

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Initiation of show cause proceedings against Telecommunications Service Center, Inc. for violation of Rule 25-24.485, F.A.C., Tariffs.

DOCKET NO. 980605-TI
ORDER NO. PSC-98-1263-AS-TI
ISSUED: September 22, 1998

The following Commissioners participated in the disposition of this matter:

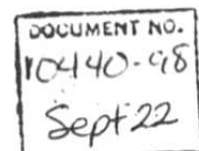
JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.

ORDER APPROVING SETTLEMENT

BY THE COMMISSION:

On April 24, 1998, we received a consumer complaint concerning possible deceptive practices involving three companies: Telecommunications Service Center, Inc. (TSCI), Valu-Tel, Inc. (VTI), and Public Communications, Inc. (PCI). The complaint stemmed from the use of a sweepstakes entry form which automatically enrolled contestants in an "800" service. We believe that few, if any, consumers entering the contest realized that they were obligating themselves to a \$4.95 activation fee, a \$4.95 recurring monthly charge for the "800" service, plus \$.25 per minute of use, all billed by TSCI on their local exchange telephone bill. It appeared that the activities of PCI, VTI and TSCI constituted "cramming" of unauthorized charges on local bills. The role of VTI and PCI are the subject of Order No. PSC-98-1218-AS-TI, issued September 15, 1998, in Docket No. 980606-TI. This order addresses TSCI's Offer of Settlement.

Upon our initiating show cause proceedings, TSCI contacted Commission staff. TSCI verified that it provided billing and telecommunications services to VTI. The rates charged by TSCI for activation, monthly service and the 25¢ per minute charge were inconsistent with TSCI's tariff. TSCI also informed the Commission that it had filed for bankruptcy on May 8, 1998.



TSCI identified 117 overcharged customers and asserts that the only charge to those Florida customers was the \$4.95 activation fee and that no customer actually used the "800" offer. TSCI offered the following in its offer of settlement which is attached and incorporated herein as Attachment A:

1. All tariff updates and regulatory affairs will be processed by an outside consulting firm. This will accommodate timely and accurate updates.
2. 117 identified overcharged customers will receive a \$4.95 credit through their local telephone service, thereby correcting the activation charge not in TSCI's tariff.
3. TSCI will make a contribution in the amount of \$1,000 to the General Revenue Fund of the State of Florida, with no admission of liability or wrongdoing.

In consideration of TSCI's pending bankruptcy, the limited nature of the alleged tariff violation, and TSCI's willingness to cooperate and resolve the problem, we believe the terms of the settlement agreement are reasonable. This docket shall remain open pending the remittance of the \$1,000 voluntary contribution within five business days after this order becomes final and pending completion of and receipt of a report on crediting accounts. Upon remittance, the \$1,000 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. Upon completion of the crediting of customer accounts with a report on the credits consistent with the requirements of Rule 25-4.114 (7), Florida Administrative Code, Refund Reports, this docket shall be closed administratively.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the offer of settlement dated July 28, 1998, by Telecommunications Service Center, Inc., is hereby approved. It is further

ORDERED that Telecommunications Service Center, Inc., shall credit accounts, pursuant to the settlement agreement and shall

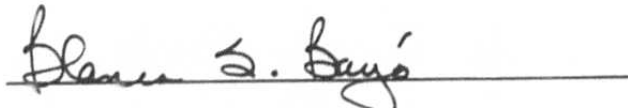
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file a report on those credits consistent with the requirements of Rule 25-4.114(7), Florida Administrative Code. It is further

ORDERED that Telecommunications Service Center, Inc., shall remit a voluntary contribution of \$1,000 within five business days of this Order becoming final. It is further

ORDERED that upon remittance of the \$1,000 settlement amount and completion of the refund report, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 22nd day of September, 1998.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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

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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 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.



TELECOMMUNICATIONS SERVICE CENTER, INC.

412 E. Madison St Suite 1200 Tampa Fl 33602
(813) 228-0688 Fax (813) 222-0875
Customer Service 1 800 388-6350

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July 28, 1998

Katherine Bedell
Florida Public Service Commission
Legal Division
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, Fl 32399-0850

Dear Ms Bedell:

In response to the Show Cause Proceeding currently pending, the following information is respectfully submitted for the Commission's consideration.

The residential 800 service in question is a product that had been marketed by ValueTel. This product, which TSC billed, included a \$4.95 activation charge that was not in our tariff. TSC has since corrected this and amended the tariff to accurately reflect this product. In addition, TSC has contracted with Technologies Management, Inc., to manage regulatory affairs for our company. All tariff updates will now be processed through this Orlando based company thereby avoiding any future delays in tariff updates.

The extent of TSC's participation in this particular program was limited to service bureau activities. TSC never involved itself with the marketing of the contest or the product associated with it. ValueTel was the marketing company responsible for the sweepstakes and the corresponding LOA. I respectfully suggest that the issue of deceptive marketing practices is more appropriately deferred to Myron Newman as there was no collaborative effort on the part of TSC.

With regard to the Commission's directive to refund all affected customers, the following is offered. Because TSC has been in Chapter 11 since May 8, 1998, this transaction is considered to be pre-petition and as such we are restricted from issuing refunds. Instead, TSC proposes to issue credits to the 117 customers affected through their local telephone company. This satisfies the refund requirement without having to issue actual checks. TSC is tariffed for the MRC of \$4.95, and there appears to have been no actual usage on any of the aforementioned accounts. The total refund amount would be \$579.15, \$4.95 multiplied by 117 customers. Once the Commission has approved the letter that would explain the nature of the adjustment to the customer, the refunds can be processed.

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Finally, TSC requests consideration of a settlement offer in the amount of \$1,000 as a means to bring closure to this unfortunate incident. TSC is prepared to comply with the Commission's directive and wishes to maintain an open dialogue until such time as this matter is concluded. Please contact me at your convenience to discuss any questions or concerns that you may have.

Sincerely,



Stacy Acampora
Vice President
Marketing & Alternate Channel Sales