



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-

RECEIVED-FPSC
JUN 17 11:12:12
RECORDS AND REPORTING

DATE: JUNE 17, 1999

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

FROM: DIVISION OF COMMUNICATIONS (KENNEDY) *RK*
DIVISION OF LEGAL SERVICES (WATTS/BEDELL) *CBW CB by mad*
DIVISION OF AUDITING AND FINANCIAL ANALYSIS (SAMAAN) *ED*

RE: DOCKET NO. 990675-TI - INVESTIGATION OF GULF LONG DISTANCE, INC. FOR INCORRECT BILLING OF INTRASTATE 0+ CALLS MADE FROM PAY TELEPHONES AND INTRASTATE 0+ CALLS MADE IN A CALL AGGREGATOR CONTEXT. *ALM*

AGENDA: 06/29/99 - REGULAR AGENDA - PROPOSED AGENCY ACTION FOR ISSUE 1 - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\CMU\WP\990675.RCM

CASE BACKGROUND

- November 17, 1993 - Gulf Long Distance, Inc. (Gulf) was issued certificate number 3493 to operate as an interexchange telecommunications company.
- April 29, 1999 - Staff received a consumer complaint regarding the high cost of an intrastate call made from a pay telephone station located in a confinement facility.
- May 3, 1999 - Staff informed Gulf (Attachment A, pages 9 and 10) that its operator service rates apparently exceeded the rate caps provided in Rule 25-24.630, Florida Administrative Code, Rate and Billing Requirements.
- May 12, 1999 - Gulf responded to staff's inquiry (Attachment B, page 11) stating that it had exceeded the rate caps resulting in an overcharge on 4064 calls by an amount of

DOCUMENT NUMBER-DATE
07353 JUN 17 99
FPSC-RECORDS/REPORTING

\$21,037.50. Gulf had failed to revise its tariff on February 2, 1999, to comply with the rate caps provided in Rule 25-24.630, Florida Administrative Code, Rate and Billing Requirements. Gulf proposed to offer a refund to the customers who had been overcharged.

- May 24, 1999 - Staff requested that Gulf provide additional information (Attachment C, pages 12 and 13) regarding the overcharges, including a refund plan.
- May 28, 1999 - Gulf's response to staff's second inquiry (Attachment D, page 14) proposed a refund method and schedule, and provided data to calculate the amount of interest owed customers. Gulf also revised the total amount of overcharges to \$86,548.10.
- June 9, 1999 - Staff called Gulf to verify all potential circumstances for overcharging customers had been identified and addressed.
- June 10, 1999 - Gulf submitted an e-mail response that addressed staff's inquiry and stated that 45,000 customers' calls were overcharged (Attachment E, pages 15 and 16).

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission accept Gulf's offer of refund and refund calculation of \$86,548.10, plus interest of \$1,411.72 (Attachment F, page 17), for a total of \$87,959.82, for overcharging end users for 0+ local calls and 0+ intrastate toll calls placed from pay telephone stations located in confinement facilities and for 0+ intrastate toll calls placed in a call aggregator context during the period February 1, 1999 through May 26, 1999?

RECOMMENDATION: Yes. The Commission should accept Gulf's refund calculation of \$86,548.10, adding interest of \$1,411.72, for a total of \$87,959.82, and proposal to credit customer bills between August 1 and September 15, 1999, for overcharging customers for 0+ local calls and 0+ intrastate toll calls placed from pay telephone stations located in confinement facilities and for 0+ intrastate toll calls placed in a call aggregator context during the period February 1, 1999 through May 26, 1999. The refunds should be made through credits to customers' bills between August 1, 1999, and September 15, 1999. At the end of the refund period, any

unrefunded amount, including interest, should be remitted to the Commission and forwarded to the Comptroller for deposit in the General Revenue Fund, pursuant to Chapter 364.285(1), Florida Statutes. Gulf should submit refund reports to the Commission beginning August 10, 1999 and a final report as required by Rule 25-4.114, Florida Administrative Code, Refunds. (Kennedy)

STAFF ANALYSIS: On April 29, 1999, staff received a complaint from a consumer regarding a \$5.50 charge for a 12 minute call made from a pay telephone station located within a confinement facility. The consumer reported that billing was made by Zero Plus Dialing, Inc. on behalf of Gulf Long Distance, Inc.

