

Telecommunications  
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## VIA Federal Express

Melinda Watts  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Final Settlement Proposal of WebNet Communications, Inc.  
**Docket No. 001109-TI**

Ms. Watts and staff:

1. On behalf of WebNet Communications, Inc. ("WebNet" or "the company") and at the request of the Florida Public Service Commission, we hereby respectfully tender a final settlement offer to terminate the initiation of show cause proceedings in Docket No. 001109-TI for apparent violations of Rule 25-4.118 F.A.C.

2. WebNet was granted Certificate of Public Convenience and Necessity No. 7220 by Commission Order PSC-99-2050-PAA-TI to provide interexchange service in the state of Florida. As a requirement of its certificate, WebNet was charged with the responsibility of complying with the provisions of Chapter 364 of the Florida statutes and Chapters 25-4 and 25-24 of the Florida Administrative Code.

3. On August 7, 2000, the staff of the Public Service Commission ("Staff") docketed an initiation of show cause proceedings against WebNet for 32 slamming complaints. Subsequently, the Commission staff added 26 more slamming complaints to this docket for a total of 58. This is the first time that the Commission has sought to initiate a show cause proceeding with respect to WebNet's operations in Florida. The initial fine suggested by Commission staff was \$320,000.

4. Despite the fact that press releases regarding the Commission's recent settlements for slamming violations with other carriers indicate a significantly less punitive stance on the part of the Commission, WebNet is willing to settle this proceeding at \$1500 per complaint with the incorporation of the recommendations of the Commission staff. The total fine

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FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

02777 MAR-1 2001

FPSC-RECORDS/REPORTING

APP \_\_\_\_\_  
CAF \_\_\_\_\_  
CMP \_\_\_\_\_  
COM \_\_\_\_\_  
CTR \_\_\_\_\_  
ECR \_\_\_\_\_  
LEG   I   \_\_\_\_\_  
OPC \_\_\_\_\_  
PAI \_\_\_\_\_  
RGO \_\_\_\_\_  
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SER \_\_\_\_\_  
OTH \_\_\_\_\_

payable to the state then would be \$87,000 for 58 complaints. WebNet bases this figure upon consideration of the significant financial costs and structural changes that the company is undertaking to protect Florida consumers. These costs include the retention of an outside CSR company at the expense of \$10,000 per month to handle Florida customer relations. This is in addition to the expense of providing the FPSC with the LOAs or TPVs of every customer who agrees to switch to WebNet.

5. The Telecommunications Act of 1996 was designed to broadly assist consumers by fostering competition within the industry. Competition necessarily includes the advent of smaller, more efficient start-up companies without the massive resources of the ILECs benefiting from guaranteed rates of return. Nonetheless, without these smaller companies to push the industry giants to compete, the entire act is only so many dead trees. In assessing a fine, the company respectfully requests that the Commission take into account the already significant costs WebNet has incurred in defending itself, in making restitution to Florida customers and in undertaking a significant overhaul of its operation support services to better comply with Florida's requirements.

6. This amount is contingent upon arriving at a workable payment plan. The company suggests a \$25,000 initial payment within 30 days of the Commission's approval of this agreement, followed by a second payment 90 days later of \$25,000. This would then be followed by a third payment 90 days after that of another \$25,000. Finally, the remaining \$12,000 would be paid 90 days after the third payment.

7. Because of the company's limited resources, it is willing to undergo substantial structural and behavioral alterations in the interest of minimizing its financial liability. Given the drastic reduction of the company's revenue stream by half when it voluntarily suspended telemarketing in November as well as the concessions set forth in paragraphs 10 and 11 and given the company's generous settlement offer, WebNet cannot agree to any mandatory suspension of its marketing. The company is quite willing to work with the Commission to ensure that its marketing techniques and policies comply with all aspects of Florida law. However, any mandatory suspensions would be a death blow for a small company with limited revenue sources.

