



ORIGINAL

Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: July 31, 2002
TO: Blanca Bayo, Director of the Division of the Commission Clerk and Administrative Services
FROM: Angela Fondo, Division of Competitive Markets and Enforcement
RE: 020724-TI Add to Docket File, Optical Telephone Corporation Correspondence

Please add this letter to the docket file.

cc: Wayne Knight, Office of the General Counsel
Linda Dodson, Office of the General Counsel
David Draper, Division of Economic Regulation

- AUS _____
- ICAF _____
- CMP _____
- COM _____
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- ECR _____
- GCL _____
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July 11, 2002

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DIVISION OF
COMPETITIVE SERVICES

BY FEDEX (850-413-6546)

Angela Fondo
Regulatory Analyst
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Optical Telephone Corporation

Dear Ms. Fondo:

The following information is supplied pursuant to our meeting on June 27, 2002. In short, it represents an overview of the specific steps that Optical Telephone Corporation ("OTC") has taken, and will be taking, to ensure that future slamming violations do not occur and that its activities are in conformity with the Rules of the Florida Public Service Commission ("FPSC").

1. New "Zero Tolerance" Slamming Policy. To ensure that its in-house telemarketing sales force complies with applicable requirements, OTC has implemented a "zero tolerance" slamming policy. Each telemarketing employee, as a condition of employment, is required to agree with certain "customer dealing" principles. These principles, reflected exactly as incorporated into the applicable agreement, are included herewith as Attachment A. In addition to the agreement, a sign is displayed prominently in the telemarketing room reminding employees of the "zero tolerance" policy. A copy of this sign is also included under Attachment A hereto. New employees also receive an individual copy of the sign upon joining the company as a further reminder of the company's policy. OTC believes that it will be able to minimize or eliminate valid slamming complaints by maintaining telemarketing sales in-house and under these strictly controlled conditions.

2. Revised Telemarketing And TPV Scripts. Based upon discussion at our recent meeting, OTC has further revised both its Telemarketing and Third Party Verification ("TPV") scripts. Copies of the new scripts (with notations to illustrate the specific changes) are included as Attachment B. Both of the new scripts fully comply with the Rules of the FPSC. Moreover, the telemarketing script specifically complies with Rule 25-4.118(9)(d), which incorporates by reference Rule 25-24.490(3). The TPV Script makes clear that OTC will follow the practice of the telemarketer dropping completely off the line while the verification is conducted. However, as

Angela Fondo
July 11, 2002
Page 2

indicated at the recent meeting, OTC does not intend to resume telemarketing until it is assured that all outstanding regulatory matters pertaining to slamming have been addressed.

3. Promotional Calling Card. The Calling Card Agreement supplied with each OTC Calling Card has been redrafted to clarify that the product, among other things, gives One Plus Customers 1500 free minutes of Calling Card Service; is valid for 30 months; and is restricted to 50 minutes of free calling per month. The Calling Card Service is activated 90 days following the customer's sign-up for One Plus Service. While calling activity is restricted to 50 minutes per month, customers may purchase additional minutes after the 30-month period at \$0.18 per minute. A copy of the new Calling Card Agreement is included as Attachment C. A copy of the Calling Card Agreement will be supplied in Spanish as well as in English to new customers in Florida. On July 19, 2002, OTC plans to file revisions to its Florida PSC Tariff No. 1 to further clarify the terms of the 1500 free minutes of Calling Card service, as well as to add a new rate plan for its One Plus Service. A copy of the draft tariff language is included as Attachment D. OTC has investigated the incidence of Calling Cards being mailed out and not received by end-user customers, and has identified 68 such instances since becoming authorized to provide service in Florida on September 14, 2001. OTC has generally determined that such instances represent cases where the cards were returned to the sender (i.e., OTC) due to incorrect end user address information. OTC is attempting to re-verify address and ANI information for such customers so that One Plus Service along with the Calling Card can be provided.

4. Rerate of Customers Charged \$0.14. After investigating the matter, OTC has concluded that a group of Florida customers were overcharged in the amount of \$140,842.97 due to a misrating of intrastate Florida calls. Specifically, customers were mistakenly billed at the rate of \$0.14 per minute when they should have been billed at the tariffed rate of \$0.12 per minute. This problem has been corrected such that all future intrastate billing will be at the appropriate intrastate tariff rate. Moreover, many affected customers have already received billing adjustments in the form of credits to correct the misrating. OTC plans to take the following steps with respect to remaining customers whose charges were misrated. On July 19, 2002, OTC plans to issue electronic credits crediting each customer account in the amount of the applicable overcharge. OTC plans to effectuate this by issuing instructions to its billing services company to issue the credits, which, in turn, will issue the instruction to the applicable Local Exchange Carrier ("LEC"). It is anticipated that some LECs may reject the credit instructions (for varied reasons, e.g., the customer is no longer receiving service, etc.) and, in such cases, OTC will issue full refund checks to such customers. Please contact me immediately if you have any concerns with the manner in which OTC intends to handle this matter since the remaining electronic credits are scheduled to issue on July 19, 2002.

