

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

OBLIGATIONS OF INMATE SERVICE)	
PROVIDERS TO CALL RECIPIENTS)	ADMINISTRATIVE
REGARDING NOTICE OF BLOCKING)	CASE NO. 379
AND BILLING PROCEDURES)	

O R D E R

This proceeding was initiated to investigate call recipient issues regarding notice of blocked calls and billing procedures. Comments have been filed by inmate service providers and others. An informal conference was held, and no party has sought a hearing.

MCI Telecommunications Corporation d/b/a MCI WorldCom (“MCI WorldCom”) and EverCom Communications, Inc. (“EverCom,” formerly known as InVision Telecom, Inc.) sought authority in 1997 to implement programs to monitor and prevent high toll fraud. They asked for waivers of Commission regulations pertaining to termination of service and deposits if, in the Commission’s opinion, their programs were in conflict with these regulations. The Commission rejected the utilities’ programs and proposed certain rules to prevent high toll fraud. Subsequently, BellSouth Public requested that a collaborative effort be undertaken to develop appropriate procedures relating to toll fraud issues. At an April 1998 hearing regarding inmate calling issues considered by this Commission in Administrative Case No. 368,¹ parties objected to the Commission’s

¹ Administrative Case No. 368 Rates, Terms and Conditions for Inmate Telecommunications Services.

proposed rules, contending that those rules were unworkable. Consequently, in January 1999 the Commission initiated this proceeding to conduct workshops and receive comments relating to the issue of fraud prevention.

The following entities have participated in this proceeding: MCI WorldCom, Evercom, Sprint, Gateway, Cincinnati Bell Telephone, BellSouth Public, Kentucky Telephone Association, Plaintiff's Group, Department of Corrections.

In June 1999, the Commission entered an Order establishing the agenda for the July 1999 workshop. Prior to the workshop, parties filed descriptions of the manner in which they handle call blocking and billing procedure issues. These procedures vary from carrier to carrier. One of the issues discussed at the workshop was the monetary limit of calling permitted prior to the utility's blocking the call to the recipient.

After the workshops, the parties submitted certain information. The Department of Corrections was asked to submit information regarding the frequency of complaints and inquiries from inmates or call recipients regarding call blocking. The wardens responded that there are between one to 12 calls per month depending on the size of the institution. Complaints from call recipients were always forwarded to MCI WorldCom's 800 customer service number.

Through constant monitoring of call usage patterns, MCI WorldCom investigates customers whose calling patterns indicate potential fraud. When potential fraud is identified, the customer is contacted to confirm the calls prior to the placement of a collect call block. If the customer verifies the call and has good payment history, no action is taken. If the customer with a neutral payment history cannot be contacted, MCI WorldCom sends an overnight letter with an 800 number requesting that the

customer contact MCI WorldCom immediately and notifying the customer that the call will be blocked within 72 hours unless verification of the call usage has occurred. If a customer with a poor or nonexistent payment history is contacted to verify the calls, then the customer is requested to make his payment to the local exchange carrier and a call block is instituted until MCI WorldCom receives payment. If MCI WorldCom is unable to contact the customer with poor or nonexistent payment history, a block is placed and a letter of notification is sent. MCI WorldCom also contacts through a recorded message the billed party and provides the 800 number either to the person answering the phone or to an answering machine. Thus, for customers with a good payment history or a neutral payment history (i.e. customers with established local phone service and no previous unusual calling patterns) no accelerated payment or deposit is required. The accelerated payment is required only of customers whose payment history is poor or nonexistent.

MCI WorldCom's first attempt to contact a customer in regard to high toll calling is through a live operator. If that is unsuccessful, then an automatic recording is used and the person's telephone number is called three times a day for three consecutive days in an attempt to make contact. MCI argues that its procedures comply with Commission regulations.

EverCom establishes an amount for its call recipients to accrue prior to contact. Generally, it is \$200. For call recipients who live in GTE South Incorporated territory, the credit limit is \$100. If EverCom does not have a billing and collection agreement with the local exchange carrier, the credit limit is \$50. After a call recipient has reached or exceeded 75 percent of the established credit limit, the call recipient is contacted.

The message indicates that the call recipient must contact EverCom using a toll free number to prevent a restriction of calls on the line. If the credit limit has been exceeded, the call recipient is told that a temporary restriction has been placed on the number because of the charges accrued for collect calls accepted from a correctional facility. These messages are given by an automated system over a three-day period.

Evercom asserts that it uses this procedure in all jurisdictions. Evercom, like MCI WorldCom, argues that blocking of a specific kind of call does not violate the regulations relating to termination of service.

Sprint uses no scripts and makes multiple attempts to contact a customer prior to blocking. According to Sprint, it handles inmate calling accounts on a case-by-case basis, considering such factors as the call recipient's payment history with Sprint. Cincinnati Bell also utilizes the block mechanism upon customer request and upon failure of a customer to make payment arrangements. Cincinnati Bell does not normally establish a credit limit for recipients of inmate calls.

All carriers assert that their respective programs greatly reduce their uncollectibles. They also assert that their programs are tailored to meet their billing and customer service needs. The utilities urge the Commission not to establish uniform policies concerning this issue and argue that no state has such a policy.

Having reviewed the record and the arguments of all parties, the Commission finds that imposing a uniform policy on all providers of inmate services is impractical and unwarranted. In addition, the Commission concludes as a matter of law that blocking a particular class of collect calls under the circumstances described herein cannot be equated with termination of local service. The call recipient's telephone is

available for any other phone usage. The regulations regarding termination of service have not been violated. The Commission finds, moreover, that the procedures undertaken individually by the utilities to reduce uncollectables are reasonable and should be permitted to continue. The Commission will, however, continue to entertain specific complaints and to monitor programs dealing with toll fraud prevention.

The Commission, having considered the evidence of record and having been otherwise sufficiently advised, HEREBY ORDERS that, within 30 days of the date of this order, utilities providing inmate service in Kentucky shall include in their respective tariffs the terms and conditions for blocking calls and notifying call recipients of billing procedures.

Done at Frankfort, Kentucky, this 14th day of March, 2000.

By the Commission

ATTEST:

Executive Director