

Talbott  
Vandiver

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*[Signature]*

FLORIDA PUBLIC SERVICE COMMISSION  
Capital Circle Office Center • 2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

RECEIVED

MEMORANDUM

April 30, 1998

APR 30 1998

11.20  
FPSC - Records/Reporting

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

FROM: DIVISION OF LEGAL SERVICES (BEDELL) *CB mCB*  
DIVISION OF COMMUNICATIONS (BIEGALSKI) *2 p KB*  
DIVISION OF CONSUMER AFFAIRS (SMITH) *KES 30*

RE: DOCKET NO. 971486-TI - INITIATION OF SHOW CAUSE  
PROCEEDING AGAINST MCI TELECOMMUNICATIONS CORPORATION FOR  
VIOLATION OF RULE 25-4.118, FLORIDA ADMINISTRATIVE CODE,  
INTEREXCHANGE CARRIER SELECTION

AGENDA: 05/12/98 - REGULAR AGENDA - INTERESTED PERSONS MAY  
PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\CMU\WP\971486TI.RCM

CASE BACKGROUND

On April 25, 1983, the Commission granted MCI Telecommunications Corporation (MCI) Certificate Number 61 to provide intrastate interexchange telecommunications service. As a provider of interexchange telecommunications service in Florida, MCI is subject to the rules and regulations of this Commission.

In the last seven years, the Commission has accepted two settlement offers from MCI regarding unauthorized carrier changes (slamming). On May 20, 1991, in Order No. 24550, the Commission approved a \$25,000 settlement offer in Docket No. 910205-TI. (Attachment A, Pages 5-7) On March 8, 1996, in Order No. PSC-96-0336-AS-TI, the Commission approved a \$50,000 settlement offer in Docket No. 960186-TI. (Attachment B, Pages 8-11)

In addition, the Federal Communications Commission accepted an agreement from MCI in May of 1996 to resolve a Notice of Apparent Liability for Forfeiture. MCI agreed to make a voluntary contribution of \$30,000 to the United States Treasury and to add additional consumer protections against unauthorized long distance

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FPSC-RECORDS/REPORTING

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carrier conversions by using an independent third party to verify residential and small business customer orders. (Attachment C, Page 12)

From April 1, 1996, until January 13, 1998, the Commission's Division of Consumer Affairs has received a total of 1225 complaints against MCI. Of those complaints received, 106 were closed as slamming infractions in apparent violation of Rule 25-4.118, Florida Administrative Code. Based on the number of apparent slamming violations, staff opened this docket to investigate whether MCI should be required to show cause why it should not be fined or have its certificate canceled, pursuant to Section 364.285, Florida Statutes. Staff filed its initial recommendation to show cause MCI for the apparent slamming violations on January 22, 1998. MCI asked that the Commission defer a decision on the recommendation to allow MCI time to review the apparent violations and propose a settlement in lieu of proceeding with the show cause. MCI submitted its proposed settlement offer on April 27, 1998. (Attachment D, Pages 13-18) Staff believes the following recommendations are appropriate.

#### DISCUSSION OF ISSUES

**ISSUE 1:** Should the Commission accept the settlement offer proposed by MCI to resolve the apparent violations of Rule 25-4.118, Florida Administrative Code, Interexchange Carrier Selection?

**RECOMMENDATION:** Yes. (Biegalski)

**STAFF ANALYSIS:** On February 4, 1998, and again on March 17, 1998, MCI met with staff to discuss the pending show cause case. MCI also provided additional data sufficient to change the initial classification of a substantial number of its complaints from the slamming category. Thereafter, on April 27, 1998, MCI submitted its offer to settle. In its settlement offer MCI agreed to do the following:

- MCI will agree for a period of three years to audio record all Third Party Verification telephone calls, and will retain all such audio tapes for a period of one year from the date of the call. MCI will commence this audio taping system no later than June 1, 1998.

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- MCI will provide more complete explanations of the circumstances and corrective action taken concerning the complaint in its responses to consumer complaints filed with the Florida Public Service Commission and will also provide the Third Party Verification tape with all applicable responses.
- MCI will establish a toll-free number dedicated to receiving and resolving unauthorized PIC change complaints.
- MCI commits to engaging in ongoing dialogue and monthly reviews with the Commission staff of complaints lodged against it with the Commission.
- MCI shall invite the Commission management auditors to conduct a focused review of MCI's PIC change process.
- MCI will make a voluntary contribution to the State of Florida General Revenue Fund in the amount of \$240,000.