On May 3, 1999, staff called Gulf and followed up with written correspondence regarding the April 29 customer complaint and the possibility that Gulf had overcharged customers for 0+ and 0-intrastate local and toll calls. On May 12, Gulf advised staff that rates for 0+ intrastate toll calls exceeded the rate caps provided in Rule 25-24.630, Florida Administrative Code, Rate and Billing Requirements. For this investigation, staff determined that four possible scenarios existed for which Gulf may have overcharged customers for operator services. The scenarios are:

1. 0+ intrastate local and toll calls from inmate pay telephone stations,
2. 0+ intrastate local and toll calls from pay telephone stations outside confinement facilities,
3. 0+ intrastate local and toll calls made in a call aggregator context (hotels and motels), and
4. 0- intrastate local and toll calls made from other pay telephone stations and made in a call aggregator context.

Addressing the first scenario, staff learned that the call associated with the April 29 customer complaint was a local 0+ call made from a pay telephone within a confinement facility. Gulf stated the call duration was 12 minutes and was rated based on \$0.25 per minute (\$3.00), application of a collect station to station surcharge (\$2.25), and application of a property imposed fee (\$0.25), for a total of \$5.50. Monies collected for the property imposed fee were remitted to the facility housing the inmates. Because Gulf's tariff did not specify a rate for a 0+ local call placed from a pay telephone in a confinement facility, and because Rule 25-24.630, Florida Administrative Code, Rate and Billing Requirements, is silent regarding application of rates for 0+ local calls, and because the Federal Communications Commission preempts states from imposing rate caps on local calls (excluding operator assisted surcharges), staff was unable to determine the cost the consumer should pay for this specific call.

Inmates are required to place all local or toll calls from pay telephone stations in confinement facilities by dialing 0+ the number. Rule 25-24.630, Florida Administrative Code, Rate and Billing Requirements specifically provides that 0+ local calls must be routed by the operator services provider to a local exchange company. However, for pay telephone stations located within confinement facilities, Rule 25-24.515, Florida Administrative Code, Pay Telephone Service, permits a pay telephone service provider to select its carrier of choice, which may include an operator services provider, to handle 0+ local calls. An amendment to Rule 25-24.515, Florida Administrative Code, Pay Telephone Service, which became effective on February 2, 1999, eliminated the need for operator service providers to submit a petition for a rule waiver for Commission approval to handle 0+ local calls from pay telephone stations located within confinement facilities.

The Commission's pay telephone rules do not apply to interexchange telecommunications companies providing operator services. However, as a basis for determining a reasonable cost for a 0+ local call from a confinement facility pay telephone, staff considered:

- the public interest,
- Rule 25-24.515, Florida Administrative Code, Pay Telephone Service, which addresses pay telephone stations in confinement facilities, and
- Rule 25-24.516, Florida Administrative Code, Pay Telephone Rate Caps, which defines rate caps for 0+ local calls.

Because a pay telephone provider can select its carrier of choice for 0+ calls originating from inmate pay telephones, it is staff's opinion that a reasonable approach would be to consider the Commission's pay telephone rate caps as a basis for defining the cost of a 0+ local call from a pay telephone located in a confinement facility. Therefore, it is staff's opinion that the cost of the complainant's call should have been the local coin rate plus applicable operator surcharges. Gulf agreed with staff's conclusion. Therefore, the complainant should be charged the local posted coin rate, which Gulf has defined as \$0.35 and a non-person-to-person surcharge of \$1.75, for a total of \$2.10.

Staff reviewed the tariff Gulf has on file with the Commission. Gulf's tariff listed the measured rate for 0+ intrastate toll calls and operator service charges, but did not provide rates for 0+ local calls. Gulf's measured rate and operator service charges for 0+ intrastate toll calls are provided in the table below. In addition to the listed charges, Gulf added an additional \$1.15 to the cost of the call if the operator dialed the numbers for the

customer.

Cost Element	Gulf's Tariff Rate	Commission Rate Caps	Deviation from Rate Caps
Toll Rate	\$0.25/min.	\$0.30/min.	-\$0.05/min.
Surcharge station- to-station	\$2.25	\$1.75	+\$0.50/call
Surcharge person- to-person	\$4.90	\$3.25	+\$1.65/call

The maximum rates Gulf is allowed to charge for 0+ intrastate toll calls placed from pay telephone stations located in confinement facilities are provided in Rule 25-24.630, Florida Administrative Code, Rate and Billing Requirements. For these type calls, Gulf's operator surcharges exceeded the Commission's rate cap by \$0.50 per call. The per-minute toll rate did not exceed the rate caps.

