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State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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COMMISSION
CLERK

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

DATE: July 29, 2005

TO: Blanca S. Bayó, Commission Clerk and Administrative Services Director

FROM: Kiwanis L. Curry, Regulatory Analyst I, Division of Competitive Markets & Enforcement *KLC*

RE: Docket 050379-TP

Please add the attached letter from T-Netix Telecommunications Services, Inc. to the docket file.

- CMP _____
- COM _____
- CTR _____
- ECR _____
- GCL _____
- OPC _____
- RCA _____
- SCR _____
- SGA _____
- SEC 1
- OTH _____

DOCUMENT NUMBER-DATE

07304 JUL 29 05

FPSC-COMMISSION CLERK

**T-Netix
Telecommunications
Services, Inc.**

14651 Dallas Parkway
Suite 600
Dallas, Texas 75254

July 22, 2005

BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Ms. Kiwanis L. Curry
Bureau of Service Quality
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RE: Docket No. 050379-TP – Compliance Investigation Of T-Netix Telecommunications Services, Inc. PATS Certificate No. 5102, T-Netix Telecommunications Services, Inc. IXC Registration No. TJ804, and T-Netix, Inc., IXC Registration No. T1158 (collectively "T-Netix") for apparent violation of Rule 25-22.032(6)(b), F.A.C., Section 364.02, F.S., Definitions, and Section 364.04, F.S. Billing Practices.

Dear Ms. Curry:

T-Netix submits this letter in response to your letter, dated July 12, 2005, regarding the referenced Docket ("Letter").

T-Netix takes its regulatory compliance responsibilities seriously. As further detailed in Section 2 below, T-Netix has put in place procedures to further ensure that in the event of any future customer complaints its regulatory responsibilities with respect to such complaints will be fully and timely completed.

Your Letter required a report on the following three (3) areas: (a) the resolution of the customer complaints that were the basis for the opening of the Docket, (b) an explanation for any failures to respond to customer complaints in a timely manner and the steps T-Netix has taken to ensure that customer complaints will be handled promptly in the future, and (c) a settlement offer in lieu of the proposed penalty.

1. Report On Resolution Of Customer Complaints

As indicated in your fax of July 11, 2005 regarding this Docket, the "eleven complaints that initiated the opening of the docket have all been resolved at this time. However, the complaints were not resolved in a timely manner as required by Rule 25-22.032" of the Commission's Rules.

First, according to an examination of our records, the complaint lodged by Sheila Smith, No. 647903, was timely resolved and reported to the Commission. T-Netix received that complaint on April 5, 2005, with a response due date of April 26, 2005. After resolving the complaint, our records reflect that T-Netix reported the resolution to the Commission on April 12, 2005. A copy of that report is attached as Exhibit 1 hereto. Substantively, it was determined that Ms. Smith was not responsible for the bill that she questioned and she was so informed on that date. In light of these facts, T-Netix respectfully suggests that this complaint should be excluded from the Docket and any proposed penalty should be vacated.

Second, our records reflect that T-Netix did timely respond to complainants, Judy Johnson (Complaint No. 641753), Mary Whitlock (Complaint No. 641762), Lillian Johnson (Complaint No. 641758) and

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Gloria Murphy (Complaint No. 644071). In the case of the each complainant, T-Netix resolved the complaint by entering for processing, on February 28, 2005, a credit to each complainant.¹ T-Netix concedes that it did not inform the Commission about the resolution of these complaints through the application of these credits until after the relevant due dates for making such reports.

Second, the complaints lodged by Jacquelyn Regan (No. 644573), Teresina Wallace (No. 647026), Victoria Clark (No. 639067), Kathy Shackman (No. 644504), and Peter Cohen (No. 6446040) also have all been resolved by the agreement to issue credits to the complainants.

In the case of each of the agreed-upon credits to resolve the foregoing nine (9) complaints, T-Netix Billing Department has confirmed that either the billing and collection agent for each complainant was instructed to apply the credit or the credit was applied to the complainant's direct bill account. Because of the time delay for credits applied to local telephone company bills, the Company plans to follow-up in approximately sixty (60) days with each of the consumers that received recently issued credits, to verify that each of the complainants who were promised a credit has in fact received that credit.