Staff supports the offer to record all Third Party Verification telephone calls because it will provide better evidence in determining whether a slamming violation occurred. Staff also believes that the more in-depth initial response to complaints proposed by MCI and the extent of the investigation conducted will help staff determine the cause of apparent unauthorized carrier changes. The monthly reviews of consumer complaints with MCI will also allow staff the opportunity to review the circumstances involved with each complaint filed within a specific time frame. In addition, MCI's proposal to establish a toll-free number dedicated to slamming complaints received by the Florida Public Service Commission will allow for expedited resolution of consumer complaints. Finally, the Commission's management audit of MCI's practices should help ensure that every practical safeguard is implemented to avoid slamming.

Therefore, staff believes the terms of the settlement agreement as summarized in this recommendation are fair and reasonable and supports the voluntary contribution to the General Revenue Fund pursuant to Section 364.285(1), Florida Statutes, in the amount of \$240,000.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: No. With the approval of Issue 1, this docket should remain open pending the remittance of the \$240,000 voluntary contribution within five business days after the order approving the settlement becomes final. Upon submittance of the \$240,000 settlement, this docket should be closed. The \$240,000 settlement 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. (Bedell)

STAFF ANALYSIS: If the Commission approves the staff recommendation in Issue 1, this docket should remain open pending the remittance of the \$240,000 voluntary contribution. The voluntary contribution should be submitted within five business days after the order accepting the settlement becomes final. Upon submittance of the \$240,000 settlement, this docket should be closed.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into numerous ) DOCKET NO. 910205-TI  
complaints against MCI TELECOMMUNICATIONS ) ORDER NO. 24550  
CORPORATION for unauthorized connections ) ISSUED: 5/20/91

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON  
BETTY EASLEY  
GERALD L. GUNTER  
MICHAEL MCK. WILSON

ORDER ACCEPTING SETTLEMENT OFFER

BY THE COMMISSION:

This docket was initiated in response to the number of complaints received by our Division of Consumer Affairs (Consumer Affairs) against MCI Telecommunications Corporation (MCI) regarding unauthorized connections. An authorized connection is the changing of a customer's presubscribed primary interexchange carrier (PIC) without proper authorization from the responsible party. Our Staff's investigation demonstrated that in 1990, MCI had 210 total complaints, of which approximately 150 were for unauthorized connections or marketing practices. In the first quarter of 1991, 96 complaints were received by Consumer Affairs, with 73 of those for unauthorized connections or marketing practices. By Order No. 24037, issued January 28, 1991, in the U.S sprint docket, we indicated that unauthorized connections and unfair marketing practices would not be tolerated in Florida. Additionally, by Order No. 24403, issued April 22, 1991, we directed that a rulemaking proceeding be opened to address the problems of unauthorized connections and improper marketing practices of the interexchange carriers (IXCs). We believe that we have sent a clear message to the IXCs.

On April 29, 1991, MCI filed an Offer of Settlement with the Commission. In that offer, MCI agreed to pay a fine of \$25,000 for the unauthorized connections investigated by our Staff. Additionally, the Company explained that a substantial number of complaints during the period of October 1990 through March 1991, resulted from order processing errors. Due to the submission of a tape to the local exchange companies, a significant number of customers were inadvertently changed to MCI. During the course of its investigation our Staff found that, upon detection of the

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error, MCI acted in a timely manner to return the affected customers to their chosen carrier.

Although MCI currently has verification procedures in effect, those procedures have not adequately reconciled the unauthorized connection problems. However, the Company asserts that it had no policy in place which encouraged or directed intentional unauthorized PIC changes. As a solution to the verification problem, the Company has committed to implement a nationwide independent third party verification process, subject to outside audit. The process will be fully implemented by June 1, 1991. MCI believes that this measure will protect customers against having their PIC changed without their authorization.

We believe that MCI's settlement offer is reasonable. The Company's management is aware of and is taking steps to address the problems that exist. Therefore, we accept MCI's offer, and hereby direct the Company to remit \$25,000 to the Florida Public Service Commission in settlement of the issues in this docket. Again, we caution MCI that unauthorized connections shall not be tolerated in the future.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that MCI Telecommunications Corporation shall remit \$25,000 to the Florida Public Service Commission forthwith in settlement of the issues in this docket. It is further

ORDERED that this docket be closed upon receipt of the \$25,000 settlement from MCI Telecommunications Corporation.

By ORDER of the Florida Public Service Commission, this 20th day of MAY, 1991.