5. FVC Data. At the June 27, 2002 meeting, OTC promised to forward the date Optical conducted the Third Party Verification for each customer, by complaint number. This information is supplied at Attachment E.

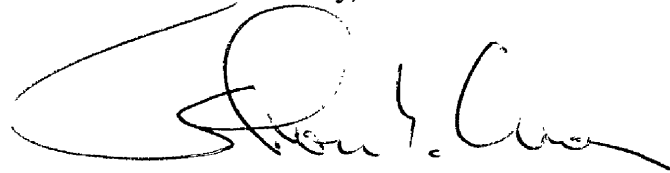
Angela Fondo
July 11, 2002
Page 3

6. Mailing and Liaison Information. OTC has updated its information through the FPSC website, and, a copy has been forwarded by mail per the website instructions. For your convenience, a copy of this submitted information is included as Attachment F.

OTC believes that its One Plus products combined with its Calling Card offering free monthly minutes represents an innovative and beneficial offering to consumers in the State of Florida. OTC appreciates the opportunity to have met with the FPSC staff on June 27, 2002 and is determined to make the adjustments necessary in its operations to ensure full compliance with the FPSC's rules as well as to minimize the occurrence of future slamming complaints. As previously indicated, OTC has terminated all telemarketing in the State of Florida, and does not intend to resume such telemarketing until it is assured that all outstanding regulatory matters pertaining to slamming have been addressed.

It would be appreciated if you could kindly circulate copies of this letter to everyone present at the June 27, 2002 meeting. If you have any questions, or require further information, please contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas K. Crowe". The signature is fluid and cursive, with a large initial "T" and "C".

Thomas K. Crowe,
Counsel for Optical Telephone
Corporation

Attachments (A-F)

cc: Mark Frost

ATTACHMENT A

OPTICAL'S "ZERO TOLERANCE" **SLAMMING POLICY**

Optical follows a "Zero Tolerance" slamming policy. Federal and State law expressly forbid switching the telephone service of individuals who have not properly authorized a service switch. Any employee found to be, through any act or omission, intentionally, knowingly, negligently or otherwise, misstating or misrepresenting Optical's services or pricing, fraudulently inducing a prospect to sign up for Optical's services or deviating from the telemarketing script, will be immediately terminated. There are no exceptions.

For more information on slamming, visit the FCC's slamming web page at www.fcc.gov/slamming.

If you have questions about Optical's "Zero Tolerance" slamming policy, please see Mark Frost.

Customer Dealing. As part of your job duties you will be required to follow a telemarketing script which has been prepared to ensure that telemarketing prospects are accurately informed about Optical's services and pricing before they decide to sign up for Optical's services. This script must be followed exactly as written. In addition, you are not allowed to misstate or misrepresent Optical's services or pricing, nor fraudulently induce a prospect to sign up for Optical's services. Optical may immediately terminate, without notice, any employee who deviates from the script or who intentionally, knowingly, negligently or otherwise misrepresents Optical's services or pricing or who, through any act or omission, fraudulently induces a customer to sign up for Optical's services. Switching service of individuals who have not properly authorized it (known as "slamming") is expressly forbidden by Federal and State law. Unauthorized switching of a customer's service could result in Optical being fined or losing its authority to provide telecommunications service. For this reason, Optical follows a "zero tolerance" policy with respect to slamming.

ATTACHMENT B

Telemarketing Script**Telemarketer:**

Hello, Mr./Ms. _____.

This is [Telemarketer's name]; calling on behalf of Optical Telephone Corporation. I am calling you to introduce you to Optical's long distance service and offer you a free gift if you switch your long distance service to our company.

Optical Telephone Corporation prides itself on providing state of the art telecommunications service. Our interstate rates are as low as 6 cents per minute with a \$5.95 monthly service fee. And for trying our service you will receive a calling card with 1500 free minutes. The free minutes are available for 30 months and limited to 50 minutes per month.

A one-time account set-up fee of \$6.95 applies; charges begin when the called party answers and ends when one party hangs up; invoices will be adjusted for wrong numbers or incorrect charges.

All you need to do is listen to the following announcement and answer the questions, after each, then you can start enjoying Optical Telephone Corporation's great service. Of course, your long distance service will not be changed unless you authorize it.

(Announcement that automated third party verification will begin). (Customer transferred back to telemarketer after verification complete).

Telemarketer:

Thank you Mr./Ms. _____. You will receive a welcome letter with your calling card in 2 to 3 weeks. At this time I will be happy to answer any questions you may have, or if you prefer you can contact Optical Telephone Corporation's customer service department at 866-207-3220.

OPTICAL TELEPHONE CORPORATION
INDEPENDENT AUTOMATED VERIFICATION SYSTEM

[Telemarketer drops off the line]

Thank you for holding – you have been connected to an independent automated voice response unit to confirm and authorize your recent order for Optical Telephone Corporation. Your local carrier may charge a small switch fee for your new service. If so, Optical Telephone will credit your account for that charge.

We are now ready to begin your confirmation call. For security purposes, your answers to these questions will be recorded.