For calls that were placed within the parameters of the second scenario (described earlier), staff determined that Gulf's charges did not exceed the Commission's rate caps. Gulf only provides operator services to Gulf Telephone Company d/b/a Gulf Payphones for pay telephone stations located outside confinement facilities. Gulf did not route any 0+ local calls, which complies with Rule 25-24.620, Florida Administrative Code, Service Requirements for Companies Providing Operator Services. Gulf did not charge any customer for 0+ intrastate toll calls placed from Gulf Payphones due to technical difficulties. Gulf Payphones has less than 10 pay telephone stations placed within Florida.

For calls that were placed within the parameters of the third scenario (described earlier), staff determined that Gulf's charges exceeded the Commission's rate caps for 0+ intrastate toll calls. Customers were overcharged varying amounts, dependent on how the call was placed (person-to-person or station-to-station and customer dialed or operator dialed). Gulf did not route any 0+ local calls, as these type calls were routed by the local exchange company, as required by Rule 25-24.620, Florida Administrative Code, Service Requirements for Companies Providing Operator Services.

For calls that were placed within the parameters of the fourth scenario (described earlier), staff determined that Gulf did not handle any calls. All 0- calls were routed to the local exchange company for the pay telephone stations and call aggregator locations Gulf served, as required by Rule 25-24.620, Florida Administrative Code, Service Requirements for Companies Providing

Operator Services.

On May 24, 1999, staff requested additional information from Gulf, including a breakdown of overcharges on a monthly basis and a detailed refund plan. On May 28, 1999, Gulf revised its initial calculation of overcharges and reported that customers had been overcharged a total of \$86,548.10.

On June 9, 1999, staff called Gulf to ensure that all potential circumstances and time frames that Gulf may have overcharged customers were identified.

Gulf's first offering of operator services for pay telephones in confinement facilities commenced February 10, 1999. Therefore, overcharges to inmates were confined to the period February 10, 1999, through May 26, 1999. For the purposes of its refund offer, Gulf voluntarily reduced the 0+ local call operator surcharges to match the levels expressed by the Commission's pay telephone rate caps for 0+ local calls and voluntarily eliminated the per-minute rate and replaced it with a \$0.35 flat rate for 0+ local calls made from pay telephone stations in confinement facilities. Further, Gulf changed its rates for 0+ intrastate toll calls to comply with the Commission rate caps defined in Rule 25-24.630, Florida Administrative Code, Rate and Billing Requirements.

Gulf had overcharged customers for calls placed from hotels and motels (call aggregator context) since February 1, 1999. Gulf's rates exceeded the Commission's rate caps and have now been revised to meet the requirements of Rule 25-24.630, Florida Administrative Code, Rate and Billing Requirements.

Gulf did not charge for 0+ intrastate toll calls made from pay telephone stations located outside confinement facilities, thus no refunds apply.

Gulf submitted its tariff revisions to staff on May 17, 1999. The new rates comply with the Commission's rate caps as stated in Rule 25-24.630, Florida Administrative Code, Rates and Billing Requirements for 0+ intrastate toll calls placed from pay telephone stations and placed in a call aggregator context.

Based on the foregoing, the Commission should accept Gulf's refund pursuant to Rule 25-4.114, Florida Administrative Code. The amount of the refunds should be \$87,959.82, including interest of \$1,411.72. The company has agreed to credit end users' bills plus interest. The credit will appear on the local telephone company statement through Gulf's billing agent, Zero Plus Dialing, Inc. The refunds will be completed by making the credits between August 1 and September 15, 1999. Any remaining monies, including interest due unidentified consumers, should be remitted to the Commission

and deposited in the General Revenue Fund, pursuant to Chapter 364.285 (1), Florida Statutes. Gulf should submit refund reports to the Commission beginning August 10, 1999 and a final report as required by Rule 25-4.114, Florida Administrative Code, Refunds.

ISSUE 2: Should Gulf Long Distance, Inc. be required to show cause why it should not pay a fine for overcharging customers for 0+ intrastate toll calls placed at pay telephone stations in confinement facilities, and for 0+ intrastate toll calls placed in a call aggregator context?

RECOMMENDATION: No. (Kennedy)

STAFF ANALYSIS: By Section 364.285, Florida Statutes, the Commission is authorized to impose upon any entity subject to its jurisdiction a penalty of not more than \$25,000, if such entity is found to have refused to comply with or to have willfully violated any lawful rule or order of the Commission, or any provision of Chapter 364. However, staff does not believe that Gulf's conduct rises to the level that warrants an order to show cause. Gulf has revised its operator service rate caps for 0+ intrastate toll calls to conform with the Commission's rate caps provided in Rule 25-24.630, Florida Administrative Code. Even though the Commission has no rule defining rate caps for 0+ local calls, Gulf has voluntarily offered to rate inmate's 0+ local calls at \$0.35 flat rate, plus surcharges equal to 0+ intrastate toll surcharges from pay telephones located in confinement facilities. Gulf has no prior show cause actions initiated against it by the Commission and relatively few consumer complaints since certification by the Commission on November 17, 1993. The company has cooperated fully with staff during the investigation. Moreover, Gulf has agreed to a refund to those customers who were overcharged, and has modified its internal procedures to ensure that all future Commission correspondence will be routed unopened to its regulatory affairs office. Gulf's prior practice for handling mail had resulted in the misrouting of Commission correspondence to an inappropriate agent.

