

960971
DEPOSIT
D488
ORIGINAL FILE COPY
DATE
MAR 26 1997

March 24, 1997

Blanca Bayo
State of Florida
Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RECEIVED
MAR 25 11 09 21
MAIL ROOM

Re: PSC-97-0107-AS-TI

Dear Ms. Bayo:

This letter is to follow up on my conversation with Paula Isler from earlier today. Attached, you will find the \$3,000.00 settlement check as outlined in the state's order from January 27, 1997. As I explained to her when we spoke, Qcc's delay in sending the state of Florida its settlement payment has been due to an oversight on my part. Although I read the order dated January, 27, 1997 which stated that the settlement check needed to be sent the state within 30 days, it simply slipped my mind. In fact, I formulated the idea that the settlement check was due with the check for the rejected refunds and have been working under that premise ever since that time.

When Qcc received the state's order, the company's data processing department and I worked very closely together to ensure that the company met its deadline of February 28, 1997 for processing all refunds. Qcc's met this deadline. A larger portion of the processed refunds were rejected than the company had anticipated. It took approximately three weeks to fix the rejects and currently we are awaiting a final reject report. I should receive this sometime this week. Once we receive the final reject report, we will issue the state of Florida a check totaling the refunds Qcc was unable to

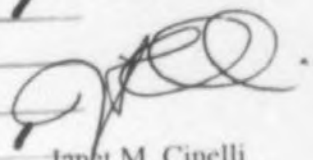
ACK _____ refund.

AFA _____

APP _____ If you have any questions, please call me at 913/492-1230, ext. 110.

CAF _____ Sincerely,

CMU _____

CTR _____
EAG _____
LEG _____ 

Janet M. Cinelli

LIN _____

OPC _____

RC _____

SP _____

W _____

Y _____

8829 Bond Street
Overland Park, KS 66214
(913) 492-1230 • FAX: (913) 492-1684
DOCUMENT NUMBER-DATE
03153 MAR 26 97
FPSC-RECORDS/REPORTING

Talbott _____
Vandiver _____

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

DECEMBER 26, 1996

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

FROM: DIVISION OF COMMUNICATIONS (ISLER)
DIVISION OF LEGAL SERVICES (BROWN)
DIVISION OF AUDITING & FINANCIAL ANALYSIS (JONES)

RE: DOCKET NO. 960971-TI - QCC, INC. D/B/A QUEST
COMMUNICATIONS CORPORATION OF KANSAS - INITIATION OF SHOW
CAUSE PROCEEDINGS AND DETERMINATION OF APPROPRIATE METHOD
FOR REFUNDING OVERCHARGES ON INTRASTATE LONG DISTANCE
SERVICE FOR CALLS PLACED FROM PAY TELEPHONES

AGENDA: JANUARY 7, 1997 - REGULAR AGENDA - PROPOSED AGENCY ACTION
- INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\CMU\WP\960971TI.RCM

CASE BACKGROUND

QCC, Inc. d/b/a Quest Communications Corporation of Kansas (QCC), an interexchange carrier, has been providing operator services since December 12, 1990, and holds Certificate No. 2483.

A staff engineer evaluated pay telephones in the New Smyrna Beach area during April, 1996. Calls were placed to the Commission's test number in Tallahassee and billed to a calling card account established for testing purposes.

Staff's review of the resulting bill revealed that the charge exceeded the operator services provider rate requirements as set forth in Rule 25-24.630, Florida Administrative Code.

Staff contacted QCC in May, 1996, for an explanation of the apparent overcharges. QCC advised the Commission in June, 1996, that it had improperly added a \$2 surcharge to intrastate long

DOCKET NO. 960971-TI
DATE: DECEMBER 26, 1996

distance calls between July, 1995 and April, 1996, and promptly corrected the cause of the overcharge.

While researching its records to determine the refund amount, QCC found another occurrence of overcharging, and again promptly corrected the cause of the overcharge. The second occasion occurred between May and September, 1996, when an independent contractor rated intrastate calls improperly.

QCC advised the Commission that to prevent future overcharges, its procedures were changed to allow ratings to be done only at its data processing center in Kansas. The company also agreed to directly credit those overcharged customers via its billing company, Zero Plus Dialing, Inc., on end users' telephone billings.