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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

PAK

by Kass Jeyan  
Chief, Bureau of Records

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DOCKET NO. 910208-T1  
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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Investigation of MCI ) DOCKET NO. 960186-TI  
Telecommunications Corporation ) ORDER NO. PSC-96-0336-AS-TI  
marketing practices. ) ISSUED: March 8, 1996  
\_\_\_\_\_ )

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman  
J. TERRY DEASON  
JOE GARCIA  
JULIA L. JOHNSON  
DIANE K. KIESLING

ORDER APPROVING OFFER OF SETTLEMENT

BY THE COMMISSION:

Between January and September 1995, the Division of Consumer Affairs received 192 complaints against MCI Telecommunications Corporation (MCI) regarding unauthorized switching (slamming) of consumers' long distance service in apparent violation of Rule 25-4.118, Florida Administrative Code. Commission staff met with representatives of the company and asked them to analyze each of the complaints to determine the cause(s) and how they might be resolved.

On January 18, 1996, MCI submitted an analysis of slamming complaints. The majority of the complaints appeared to be due to marketing activities. After further discussions with staff, and in recognition of possible enforcement action, MCI filed a Motion to Consider and Accept an Offer of Settlement on February 6, 1996.

We note that the Commission previously accepted an offer of settlement from MCI regarding slamming complaints in Docket No. 910205-TI. In that docket the Commission conducted an investigation after receiving numerous complaints from customers. The settlement, involving a \$25,000 voluntary contribution, was approved by Order 24550, issued on May 20, 1991.



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MCI's Offer of Settlement, filed on February 6, 1996, consists of the following terms:

1. MCI will contribute to the general revenue fund of the State of Florida \$50,000 with no admission of liability or wrongdoing. This voluntary contribution of \$50,000 will be made no later than ten days following the issuance of a final order accepting the offer of settlement.

2. MCI will commit to apply the third party verification procedures in subsection 2(c) of the Commission's Interexchange Carrier Selection Rule (25-4.118, F.A.C.) to residential and small business sales resulting from customer initiated calls to MCI's inbound sales and customer service centers, notwithstanding that the third party verification requirement does not apply to customer-initiated PIC changes.

3. MCI will commit to apply the third party verification procedures in subsection 2(c) of the Commission's Interexchange Carrier Selection Rule to direct marketing and direct response residential and small business sales evidenced by an LOA, notwithstanding that the third party verification requirement does not apply when MCI has an LOA.

4. MCI commits to the continuance of its "Satisfaction Guaranteed" policy whereby MCI agrees to incur the PIC change charge to return any customer to their carrier of choice if, for any reason, the customer is not satisfied with MCI's service.

We concur with MCI that implementing the procedure of third party verification of residential and small business PIC changes prior to implementing the change, should greatly reduce the slamming complaints received by the Division of Consumer Affairs. Specifically, the third party verification process should reduce the complaints in the categories of fraud, direct marketing, inbound calls, ANI errors, and miscellaneous mistakes.

Upon consideration, we will approve MCI's Offer of Settlement. Therefore, it is

ORDERED by the Florida Public Service Commission that MCI Telecommunications Corporation's Offer of Settlement is hereby approved. It is further

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ORDERED that this docket shall be closed once MCI remits the \$50,000 voluntary contribution as described in and in accordance with the terms set forth in the Offer of Settlement. The voluntary contribution shall be forwarded to the Office of the Comptroller for deposit in the State General Revenue Fund pursuant to Section 364.285(1), Florida Statutes.

By ORDER of the Florida Public Service Commission, this 8th day of March, 1996.

/s/ Blanca S. Bayó

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

This is a facsimile copy. A signed copy of the order may be obtained by calling 1-904-413-6770.

( S E A L )

MMB

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the

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First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.

cc: Taylor R. Pruitt  
Mosco



Federal Communications Commission  
1919 - M Street, N.W.  
Washington, D. C. 20554

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Report No. CC 96-14

COMMON CARRIER ACTION

June 21, 1996

**COMMON CARRIER BUREAU ADOPTS CONSENT DECREE AGREEMENT  
WITH MCI RESOLVING NOTICE OF APPARENT LIABILITY  
FOR FORFEITURE FOR SLAMMING**

The Common Carrier Bureau and MCI Telecommunications Corporation (MCI) have entered into a Consent Decree Agreement, which resolves a pending Notice of Apparent Liability for Forfeiture (NAL) issued against MCI for alleged violations of the Commission's slamming rules.