DOCKET NO. 990675-TI
DATE: JUNE 17, 1999

ISSUE 3: Should this docket be closed?

RECOMMENDATION: No. This docket should remain open pending the conclusion of the refund or the resolution of a protest filed within 21 days of the issuance date of the Order by a person whose substantial interests are affected. If the PAA portion of this order is not protested, it will become effective and final upon the issuance of a consumating order. (Watts)

STAFF ANALYSIS: If the Commission approves the staff recommendation in Issue 1, this docket should remain open pending the conclusion of the refund or the resolution of a protest filed within 21 days of the issuance date of the Order by a person whose substantial interests are affected. If the PAA portion of this order is not protested, it will become effective and final upon the issuance of a consumating order.

Docket No. 9906 - TI
Date: June 17, 1999

ATTACHMENT A

STATE OF FLORIDA

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



DIVISION OF
TELECOMMUNICATIONS
WALTER D'HAESELEER
DIRECTOR
(850) 413-6600

Public Service Commission

May 3, 1999

Mr. Harold Sligh
Gulf Long Distance, Inc.
P.O. Box 1330
Foley, AL 36536

Re: Complaint by Ms. Daisy Marcum, Account No. 850-722-0970

Dear Mr. Sligh:

Ms. Daisy Marcum contacted the Public Service Commission regarding the cost of phone calls billed to her account. According to Ms. Marcum, ZPDI was the billing agent, billing on behalf of Gulf Long Distance, Inc.

Ms. Marcum stated that she was billed \$5.50 for a 15 minute station to station collect call from a pay telephone located within the Panama City Annex (jail annex) to her home located in Youngstown, Florida. Ms. Marcum's belief is that the call is a local call, not a long distance toll call.

I spoke with Virginia, of Gulf Long Distance, Inc., regarding the consumer's complaint. Virginia provided an explanation of the charges, based on Gulf's tariff currently filed with the Commission. Please be advised that rate caps for operator service providers were implemented effective February 1, 1999. I faxed Virginia a copy of the operator service rules.

It appears that Ms. Marcum has been charged in excess of the rate caps. Also, if the call from the jail annex to Youngstown is local, as an operator service provider, Gulf is not authorized to handle this type call.

Ms. Marcum's complaint indicates that Gulf Long Distance, Inc. may be charging rates in excess of the rate caps as provided in Rule 25-24.630, Florida Administrative Code and may be completing local calls in violation of Rule 25-24.471. For your convenience, I have attached copies of the Rules Governing Telephone Service Provided by Interexchange Telephone Companies and Rules Governing Operator Services Providers. I have also attached a copy of the rules governing pay telephone service.

- 9 -

DOCKET No. 9906¹-TI
Date: June 17, 1999

ATTACHMENT A

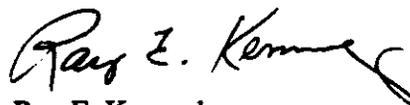
Mr. Harold Sligh
Page 2
May 3, 1999

Because its tariffed rates exceed the rate caps applicable to an operator services provider for intrastate 0+ or 0- calls made from a pay telephone or in a call aggregator context, Gulf Long Distance, Inc. may have overcharged consumers from the time the rate caps became effective on February 1, 1999. Please investigate and provide a written response to the following questions by May 17, 1999:

1. How many, if any, consumers were charged more than the rate caps applicable February 1, 1999?
2. What is the total overcharge, if any, since February 1, 1999?
3. In consideration of Rule 25-4.114 Refunds, Florida Administrative Code, what is Gulf Long Distance's, Inc. proposal to refund consumers should overcharges be determined?
4. When will Gulf Long Distance, Inc. revise its tariff to comply with Rule 25-24.630 Rates and Billing Requirements, Florida Administrative Code?

In addition to the information requested above, please provide a written response describing the actions taken by Gulf Long Distance, Inc. in resolving Ms. Marcum's complaint. Should you have any questions, please feel free to contact me at (850) 413-6584. My fax number is (850) 413-6585.

