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July 13, 1998

Mrs. Blanca S. Bayó
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 980758-TP (Tel-Save Complaint)

Dear Ms. Bayó:

Enclosed is an original and fifteen copies of BellSouth Telecommunications, Inc.'s Answer and Response to Complaint and Request for Relief of Tel-Save, Inc., which we ask that you file in the above-captioned matter.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served to the parties shown on the attached Certificate of Service.

Sincerely,

Nancy B. White (kr)
Nancy B. White

RECEIVED & FILED

[Signature]
FPSC BUREAU OF RECORDS

NBW/vf

cc: All parties of record
A. M. Lombardo
R. G. Beatty
William J. Ellenberg II

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CERTIFICATE OF SERVICE
Docket No. 980758-TP

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via
U.S. Mail and (*)Federal Express this 13th day of July, 1998 to the following:

Staff Counsel
Florida Public Service
Commission
Division of Legal Services
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

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Represents Tel-Save, Inc.
a/k/a The Phone Company

The Phone Company
6805 Route 202
New Hope, PA 18938
Tel. No. (215) 862-1500
Fax. No. (215) 862-1085

Nancy B. White (sr)
Nancy B. White

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Complaint and Request for Relief of)
Tel-Save, Inc. Against BellSouth)
Telecommunications, Inc.)
for Violation of Sections 201(b) and 202 of)
the Communications Act of 1934, as amended,)
and Violation of Florida Statutes Annotated)
Section 364.03)

Docket No.: 980758-TP

Filed: July 13, 1998

**BELLSOUTH TELECOMMUNICATIONS, INC.'S
ANSWER AND RESPONSE TO COMPLAINT
AND REQUEST FOR RELIEF OF TEL-SAVE, INC.**

BellSouth Telecommunications, Inc., ("BellSouth"), hereby files its Answer and Response, pursuant to Rule 1.110, Florida Rules of Civil Procedure and Rules 25-22.037 and 25-22.0375, Florida Administrative Code, to the Complaint and Request For Relief of Tel-Save, Inc. ("Tel-Save"). Notwithstanding Tel-Save's allegations to the contrary, BellSouth has not violated the Telecommunications Act of 1996 (the "Act"), any Florida Statute or the Rules of the Florida Public Service Commission ("Commission"). BellSouth respectfully submits that the Complaint should be denied.

For answers to the specific allegations in the Complaint, BellSouth states as follows:

1. With regard to the allegations of Paragraph 1 of the Complaint, BellSouth admits that the Commission has jurisdiction over the intrastate operations of BellSouth in Florida. The remaining allegations of Paragraph 1 are denied. In further response, BellSouth states that the proper vehicle for relief sought in the Complaint is a rule making.

2. BellSouth is without information sufficient to formulate a response to Paragraph 2 of the Complaint, and, therefore, denies the allegations contained therein.

3. BellSouth admits the allegations of Paragraph 3 of the Complaint.

4. With regard to the allegations of Paragraph 4 of the Complaint, BellSouth can neither admit nor deny the allegations regarding Tel-Save's stature in the industry. BellSouth denies the remaining allegations of Paragraph 4, and specifically denies that any action by BellSouth denies consumers the benefits of competition in Florida. In fact, BellSouth's offer of a Primary Interexchange Carrier ("PIC") freeze to its customers protects the choices that consumers have made among competitive service providers from being tampered with by unscrupulous competitors.

5. With regard to the allegations of Paragraph 5 of the Complaint, BellSouth admits that it does not accept requests to lift PIC freezes directly from carriers by e-mail. BellSouth requires that the customer orally verify his desire to lift the freeze. This can be accomplished through a variety of easy and convenient methods. BellSouth denies the remaining allegations of Paragraph 5 of the Complaint.

6. With regard to the allegations of Paragraph 6 of the Complaint, BellSouth admits that if it receives a PIC change request on an account that has a PIC freeze, it returns a message to the carrier submitting the request, that the request cannot be processed.

7. With regard to the allegations of Paragraph 7 of the Complaint, BellSouth admits that requests to freeze can be submitted by customers telephonically directly or on a three way call with the BellSouth service representative, a Tel-Save representative, and the customer of BellSouth and denies the remaining allegations of Paragraph 7 of the Complaint.

8. With regard to the allegations of Paragraph 8 of the Complaint, BellSouth denies said allegations. Further responding, BellSouth shows that the PIC freeze is an important means by which customers concerned with the possibility that they could be slammed can use to protect themselves from intentional or unintentional charges to their telephone service. Customers should have this option, particularly where there exists a variety of easy and convenient methods to lift the freeze as is the case with BellSouth.

9. BellSouth denies the allegations of Paragraph 9 of the Complaint.

10. BellSouth denies the allegations of Paragraph 10 of the Complaint.

11. With regard to the allegations of Paragraph 11 of the Complaint, BellSouth states that Paragraph 11 essentially consists of quoted sections of various statutes that do not require a response. BellSouth denies the allegation contained therein that its practices are not just and reasonable.

