

FLORIDA PUBLIC SERVICE COMMISSION
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M E M O R A N D U M

March 7, 1996

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF COMMUNICATIONS (LONG, SHELPER) *JS*
DIVISION OF LEGAL SERVICES (BILLMEIER) *LMB JP*

RE: DOCKET NO. 960038-TL - REQUEST FOR APPROVAL OF TARIFF
FILING TO CLARIFY BLOCKING OF SPECIFIC CALLS TO THE
ADVANCED CREDIT MANAGEMENT TARIFF BY GTE FLORIDA,
INCORPORATED (T-95-743, FILED NOVEMBER 16, 1995)

AGENDA: MARCH 19, 1996 - REGULAR AGENDA - TARIFF FILING -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: WAIVED

SPECIAL INSTRUCTIONS: I:\PSC\LEG\WP\960038TL.RCM

CASE BACKGROUND

- By Order No. PSC-95-0588-FOF-TL, in Docket No. 930879-TL, issued May 11, 1995, the Commission granted GTE Florida Incorporated (GTEFL) an exemption from Rule 25-4.113, Florida Administrative Code, from May 1, 1995 until April 30, 1996, in order to implement the Advanced Credit Management (ACM) program. The Order further approved GTEFL's tariff to implement its ACM program on an experimental basis, from May 1, 1995 until April 30, 1996. Advanced Credit Management establishes limits on residential and small business (B-1) customers' toll use and allows GTEFL to block 1+, 0+, and all 900/976/700 calls when a customer exceeds the assigned dollar limit. ACM has three credit levels: low, medium and high. The attributes to the three levels are: low risk - unlimited toll credit, medium risk - \$300 toll credit limit and high risk - \$200 credit limit. The limits are set based on credit reports issued by an outside consumer credit reporting agency such as TRW or the local credit bureau.

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- By Order No. PSC-95-0588A-FOF-TL, issued August 8, 1995, the Commission amended Order No. PSC-95-0588-FOF-TL to remove the language that stated "Customers will not be allowed to dial 10XXX access codes to reach an alternative carrier once service has been blocked." Blocking 10XXX calls was not explicitly included in the tariff but was discussed in the recommendation and initial order.
- On November 16, 1995, GTEFL filed a tariff to add additional types of calls to those blocked under the terms of the ACM program.
- At the February 6, 1996 agenda conference, the Commission deferred action on this tariff filing and directed staff to evaluate the impact this docket may have on other Commission proceedings such as the disconnect rule proceeding.

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DISCUSSION OF ISSUES

ISSUE 1: Should the proposed tariff to add additional types of calls to those which will be blocked under the Advanced Credit Management (ACM) program be approved?

RECOMMENDATION: No, the proposed tariff to add additional types of calls to those which will be blocked under the Advanced Credit Management program should be denied.

STAFF ANALYSIS: The Advanced Credit Management (ACM) program was approved as a pilot program to run for one year, from May 1, 1995 to April 30, 1996. The present ACM service establishes limits on residential and small business (B-1) customers' toll use. An evaluation of a customer's credit status is used to establish a customer's deposit and set the level of toll use. Toll usage for this program includes all 1+ and 0+ calls made from the customer's premises that GTEFL can rate and record. When a customer exceeds his toll limit, a five working day notice is sent. After the five day period, access to the toll network is automatically blocked unless the customer pays the amount over the toll limit plus 50% of the account credit limit. Customers retain dial tone for local calling, extended calling service (ECS) and access to emergency services. Customers also retain access to 800 numbers and the relay service.

After the Order was issued, and the tariff was in effect, staff became aware that the blocking restrictions in the recommendation and the Order were different from those in the tariff. The tariff stated that only access to 1+, 0+, and all 900/976/700 calls would be blocked. However, the Order stated that in addition to blocking all 1+ and 0+ calls, customers would not be allowed to dial 10XXX access codes to reach an alternative carrier once service had been blocked. Since the recommendation and the order referenced a provision that was not in the tariff as filed, the order contained an error and an amendatory order was issued to correctly reflect approval of the experimental tariff as filed.

On November 16, 1995, GTEFL filed a tariff to clarify blocking of specific calls related to its ACM program. Listed in Table A is a comparison of GTEFL's current tariff and its proposed tariff:

TABLE A

CURRENT TARIFF	PROPOSED TARIFF
1+ 0+ 900/976/700	0+ 1+900/976/700 Customer Abbv. Dialing (#NXX) DDD 1+ 1+555-1212 1+NPA+555-1212 1DDD+01+ 1DDD+011 10XXX+1+ 10XXX+011+ 101XXXX+011+

Staff recommends the Commission deny the tariff. Section 364.051(2)(c), Florida Statutes (1995), requires local exchange companies (LECs) that elect price regulation to provide basic local telecommunications service. Section 364.02(2), Florida Statutes, requires GTEFL to provide access to all locally available interexchange companies as part of basic local telecommunications service. Pursuant to these statutory provisions, GTEFL, a price regulated LEC, must provide access to all locally available interexchange companies. All IXC's can be accessed by a 10XXX code. Many, but not all, IXC's can be accessed by other dialing patterns, such as an 800 number.

