



Public Service Commission

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RECORDS AND REPORTING

DATE: FEBRUARY 8, 2001

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

FROM: DIVISION OF LEGAL SERVICES (VACCARO) *[Signature]*
DIVISION OF COMPETITIVE SERVICES (M. WATTS) *[Signature]*

RE: DOCKET NO. 010123-TX - INITIATION OF SHOW CAUSE PROCEEDINGS AGAINST ALTERNATIVE TELECOMMUNICATION SERVICES, INC. D/B/A SECOND CHANCE PHONE FOR APPARENT VIOLATION OF SECTION 364.183(1), F.S., ACCESS TO COMPANY RECORDS.

AGENDA: 02/20/01 - REGULAR AGENDA - SHOW CAUSE - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\CMP\WP\010123.RCM

CASE BACKGROUND

- April 18, 1998 - Alternative Telecommunications Services, Inc. d/b/a Second Chance Phone (ATSI) obtained Florida Public Service Commission Alternative Local Exchange Company (ALEC) certificate number 5620.
- January 19, 2000 - ATSI reported \$28,475.58 in revenue for 1999.
- February 21, 2000 - Staff opened Docket No. 000218-TX to initiate show cause proceedings against ATSI for apparent violation of Section 364.183(1), Florida Statutes, Access to Company Records for failure to provide staff with information contained in company records necessary for inclusion in the 1999 local competition report to the Legislature.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS REPORTING

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- March 16, 2000 - Staff filed a recommendation to order ATSI to show cause in writing why it should not be fined \$10,000 or have its ALEC certificate canceled for apparent violation of Section 364.183(1), Florida Statutes, for presentation at the March 28, 2000, Agenda Conference.
- April 12, 2000 - The Commission issued Order No. PSC-00-0679-SC-TX, in Docket No. 000218-TX, requiring ATSI to show cause why it should not be fined \$10,000 or have its ALEC certificate canceled for apparent violation of Section 364.183(1), Florida Statutes, Access to Company Records.
- April 25, 2000 - ATSI filed its response to Order No. PSC-00-0679-SC-TX stating that it did provide staff with the requested information for inclusion in the 1999 local competition report to the Legislature. ATSI submitted copies of shipping documents as proof.
- June 6, 2000 - The Commission approved staff's recommendation to reject ATSI's response to Order No. PSC-00-0679-SC-TX as invalid. Staff alleged in its recommendation that the shipping documents ATSI offered as proof that it had submitted the requested information appeared to have been falsified. ATSI admitted to the Commission at the Agenda Conference that it had indeed altered the documents.
- June 12, 2000 - The Commission issued Proposed Agency Action (PAA) Order No. PSC-00-2031-PAA-TX canceling ATSI's ALEC certificate.
- July 3, 2000 - ATSI protested Commission Order No. PSC-00-2031-PAA-TX, stating that cancellation was unnecessary and too harsh. It proposed a settlement of \$25,000 and agreed to deal honestly with the Commission in the future.
- July 6, 2000 - ATSI was mailed a certified letter requesting information necessary for inclusion in the 2000 local competition report required of the Commission by Section 364.386, Florida Statutes.
- July 14, 2000 - ATSI signed the return receipt (Attachment A, page 9) for the July 6, 2000, certified letter requesting information contained in company records for inclusion in the 2000 local competition report to the Legislature.

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- September 7, 2000 - The Commission issued Order No. PSC-00-1605-AS-TX approving ATSI's settlement offer of \$25,000 in Docket No. 000218-TX.
- September 11, 2000 - The Commission received ATSI's check for \$25,000 to settle Docket No. 000218-TX.
- January 22, 2001 - As of this date, ATSI has not responded to Commission staff's request for information for inclusion in the 2000 local competition report to the Legislature.

The Commission is vested with jurisdiction over this matter pursuant to Sections 364.183, 364.285 and 364.386, Florida Statutes. Accordingly, staff believes the following recommendations are appropriate.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission order Alternative Telecommunication Services, Inc. d/b/a Second Chance Phone to show cause why it should not be fined \$25,000 or certificate number 5620 should not be canceled for apparent failure to provide the Commission access to information in accordance with Section 364.183(1), Florida Statutes, Access to Company Records?

