

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Initiation of show cause) DOCKET NO.: 970097-TI
proceedings against Integrated)
TeleServices, Inc. for violation) FILED: 5-27-97
of Rule 25-4.118, F.A.C.,)
Interexchange Carrier Selection.)

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PETITION ON PROPOSED AGENCY ACTION
RESPONSE OF INTEGRATED TELESERVICES INC.
TO ORDER NO. PSC-97-00312-FOF-TI

On May 5, 1997, the Commission issued Order No. PSC-97-00312-TI ("Show Cause Order") requiring Integrated TeleServices, Inc. (ITS) show cause why it should not be fined for alleged violations of Rule 25-4.118 and Rule 25-4.043, Florida Administrative Code (FAC). Respondent's response to the Show Cause Order and its request for relief are provided below.

Procedural Background

- 1. All notices, pleadings and orders should be directed to:

Patrick K. Wiggins
Wiggins & Villacorta, P.A.
Post Office Drawer 1657
Tallahassee, Florida 32302
(904) 222-1534

RESPONSE

ACK ___ 2. The Show Cause Order alleges two basic violations by
AFA ___ Respondent, slamming and failure to timely respond to staff
APP ___ inquiries, and further alleges that, taken together, these
CAE / violations warrant fines of \$75,000 and \$25,000. ITS disputes that
CMU ___ the facts of this case warrants the proposed sanctions.
CTR ___
EAG ___

LEG / 3. Slamming. The Show Cause Order states in conclusory
LIN ___ language that 191 complaints had been "closed as rule infractions."

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The Show Cause Order does not further identify these complaints. As evidenced by its earlier offer of settlement, ITS admits that there were in fact some potential violations of Rule 25-4118, F.A.C. ITS denies, however, that number of complaints are as extensive as alleged by the Show Cause Order. ITS anticipates that during the prehearing phase of this proceeding it will obtain a more specific statement of the Commission's basis for concluding that there were 191 slams, and will thus be able to address each complaint with more specificity.

4. The Show Cause Order also alleges that ITS's remedial actions were not in compliance with Rule 25-4.118, nor sufficient for the Commission to conclude that the marketing problems triggering the customer complaints have been solved. ITS disputes this allegation. ITS appropriately refunded to every complaining customer either the amounts required under the rule or more. Moreover, on its own initiative, ITS completely suspended its telemarketing efforts.

5. Failure to Respond to Staff Inquiries. The Show Cause Order also alleges that ITS violated Rule 25-4.043 by knowingly and willfully refusing or failing to timely respond to inquiries propounded by staff. ITS acknowledges that many of its responses were not timely filed and that this constitutes technical violations of the rule. ITS adamantly disputes that the late responses constitute a justification for the proposed \$25,000 sanction. As reflected in the narrative of the Show Cause Order, ITS did respond substantively to the various inquiries of the staff

and attempted to provide staff with the information necessary to conclude that marketing problems giving rise to the complaints had been remedied. The fact that responses were late does not establish that ITS was knowingly ignoring Commission rules, but rather that the company was dealing for the first time in its history with both a high volume of complaints and rules of this Commission with respect to the content and response time of inquiries. In short, while attempting to address the merits of the many inquiries, ITS was simply unaware that it was violating a rule requirement with respect to response time.

6. Additional Facts. There are additional facts that will be developed at hearing which paint a different picture of ITS and its recent marketing problem. ITS purchased a telemarketing entity in January 1996. Later that year, it began to telemarket its services for the first time. At the time, it had experienced virtually no customer complaints about its services or marketing practices. The telemarketing practices of the acquired entity were such that numerous slamming complaints were generated. Thus, during the second half of 1996, ITS had to respond to an unprecedented number of complaints. Thus in addressing this high volume of complaints, ITS not only had to determine what was happening, at the same time it had to develop effective internal procedures for responding to Commission inquiries. The high number of late responses is the result of ITS's learning process.

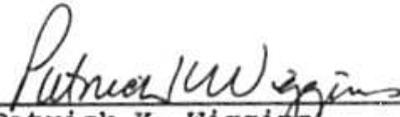
7. As reflected in the Show Cause Order, ITS was certificated in Florida on May 29, 1996. Staff notified ITS of 15

complaints on August 14, 1996. Thus within ten weeks of certification in Florida, ITS was faced with evaluating a major problem and responding to multiple inquiries from staff. In this context, ITS's failure to timely respond is readily seen as the result of unfamiliarity with Commission rules and the challenge of solving a marketing problem it had apparently acquired.

8. ITS's regulatory history in other states, its appropriate refund to customers who complained of slamming, and its voluntary suspension of all telemarketing activities demonstrate that this is a company that conforms to regulatory requirements, and that the slamming complaints giving rise to the Show Cause Order are the result of an aberrational problem experienced by the company. The sanctions proposed by the Show Cause Order are thus unwarranted.

WHEREFORE, ITS requests a hearing pursuant to Section 120.57, Florida Statutes, on the issues of fact, policy and law raised by the Show Cause Order and this response.

DATED this 27th day of May, 1997.



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