

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: September 13, 2007

TO: Office of Commission Clerk (Cole)

FROM: Division of Competitive Markets & Enforcement (M. Watts) *MW*
Office of the General Counsel (McKay, Wiggins) *MW*

RE: Docket No. 070419-TI – Investigation and determination of appropriate method for issuing refunds to affected customers for apparent overcharges by Global Crossing Telecommunications, Inc. for Homesaver 1+ and calling card plans.

AGENDA: 09/25/07 – 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\070419.RCM.DOC

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Case Background

Global Crossing Telecommunications, Inc. (Global Crossing) registered as an intrastate interexchange company (IXC), Registration No. TI720, on September 29, 1983.

As part of the Commission's telecommunications service quality evaluation program, staff evaluated access lines presubscribed to Global Crossing in the Lake Buena Vista exchange during the period February 12-16, 2007. Staff conducts test calls to measure the accuracy of toll call timing and to verify that the calls are billed according to the company's tariff.

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In this instance, staff performed test calls using two of Global Crossing's residential long distance products, the Homesaver 1+ Residential Plan and the Homesaver Access Calling Card. Staff used its timing records and the rates in Global Crossing's tariff to determine the amount that should have been billed for each call. Upon receipt of Global Crossing's billing records, staff compared them, call-for-call, to the data obtained during the service evaluation.

Staff determined that 57.9% of the test calls using the Homesaver 1+ Residential Plan were over timed. For the test calls using the Homesaver Access Calling Card, staff found that 40.3% of the calls were also either under- or over timed. As a result of the timing discrepancies, charges billed for many of the test calls exceeded what they should have been. At the same time, charges for some test calls were billed lower than expected. This indicated to staff that there were likely problems with the billing rates and the billing increments (full or partial minutes).

On March 15, 2007, staff provided Global Crossing its evaluation findings. Staff requested that Global Crossing identify the causes of the timing and billing errors, and take action to correct all the deficiencies. In addition, staff asked the company to calculate the total amount of the overcharges to customers and to propose a method of refunding to those customers.

Global Crossing investigated and reported the following findings for each of the products evaluated by staff.

Homesaver 1+ Residential Plan

- Per-minute charges were billed in accordance with tariff rates;
- Calls were billed in one-minute increments whereas they should have been billed in six second increments; and
- Calls were billed using a one-minute minimum call duration whereas they should have been billed using a 30-second minimum.

Homesaver Access Calling Card

- Per-minute charges were billed higher than the rates identified in the tariff;
- Calls were billed in six second increments whereas they should have been billed in one-minute increments; and
- Calls were billed using a 30-second minimum call duration whereas they should have been billed using a one-minute minimum.

Global Crossing submitted a refund proposal on June 6, 2007. Staff communicated with the company several times to clarify terms of the refund proposal. This recommendation addresses Global Crossing's refund proposal. 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 Global Crossing Telecommunications, Inc.'s proposal to issue a refund of \$2,950.00 to all customers that were overcharged using the Homesaver 1+ Residential Plan and the Homesaver Access Calling Card, from January 2007 through May 2007, beginning with the first billing cycle in October 2007, and require the company to submit a report by February 12, 2008, to the Commission stating, (1) how much was refunded to its customers, and (2) the total number of customers receiving refunds?

Recommendation: Yes, the Commission should accept Global Crossing's refund proposal. (M. Watts/McKay/Wiggins)

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.

Global Crossing's tariff rate for its Homesaver 1+ Residential Plan is \$0.1764 cents per minute during the day and \$0.0706 cents per minute during evenings/nights/weekends. The tariff provides that calls will be billed in six-second increments, with a 30-second minimum call duration. In its investigation of billing discrepancies identified by staff, Global Crossing determined that its billing system applied the correct per-minute rate to toll calls made under the Homesaver 1+ Residential Plan. However, the billing increments were programmed incorrectly. Toll calls were billed using one-minute increments with a one-minute minimum call duration. The calls should have been billed using a 6-second increment and a 30-second minimum call duration. Customers using this product were overcharged, depending on the length of the call.

Global Crossing's tariff rates for its Homesaver Access Calling Card are \$0.2469 per minute (day) and \$0.2117 per minute (evening/night/weekend). Global Crossing was actually billing \$0.35 per minute (day) and \$0.30 per minute (evening/night/weekend). Further, the tariff provides that calls will be billed in one-minute increments, with a one-minute minimum call duration. Global Crossing reported that calls were being billed in six-second increments with a 30-second minimum call duration. As a result of the programming error, charges billed for calls exceeded those charges reflected in the company's tariff.

Global Crossing's findings for the Homesaver 1+ Residential Plan and the Homesaver Access Calling Card explain the discrepancies staff discovered in its analysis of the test calls. Global Crossing had revised its tariff on January 1, 2007, for these products. Mistakes were made during software changes to the billing system. As of June 6, 2007, Global Crossing has corrected the problems in its billing system for both of these products.

Global Crossing reports that it has a total of 54 customers for its Homesaver 1+ Residential Plan. Five of these customers use the Homesaver Access Calling Card. To resolve this matter, Global Crossing proposes to issue a \$50 credit to each of the 54 customers using the Homesaver 1+ Residential Plan and issue \$50 credit to each of the five customers that use the Homesaver Access Calling Card. Global Crossing states that this amount will significantly exceed the amount of any overbilling and any interest that may apply. All of the affected customers are still with the company so Global Crossing anticipates refunding all monies.

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Accordingly, staff recommends that the Commission accept Global Crossing Telecommunications, Inc.'s proposal to issue a refund of \$2,950.00 to all customers that were overcharged using the Homesaver 1+ Residential Plan and the Homesaver Access Calling Card, from January 2007 through May 2007, beginning with the first billing cycle in October 2007, and require the company to submit a report by February 12, 2008, to the Commission stating, (1) how much was refunded to its customers, and (2) the total number of customers receiving refunds.

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, by February 12, 2008. If any monies are not refunded, Global Crossing should submit payment of these monies to the Commission and the Commission shall deposit these monies in the General Revenue Fund. Upon receipt of the final report, this docket should be closed administratively if no timely protest has been filed. **(McKay/Wiggins)**

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, by February 12, 2008. If any monies are not refunded, Global Crossing should submit payment of these monies to the Commission and the Commission shall deposit these monies in the General Revenue Fund. Upon receipt of the final report, this docket should be closed administratively if no timely protest has been filed.