

State of Florida



Public Service Commission

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

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

DATE: May 4, 2006

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

FROM: Division of Competitive Markets & Enforcement (Curry, Lewis)
Office of the General Counsel (Scott)

RE: Docket No. 060311-TL – Investigation and determination of appropriate method for issuing Service Guarantee Credits to all affected customers of BellSouth Telecommunications, Inc.

AGENDA: 05/16/06 – 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\060311.RCM.DOC

Case Background

On April 25, 2005, the Commission issued Order No. PSC-05-0440-PAA-TL, which granted BellSouth Telecommunications, Inc.'s (BellSouth) petition for an extension and modification of its existing Service Guarantee Program (SGP), which provides automatic payments in the form of credits to BellSouth's customers in the event certain service commitments of installation and repair of service interruption objectives are not met. On May 20, 2005, Consummating Order PSC-05-0550-CO-TL, was issued making Order No. PSC-05-0440-PAA-TL, final and effective.

During the 2005 service evaluation, staff determined that some customers that qualified for credits under BellSouth's SGP were not properly credited. Upon determining this, staff notified the company and requested that BellSouth provide staff with an explanation as to why the proper credits were not issued and what actions the company was taking to correct the problem. According to BellSouth, due to a programming error customers who subscribed to the Preferred Pack (PP) and the 2 Pack (2 Pack) service plans who were entitled to receive the SGP repair credit did not. The company also reported that it failed to provide credits to some of its customers for missed commitments for installation of primary service. To resolve these issues, BellSouth has proposed to issue credits to all affected customers in the amounts of \$49,129, plus interest, for missed commitments for installation of primary service and for \$407,675, plus interest, for failure to complete repairs within twenty-four hours from the time the order was issued, for a total credit of \$456,804, plus interest.

The Commission is vested with jurisdiction over this matter pursuant to Sections 364.01(4) and 364.025, Florida Statutes.

Discussion of Issues

Issue 1: Should the Commission accept BellSouth Telecommunications, Inc.'s proposal to issue credits, as required by BellSouth Telecommunications, Inc.'s Service Guarantee Plan, to all affected customers in the amounts of \$49,129, plus interest, for missed commitments for installation of primary service and for \$407,675, plus interest, for failure to complete repairs within twenty-four hours, for a total credit of \$456,804, plus interest?

Recommendation: Yes, the Commission should accept BellSouth Telecommunications, Inc.'s proposal to issue credits, as required by BellSouth Telecommunications, Inc.'s Service Guarantee Plan, to all affected customers in the amounts of \$49,129, plus interest, for missed commitments for installation of primary service and for \$407,675, plus interest, for failure to complete repairs within twenty-four hours, for a total credit of \$456,804, plus interest. **(Curry, Lewis, Scott)**

Staff Analysis: As part of a service quality evaluation, staff determined that BellSouth failed to issue certain SGP credits to eligible customers. BellSouth determined that due to a programming error its customers who subscribed to the PP and 2Pack service plans who were eligible to receive the SGP repair credits did not receive the credits. Under BellSouth's current SGP if BellSouth fails to complete a repair within twenty-four hours from the time an order is received; the customer will receive an automatic credit on their bill in the amount of \$4.00, plus 3 times the daily local service charge, up to \$40.00 and no less than \$11.00. Prior to May 20, 2005, the maximum credit was \$35.00 and the minimum was \$10.00. According to BellSouth, the PP and 2Pack service plans became effective in Florida on January 9, 2004, and November 2, 2005, respectively. When each of the service plans were implemented, BellSouth inadvertently excluded the codes for these service plans from its lists of eligible SGP codes. As a result, eligible customers subscribing to the PP service plan between January 9, 2004, and February 21, 2006, and customers who subscribed to the 2Pack service plan between November 2, 2005, and February 21, 2006, did not receive the credits. BellSouth corrected the programming error on February 21, 2006. To resolve the missed repair issue, BellSouth has proposed to issue a credit in the amount of \$407,675, plus interest, to 20,508 affected customers.

BellSouth also reported that the company failed to issue credits to 1,965 eligible customers for missed commitments for installation of primary service. Under BellSouth's current SGP, if BellSouth fails to install a customer's primary or additional local line on the date in which the customer and BellSouth agree, BellSouth will issue an automatic credit of \$25.00. Where BellSouth is offering a commitment date greater than 3 days and the customer requests an earlier date, the commitment credit will be based on the customer's requested date, or on 3 days, whichever is greater. To resolve the missed installation commitment issue, BellSouth has proposed to issue the \$25.00 credit, plus interest, to all affected customers. The total number of affected customers was 1,965 which equates to a total credit amount of \$49,125, plus interest.

BellSouth will issue the SGP credits, plus interest, for missed installation commitments and repairs no later than 30 days after the issuance of the Consummating Order. BellSouth will

calculate the interest for the proposed credits on a per customer basis in compliance with Rule 24-4.114, Florida Administrative Code, Refunds, and report the amounts to the Commission. Current BellSouth customers will received the credit, plus interest, on their bills. If the customer is no longer with BellSouth, but has an outstanding final bill, BellSouth will apply the credit, plus interest, towards the final bill. If the customer is no longer with BellSouth and there is no outstanding final bill, BellSouth will mail a check for the credit amount, plus interest, to the last known address on file for the customer. BellSouth also proposes to contribute all unclaimed funds to the Lifeline Community Service Fund.

Once the credits have been issued, BellSouth will provide the Commission a final report within 90 days after the issuance of the Consummating Order. The report will include the following information:

- 1) The total amount of interest that was calculated and issued by BellSouth for the missed installation commitments and repair credits;
- 2) The total number of customers that actually received the credits;
- 3) The total amount of money that was actually credited, including interest;
- 4) The total number of customers who did not receive credits; and
- 5) The amount of any unclaimed credits, including interest.

Issue 2: Should this docket be closed?

Recommendation: The Order issued from this recommendation will become final and effective upon issuance of a Consummating Order, unless a person whose substantial interest are affected by the Commission's decision files a protest that identifies with specificity the issues in dispute, in the form provided by Rule 28-106.201, Florida Administrative Code, within 21 days of the issuance of the Proposed Agency Action Order. As provided by Section 120.80 (13)(b), Florida Statutes, any issues not in dispute should be deemed stipulated. If the Commission's Order is not protested, BellSouth will issue the SGP credits, plus interest, for missed installation commitments and repairs no later than 30 days after the issuance of the Consummating Order. If the customer is no longer with BellSouth, but has an outstanding final bill, the company will apply the credit, plus interest, towards the final bill. If the customer is no longer with BellSouth and there is no outstanding final bill, the company will mail a check for the credit amount, plus interest, to the last known address on file for the customer. BellSouth will contribute all unclaimed funds to the Lifeline Community Service Fund. BellSouth will also provide the Commission with a final report no later than 90 days after the issuance of the Consummating Order, identifying the total amount of interest that was calculated and issued by BellSouth to all affected customers for the missed installation commitments and repair credits, the total number of customers that actually received the credits, the total amount of money that was actually credited, including interest, the total number of customers who did not receive the credits, and the total amount of unclaimed funds, including interest, that were placed in the Lifeline Community Service Fund. If staff determines that BellSouth has complied with the provisions of the Commission's Order, then this docket will be closed administratively. If BellSouth fails to demonstrate that it has complied with the provisions of the Commission's Order, then this docket will remain open pending further action. **(Scott)**

Staff Analysis: Staff recommends that the Commission take action as set forth in the above staff recommendation.