The ACM program, as proposed, allows GTEFL to preclude its customers access to any other long distance provider simply because the customer has made more than an allotted number of toll calls. Under ACM, a customer whose account with GTEFL is in good standing, still has local service, but may be denied the one piece of his or her service that requires access to all locally available interexchange carriers.

The Commission does have the authority to require or approve programs that limit or deny service if sufficient cause warrants it. Staff believes sufficient cause is delinquent payment of phone bills, not delinquency as reported by a third party for items unrelated to utility services. In staff's opinion, blocking 10XXX access code calls, as proposed by GTEFL, would block access to some IXC's without sufficient cause. Since LEC's must

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provide access to all locally available IXCs, GTEFL's proposal violates Section 364.051(2)(c), Florida Statutes.

The Commission deferred this item from the February 6th agenda to allow staff the opportunity to determine if other dockets would be adversely impacted with an approval of this recommendation. Staff does not believe approval of this item by the Commission will adversely impact any other Commission proceedings, such as the disconnect rule proceeding.

During the February agenda conference, GTEFL presented several arguments as to why the Commission should allow it to modify the tariff to include 10XXX. However, as stated before, staff believes the Florida Statutes require the LECs to provide access to all locally available IXCs unless there is sufficient cause to block this access. Staff does not believe the reasoning behind this tariff provides sufficient cause. It should be clear that the customers affected by this tariff have not missed paying their monthly telephone bill. The problem for these customers is that during a specific month they have exceeded an arbitrary toll limit established by GTEFL. Staff realizes that some of these customers may have had problems in the past; however, the LECs can collect deposits from these customers to protect against the possibility of nonpayment. Staff does not believe GTEFL should be allowed to block these customers' access to all locally available IXCs when they have not missed paying their monthly bill.

GTEFL also argued that if this tariff modification was not approved, it would leave a major loophole in the ACM program. Staff agrees with GTEFL on this point. The Company also stated that if the Commission accepts staff's interpretation of the statute and denies this tariff, it would affect the Company's ability to minimize its uncollectible debt. Staff disagrees with the Company. Staff believes GTEFL has many avenues available to deal with its uncollectibles, such as the ability to assess deposits. There is no reason to allow GTEFL to block access to all local available IXCs just because someone has exceeded an arbitrary toll limit.

GTEFL indicated that IXCs were supportive of its tariff since it helped minimize their uncollectible debt. For the IXCs that purchase billing and collection from GTEFL that may be true; however, if the Commission allows the ACM tariff to be modified as proposed by GTEFL, those customers rated medium to high risk will not be able to reach any IXC, even one that does not purchase GTEFL's billing and collection service. Staff believes this is not a decision for GTEFL to make but is the decision of the IXC these customers desire to use.

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This is particularly troubling to staff. If GTEFL's proposal is approved, the Company will now become a sort of credit bureau for the entire long distance market. GTEFL will be able to make the determination of a customer's credit worthiness that will affect all long distance companies. If a customer is blocked from the access arrangements in the table above, the customer will not be able to access a long distance carrier at all, whether or not that carrier has a relationship with GTEFL. With GTEFL entering the long distance market, and becoming another competitor in that market, staff does not believe it appropriate for GTEFL to also be the "gatekeeper" for all of the competitors in the market. If an IXC or GTEFL has questions about a customer, they may get credit bureau reports and make a judgement whether a deposit is warranted, just like any other business. This is an individual relationship between the customer and the provider. We do not believe GTEFL should act as the clearinghouse in the way proposed.

For the reasons outlined above, staff does not believe this proposal is appropriate. Protecting consumers to the best of our ability in an environment of relaxed regulation of LEC operations is now a primary objective; we do not believe this proposal will provide any more protection for consumers. Staff believes there are several options the IXCs and GTEFL can pursue apart from this tariff to curb their bad debt. We have serious doubts whether we would recommend approving the trial at all if it were presented today.

GTEFL filed this tariff on November 16, 1995 before it elected price regulation. Since GTEFL filed its tariff before price regulation, the Commission can use its authority under Section 364.05, Florida Statutes (1993), to deny the tariff. Staff also believes the tariff directly violates Section 364.051, Florida Statutes (1995). Accordingly, staff recommends this tariff be denied.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, if Issue 1 is approved, this docket should be closed if no protest is filed within 21 days of the issuance of the Order.

STAFF ANALYSIS: If Issue 1 is approved, this docket should be closed if no protest is filed within 21 days of the issuance of the Order.