

LOUISIANA PUBLIC SERVICE COMMISSION

GENERAL ORDER

In Re: Regulations for Prepaid Calling Card Providers

(Decided at Open Session Held June 10, 1997)

At the October 16, 1996 Business and Executive Session, the Commission instructed staff to consider and draft additional regulations governing debit card providers operating in the State of Louisiana. Pursuant to that directive, the staff drafted Proposed Regulations. At the November 13, 1996 Open Session, the Commission voted to accept the staff recommendation to establish a generic docket to consider Regulations for Interexchange Carriers.

A draft of such Proposed Regulations was presented to the Commission and IXC's and Resellers currently registered with the Commission for comment. Notice was published in the Commission Official Bulletin on December 13, 1996. On December 2, 1996, the first draft of the Proposed Regulations was mailed to all registered IXC's and resellers in the state of Louisiana. All parties were given 45 days from the mailing date to comment, and 30 days from the expiration of that 45 day period to file reply comments. The comment deadlines were extended in response to requests made by various interexchange carriers until February 24, 1997. The deadline for reply comments was extended to 30 days from February 24, 1997. Comments and Reply comments were received from parties wishing to do so. Such comments were reviewed.

On April 3, 1997, a second draft of such regulations was forwarded to the Commission and made available to the public. The Commission at its April 16, 1997 meeting instructed that these proposed regulations be revised. Staff was to meet with representatives from industry for additional input. Such meeting was held on April 30, 1996. Representatives from several of the interexchange carriers, including Sprint, MCI, WorldCom, and AT&T, were present. A final draft of the regulations was sent to the Commissioners and made available to the public on May 12, 1997.

At the Commission's June 10, 1997 Open Session after staff presentation and discussion, the Commission voted to amend the proposed regulation to include specific language prohibiting box contest solicitation with regards to debit cards. The Commission then voted, on motion of Commissioner Blossman, seconded by Commissioner Sittig, Commissioner Dixon and Commissioner Field concurring, and Commission Owen absent, the Commission voted to adopt the amended proposed regulations governing prepaid calling card providers.

IT IS THEREFORE ORDERED THAT:

1. All provisions of the Regulations governing prepaid calling card providers are hereby ordered by the Commission.

2. This order is effective immediately.

IT IS SO ORDERED.

**BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA**

June 19, 1997

DON OWEN ABSENT
DON OWEN, CHAIRMAN
DISTRICT V

/S/ IRMA MUSE DIXON
IRMA MUSE DIXON, VICE-CHAIRMAN
DISTRICT III

/S/ C. DALE SITTIG
C. DALE SITTIG, COMMISSIONER
DISTRICT IV

/S/ JAMES M. FIELD
JAMES M. FIELD, COMMISSIONER
DISTRICT II

/S/ LAWRENCE C. ST. BLANC
SECRETARY

/S/ JACK "JAY" A. BLOSSMAN, JR.
JACK "JAY" A. BLOSSMAN, JR., COMMISSIONER
DISTRICT I

LOUISIANA PUBLIC SERVICE

COMMISSION

GENERAL ORDER

In Re: Regulations for Prepaid Calling Card Providers

(Decided at Open Session Held June 10, 1997)

APPENDIX A

REGULATIONS FOR PREPAID CALLING CARD PROVIDERS

LOUISIANA PUBLIC SERVICE

**COMMISSION
PROPOSED REGULATIONS FOR PREPAID CALLING CARD PROVIDERS
SECOND DRAFT**

PREAMBLE

The Louisiana Public Service Commission hereby promulgates the following regulations (the "Regulations") to ensure the continued quality of the interexchange telecommunications market through regulation of the provision of prepaid calling card services in Louisiana and to provide consumer protections for Louisiana subscribers. These regulations are intended to apply to all Telecommunications Services Providers, "TSPs," operating in Louisiana.

SECTION I. REGULATION OF PREPAID CALLING CARD SERVICES

A. Unless the card is given away as part of a promotion, the value of the telephone service assigned to the prepaid calling card must be clearly and prominently printed on the card or individual enclosure containing the card, in dollar, minute, or unit amounts. At the time of sale, prepaid calling card customers must have information which allows them to know or compute the price per minute of intrastate calls for the prepaid card (i.e., either the price per minute or the price of the card and the number of minutes provided on the card).

B. The name of the certificated TSP offering prepaid calling card services must be clearly printed on each card.

C. If a prepaid calling card expires on a certain date, that date must be clearly and prominently indicated on the card or on the individual enclosure containing the card. If the card expires within a specified time after activation or after first use, or after last use, such terms of expiration must be clearly indicated. If an expiration date is not disclosed, the card will be considered active as long as time remains on the card.

D. Each card must include a toll free customer service number. The toll free number shall, at a minimum, be manned by a live operator for 8 hours a day, 5 days a week. Customer complaints must be responded to within 24 hours of the card provider receiving the complaint.

E. A prepaid calling card must have a clearly defined procedure for refunding the consumer's money or reissuing a new prepaid card should a prepaid card become unusable. Such refund shall be equal to the value remaining on the consumer's card. This information must be available from the card provider either through its toll free 1-800 customer service number or have its refund and reissue policy printed on the card. The term "unusable" means that the issuer has ceased providing telephone service for the card, or the Commission has determined that the inadequacy of service provided makes the card unusable. A company shall not be required to provide a refund when a card has been lost or stolen.

F. End users shall only be charged for calls when completed. End users shall not be charged for

ring time and uncompleted calls. Billing for a call shall end when either the calling or called party hangs up.

