

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

910060 TP

In Re: Petition of the Attorney General) Docket No. 900633-FL
and Public Counsel to Initiate)
Rulemaking Proceedings Governing) Filed: March 13, 1991
900 Service.)

SPRINT GATEWAYS' RESPONSES TO
STAFF'S FEBRUARY 19, 1991
DATA REQUEST NOS. 1-12

1. Please explain the types of billing and collection agreements that your company has with the local exchange carriers, interexchange carriers and information subscribers.

Response to No. 1

Local exchange carriers provide interstate billing, collection and inquiry functions per contract via US Sprint for our 900 services. Local exchange carriers provide intrastate billing, collection and inquiry functions per tariff via US Sprint. The contracts explain the billing and collection practices to be performed by the local exchange carrier including inquiry guidelines. The information provider contracts provide for the rating, billing and collection of 900 calls. The contract places restrictions on price changes, programming and advertising.

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2. Please identify and estimate the amounts of any additional billing costs or savings associated with the proposed rule changes.

Response to No. 2

The amount of additional billing costs associated with the proposed rule change is dependent upon our billing and collection agreements with the Local exchange carriers.

3. Please identify and estimate the amounts of any additional collection costs or savings associated with the proposed rule changes.

Response to No. 3

Sprint Gateways estimates the costs associated with the increased collection efforts caused by an increase in customer denials to be [REDACTED] annually. This amount includes added mailing costs, increased staffing costs and external collection fees.

4. Please identify and estimate the amounts of any additional carrying costs or savings associated with the proposed rule changes.

Response to No. 4

Sprint Gateways estimates the additional carrying costs associated with a cash flow loss caused by increased customer denials to be [REDACTED] annually.

5. Please identify and estimate the amounts of any additional bad debt expenses or savings associated with the proposed rule changes.

Response to No. 5

Sprint Gateways estimates the increase in customer denials will result in a [REDACTED] annual increase in bad debt for Sprint Gateways' information providers.

6. Please identify and give the amounts of any estimated revenue increases or decreases associated with the proposed rule changes. Explain the reasons for expected revenue changes.

Response to No. 6

The increase in information providers' uncollectibles is estimated to cause many information providers to become unprofitable in Florida and thus, cause a decrease in 900 traffic and a decrease in Sprint Gateways' Florida revenue of [REDACTED]

7. Please identify and estimate the amounts of any other costs or savings for the company or ratepayers from implementation of the proposed rule changes.

Response to No. 7

Sprint Gateways estimates the decrease in 900 traffic would result in lower local exchange carrier access revenues and billing and collection revenues in the amount of [REDACTED]. These lost revenues must be recovered from other local exchange carrier rates which would affect the local ratepayer.

8. Approximately how many disputes dealing with billings for 900 and 976 service charges by your company have occurred in the past year?

Response to No. 8

There have been 17 complaints received from regulatory, governmental and business agencies concerning 900 service since March 1, 1990 in Florida.

9. Please explain the details of the resolution of any specific disputes over 900 and 976 services charges in excess of \$500.

Response to No. 9

Not applicable.

None of the 21 complaints mentioned in response No. 8 had charges greater than \$500.

10. Section 288,702(1), Florida Statutes, defines a small business as "an independently owned and operated business concern which employs 25 or fewer permanent full-time employees, and which has a net worth of not more than \$1 million." Does your company qualify as a small business?

Response to No. 10

No.

11. If your company does qualify as a small business, please indicate how adoption of these proposed rule changes might affect you as a small business.

Response to No. 11

Not applicable.

12. Please provide additional comments or expense/revenue estimates which may be useful to the Commission or staff in assessing the economic impacts of these proposed rule changes. Please include any company recommended rule modification and the related expense/revenue estimates.

Response to No. 12

This rule unfairly singles out untariffed 900 charges from other types of untariffed charges. The Commission has allowed untariffed charges for terminal equipment rental, inside wire maintenance contracts, directory listing enhancements and yellow pages advertising to appear unsegregated on bills without a note informing customers of their rights in the event of non-payment. There does not appear to be any reasonable basis for notifying customers of the rights for 900 changes while not notifying them in the case of these other charges.

The notice proposed simply encourages consumers not to pay valid 900 charges which we believe will encourage fraudulent behavior. Sprint Gateways has utilized a liberal adjustment policy that allows unsatisfied 900 consumers to have their bills adjusted. We believe the current adjustment procedures are adequate in resolving consumer concern as evidenced by the low level of complaints mentioned in Response No. 8. The notice proposed will certainly increase uncollectibles which will decrease the profitability of 900 services in the state of Florida. The notice also affects interstate 900 calls under the jurisdiction of the Federal Communication Commission. The Federal Communication Commission has not required the billing entity to segregate 900 calls nor provide notices on consumer bills. A more reasonable and economical approach would be to educate consumers about 900 services and their rights in the payment of unregulated services via a bill insert.

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M E M O R A N D U M

3/13/91

TO : DIVISION OF AUDITING AND FINANCIAL ANALYSIS
 DIVISION OF COMMUNICATIONS
 DIVISION OF ELECTRIC AND GAS
 DIVISION OF RESEARCH
 DIVISION OF WATER AND SEWER
 DIVISION OF LEGAL SERVICES
 DIVISION OF APPEALS (OPR)
FROM: DIVISION OF RECORDS AND REPORTING (FLYNN)
RE : CONFIDENTIALITY OF CERTAIN INFORMATION

DOCUMENT NO.: 2485-91

DESCRIPTION: Responses to Questions 3, 4, 5, 6,
and 7 from Staff's 2/19/91 Data Request

SOURCE: Sprint Gateways

DOCKET NO.: 910060-TP

The above material has been received with a request for confidential treatment (attached). Please prepare a recommendation for the attorney assigned to the case by completing the section below and forwarding a copy of this memorandum, together with a brief memorandum supporting your recommendation, to the attorney. You must prepare and forward a recommendation within 10 working days from the date of this memorandum. Copies of your recommendation should also be provided to the Division of Records and Reporting and to the Division of Appeals.

Please read each of the following and mark the appropriate boxes.

The document(s) is (are), in fact, what the utility
Yes No asserts it (them) to be.

The utility has provided enough details to perform a
Yes No reasoned analysis of its request.

The material has been received incident to an inquiry.
Yes No