In a previous docket, No. 951168-TI, the Commission issued Order No. PSC-95-1547-FOF-TI on December 15, 1995 and required the company to refund monies, including interest, to identified overcharged customers' monthly bills and pay the remaining amount to the Commission for deposit in the General Revenue Fund pursuant to Section 364.285 (1), Florida Statutes.

Because this was the second docket dealing with overcharges of consumers in two years, it was staff's intention to recommend the company be required to show cause why it should not be fined or have its certificate revoked, or both, for continued violations.

Prior to staff's completion of its investigation, QCC wrote a letter and proposed an informal resolution to the docket. The company offered to: a) refund all overcharges directly to consumers in a timely manner; b) implement internal safeguards, as well as safeguards through its independent contractors, in its rating program to assure that all call records are processed with QCC's tariffs; c) communicate with the companies with which it has contracts and advise them they cannot process any calls directly; and, d) pay the Commission \$3,000 for deposit in the General Revenue Fund pursuant to Section 364.285 (1), Florida Statutes.

Staff believes the following recommendations are appropriate.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission accept QCC's proposed settlement offer in lieu of requiring the company to show cause why it should not be fined or have its interexchange certificate number 2483 cancelled for billing in excess of the operator services provider rate requirements?

RECOMMENDATION: Yes. The Commission should accept QCC's proposed settlement and forego a show cause proceeding. The Commission should require QCC to make direct refunds to those customers overcharged. In addition, any remaining monies, including interest, due unidentified consumers, should be remitted to the Florida Public Service Commission and deposited in the General Revenue Fund, pursuant to Chapter 364.285 (1), Florida Statutes.

STAFF ANALYSIS: After staff completed test calls and reviewed the subsequent billing, it appeared overcharges had occurred on intrastate calling card calls. QCC was notified of the apparent overcharge and asked what caused the overcharge, how long the overbilling had occurred, what corrective measures were implemented to prevent future overcharges, and what method of refunding the overcharges to customers was proposed.

QCC advised staff that it had incorrectly added a \$2 surcharge on intrastate calls. The company advised that the overcharges occurred on intrastate calls placed between July 1, 1995 and April 30, 1996, at which time the problem was corrected.

While researching its records to determine the refund amount, QCC found an additional case of overcharging. QCC immediately corrected the cause of the second case of overcharging and advised it had changed its procedures and systems to allow ratings to be done only at its data processing center in Kansas to prevent this from happening in the future.

QCC has stated that it wishes to provide the overcharged consumers a credit on their local telephone company statement through its billing agent, Zero Plus Dialing, Inc. QCC advised staff that both instances of refunds can be completed by making credits between January 27 and February 28, 1997. The total refund amount of \$6,888.30 consists of \$6,492.30 in overcharges and \$396.00 in interest. Attachment A details staff's calculation of interest.

Although this is the second docketed case in two years where QCC has overcharged customers on intrastate calls made from

DOCKET NO. 960971-TI
DATE: DECEMBER 26, 1996

pay telephones, the company has been cooperative in every phase of staff's investigation. In addition, QCC notified staff of the second occurrence of overcharging as soon as it was discovered, instead of waiting for staff to find the error through routine service evaluations. In Docket No. 951168-TI, QCC had advised the Commission that one of its agents programmed an interstate surcharge that was applied to all long distance calls, including intrastate calls.

In Order No. PSC-95-1547-FOF-TI, issued December 15, 1995, the Commission Order stated, in pertinent part:

We choose not to issue a show cause order or impose a fine against QCC at this time. QCC promptly responded to our staff's inquiry, corrected the problem, and took steps to prevent recurrence. Considering the QCC effort in resolving the overcharging problem and implementing corrective measures, we do not believe a show cause order is necessary.

In this present case, QCC overcharged Florida consumers twice. One dealt with intrastate calls made between July 1, 1995 and April 30, 1996, by billing a \$2 surcharge. The other dealt with overcharging consumers for calls made between May 1 and September 27, 1996, when the calls were improperly rated by an independent contractor. QCC advised staff that as of September 26, 1996, it had taken the following steps to prevent future overcharges.

- QCC no longer allows any independent contractor to bill or process any calls.
- QCC manually double checks that all information entered into its database is accurate.
- QCC's computer system electronically double checks all call records to ensure that the charges do not exceed its tariffed rates.

On September 26, 1996, QCC submitted a proposed settlement offer in this docket, wherein it offered the following terms:

DOCKET NO. 960971-TI
DATE: DECEMBER 26, 1996

1. QCC will refund all overcharges directly to consumers in a timely manner.
2. QCC has implemented internal safeguards (human and electronic checks and balances) in its rating program to assure that all call records are processed with its tariffed rates.
3. QCC has communicated orally, and in writing, with the companies for which it has contracts and advised them that they cannot process any calls directly.
4. QCC will pay a \$3,000 contribution to be deposited in the General Revenue Fund pursuant to Section 364.285 (1), Florida Statutes.

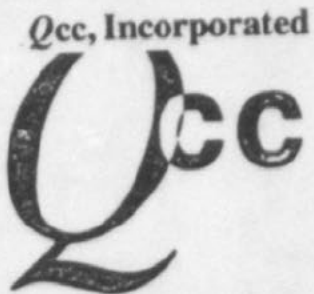
Staff recommends that the Commission accept QCC's offer of settlement. Any remaining amount of the overcharges that cannot be refunded should be remitted to the Commission to be forwarded to the Office of the Comptroller for deposit in the State General Revenue Fund pursuant to Section 364.285 (1), Florida Statutes. Staff also recommends that the Commission accept the company's proposed settlement offer to pay a \$3,000 contribution. The contribution should be paid within 30 days of the issuance of the Commission Order. Future overcharges found may result in further action.

DOCKET NO. 960971-TI
DATE: DECEMBER 26, 1996

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. This docket should be closed when staff has verified that the refunds have been completed and the settlement amount has been paid.

STAFF ANALYSIS: When staff has verified that QCC has completed the refunds and submitted the \$3,000 settlement, this docket should be closed. The \$3,000 settlement and any remaining monies, including interest due unidentified consumers, should be forwarded to the Office of the Comptroller for deposit in the State General Revenue Fund pursuant to Section 364.285 (1), Florida Statutes.



DEPOSIT

DATE

D 4 8 8

MAR 26 1997

March 24, 1997

Blanca Bayo
State of Florida
Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

97 MAR 25 AM 10 21
MAIL ROOM

Re: PSC-97-0107-AS-TI

Dear Ms. Bayo:

This letter is to follow up on my conversation with Paula Isler from earlier today. Attached, you will find the \$3,000.00 settlement check as outlined in the state's order from January 27, 1997. As I explained to her when we spoke, Qcc's delay in sending the state of Florida its settlement payment has been due to an oversight on my part. Although I read the order dated January, 27, 1997 which stated that the settlement check needed to be sent the state within 30 days, it simply slipped my mind. In fact, I formulated the idea that the settlement check was due with the check for the rejected refunds and have been working under that premise ever since that time.

When Qcc received the state's order, the company's data processing department and I worked very closely together to ensure that the company met its deadline of February 28, 1997 for processing all refunds. Qcc's met this deadline. A larger portion of the processed refunds were rejected than the company had anticipated. It took approximately three weeks to fix the rejects and currently we are awaiting a final reject report. I should receive this sometime this week. Once we receive the final reject report, we will issue the state of Florida a check totaling the refunds Qcc was unable to refund.

QCC, INC.

(913) 492-1230
8829 BOND STREET
OVERLAND PARK, KS 66214

COMMERCE BANK OF KANSAS CITY
KANSAS CITY, MISSOURI 64141

18-1
1010

0998371

CHECK NO. 998371

PAY ** Three Thousand and 00/100 Dollars **

DATE	AMOUNT
03/24/97	*****\$3,000.00

VOID AFTER 180 DAYS

TO THE
ORDER
OF

STATE OF FLORIDA
GENERAL REVENUE FUND
2540 SHUMARD OAK BLVD.
TALLAHASSEE, FL 32399-0850

John A. White
AUTHORIZED SIGNATURE