Sincerely,



Ray E. Kennedy
Compliance Section

Enclosures (3)

CATS#256310I

MARJORIE YOUNCE SNOOK
PRESIDENT / CEO

DENNIS LEONARD KAISER
VICE PRESIDENT
ENGINEERING & CONSTRUCTION

ROBERT HOWARD YOUNCE
VICE PRESIDENT
SERVICE / CABLE / SAFETY

DALE EUGENE YOUNCE
VICE PRESIDENT
GENERAL MANAGER

ROBERT L. MACKEY, JR.
VICE PRESIDENT
FINANCE & TREASURER

GULF TELEPHONE COMPANY

We're Connecting South Baldwin County to the World

P. O. DRAWER 670
FOLEY, ALABAMA 36536-0670
BUSINESS OFFICE (334) 952-5100
OR 1-800-927-4853

WILLARD RICHARD MITCHEM
VICE PRESIDENT
NETWORK SUPERINTENDENT

ESTHER HOLMAN WILLIAMS
VICE PRESIDENT
PURCHASING / WAREHOUSE

WOODARD S. SETZER
VICE PRESIDENT
MARKETING

ANN LASSITTER BYRD
VICE PRESIDENT
& SECRETARY

May 12, 1999

Mr. Ray E. Kennedy
State of Florida Public Service Commission
Compliance Section
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: Complaint by Ms. Daisy Marcum, Account No. 850-722-0970

Dear Mr. Kennedy:

In reponse to your letter dated May 3, 1999, regarding the complaint filed with your office by Ms. Daisy Marcum (Account No. 850-722-0970), Gulf Long Distance, Inc. has determined that our tariff rates (Florida Tariff No. 1, Third Revised Sheet No. 41) do, in fact, exceed the rate caps applicable to an operator services provider for intrastate 0+ or 0- calls made from a pay telephone or in a call aggregator context (25-24.630 Rate and Billing Requirements, Florida Administrative Code).

We have found that 4,064 consumers were charged a rate higher than the applicable rate caps. We have determined the amount that these consumers were over charged was \$ 21,037.50. In consideration of Rule 25-4.114 Refunds, Florida Adminstrative Code, Gulf Long Distance, Inc. will offer a refund to these consumers for the amount that was overcharged. In addition, Gulf Long Distance, Inc. will make the necessary changes to its tariff immediately to comply with Rule 25-24.630 Rates and Billing Requirements, Florida Administrative Code.

If you have any questions or need any additional iformation regarding this situation, please feel free to contact me at (334) 952-5379 or Kevin Grimes at (334) 952-5384.



Sincerely,

GULF TELEPHONE COMPANY

Woody Setzer
Woody Setzer
Vice President - Regulatory

WSS/be

CENTRAL OFFICES
LOCATED IN ALABAMA

BEAR POINT BETHEL BON SECOUR CANAL ELBERTA ELSANOR FOLEY FORT MORGAN GLENLAKES GULF SHORES HUGGERS LANDING JOSEPHINE
LILLIAN LOXLEY MAGNOLIA MARLOW MIFLIN MOBILE POINT ONO MIDWAY ONO PERDIDO ORANGE BEACH PERDIDO BEACH PHOENIX PLASH ISLAND
RIEMER ROAD ROBERTSDALE SEMINOLE SPANISH COVE STYX RIVER SUMMERDALE UNDERWOOD ROAD VERNANT PARK WEST BEACH WILCOX YUPON

DOCKET NO. 99067A-TI
DATE: JUNE 17, 1999

ATTACHMENT C

STATE OF FLORIDA

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



DIVISION OF
TELECOMMUNICATIONS
WALTER D'HAESELEER
DIRECTOR
(850) 413-6600

Public Service Commission

May 24, 1999

Mr. Woodward S. Setzer
Gulf Telephone Company
P.O. Drawer 670
Foley, Alabama 36536-0670

Re: Refund of Overcharges for Operator Services

Dear Mr. Setzer:

In your letter dated May 12, 1999, you indicated that Gulf Telephone Company is prepared to offer a refund to customers who were charged in excess of the rate caps. As a follow-up to your letter, staff requires answers to the following questions:

1. Please provide the number of months that overcharges occurred. Overcharges first began on February 1, 1999. On what date did Gulf Telephone Company revise its charges to be within or equal to the rate caps?
2. For the purposes of calculating interest owed consumers, please provide the amount overcharged on a per month basis. If Gulf Telephone Company is unable to provide the overcharged amounts on a per month basis, the total amount overcharged will be divided by the number of months that overcharges occurred and the resultant monthly average will be used to determine the amount of interest owed consumers.
3. How many months does Gulf Telephone Company propose to complete the refund process? This information is needed to calculate interest owed consumers. Rule 25-4.114, Refunds, Florida Administrative Code, provides that refunds must be made in 90 days unless a different time frame is prescribed by the Commission.

