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State of Florida



Public Service Commission

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COMMISSION
CLERK

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

DATE: September 21, 2006

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Division of Competitive Markets & Enforcement (M. Watts) *MTF*
Office of the General Counsel (Tan) *TAT PKW*
Division of Economic Regulation (Springer) *MOD*

ALM TYD
CROSS

RE: Docket No. 060578-TI – Investigation and determination of appropriate method for refunding apparent overcharges by Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance due to over billing on certain calling card calls.

AGENDA: 10/03/06 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\CMP\WP\060578.RCM.DOC

Case Background

Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance (VLD) is registered as an intrastate interexchange company (IXC) with the Florida Public Service Commission.

As part of the Commission's service quality evaluation program, staff evaluated access lines presubscribed to VLD during a comprehensive telephone service evaluation conducted in the Sarasota exchange during the period April 24, 2006, to May 18, 2006. Staff conducted a series of test calls to measure the accuracy of timing of toll calls for billing purposes.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

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Staff analyzed VLD's billing records for the test calls and compared them to staff's records to determine timing and billing accuracy. Staff found that calls made using VLD's Type 2 Travel Card were charged at the rate of \$0.75 cents per minute. VLD's tariff, Section 5.4.1.A, defines the per minute charge for that card at \$0.50 per minute.

On June 23, 2006, staff informed VLD of its evaluation findings and requested that VLD identify and correct the billing error, and submit a refund proposal. VLD investigated and found that a small number of presubscribed customers on certain optional long distance calling plans were incorrectly billed for calling card calls. VLD reported that as of August 23, 2006, its billing tables were corrected so that the appropriate calling card rate will be applied to future calls. VLD submitted its refund proposal on August 25, 2006.

The Commission has jurisdiction over this matter pursuant to Sections 364.02, 364.04, and 364.285, Florida Statutes. Accordingly, staff believes the following recommendations are appropriate.

Discussion of Issues

Issue 1: Should the Commission accept Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance's proposal to issue a refund of \$89,559.50, plus interest, to the affected customers beginning with the first billing cycle in October 2006, for overcharging subscribers for calling card calls made from September 2004 through August 2006; require the company to remit monies that cannot be refunded to the Commission for deposit in the State of Florida General Revenue Fund by February 12, 2007, and require the company to submit a report by February 12, 2007, to the Commission stating, (1) how much was refunded to its customers, (2) the number of customers, and (3) the amount of money that was unrefundable?

Recommendation: Yes, the Commission should accept VLD's refund proposal. (M. Watts/Springer/Tan)

Staff Analysis: Rule 25-24.485(1)(g), Florida Administrative Code, states in part that companies shall charge only the rates contained in their tariff. VLD's tariff rate for its Travel Card 2 product is \$0.50 cents per minute. Some customers were charged \$0.75 cents per minute, which is a higher rate than defined by the tariff. On August 23, 2006, VLD corrected its billing tables to reflect the tariff rate for the calls.

For those customers still on its system, VLD proposes to issue credits on the customers' bills. For customers entitled to a refund but no longer in its system, VLD proposes to mail a refund check to the last known billing address, except that no refund for less than \$1.00 will be made to these customers. Any monies that are unrefundable shall be remitted to the Commission for deposit in the General Revenue Fund by February 12, 2007.

VLD also proposed to calculate interest based on the highest 30 day commercial paper rate (5.36%) for the period January 2004 to August 2006. VLD will apply that rate for each month of the over billing period, and for each month between the over billing and the period that the refunds are issued. Where the interest amount is less than one cent, VLD will round up to the nearest cent. As a result, VLD will pay more in interest to its customers than is required by Rule 25-4.114, Florida Administrative Code, Refunds. VLD has elected to use this interest rate because programming its systems to calculate the refund is more efficient with one rate versus multiple interest rates. VLD will report the actual amount of interest paid in its final refund report.

Accordingly, staff recommends that the Commission accept Bell Atlantic Communications, Inc. d/b/a Verizon Long Distance's proposal to issue a refund of \$89,559.50, plus interest, to the affected customers beginning with the first billing cycle in October 2006, for overcharging subscribers for calling card calls made from September 2004 through August 2006; require the company to remit monies that cannot be refunded to the Commission for deposit in the State of Florida General Revenue Fund by February 12, 2007, and require the company to submit a report by February 12, 2007, to the Commission stating, (1) how much was refunded to its customers, (2) the number of customers, and (3) the amount of money that was unrefundable.

Issue 2: Should this docket be closed?

Recommendation: The Order issued from this recommendation will be a proposed agency action. Thus, the Order will become final and effective upon issuance of the Consummating Order if no person whose substantial interests are affected timely files a protest within 21 days of issuance of this Order. The company should submit its final report, identified by docket number, and a check for the unrefunded amount (if any), made payable to the Florida Public Service Commission, by February 12, 2007. Upon receipt of the final report and unrefunded monies, if any, this docket should be closed administratively if no timely protest has been filed. **(Tan)**

Staff Analysis: The Order issued from this recommendation will be a proposed agency action. Thus, the Order will become final and effective upon issuance of the Consummating Order if no person whose substantial interests are affected timely files a protest within 21 days of issuance of this Order. The company should submit its final report, identified by docket number, and a check for the unrefunded amount (if any), made payable to the Florida Public Service Commission, by February 12, 2007. Upon receipt of the final report and unrefunded monies, if any, this docket should be closed administratively if no timely protest has been filed.