12. With regard to the allegations of Paragraph 12 of the Complaint, BellSouth admits that common carriers are prohibited from engaging in unreasonable and unjust

discrimination under federal and state laws, but denies that either statutory scheme is violated by the use of a PIC freeze as implemented by BellSouth. BellSouth denies the remaining allegations contained in Paragraph 12.

13. With regard to the allegations of Paragraph 13 of the Complaint, BellSouth agrees that PIC freezes are protection against slamming. BellSouth denies that the FCC or any state regulatory agency has found that PIC freezes implemented in the manner cited in the Complaint, with the many easy and convenient methods of lifting the freeze, is in any way anti-competitive. BellSouth denies the remaining allegations of Paragraph 13.

And now, further answering, BellSouth states:

14. A BellSouth customer has the ability to select an interexchange carrier for its telephone service. The PIC will carry all interLATA calls (and intraLATA calls where 1+ intraLATA presubscription has been implemented) which are dialed on a 1+ basis.¹ Customers may change this PIC designation and select a new interexchange carrier.

¹ Generally, where intraLATA presubscription has been implemented, the industry has settled on - and commissions have adopted - a dual PIC approach which allows a customer to have one carrier for its local (intraLATA) toll and another carrier for its interLATA toll. Of course, a customer may choose the same carrier for both if that carrier is authorized to provide both types of toll service. While this fact is not relevant to the issues raised in this Complaint, BellSouth wishes to clarify that while references in this response are to a single code, there may be more than one on an account. The analysis holds true in either case.

BellSouth provides its customers with the opportunity to place a PIC freeze on their accounts to avoid unauthorized changes to the customer's local toll and long distance provider - a practice commonly referred to as "slamming". When a customer places a PIC freeze on his or her account, the local toll and toll provider cannot be changed without authorization obtained directly from the customer.

15. BellSouth implemented the PIC freeze process in Florida prior to the introduction of intraLATA subscription. BellSouth offers a freeze option for local toll and toll, but not for local service. The procedures for local toll and toll PIC freezes are the same and were not changed with the introduction of intraLATA subscription.

16. There are a variety of simple and convenient methods which a customer (or a carrier in conjunction with a customer) may use to lift the freeze if the customer desires to have it lifted. It is, for example, as easy as picking up the phone. Together, these methods are more than adequate to enable Tel-Save and any other carrier to market their services and switch customers to their service when the customer desires to be switched. Contrary to the assertions of Tel-Save, these methods do not impose an unreasonable burden on end users or the carriers.

17. A PIC freeze may be lifted by the following methods:

- a. The recommended option is for the end user to call the business office directly; this can be done 24 hours a day, seven days a week;
- b. The carrier may call the Equal Access Service Center with the end user on the line during normal business hours to request the LPIC/PIC freeze be lifted;

- c. The carrier, with the end user on the line, may leave the request in an Equal Access Service Center voice mailbox after normal weekday business hours and/or during weekends; or
- d. The carrier may transfer the customer (without remaining on the line) to the business office responsible for that end user's account. This transfer would allow the end user to authorize and instruct BellSouth to lift the LPIC/PIC freeze. Typically, this option is used after Equal Access Service Center's normal weekday business hours and/or weekends.

18. It is important for the Commission to know that this Complaint is not about what end user customers want. Indeed, it is the end user customer in the first place who, legitimately concerned about being slammed, has asked that its PIC be changed only with its express authorization. BUT, significantly, it is not end user customers who are asking BellSouth to accept e-mail requests to lift that freeze.² It is a carrier. The Commission should not be confused by Tel-Save's Complaint. Tel-Save wants BellSouth to accept requests from Tel-Save to lift an end user customer's PIC freeze. The Tel-Save proposal would have the effect of undoing the benefit of a PIC freeze, a benefit which Tel-Save acknowledges in its Complaint. (Complaint at Par. 13). The

² BellSouth is not aware of complaints from end user customers regarding BellSouth's practices on lifting PIC freezes, or end user customer requests that BellSouth modify these practices. BellSouth would consider implementing a means to accept requests received by e-mail directly from end user customers to lift a PIC freeze, if customers were behind the Complaint. There simply hasn't been the ground swell of support for such a change; customers' concerns in this area focus, rather, on reasonable assurance that they will not be slammed. Currently, BellSouth end user customers appear to be satisfied with dealing with PIC freeze via the phone.

20. Finally, Tel-Save's proposal would potentially cause more confusion and could facilitate slamming. It appears from the Complaint that Tel-Save wants to collect requests for PIC freezes to be removed, and e-mail a group of requests to BellSouth at one time. It is difficult to imagine a process more open to abuse than this one. Nothing would prevent a carrier from e-mailing bogus authorization to lift a PIC freeze. The real beneficiary of such a plan would be that subset of carriers which engage in slamming as a way of business. For all of these reasons, the Complaint should be denied.

WHEREFORE, having fully answered the allegations raised in the Complaint, BellSouth respectfully requests that the Complaint of Tel-Save, Inc. be dismissed as Tel-Save is not entitled to the relief sought.

Respectfully submitted this 13th day of July, 1998.

BELLSOUTH TELECOMMUNICATIONS, INC.

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