G. If a card is a sample (a sample card is one with no time allocated to it) or other non-functioning card, there must be clear information either on the card or the individual enclosure containing the card that indicates that the card is a sample with no time assigned to it.

H. Each card must have clearly printed dialing instructions for the use of the card.

I. Service rates of the cards will remain uniform or in no instance be increased during the life of the initial value of the card. End users must be provided with, upon request, up to date, time, dollar, or unit amounts remaining on their prepaid calling cards at no additional cost. In advance of each call, end users must be informed of the time, units or dollars remaining on the card. End users must also be informed when on minute remains before expiration of the card's value. Service rates of the cards will remain uniform or in no instance increase during the life of initial value of the card and prior to recharge. Service rates at the time of recharge may differ from the rates in effect during the initial value of the card, but shall not increase during any specific recharge period. The recharge rate must be disclosed to the customer at the time of purchase.

J. All TSPs offering prepaid calling card services who have not been granted a certificate prior to the effective date of these regulations shall post a bond in the amount of \$50,000 to secure the repayment of advances collected from customers. Such a bond will not be required of facility based applicants. All properly certificated TSPs offering prepaid calling card services prior to the effective date of these regulations shall be required to post the bond required by this section if found by the Commission to be in violation of any regulation, rule or policy of the Commission.

K. All bonds posted shall comply with the form contained in Appendix A.

L. Any letter of agency to authorize payment for, or receipt of, prepaid calling card services shall not be combined with any inducement of any kind on the letter of agency. This prohibition includes the box contest method of solicitation.

M. Violation of these regulations set forth above may result in the imposition of monetary fines up to \$10,000 per violation, penalties and/or the revocation of any certificate of authority issued by the Louisiana Public Service Commission to operate in Louisiana.

N. These rules shall not apply to prepaid calling cards issued prior to adoption of these rules.

SECTION II-GENERAL PROVISIONS

A. It is the intent of the Commission that these Regulations shall apply to all TSPs over which the Commission has regulatory authority. To the extent that the Commission's regulatory authority over any particular TSP or over certain conduct or services offered or provided by any

particular TSP is expressly preempted, these Regulations shall be interpreted in a manner which recognizes all such preemptions so long as such preemption remains in effect. Notwithstanding preemption of any one provision or set of provisions, all other provision contained in these regulations shall remain in effect.

B. If a court of competent jurisdiction finds any provision of these Regulations to be invalid or unenforceable as to any TSP or circumstance, such finding shall not render that provision invalid or unenforceable as to any other TSPs or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limites of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of these Regulations in all other aspects shall remain valid and enforceable. In addition, in the event any provision of these Regulations is stayed in connection with a judicial review of these Regulations, the remaining provisions of these Regulations shall remain valid and enforceable.

APPENDIX A

Bond #:

Principal:

Surety:

We, _____, Principal and applicant for a Certificate of Authority to provide intrastate telecommunications services within the State of Louisiana, and _____, as a duly authorized Surety in the State of Louisiana, bind ourselves unto the Louisiana Public Service Commission ("Commission"), as Obligee, in the penal sum of [insert amount - minimum of Fifty Thousand Dollars (\$50,000.00)]. The payment of the penal sum shall bind the Principal and Surety, their heirs, administrators, executors, legal representatives, successors and assigns, jointly and severally unto the Obligee, under these obligations.

The total aggregate liability under this bond is limited to [insert amount here].

The Conditions of this obligation are such that if the Principal is granted a Certificate of Authority to offer and/or provide intrastate telecommunications services, including prepaid calling card, or debit card services, within Louisiana by the Commission, and the Principal in all respects fully and faithfully performs all services as a telecommunications services provider under its Certificate of Authority, fully and faithfully complies with all rules, regulations and orders of the Commission that apply to any telecommunications service offered and/or provided by Principal now or in the future, including any and all rules, regulations and orders of the Commission applicable to the provision of prepaid calling card, debit card services currently in force or hereafter adopted by the Commission, and fully and faithfully provides services in accordance with its legal obligations and agreements, then this obligation shall be void; otherwise, it shall remain in effect.

This obligation shall be used to return customer deposits and advance payments of individuals who have paid for the intrastate telecommunications services of the Principal, including prepaid calling cards and debit cards sold by or on behalf of the Principal, if the Principal is unable to provide such services or to return the deposits and advance payments to its customers for any reasons, including but not limited to a prepaid calling card or debit card becoming unusable prior to the value remaining on a customer's card being depleted. The term "unusable" means that the issuer has ceased providing telephone service for the card or the Commission has determined that the inadequacy of service provided makes the card unusable.

This bond shall not be subject to cancellation by either the Principal or the Surety unless written notice of intent to cancel is mailed by certified mail by the Surety and/or the Principal to the Louisiana Public Service Commission, at least sixty (60) days prior to the effective date of the cancellation. If the cancellation is at the request of the Surety, the Surety shall also provide the

Principal with written notification at least sixty (60) days prior to the effective date of the cancellation. Any such cancellation will be effective prospectively only. The Surety and Principal will remain liable until prescription runs for any actions committed or omitted during the period in which the bond was in effect.

The Principal will promptly reissue a bond before the end of the sixty (60) day period for an amount equal to or greater than the value of this instrument. Bonding requirements may be increased or decreased by the Commission upon ninety (90) days written notice to the Principal.

IN WITNESS WHEREOF, the Principal and the Surety HAVE hereunto set their hands and seals, and such of them as are corporations have caused their corporate seals to be hereunto affixed and these presents to be signed by their proper officers, this _____ day of _____, 1996.

(SEAL)

BY:

ATTEST:

(SEAL)

BY: