Florida Administrative Code, Response to Commission Staff Inquiries. The contribution should be received by the Commission within ten business days from the issuance date of the Commission Order and should identify the docket number and company name. The Commission should forward the contribution to the Office of the Comptroller for deposit in the State General Revenue Fund pursuant to Section 364.285(1), Florida Statutes. **(Buys)**

STAFF ANALYSIS: On April 12, 2000, staff requested a case status report from the Division of Consumer Affairs (CAF) listing customer complaints against AT&T in which it responded late or not at all to staff's inquiries. The purpose of the report was to evaluate the magnitude of AT&T's failure to respond. The report showed that during the period from July 20, 1999 through April 10, 2000, 199 complaints were not responded to within the required 15-day period, or not at all.

During the evaluation, AT&T cooperated with staff to determine the reasons for the lack of timely responses. Staff and AT&T concluded that there were 164 instances where AT&T did not respond to staff inquiries in a timely manner. Consequently, AT&T offered to:

- Pay \$1,500 for each occurrence for a total of \$246,000.
- Implement a warm transfer process to respond to complaints received by the Florida Public Service Commission.
- Commit a dedicated team of customer care representatives solely to accepting and handling calls from the Florida Public Service Commission.
- Make a good faith estimate that all outstanding complaints will be resolved in the next three weeks (as of its letter dated September 29, 2000).

Staff believes that the terms of the settlement agreement as summarized in this recommendation are reasonable. However, staff disagrees with AT&T's statement in the settlement proposal that it is doing everything possible to address these matters. Staff believes that AT&T was aware of the backlog of complaints, but chose not to take proactive action until a docket was opened. Staff further believes that such a large number of complaints greatly diminishes the possibility that the cases were merely overlooked. Staff will continue to monitor AT&T's responsiveness to complaints, and will initiate another proceeding if the problem continues.

Accordingly, staff recommends that the Commission accept AT&T's settlement proposal, including a contribution of \$246,000 to the State General Revenue Fund, to resolve the apparent violations of Rule 25-4.043, Florida Administrative Code, Response to Commission Staff Inquiries. Any contribution should be received by the Commission within ten business days from the issuance date of the Commission Order and should identify the docket number and company name. The Commission should forward the contribution to the Office of the Comptroller for deposit in the State General Revenue Fund pursuant to Section 364.285(1), Florida Statutes.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: No. If staff's recommendation in Issue 1 is approved, this docket should remain open pending receipt of the \$246,000 contribution and staff's verification of the resolution of all outstanding complaints. After remittance of the contribution and resolution of all outstanding complaints, this docket may be closed administratively.

(Caldwell)

STAFF ANALYSIS: If staff's recommendation in Issue 1 is approved, this docket should remain open pending receipt of the \$246,000 contribution and staff's verification of the resolution of all outstanding complaints. After remittance of the contribution and resolution of all outstanding complaints, this docket may be closed administratively.

Claudia Davant-DeLoach
State President
Legislative and
Regulatory Affairs

September 29, 2000

Suite 700
101 N. Monroe Street
Tallahassee, FL 32301
850 425-6360
FAX 850 425-6361

Via Hand Delivery

Mr. Walter D'Haeseleer
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 000399-TI
Initiation of show cause proceedings against AT&T Communications of the Southern States, Inc. d/b/a Connect 'N Save and d/b/a Lucky Dog Phone Co. and d/b/a ACC Business for apparent violation of Rule 25-4.043, F.A.C., Response to Commission Staff Inquiries.

Dear Mr. D'Haeseleer:

This letter is to follow up on our meeting with you and your staff during which we discussed AT&T's settlement offer. I very much appreciate your agreement to allow us additional time to respond to your questions, and I hope that this response will resolve this critical matter to your satisfaction.

During our meeting, you indicated that you would like detailed information regarding the warm transfer process. In order to implement this process, AT&T commits that it will dedicate a team of customer care representatives solely to accepting and handling calls from the Florida Public Service Commission. We estimate that we will need to provide between four and eight dedicated customer care representatives to handle warm transferred calls and maintain the records required by the FPSC. Please recall that AT&T has separate billing systems and customer service centers for residential and business customers, so we would provide separate staffing for each customer center. This process has had positive results in other states, and we anticipate that it would resolve the Commission's concerns regarding AT&T's response to customer inquiries.

Also, AT&T has begun implementation of our national customer service system, which provides excellent customer care without imposing undue costs on the customers of any one particular state. By using this system, AT&T is able to satisfy the needs of millions of Florida customers by offering coverage 24 hours a day, 365 days a year, with multi-language customer care representatives available at all times. These are advantages

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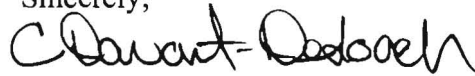
that a small customer care facility for one state could not offer. This centralized national process was developed largely due to Florida's recognition that customer complaints were not being efficiently resolved at the regional level. We have tested this new model in the New England states with great success, and we have found immediate improvements in response time -- in part because the center has direct access to the database necessary for prompt resolution of inquiries. This process also allows direct contact between the Public Service Commission and AT&T's customer care center.

AT&T also recognizes your legitimate concern about the existing backlog of responses to staff inquiries. It is our good faith estimate that all outstanding complaints will be resolved in the next 3 weeks. And now that our new national process is in place, we are confident that this number will not increase. We have taken aggressive action to address the backlog, including sending several of our Florida employees to Atlanta to add more "hands" to the process. We will brief you by October 15 regarding the specific status of these complaints.

The final issue addressed in our meeting was the Commission's desire to impose a stiffer penalty upon AT&T. AT&T feels strongly that we are doing everything possible to address these matters to the Commission's satisfaction, and believe that our resolution will greatly benefit Florida consumers. However, in an attempt to resolve this case we would like to offer to make a payment of \$1,500 per complaint, for a total payment of \$246,000.00.

Again -- the Florida Public Service Commission has been the catalyst for change within AT&T's national complaint resolution process. Your attention and concern has been recognized and I sincerely hope that this settlement offer will be well received. Please contact me at your convenience to discuss your comments. I look forward to hearing from you.

Sincerely,



Claudia Davant-DeLoach

2000 SEP 20 11:15:52
DIVISION OF
COMPETITIVE SERVICES