Third, the final complaint, lodged by Valerie Hendrix (No. 645225), was resolved by Ms. Hendrix's local telephone company issuing a credit in the amount of \$419.37 on May 12, 2005 based upon a suspicion of fraudulent activity. As a result, the company will not need to issue any further credits. When T-Netix first received this complaint it did not contain any bill copies or reflect any prior communications with T-Netix. The complaint simply stated that Ms. Hendrix had disputed with her local exchange carrier, BellSouth, certain T-Netix charges reflected on her BellSouth bill. Attempts to contact Ms. Hendrix were unsuccessful. In mid-May 2005, T-Netix received a second copy of the complaint, which included bill copies and other communications reflecting that there had been positive acceptance of the collect calls for which the customer sought credits. T-Netix is today separately reporting this resolution with the Commission. For your convenience a copy of that report is attached as Exhibit 2.

The substance of each complaint and the resolution thereof are further summarized on the attached Exhibit 3. If there are additional questions that the Commission has concerning the individual complaints, T-Netix will promptly attempt to provide that information to the Commission.

2. Explain why T-Netix failed to respond to customer complaints in a timely manner and what steps the company will take to ensure that customer complaints will be handled promptly in the future

T-Netix believes that the unintended delay in responding to the ten (10) complaints that remain at issue was a result of a combination of factors.² Over the course of the first six months of this year T-Netix prepared for and then completed a physical move to its new location in Dallas. The actual moving process took place over several weeks during the month of April 2005 that involved the consolidation of personnel and equipment from multiple locations. This process disrupted phone and fax numbers. T-Netix believes that these factors contributed to the timely processing of some complaints.

In several cases (Complaint Nos. 644573, 647026, 639067) T-Netix, after diligent search of its records, has found no indication that it received copies of the complaints on the original dates specified by the PSC (3/7/05, 3/28/05 and 1/21/05, respectively). This could have been the result of confusion regarding the fax numbers to which the complaints were to be sent. T-Netix believes that other Complaints may have been inadvertently sent to fax numbers that delayed receipt by the T-Netix employees responsible for processing these complaints.

¹ According to T-Netix records these complaints had been received from the Commission on February 11, 2005 (the two Johnson complaints and the Whitlock complaint) and March 2, 2005 (the Murphy complaint).

² As noted above, according to T-Netix's records, T-Netix timely responded to the Sheila Smith complaint, No. 647903.

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July 22, 2005

In the course of the same six (6) month period, T-Netix also lost thirteen (13) employees who were responsible for handling these matters. This further hampered the timing of logging and processing of some complaint matters.

T-Netix has now adopted and implemented a number of complaint processing requirements that will ensure the timely processing of customer complaints going forward.

First and foremost, since last September there have been a number of changes in key management of T-Netix. The officers of T-Netix have changed and complaint processing is in the process of transitioning to come under the supervision of the same individuals who oversee the processing of complaints for an affiliated company, Evercom Systems, Inc. ("Evercom"), which also is certificated to provide inmate calling services in the State of Florida. These experienced individuals are intimately familiar with the Florida requirements and deadlines from overseeing the processing of Evercom complaints. Evercom has a proven record in the State of Florida for timely response to Commission inquiries regarding complaints. In addition, recent billing systems enhancements have taken place to improve rejected credits, unbillable charges, and customer care visibility. In June 2005 a process was implemented to improve the identification of miscellaneous charges returned from the Local Exchange Carriers (LECs) as rejected or unbillable. In July 2005 the company also implemented a similar process that will parse all reject and unbillable files to detect Electronic Messaging Interexchange (EMI) credit records and place the details of these records into a database for reporting and resolution. This will help minimize problems with unbillable returns and provide for a more timely resolution.

Finally, in order that these changes continue to be effective T-Netix is requesting that all future complaints relating to T-Netix be sent electronically, in accordance with the system that the Commission has successfully used with Evercom, as follows:

reqcomplaints@securustech.net

T-Netix customer complaints should be sent to the attention of Yolanda Jones, Senior Customer Service Specialist. In the event that it is necessary for some reason to send a complaint by facsimile, it should be sent to her attention at 972-277-0416. Her telephone number is 972-277-0472 and she is located at the same address as above.

3. Offer of Settlement

T-Netix respectfully submits that the proposed maximum penalty of \$10,000 per complaint does not fit the conduct. T-Netix offers to settle the apparent violations, subject to the preparation and execution of a settlement agreement including the customary terms, by making a voluntary contribution of \$7,500 to the Commission or as directed by the Commission. This reflects a contribution of \$750 for each of 10 complaints.