During our recent telephone conversation, I advised you that the Public Service Commission's Auditing/Financial Analysis Division will assign an analyst to provide applicable interest rate figures and assist in calculations. I will notify you when an analyst has been assigned.

- 12 -

DOCKET NO. 99-675-TI

ATTACHMENT C

DATE: JUNE 17, 1999

Mr. Woodward S. Setzer

Page 2

May 24, 1999

Currently, I plan to open a docket and schedule it for appearance before the Commission on June 29, 1999. Should you have any questions, I can be reached at (850)-413-6584. My fax number is (850)-413-6585.

Sincerely,



Ray E. Kennedy
Certification Section

CATS#256310Ia

DOCKET 990 675-TI
DATE: JUNE 17, 1999
MARJORIE YOUNCE SNOOK
PRESIDENT / CEO

ATTACHMENT D

GULF TELEPHONE COMPANY

We're Connecting South Baldwin County to the World

P. O. DRAWER 670
FOLEY, ALABAMA 36536-0670
BUSINESS OFFICE (334) 952-5100
OR 1-800-927-4853

DENNIS LEONARD KAISER
VICE PRESIDENT
ENGINEERING & CONSTRUCTION

ROBERT HOWARD YOUNCE
VICE PRESIDENT
SERVICE / CABLE / SAFETY

DALE EUGENE YOUNCE
VICE PRESIDENT
GENERAL MANAGER

ROBERT L. MACKEY, JR.
VICE PRESIDENT
FINANCE & TREASURER

WILLARD RICHARD MITCHEM
VICE PRESIDENT
NETWORK SUPERINTENDENT

ESTHER HOLMAN WILLIAMS
VICE PRESIDENT
PURCHASING / WAREHOUSE

WOODARD S. SETZER
VICE PRESIDENT
MARKETING

ANN LASSITTER BYRD
VICE PRESIDENT
& SECRETARY

May 28, 1999

Mr. Ray E. Kennedy
State of Florida Public Service Commission
Compliance Section
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: Refund of Overcharges for Operator Services

Dear Mr. Kennedy:

In response to your letter dated May 24, 1999, regarding the refund of overcharges for operator services, Gulf Long Distance, Inc. is, in fact, prepared to offer a refund to those customers who were charged in excess of the rate caps.

We have found that the overcharges occurred for approximately four months beginning February 1, 1999 through May, 1999. Gulf Long Distance removed the PIF (property imposed fee) on May 5, 1999, reduced the Intrastate 0+ surcharge to \$1.75 on May 6, 1999, and reduced the 0+ local rates to \$1.75 plus the local coin rate of \$.35 on May 26, 1999.

For the purpose of calculating interest owed to customers, Gulf Long Distance has determined the overcharges to be as follows:

February, 1999	\$ 1,767.75
March, 1999	\$ 8,892.70
April, 1999	\$ 66,157.70
<u>May, 1999</u>	<u>\$ 9,729.95</u>
Total	\$ 86,548.10

Rule 25-4.114, Refunds, Florida Administrative Code, provides that refunds must be made in 90 days. Gulf Long Distance proposes to complete the refund process between August 1, 1999 and September 15, 1999. Refunds will be issued as a credit on the customer billing statement via our billing entity, Billing Concepts (ZPDI).

If you have any questions or need any additional information regarding this situation, please contact me at (334) 952-5384.



Sincerely,

GULF TELEPHONE COMPANY

Kevin Grimes
Kevin Grimes
Regulatory Administrator

- 14 -

CENTRAL OFFICES
LOCATED IN ALABAMA

BEAR POINT BETHEL BON SECOUR CANAL ELBERTA ELSANOR FOLEY FORT MORGAN GLENLAKES GULF SHORES HUGGERS LANDING JOSEPHINE LILLIAN LOXLEY MAGNOLIA MARLOW MIFLIN MOBILE POINT ONO MIDWAY ONO PERDIDO ORANGE BEACH PERDIDO BEACH PHOENIX PLASH ISLAND RIEMER ROAD ROBERTSDALE SEMINOLE SPANISH COVE STYX RIVER SUMMERDALE UNDERWOOD ROAD VERNANT PARK WEST BEACH WILCOX YUPON

From: KEVING @ SMTP (Kevin Grimes) {keving@gulftel.com}
To: Ray Kennedy
Subject: GLD Answers

DOCKET 990675-TI
DATE: JUNE 17, 1999

===NOTE=====6/10/99==3:38pm=====
Return-Path: <keving@gulftel.com>
Received: from mail.gulftel.com (208.222.57.20)
by mail.psc.state.fl.us (Connect2-SMTP 4.30A.1000128)
for <rkennedy@psc.state.fl.us>; Thu, 10 Jun 1999 15:44:23 -0400
Received: from portal.gulftel ([208.222.57.1]) by mail.gulftel.com
(Post.Office MTA v3.5.3 release 223 ID# 0-58681U15000L999S0V35)
with SMTP id com; Thu, 10 Jun 1999 14:44:11 -0500
From: "Kevin Grimes" <keving@gulftel.com>
To: <rkennedy@psc.state.fl.us>
Subject: GLD Answers
Date: Thu, 10 Jun 1999 14:38:51 -0500
Message-ID: <001501beb378\$de427fa0\$8a4e45c6@portal.gulftel>
MIME-Version: 1.0
Content-Type: multipart/alternative;
boundary="-----= NextPart_000_0011_01BEB34E.F54AE5E0"
X-Priority: 3 (Normal)
X-MSMail-Priority: Normal
X-Mailer: Microsoft Outlook 8.5, Build 4.71.2377.0
Importance: Normal
X-MimeOLE: Produced By Microsoft MimeOLE V4.72.2120.0

Mr. Kennedy:

To follow are the answers to the questions we discussed yesterday morning.

a.. When did GLD actually begin to offer OSP Services to payphones in confinement facilities? There were rate caps prior to the February 1 change. If GLD offered this service prior to February 1, they may have been overcharging then also. If the answer to the first part of this questions is February 1, 1999 , then disregard question 1a. Gulf Long Distance began offering OSP services in confinement facilities on February 10, 1999.

1.. How many confinement facility locations do we have serve as OSP in Florida? Please identify them and the date that GLD took over the OSP Services? Disregarded.

2.. Regarding the overcharges on calls made from a payphone in a confinement facility in the original complaint, who actually rates this call? Please describe the process from the time the inmate picks up the phone until the call is actually billed. The inmate picks up the phone. He/she dials a station to station 0+ automated collect call. The call is placed. The terminating station accepts or rejects the call. If the call is accepted the inmate can talk for up to 12 minutes (set by the customer premise equipment). The call record from the toll switch is combined with the information from the automated operator system. This produces a billable call record. The record is then rated by Gulf Long Distances in-house billing system. The call records are sent to Billing Concepts (ZPDI) via modem, and the calls are billed on the terminating stations local phone bill.

3.. What is the total number of calls used to make up the \$86,548.10 that GLD reported to the Florida Public Service Commission (FL PSC)? 45,000 calls exactly.

4.. Have the tariff revisions been submitted to the FL PSC? Yes. Mailed on May 17, 1999.

5.. List all of the scenarios in which overcharges occurred (payphones, payphones in confinement facilities, hotels/motels, etc). Do not break it down into dollars, just a generic description. When did these overcharges begin? GLD has overcharged on all Florida Intrastate OSP calls from payphone in confinement facilities since February 10, 1999. GLD has overcharged on all Florida Intrastate OSP calls from hotels/motels since February 1, 1999.

6.. Does GLD provide OSP Services to any other payphone providers in the state of Florida? Yes. Gulf Telephone Company d/b/a Gulf Payphone Enterprises.

b.. In any instance other than a payphone in a confinement facility, 0+ Local calls must be routed to the local carrier (see OSP Rules). Did GLD

handle 0+ local calls for payphones outside confinement facilities or at a hotel/motel? No.

If you have any questions or need any additional information, please contact me at 334-952-5384.