RECOMMENDATION: Yes. The Commission should order Alternative Telecommunication Services, Inc. d/b/a Second Chance Phone to show cause in writing within 21 days of the issuance of the Commission's Order why it should not be fined \$25,000 or have certificate number 5620 canceled for apparent failure to provide the Commission access to information in accordance with Section 364.183(1), Florida Statutes, Access to Company Records. The company's response should contain specific allegations of fact and law. If Alternative Telecommunication Services, Inc. d/b/a Second Chance Phone fails to respond to the show cause order or request a hearing pursuant to Section 120.57, Florida Statutes within the 21-day response period and the fine is not paid within ten business days after the 21-day response period, the facts should be deemed admitted and the right to a hearing should be deemed waived and certificate number 5620 should be canceled. If the fine is paid, it should be remitted by the Commission to the State of Florida General Revenue Fund pursuant to Section 364.285, Florida Statutes. **(M. Watts)**

STAFF ANALYSIS: Section 364.183(1), Florida Statutes, Access to Company Records states in part:

364.183, Access to Company Records. -

(1) The commission shall have access to all records of a telecommunications company that are reasonably necessary for the disposition of matters within the commission's jurisdiction. The commission shall also have access to those records of a local exchange telecommunications company's affiliated companies, including its parent company, that are reasonably necessary for the disposition of any matter concerning an affiliated transaction or a claim of anticompetitive behavior including claims of cross-subsidization and predatory pricing. The commission may require a telecommunications company to file records, reports or other data directly related to matters within the commission's jurisdiction in the form specified by the commission and may require

such company to retain such information for a designated period of time.

Based on the return receipt (Attachment A, page 9) staff received from the United States Postal Service, it appears that ATSI received the data request and could have responded. It is imperative that the Commission receive 100% participation to accurately reflect the status of local telecommunication competition to the Legislature and the Governor. Staff requested the information in order to comply with Section 364.386, Florida Statutes, Reports to the Legislature. Section 364.386, Florida Statutes, Reports to the Legislature, states in part:

364.386 Reports to the Legislature.-

(1) The commission shall submit to the President of the Senate, the Speaker of the House of Representatives, and the majority and minority leaders of the Senate and the House of Representatives, on December 1, 1996, and on an annual basis thereafter, a report on the status of competition in the telecommunications industry and a detailed exposition of the following:

(a) The overall impact of local exchange telecommunications competition on the continued availability of universal service.

(b) The ability of competitive providers to make functionally equivalent local exchange services available to both residential and business customers at competitive rates, terms, and conditions.

(c) The ability of consumers to obtain functionally equivalent services at comparable rates, terms, and conditions.

(d) The overall impact of price regulation on the maintenance of reasonably affordable and reliable high-quality telecommunications services.

(e) What additional services, if any, should be included in the definition of basic local telecommunications services, taking into account advances in technology and market demand.

(f) Any other information and recommendations which may be in the public interest.

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 for each offense, 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, Florida Statutes. Utilities are charged with knowledge of the Commission's rules and statutes. Additionally, "[i]t is a common maxim, familiar to all minds, that

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'ignorance of the law' will not excuse any person, either civilly or criminally." Barlow v. United States, 32 U.S. 404, 411 (1833).

Staff believes that the conduct of ATSI, by refusing to allow staff access to company records, in apparent violation of Section 364.183(1), Florida Statutes, has been "willful" in the sense intended by Section 364.285, Florida Statutes. In Order No. 24306, issued April 1, 1991, in Docket No. 890216-TL, In re: Investigation Into The Proper Application of Rule 25-14.003, F.A.C., Relating To Tax Savings Refund for 1988 and 1989 for GTE Florida, Inc., having found that the company had not intended to violate the rule, the Commission nevertheless found it appropriate to order it to show cause why it should not be fined, stating that "In our view, willful implies intent to do an act, and this is distinct from intent to violate a rule." Thus, any intentional act, such as the conduct of ATSI at issue here, would meet the standard for a "willful violation."