T-Netix is prepared to discuss these matters further in person with the Commission's Staff either telephonically or in person.

Sincerely,



Colleen Dziuban
Director - Governmental Affairs

cc: R. Roland-w/atts.(Florida PSC)

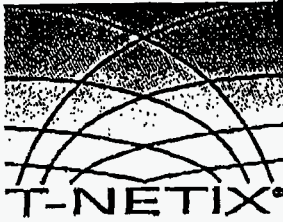


EXHIBIT 1

April 12, 2005

Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399
Attn: Shonna McCray
Office of Consumer Affairs

Re: Complaint 647903T

Dear Mrs. McCray:

In response to your previous inquiry, we have researched the trouble reported and reached the following resolution:

- In an attempt to investigate Mrs. Smith's (DBA Pacesetter Enterprises Inc) claim of being billed for Correctional Facility calls that were not her responsibility.
- In reviewing Mrs. Smith's account history, we were able to determine that she was not responsible for the bill in question. The Direct Billing Account #500583 has been zeroed out and account closed.
- On April 7, 2005 I (Marlon Miller) attempted to contact Mrs. Smith regarding billing issue, but was unable to and left a voice message with my direct callback number so that issue could be resolved.
- On April 12, 2005 I spoke with Mrs. Smith regarding account and informed her that the account has been closed and all billing information removed from account. Mrs. Smith will no longer receive billing invoices regarding this matter.

T-Netix strives to provide excellent customer service and would like to apologize for any inconvenience this issue may have caused. If we can be of further assistance to Mrs. Smith she can reach our office by one of the following:

Telephone: 1-888-221-5671
Fax: 1-888-705-4202
Email: Budget@T-Netix.com
Mailing address: PO Box 701028 Dallas, TX 75370-1028

We do apologize for any inconvenience this issue may have caused the customer.

Regards,

Marlon Miller
T-NETIX, Inc.
Budget Connections Assistant Manager

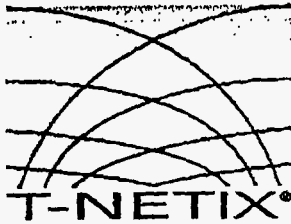


EXHIBIT 2

July 21, 2005

Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399
Office of Consumer Affairs

Re: Complaint 645225T – Valerie Hendrix; Feit Management

Dear Public Service Commission:

In response to your previous inquiry, we have researched the trouble reported and reached the following resolution:

Ms. Hendrix complaint was resolved by her local telephone provider (BellSouth) issuing a credit in the amount of \$419.37 on May 12, 2005 based upon suspicion of fraudulent activity. As a result, the company will not need to issue any further credits.

T-Netix will not pursue Feit Management for collection of the charges. It has been determined that Feit Management will not be held responsible for these charges.

T-Netix contacted Feit management on July 21, 2005 and spoke with Ms. Hendrix to advise that T-Netix is not holding Feit Management responsible for these charges and no collections efforts will take place.

T-Netix strives to provide excellent customer service and would like to apologize for any inconvenience this issue may have caused.

Regards,

for Tammie Carpenter
T-NETIX, Inc.
Customer Service Manager

cc: Feit Management – via US mail

**T-NETIX Telecommunications Services, Inc.
Summary of Customer Complaint Resolutions
Docket No. 050379-TP**

EXHIBIT 3

Case No. 641753 - Judy Johnson

On January 5, 2005 Ms. Johnson contacted T-NETIX Customer Service concerning billing rates for calls from Marion County Correctional Facility in Florida. Ms. Johnson was provided the procedure for disputing charges as well as the fax number in order to send supporting documentation.

On February 28, 2005 a credit was entered for processing in the amount of \$50.35 for calls that were incorrectly rated. This credit should have appeared on Ms. Johnson's local telephone bill within one to two billing cycles.

Through a subsequent investigation on July 18, 2005 the company determined that the credit for \$50.35 had not been processed due to being rejected by a third-party billing clearinghouse on March 1, 2005.¹ Credit in the amount of \$50.35 was sent to the billing clearinghouse a second time on July 20, 2005.

On July 20, 2005 we contacted Ms. Johnson to advise her that the credit had not been processed previously and that the credit had been resent to the billing clearinghouse. Ms. Johnson was also advised that we would contact her in sixty (60) days to follow up and ensure that the credit was applied to her local telephone bill. In the event that the credit is not received in the sixty (60) day period, we will continue to contact Ms. Johnson until we confirm the credit has been applied to her bill.