8. Given the foregoing analysis, the company's position is that a fair and equitable settlement would include consideration of the following elements. In an effort to show good faith and to obtain an immediate end to the possibility of further complaints, the company ceased marketing and as a result has lost half of its revenues in the state. WebNet would like to take this opportunity to point out that of the violations that occurred after this date, all had verification dates before November 1, 2000, indicating that these are in fact old complaints and not new violations by the company. *See Appendix A.* The aforementioned loss, along with the restitution to customers who have claimed to be slammed is a palpable economic injury that should be taken into account by the Commission in reaching its final decision as to proper level of WebNet's fines.

9. Since the company ceased its telemarketing efforts in Florida in November, the company is in the process of assessing its overall strategic position with reduced revenue streams as well as the long term economic impact thereof upon the company. This analysis also involves an analysis of the internal problems that developed in its telemarketing department as well as the difficulties that the company has encountered with vendors, underlying carriers and intermediate billing services and their contribution to the company's success in meeting its regulatory commitments. As a part of this assessment, the company is investigating its problems with slamming and is in the process of devising a comprehensive proposed solution, including a warm transfer line, for the FPSC's review. In the meantime, the company will take the steps outlined in paragraphs 10 and 11.

10. WebNet will submit all of its TPVs and LOAs for every customer it switches for a period of ninety days once it resumes marketing. At such time or beforehand, if the Commission is satisfied that the company's procedures fully comply with Florida law, the Company shall return to only providing the TPVs or LOAs requested by the Commission, either statutorily or specifically.

11. WebNet has retained an outside CSR firm to handle all of its interactions with Florida consumers until such time as the company believes that it can handles such relations in a satisfactory manner. The company plans to retain said firm for at least one year.

12. For further consideration with respect to its fine, WebNet will provide the actual tapes of particular sales calls upon request by the Commission.

13. If these terms are acceptable, we will obtain our client's final consent and we can proceed as outlined above.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Paul A. Dean", is written over a horizontal line.

Paul A. Dean

Enclosure

CC: Wayne Knight

## APPENDIX A

Florida Complaints Verifications and Connection dates

Complainant	Verification Date	Connection Date
Jack Pfister	8/5/00	8/7/00
Chris Pearce	7/23/00	7/28/00
Dan R Williamson	9/8/00	9/10/00
Adriana Johnson	5/15/00	5/17/00
Ted Miller	7/31/00	8/2/00
Thomas L. Mckeen	4/26/00	4/26/00
Magaret Hustoles	8/23/00	8/28/00
June Underwood	9/4/00	9/6/00
Joseph Vagner	9/3/00	9/5/00
William Sheppard	9/3/00	9/10/00
Jorge Maldonado Delgado	9/15/00	9/17/00
Anthony Vasallo	6/02/00	6/2/00
Peirre	8/21/00	8/22/00
Robert Miller	8/5/00	8/8/00
Rafael Comesana	9/1/00	9/5/00
Stephanie Koolich	9/14/00	9/16/00
Pat Clark	8/23/00	8/28/00
Teresa Kountz	6/9/00	6/10/00
Chad Morgan	9/3/00	9/5/00
George V Smith	9/10/00	9/12/00
Francis Murphy	9/23/00	9/25/00
Sara Santana	9/23/00	9/25/00
Rigoberto Marengo	9/13/00	9/15/00
Jennifer Nelson	4/11/00	4/14/00
Alberto Gomez	9/12/00	9/14/00
Janette Girone	9/3/00	9/5/00
Frederick Lusting	8/21/00	8/22/00
Donald Kelker	7/6/00	7/8/00
Carisa Whitley	9/6/00	9/7/00
Laura Mather	9/14/00	9/16/00
Martin Maragin	5/23/00	5/25/00
Jane Gorder	9/14/00	9/16/00
Robert Humes	9/10/00	9/11/00
Ramon Diaz	9/15/00	9/17/00
Louis Lawrent	9/10/00	9/12/00
Donald Ward Sr.	9/10/00	9/11/00
Toni Beyda	9/10/00	9/11/00
Edward H. Swanko	9/7/00	9/9/00
George Schoenberg	4/11/00	4/13/00
Ann Smith	9/10/00	9/11/00
Yolanda Ponceleon	9/10/00	9/11/00

Shaun Bell	9/14/00	9/15/00
Carey Ferrell	9/10/00	9/11/00