In February 2000, staff opened Docket No. 000218-TX, Initiation of show cause proceedings against Alternative Telecommunication Services, Inc. d/b/a Second Chance Phone for apparent violation of Section 364.183(1), Florida Statutes, Access to Company Records, for its apparent failure to provide the information contained in company records for inclusion in the 1999 local competition report for the Legislature. The Commission approved ATSI's settlement offer which included a contribution of \$25,000 to the General Revenue Fund and ATSI's assurance that in the future it would timely respond to requests for information by the Commission. However, ATSI has not responded to the Commission's request for information for the 2000 local competition report for the Legislature.

Staff opened this docket to initiate show cause proceedings against ATSI for failure to provide information requested via certified letter for inclusion in the 2000 local competition report, in apparent violation of Section 364.183(1), Florida Statutes, Access to Company Records. Since this is ATSI's second offense, staff believes that the proposed fine should be higher than the \$10,000 that the Commission has ordered for similar violations in comparable proceedings.

Therefore, staff recommends that the Commission should order Alternative Telecommunication Services, Inc. d/b/a Second Chance Phone to show cause in writing within 21 days of the issuance of the Commission's Order why it should not be fined \$25,000 or have certificate number 5620 canceled for apparent failure to provide the Commission access to information in accordance with Section

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364.183(1), Florida Statutes, Access to Company Records. The company's response should contain specific allegations of fact and law. If Alternative Telecommunication Services, Inc. d/b/a Second Chance Phone fails to respond to the show cause order or request a hearing pursuant to Section 120.57, Florida Statutes within the 21-day response period and the fine is not paid within ten business days after the 21-day response period, the facts should be deemed admitted and the right to a hearing should be deemed waived and certificate number 5620 should be canceled. If the fine is paid, it should be remitted by the Commission to the State of Florida General Revenue Fund pursuant to Section 364.285, Florida Statutes.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: No. If staff's recommendation in Issue 1 is approved and Alternative Telecommunication Services, Inc. d/b/a Second Chance Phone timely responds to the Order to Show Cause, this docket should remain open pending the outcome of the show cause proceedings.

Staff recommends that if Alternative Telecommunication Services, Inc. d/b/a Second Chance Phone fails to respond to the Order to Show Cause within the 21-day show cause response period and the fine is not received within ten business days after the expiration of the show cause response period, certificate number 5620 should be canceled and this docket may be closed administratively. If Alternative Telecommunication Services, Inc. d/b/a Second Chance Phone pays the fine recommended in Issue 1, this docket should be closed administratively. **(Vaccaro)**

STAFF ANALYSIS: If staff's recommendation in Issue 1 is approved and Alternative Telecommunication Services, Inc. d/b/a Second Chance Phone timely responds to the Order to Show Cause, this docket should remain open pending the outcome of the show cause proceedings.

Staff recommends that if Alternative Telecommunication Services, Inc. d/b/a Second Chance Phone fails to respond to the Order to Show Cause within the 21-day show cause response period and the fine is not received within ten business days after the expiration of the show cause response period, certificate number 5620 should be canceled and this docket may be closed administratively. If Alternative Telecommunication Services, Inc. d/b/a Second Chance Phone pays the fine recommended in Issue 1, this docket should be closed administratively.

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none">■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.■ Print your name and address on the reverse so that we can return the card to you.■ Attach this card to the back of the mailpiece, or on the front if space permits.	A. Received by (Please Print Clearly) <u>Lisa Thomas</u> B. Date of Delivery <u>7-14-00</u>	
1. Article Addressed to: Second Chance Phone 9210 Weatherly Road, Suite 100 Brooksville, FL 34601-5371	C. Signature <u>x Lisa Thomas</u> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
2. Article Number (Copy from service label) <u>7099 3400 0004 3010 1704</u>	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
PS Form 3811, July 1999	3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
Domestic Return Receipt	4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	