Case No. 644573 – Jacquelyn Regan

On January 11, 2005 Ms. Reagan contacted T-NETIX Customer Service concerning procedures for disputing cutoff calls. The Customer Service Representative ("CSR") provided the procedures as well as the fax number to send supporting documentation.

Credits totaling \$83.74 were entered for processing and should have appeared on Ms. Regan's local telephone bill. Through a subsequent investigation on July 18, 2005 the company determined that a portion of the credit amount (\$77.86) had not been processed and the underlying cause for this problem was unable to be determined. Records from the third-party billing clearinghouse do confirm that a credit in the amount of \$5.88 was processed in January 2005. Credit in the amount of \$77.86 was resent to the billing clearinghouse on July 20, 2005.

¹ On March 1, 2005, due to an administrative error by a Billing Department employee, the fact that the billing clearinghouse had rejected the credits was not recognized. Consequently, the company was under the impression that these credits had been accepted by the clearinghouse and had been applied to the consumer's local telephone bill. The error affected the credits relative to the accounts of: Judy Johnson, Mary Whitlock, Gloria Murphy and Lillian Johnson.

**T-NETIX Telecommunications Services, Inc.
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On July 20, 2005 we attempted to contact Ms. Regan and left a voice message concerning her credit as well as a direct telephone number for her to return our call. When we discuss this matter with Ms. Regan, we will inform her that the \$77.86 credit was not previously processed and we have resent the credit to the billing clearinghouse. Ms. Regan will also be advised that we will contact her in sixty (60) days to follow up and ensure that the credit was applied to her local telephone bill. In the event that the credit is not received in the sixty (60) day period, we will continue to contact Ms. Regan until we confirm the credit has been applied to her bill.

Case No. 647026 – Teresina Wallace

On October 22, 2004 Ms. Wallace initially contacted T-NETIX Customer Service concerning procedures for disputing cutoff calls. The CSR provided the procedures as well as the fax number to send supporting documentation regarding the call cutoffs.

As Ms. Wallace has a direct bill account with the company, the following credits were issued to her account:

- May 31, 2005 -- \$20.00
- June 30, 2005 -- \$13.50
- July 12, 2005 -- \$10.00

Case No. 639067 – Victoria Clark

Ms. Clark contacted T-NETIX Customer Service primarily related to call cutoffs. The CSR provided Ms. Clark with various responses to her inquiries concerning her account.

On May 31, 2005 Ms. Clark was contacted to discuss her billing dispute. A credit in the amount of \$58.80 was applied to her direct billing account with the company on June 1, 2005.

Case No. 647903 - Sheila Smith

Based on our records the company sent a report to the Commission on April 12, 2005 concerning the resolution of the complaint. (See Exhibit 2 for the signed letter to the Commission.)

Case No. 641762 – Mary Whitlock

On February 1, 2005 Ms. Whitlock contacted T-NETIX Customer Care to dispute billing rates for a fifteen-minute call. The CSR provided the procedures as well as the fax number to send supporting documentation regarding the billing issue.

On February 28, 2005 T-NETIX Customer Service entered for processing a credit of \$20.75 for calls from Marion County Correctional Facility. The credit should have appeared on Ms. Whitlock's local telephone bill within one to two billing cycles of issuance.

**T-NETIX Telecommunications Services, Inc.
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Through a subsequent investigation on July 18, 2005 the company determined that the credit for \$20.75 had not been processed due to being rejected by the third-party billing clearinghouse on March 1, 2005. Credit in the amount of \$20.75 was sent to the billing clearinghouse a second time on July 20, 2005.

On July 20, 2005 we contacted Ms. Whitlock to advise her that the credit had not been previously processed and that a credit had been resent to the billing clearinghouse. Ms. Whitlock was also advised that we would contact her in sixty (60) days to follow up and ensure that the credit was applied to her local telephone bill. In the event that the credit is not received in the sixty (60) day period, we will continue to contact Ms. Whitlock until we confirm the credit has been applied to her bill.

Case No. 644504 – Kathy Shackman

The company attempted to issue a credit in the amount of \$25.20 on March 16, 2005 to Ms. Shackman's account for calls that were disconnected. This credit included twelve (12) calls between the dates of November 3, 2004 and March 15, 2005.