Under the terms of the agreement, MCI will make a voluntary contribution of \$30,000 to the United States Treasury. MCI will also add additional consumer protections against unauthorized long distance carrier conversions by using an independent third party to verify residential and small business customer orders. MCI's new policy is a customer-focused enhancement to current FCC requirements for carrier change confirmation.

"This agreement is a victory for consumers, for the FCC and for MCI," said John B. Muleta, Chief, Enforcement Division, Common Carrier Bureau. "It represents a better way to protect customers from errors and to ensure they are hooked up to the long distance carrier of their choice."

"The Bureau believes that expanded use of independent third party verification will help resolve the continuing problem of the unauthorized conversion of customers' telephone services," Mr. Muleta added.

The NAL, issued in January, involved consumer allegations that MCI relied upon forged letters of agency as authority to substitute itself as the consumers' primary interexchange carrier (PIC) or long distance carrier. The practice of changing a consumer's PIC without authorization is commonly known as "slamming."

Action by the Common Carrier Bureau May 24, 1996, by Order (DA 96-1010).

- FCC -

News Media contact: Mindy Ginsburg at (202) 418-1500.  
Common Carrier Bureau contact: Colleen Heitkamp at (202) 418-0960.

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WASHINGTON  
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April 27, 1998

VIA FACSIMILE AND REGULAR MAIL

Martha Carter Brown, Esquire  
Chief, Bureau of Communications  
Division of Legal Services  
Florida Public Service Commission  
2450 Shumard Oak Boulevard  
Tallahassee, Florida 32399

Re: MCI Telecommunications Corp.  
Docket No. 971486-TI

Dear Martha:

Enclosed please find a revised Offer of Settlement, which I believe incorporates all the changes we have discussed. Please give me a call with any comments you may have.

Very truly yours,



Charles P. Scheeler

CPS/lt  
Enclosure

cc: Adam H. Charnes, Esquire  
Paul Eskildsen, Esquire

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Initiation of Show Cause Proceeding )  
against MCI Telecommunications ) Docket No. 971486-TI  
Corporation for Violation of Rule 25-4.118, )  
Florida Administrative Code, Interexchange ) Filed:  
Carrier Selection )

OFFER OF SETTLEMENT

MCI Telecommunications Corporation ("MCI" or the "Company" ) agrees fully with the Florida Public Service Commission ("Commission") that changing a customer's Primary Interexchange Carrier ("PIC") without his or her authorization is not appropriate. Indeed, MCI has historically led the telecommunications industry in the development of anti-slamming measures. As early as 1991, MCI pioneered the use of third-party verification ("TPV"); TPV involves the confirmation of carrier switches by an independent company. Since August 1996, MCI has used TPV to verify virtually all residential and small business sales.

MCI's experience in Florida and nationally has demonstrated the effectiveness of responsibly-operated TPV. During 1996 and 1997, MCI installed long distance service to over 1.4 million new residential customers in Florida. This is by far the largest gross number of long distance carrier switches of any carrier doing business in Florida. MCI's total number of new installations (residential and business) in Florida over this period was in excess of 2 million.

From April 1, 1996 through January 13, 1998, the Commission's Division of Consumer Affairs received 134 consumer complaints against MCI (excluding duplicates) relating to alleged unauthorized PIC changes. Of these complaints, MCI believes that only four involved cases where MCI arguably did not have a good faith basis to change the customer's service. Thus, the total number of complaints represented only approximately one complaint per 20,000 installations, and the total number of customer long distance service PIC changes for which MCI

believes that it did not have a good faith basis represents approximately one change per 500,000 installations.

MCI's national track record is equally compelling. The FCC publishes the Common Carrier Scoreboard Report, which tracks slamming complaints on a nationwide basis. The Report states that in 1996, MCI had less than one complaint per \$10 million in revenue. This places MCI among the industry leaders.

Nevertheless, recognizing that there is always room for improvement in this important area, the Company remains committed to continuing to improve its procedures, as well as continuing to rigorously enforce its existing procedures in order to minimize unauthorized PIC changes, whether caused by inadvertent error or otherwise. Accordingly, and in order to resolve the issues which are the subject of Docket 971486-TI, MCI makes the following offer of settlement and statement:

- 1) A thorough review of the material facts revealed that a substantial number of the complaints regarding unauthorized PIC changes during the period under review involved situations where MCI had received TPV that the customer had authorized the PIC change and had provided his or her date of birth or social security number confirming the TPV call occurred. The customer nevertheless later contended that he or she had not authorized the PIC change. In order to: a) eliminate any doubt as to the substance of the conversations between the TPV representative and the customer, and b) confirm that TPV is conducted according to the procedures established by MCI and the Florida rules and regulations, MCI will agree for a period of three (3) years to record all TPV telephone calls, and MCI assumes the obligation to retain all such audio tapes for a period of one year from the date of the call.

This undertaking will require a substantial capital investment for equipment and software. Moreover, MCI will also incur substantial ongoing costs of taping and

maintenance. MCI will be ready to commence this audio taping system no later than June 1, 1998.

- 2) The Staff noted that a number of MCI's letters in response to customer complaints did not provide adequate information so that the Staff could accurately determine whether an unauthorized PIC change had occurred. MCI agrees to state in its complaint response letters whether or not the Company considers the incident an unauthorized PIC change, and the basis of its conclusion. MCI will also, as part of its response, provide a copy of the audio tape of the TPV call, if applicable. No provision of this Offer of Settlement shall preclude MCI or the Commission and its Staff from presenting additional evidence (beyond that described in the complaint response letters) in any legal, administrative or other proceeding relating to unauthorized PIC change allegations.
- 3) MCI shall establish a toll-free number dedicated to receiving and resolving unauthorized PIC change complaints. MCI shall, in its reasonable discretion, provide notice of this number and its purpose to the public. MCI will cooperate with the Commission in establishing a system whereby customers calling the Commission with complaints of unauthorized PIC changes may be transferred directly to MCI's toll-free line.
- 4) MCI shall invite the Commission management auditors (the "auditors") to conduct a focused review of MCI's PIC Change Process. This review shall include, but not be limited to, a visit to an MCI call center and a TPV facility utilized by MCI at a mutually acceptable time. During this time the auditors will be permitted to interview both MCI and TPV personnel and review the Company's quality control practices and procedures that are designed to minimize unauthorized PIC changes. The review will include an assessment of the Company's long-distance marketing processes from the point the customer is contacted on behalf of MCI, or from the



point the customer contacts MCI to the point that the PIC change is transmitted to the Local Exchange Carrier. The auditors will also be afforded an opportunity to discuss these marketing practices and procedures with appropriate personnel. Upon the conclusion of the auditor's review, MCI will, in good faith, discuss and consider the Commission's suggestions for enhancing practices and procedures used by MCI to protect consumers from unauthorized PIC changes. As with all Commission audits, any information of competitive concern will be handled in a confidential manner.

- 5) MCI commits to engaging in ongoing dialogue and monthly reviews, conducted by conference call if appropriate, with the Commission Staff of complaints lodged against it with the Commission. This review will include, among other things, a discussion of the slamming complaints identified in the Commission's monthly Consumer Activity Report.
- 6) Subject to the conditions stated in Paragraph 8, MCI will offer a voluntary contribution to the State of Florida General Revenue Fund of \$240,000 in settlement of any and all complaints arising from or relating to alleged unauthorized PIC changes that occurred from March 8, 1996 through January 13, 1998.
- 7) Subsequent to the entry of any Order by the Commission approving this offer of settlement, if MCI either admits engaging in, or after the initiation of a Show Cause Proceeding is adjudged to have engaged in, an ongoing pattern of improper conduct involving PIC changes with willful disregard for the requirements of Commission rules or the commitments set forth in this Offer of Settlement or Prior Consent Orders (hereinafter "willful improper conduct"), the Company recognizes that additional enforcement proceedings will be appropriate. MCI firmly believes, however, that many of the complaints which are the subject of this proceeding involved PIC changes caused by inadvertent data entry errors (e.g., transposing numbers in a telephone number provided by a customer requesting a PIC change) or

other situations in which MCI followed both its own policies and the applicable verification requirements of Florida law and therefore did not engage in willful improper conduct deserving of enforcement action. MCI will continue its efforts to minimize the number of unauthorized PIC changes caused by inadvertent error. MCI contends, however, that no future enforcement proceedings should be initiated against it absent a demonstration that it has engaged in willful improper conduct as described above.

- 8) MCI does not, by this Offer of Settlement or otherwise, admit any violation of any statute, Commission Rule, or other rule or regulation, or any facts which might form the basis of a cause of action against the Company. By making this offer of settlement, MCI does not waive any of its legal rights in the event the Commission does not accept this Offer of Settlement, including the right to contest any and all assertions of fact or law set forth in the staff recommendation. If this offer of settlement is accepted by the Commission, it shall be attached to the final order accepting the settlement and closing the docket.

Dated this 26<sup>th</sup> date of April, 1998

MCI Telecommunications Corporation

By 

Thomas F. O'Neil III  
Chief Litigation Counsel