Thanks,

Kevin

DOCKET 990675-TI
DATE: JUNE 17, 1999

```

-----[ Content-type: text/html ]-----
<!DOCTYPE HTML PUBLIC "-//W3C//DTD W3 HTML//EN">
<HTML>
<HEAD>

<META content="text/html; charset=iso-8859-1" http-equiv=Content-Type>
<META content="MSHTML 4.72.2106.6" name=GENERATOR>
</HEAD>
<BODY bgcolor=#ffffff>
<P><FONT size=2>Mr. Kennedy:<BR><BR>To follow are the answers to the questions
we discussed yesterday morning.<BR></P>
<OL><FONT face=Arial size=2>
  <LI>When did GLD actually begin to offer OSP Services to payphones in
confinement facilities? There were rate caps prior to the February 1 change.
If GLD offered this service prior to February 1, they may have been
overcharging then also. If the answer to the first part of this questions is
February 1, 1999 , then disregard question 1a.&nbsp;   <STRONG>Gulf Long
Distance began offering OSP services in confinement facilities on February
10, 1999.</STRONG></LI>
  <LI type=a>
    <LI>How many confinement facility locations do we have serve as OSP in
Florida? Please identify them and the date that GLD took over the OSP
Services? <STRONG>Disregarded. </STRONG></LI>
    <LI>Regarding the overcharges on calls made from a payphone in a
confinement facility in the original complaint, who actually rates this
call? Please describe the process from the time the inmate picks up the
phone until the call is actually billed. <STRONG>The inmate picks up the
phone. He/she dials a station to station 0+ automated collect call. The
call is placed. The terminating station accepts or rejects the call. If
the call is accepted the inmate can talk for up to 12 minutes (set by
the customer premise equipment). The call record from the toll switch is
combined with the information from the automated operator system. This
produces a billable call record. The record is then rated by Gulf Long
Distances in-house billing system. The call records are sent to Billing
Concepts (ZPDI) via modem, and the calls are billed on the terminating
stations local phone bill. </STRONG></LI>
    <LI>What is the total number of calls used to make up the $86,548.10
that GLD reported to the Florida Public Service Commission (FL PSC)?
<STRONG>45,000 calls exactly. </STRONG></LI>
    <LI>Have the tariff revisions been submitted to the FL PSC?&nbsp;   
<STRONG>Yes.&nbsp;    Mailed on May 17, 1999.</STRONG></LI>
    <LI>List all of the scenarios in which overcharges occurred (payphones,
payphones in confinement facilities, hotels/motels, etc). Do not break
it down into dollars, just a generic description. When did these
overcharges begin? <STRONG>GLD has overcharged on all Florida Intrastate
OSP calls from payphone in confinement facilities since February 10,
1999. GLD has overcharged on all Florida Intrastate OSP calls from
hotels/motels since February 1, 1999.</STRONG></LI>
    <LI><STRONG></STRONG>Does GLD provide OSP Services to any other payphone
providers in the state of Florida? <STRONG>Yes. Gulf Telephone Company
d/b/a Gulf Payphone Enterprises.</STRONG></LI></OL>
  <LI>In any instance other than a payphone in a confinement facility, 0+
Local calls must be routed to the local carrier (see OSP Rules). Did GLD
handle 0+ local calls for payphones outside confinement facilities or at a
hotel/motel? <STRONG>No.</STRONG></LI></FONT></OL><FONT face=Arial size=2>

```

DOCKET 990675-TI
DATE: JULY 17, 1999

GULF LONG DISTANCE, INC.

MONTH	AVERAGE MONTHLY INTEREST RATE	MONTHLY INTEREST FACTOR	MONTHLY OVER CHARGE	ACCUM. OVER CHARGE	INT ON MONTHLY OVER CHARGE	MONTHLY OVERCHARGE PRINCIPAL & INTEREST	BALANCE FORWARD PLUS INTEREST	REFUND BALANCE	ACCUM INTEREST
MAR	4.87%	0.41%	\$1,767.75	1,767.75	\$3.58	\$1,771.33	\$0.00	\$1,771.33	\$3.58
APR	4.84%	0.40%	\$8,892.70	10,660.45	\$17.93	\$8,910.63	\$1,778.48	\$10,689.11	\$28.66
MAY	4.83%	0.40%	\$66,157.70	76,818.15	\$133.00	\$66,290.70	\$10,732.09	\$77,022.80	\$204.65
JUNE	4.83%	0.40%	\$9,729.95	86,548.10	\$19.56	\$9,749.51	\$77,332.49	\$87,082.00	\$533.90
JULY	4.83%	0.40%	\$0.00	86,548.10	\$0.00	\$0.00	\$87,432.14	\$87,432.14	\$884.04

MONTH	PRINCIPAL	PAYMENT	INTEREST	BALANCE	TOTALS			
AUG	\$87,432.14	\$43,979.91	\$351.55	\$43,803.78	OVERCHARGE	\$86,548.10		\$86,548.10
SEPT	\$43,803.78	\$43,979.91	\$176.13	\$0.00	INTEREST	\$884.04	+	\$1,411.72
TOTAL INTEREST			\$527.68		REFUND	\$87,432.14		\$87,959.82

-17-

ATTACHMENT C