Through a subsequent investigation on July 18, 2005 the company determined that the credit for \$25.20 had not been processed due to being rejected by the consumer's local telephone company. Further investigation found that the following credits were issued to Ms. Shackman in the past.

- August 2004 – \$157.75
- September 2004 -- \$157.75
- September 2004 -- \$ 4.05
- October 2004 -- \$103.75

A duplicate credit was issued to the customer in the amount of \$157.75. As a result of this duplicate credit, no additional credit for \$25.20 will be applied to the account.

Case No. 644071 – Gloria Murphy

On January 21, 2005 Ms. Murphy contacted T-NETIX Customer Care concerning the procedures for disputing charges for calls that were improperly billed. On March 2, 2005 a CSR spoke to Ms. Murphy and advised her that a credit had been entered for processing on February 28, 2005 in the amount of \$9.45 for calls that were rated improperly.

Through a subsequent investigation on July 18, 2005 the company determined that the credit for \$9.45 had not been processed due to being rejected by the third-party billing clearinghouse on March 1, 2005. Credit in the amount of \$9.45 was sent to the billing clearinghouse a second time on July 20, 2005.

On July 20, 2005 we attempted several times to contact Ms. Murphy and received a busy signal. We will continue to try to reach her to discuss her credit. Once we reach Ms. Murphy we will advise her that the credit was not processed previously and we have resent the credit to our billing clearinghouse. Ms. Murphy will also be advised that we will contact her in sixty (60) days to follow up and ensure that the credit is applied to her local telephone bill. In

**T-NETIX Telecommunications Services, Inc.
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the event that the credit is not received in the sixty (60) day period, we will continue to contact Ms. Murphy until we confirm the credit has been applied to her bill.

Case No. 6446040 – Peter Cohen
(Correct complaint # is 646040)

Mr. Cohen contacted T-NETIX Customer Care regarding a bill dispute. The CSR provided the procedures as well as the fax number to send supporting documentation regarding the billing issue.

Through a subsequent investigation on July 18, 2005 it was determined that credit amounts totaling \$72.05 had not been issued to the customer.

A credit in the amount of \$72.05 was applied on July 20, 2005 to his direct bill account with the company.

On July 20, 2005 we contacted Mr. Cohen's wife to advise her that the credit had not been previously processed and a credit had been issued earlier in the day in the amount of \$72.05.

Case No. 641758 – Lillian Johnson

On January 7, 2005 Ms. Lillian Johnson contacted T-NETIX Customer Care to inquire about a billing rate for a fifteen-minute call from a correctional facility. The CSR provided the billing information as well as the procedures and the fax number to send supporting documentation regarding the bill dispute.

On February 28, 2005 T-NETIX entered for processing a credit of \$50.45 for calls from Marion County Correctional Facility. The credit should have appeared on her local telephone bill within one to two billing cycles of issuance.

Through a subsequent investigation on July 18, 2005 the company was able to determine that the credit for \$50.45 had not been processed due to being rejected by the third-party billing clearinghouse on March 1, 2005. Credit in the amount of \$50.45 was sent to the billing clearinghouse for a second time on July 20, 2005.

On July 20, 2005 Ms. Lillian Johnson was contacted to advise her that the credit had not been processed previously and we had resent the \$50.45 credit to the billing clearinghouse. Ms. Johnson was also advised that we would contact her in sixty (60) days to follow up and ensure that the credit was applied to her local telephone bill. In the event that the credit is not received in the sixty (60) day period, we will continue to contact Ms. Johnson until we confirm the credit has been applied to her bill.

**T-NETIX Telecommunications Services, Inc.
Summary of Customer Complaint Resolutions
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Case No. 6425225 - Valerie Hendrix
(Correct complaint # is 645225T)

Ms. Valerie Hendrix's complaint was resolved by her local telephone provider (BellSouth) on May 12, 2005. Credit was issued in the amount of \$419.37 based upon a suspicion of fraudulent activity. As a result, T-Netix will not need to issue any further credits. When T-Netix first received this complaint it did not contain any bill copies or reflect any prior communications with T-Netix. Attempts to contact Ms. Hendrix were unsuccessful. In mid-May 2005, T-Netix received a second copy of the complaint, which included bill copies and other communications reflecting that there had been positive acceptance of the collect calls for which the customer sought credits. T-Netix filed a copy of the response to this complaint with the Commission on July 22, 2005. A copy of the report is attached as Exhibit 2.