1. After the tone, clearly state your first and last name, complete mailing address, AND telephone number including the AREA CODE of the service you are authorizing for Optical Telephone Corporation:
2. If you understand that you have chosen Optical Telephone Corporation to be your local long distance, long distance and international service provider, please say 'yes' at the tone:
3. If you understand that you can only have one local, local long distance and long distance provider per phone line, please say "yes" at the tone:
4. To show that you are the authorized decision maker over the age of 18, and that you understand Optical Telephone Corporation is not affiliated with your local service provider; and you are authorizing Optical Telephone Corporation to change your current service, please say 'yes' after the tone:
5. After the tone, please state your previous long distance carrier, and one of the following, your date of birth, mother's maiden name, or the last four digits of your social security number.
6. Thank you for your time. Your order has been successfully confirmed. Within the next two weeks Optical Telephone Corporation will provide you with a welcome packet in the mail. If you would like to select service for any additional phone lines in your home, that you are authorized to make changes to, please state them at the tone or answer 'none':

Answers are digitally recorded.

ATTACHMENT C

Calling Card Agreement

Customer agrees to be bound to the following terms and conditions associated with the use of the calling card.

A) The Optical Telephone Corporation ("OTC") calling card is valid for 30 months after activation.

B) The 1500 free minutes on this card are subject to a maximum monthly usage limit of 50 minutes per month.

C) The 1500 free minute offer is valid only after the customer has remained on line with OTC's service for a period of 90 days.

D) After the 30 month period has expired, additional minutes on the OTC calling card may be purchased at the rate of \$0.18 per minute.

E) In the event of a change in telephone number or service, this agreement would be terminated. OTC should be notified of any change and all calling cards should be cancelled or destroyed.

F) The OTC calling card is non-transferable. The customer shall be held solely responsible for any and all charges incurred by the use of this card.

G) If the calling card is lost or stolen, the customer will be liable for any and all charges incurred by the use of the calling card until the OTC customer service department is contacted at 1-866-318-5480.

H) Depending on the point of origin, calls made on the OTC calling card may include a surcharge not applied to direct-dialed calls.

Note: The calling card is going to have the following added, when they are printed next time:

For TERMS and CONDITIONS, see the following link:
www.opticalcorp.net

ATTACHMENT D

SECTION 3 - DESCRIPTION OF SERVICE (CONT'D.)

3.3. Description of Services

3.3.1. One Plus Service (Plan A) – enables a caller to complete calls within the State of Florida. The Customer may access the service by dialing “1”, plus the Numbering Plan Area (“NPA”) code and telephone number (Central Office (“CO”) code and station line). This plan is associated with a monthly service charge for interstate services.

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3.3.2. One Plus Service (Plan B) – enables a caller to complete calls within the State of Florida. The Customer may access the service by dialing “1”, plus the Numbering Plan Area (“NPA”) code and telephone number (Central Office (“CO”) code and station line). No monthly service charge is associated with this plan.

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3.3.3. Calling Card Service – is offered in conjunction with the One Plus Service (Plan A and Plan B) as an optional feature. Remote Access to One Plus Service is utilized by Customers when off the network by dialing a toll-free number and entering an authorization code and dialing the number to which the Customer desires to be connected. This product gives One Plus customers 1500 free minutes of Calling Card Service. The calling card is valid for 30 months and restricted to 50 minutes of free calling per month, and is activated 90 days following the customer’s sign-up for One Plus Service. A customer may purchase additional minutes after the 30 month period by contacting the company’s toll free number. In the event of a change in the applicable telephone number or service, the Calling Card Service automatically terminates. The customer is responsible for all calls placed using the Calling Card Service. If the calling card is lost or stolen, the customer is responsible for any and all charges incurred by use of the calling card until the company’s customer service department is contacted at 866-318-5480. Calling Card Service is not transferable.

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3.4 Minimum Call Completion Rate

Customer can expect a call completion rate (number of calls completed / number of calls attempted) of not less than 96% during peak use periods for all OTC One Plus and Calling Card Services.

Issued: July 19, 2002

Effective Date: September 7, 2002

Issued By:

Mark Frost
President
600 Blvd. South, Suite 104
Huntsville, AL 35802
Telephone: (256) 705-3522

SECTION 4 - RATES

4.1. Subscriber Services

4.1.1. One Plus Services (Plan A)

| | Timing | |
|------------|--------------------|------------------|
| | Initial 60 Sec. | Add'l 60 Sec. |
| Intrastate | \$0.12 | \$0.12 |

4.1.2 One Plus Service (Plan B)

| | Timing | |
|------------|--------------------|------------------|
| | Initial 60 Sec. | Add'l 60 Sec. |
| Intrastate | \$0.15 | \$0.15 |

4.1.3. Calling Card Service

Rate per minute: \$0.18

Issued: July 19, 2002

Effective Date: September 7, 2002

Issued By:

Mark Frost
President
600 Blvd. South, Suite 104
Huntsville, AL 35802
Telephone: (256) 705-3522

ATTACHMENT E