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State of Florida



Public Service Commission

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COMMISSION
CLERK

DATE: April 1, 2004

TO: Blanca S. Bayó, Commission Clerk and Administrative Services Director

FROM: Melinda H. Watts, Engineer III, Division of Competitive Markets & Enforcement *MHW*

RE: Docket No. 040196-TI – Compliance investigation of Globcom, Inc. for apparent violations of Sections 364.02(13) and 364.336, Florida Statutes.

Please add this document to the Docket file for Docket No. 040196-TI.

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DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

State of Florida



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: October 21, 2002
TO: Denise Vandiver, Chief of Auditing
FROM: Rick Moses, Chief, Bureau of Service Quality
RE: Request for Audit - Globcom, Inc.

Attached is a letter from staff to Globcom, Inc. stating the possibility of apparent overcharges for intrastate calls made using one plus service. It appears that Globcom, Inc. may be charging rates higher than those stated in the tariff, rounding call durations in one minute increments in violation of tariff defined increments, and possibly charging time in excess of actual time used during a call. It appears that an audit would be appropriate to determine if Globcom, Inc. is in apparent violation of the Commission Rules.

Accordingly, I request that an audit be initiated to investigate the allegations in the supplied information to aid us in determining if Globcom, Inc. is in violation of the Commission Rules.

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



DIVISION OF COMPETITIVE MARKETS &
ENFORCEMENT
WALTER D'HAESELEER
DIRECTOR
(850) 413-6600

Public Service Commission

October 11, 2002

VIA CERTIFIED MAIL
AND FACSIMILE (847) 297-6906

Mr. Glenn Kofman
Globcom, Inc.
2100 Sanders Road; Suite 150
Northbrook, Illinois 60062-6140

Dear Mr. Kofman:

The Commission staff has reason to believe that Globcom, Inc. (Globcom) may be charging Florida customers higher rates for intrastate calls than what is stated in its tariff. The tariff states each completed intrastate call will be billed \$0.0286 for the initial 18 seconds, and \$0.0095 for each 6 seconds thereafter. We understand that Globcom is charging a flat rate for intrastate calls of \$0.12 per minute.

In addition, Globcom's tariff states "Any portion of an applicable increment, after the appropriate minimum time for the call, will be rounded upward to the next increment." It appears that Globcom maybe rounding calls to the nearest minute and may also be charging more minutes than the time the call actually lasted.

The issues stated above are apparent violations of Rule 25-24.485(1)(i), Florida Administrative Code, Tariffs, which states in part:

Companies shall charge only the rates contained in their tariff. . . .

I have enclosed a copy of the applicable pages from Globcom's tariff. If Globcom has charged customers rates that exceed the tariff rates, then a refund to the affected customers would be appropriate. Commission Rule 25-4.114, Florida Administrative Code, provides guidance regarding customer refunds (copy of Rule enclosed). Please investigate and provide a written response to me by November 1, 2002.

Mr. Glenn Kaufman
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October 11, 2002

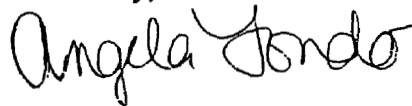
In your response, please include the following:

1. The number of customers affected.
2. Total amount of overcharges caused by:
 - a. Per minute rate erroneously charged
 - b. Rounding errors
 - c. Call timing errors.
3. The proposed method of Refund.
4. The proposed date (month) in which the Refund will occur.
5. Updates to the tariff which reflect the current rates and increments used for billing.
6. Total number of minutes of intrastate toll billed to Florida customers.
7. The time frame (start and stop dates) Florida consumers were overcharged.

Please do not implement a refund until the Commission has approved any refund amounts and the method in which Globcom proposes to accomplish the refund. Also, please be aware that staff will calculate interest on the overcharges and the customers must be credited overcharges plus interest.

If you believe that staff's interpretation is erroneous, please provide a detailed explanation of why this is the case. If you have any questions, you can reach me at (850) 413-6546, or by fax at (850) 413-6547.

Sincerely,



Angela Fondo
Bureau of Service Quality

Enclosure

cc: Jackie Gilchrist

SECTION 3 - DESCRIPTION OF SERVICE

3.1. TIMING OF CALLS

3.1.1. The Customer's long-distance usage charge is based on the actual usage of Company's service. Usage begins when the called party answers, (i.e. when any two-way communication, often referred to as "conversation time" is possible). When the called party answers is determined by hardware supervision in which the local telephone company sends a signal to the carrier's switch or the software utilizing audio tone detection. When software answer supervision is employed, up to sixty (60) seconds of ringing is allowed before it is billed as usage of the network. A call is terminated when either the called or calling party hangs up.

3.1.2. ~~The minimum call duration for billing purposes for all calls is eighteen (18) seconds with six (6) second billing increments thereafter.~~

3.1.3. ~~Any portion of an applicable increment, after the appropriate minimum time for the call, will be rounded upward to the next increment. Calls less than the minimum length will be rounded to the minimum length.~~

3.1.4. There is no billing for incomplete calls.

3.2. MINIMUM CALL COMPLETION RATE

Customers can expect a call completion rate of not less than ninety (90) percent during peak use periods for all Feature Group D Equal Access "1 plus" services. The call completion rate is calculated as the number of calls completed (including calls completed to a busy line or to a line which remains unanswered by the called party) divided by the number of calls attempted.

Issued: April 16, 2001

Effective Date:

Issued By:

Glenn Kaufman
President, GlobCom, Inc.
950 Milwaukee Avenue, Suite 215
Glenview, Illinois 60025

AUG 08 2001

SECTION 4 - RATES

4.1. SERVICE CHARGES

Service charges per account are based on the following schedules:

4.1.1. Switched Access Services

A. Switched One Plus Service

$$\frac{\text{Initial } 18 \text{ Seconds } (\$0:0286)}{\text{Additional } 6 \text{ Seconds } (\$0:009)} = 9.51 \text{ ¢/min}$$

4.1.2. Operator Assisted Calls

A. Per Call Services and Rates

	<u>Per Call</u>
Busy Line Verification	\$1.55
Operator Verification/Interrupt Service	\$1.40
Third Number Billed	\$1.50
Collect	\$1.50
Person-to-Person	\$3.40
Station-to-Station	\$1.20
911 Emergency Service	\$0.00

B. Per Minute Rate

<u>Per Minute</u>
\$0.50

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President, GlobCom, Inc.
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Glenview, Illinois 60025

Effective Date:

AUG 08 2001

charge a reasonable fee to defray the cost of restoring service, provided such charge is set out in its approved tariff on file with the Commission.

Specific Authority: 350.127, 427.704(8), F.S.

Law Implemented: 364.03, 364.19, 364.604, 427.704, F.S.

History: New 08-01-55, Amended 12-01-68, 03-31-76, 10-25-84, 10-30-86, 01-01-91, 09-17-92, 01-11-93, 01-25-95, 07-05-00.

25-4.114 Refunds.

(1) Applicability - With the exception of deposit refunds, all refunds ordered by the Commission shall be made in accordance with the provisions of this Rule, unless otherwise ordered by the Commission.

(2) Timing of Refunds. Refunds must be made within ninety (90) days of the Commission's order unless a different time frame is prescribed by the Commission. Unless a stay has been requested in writing and granted by the Commission, a motion for reconsideration of an order requiring a refund will not delay the timing of the refund. In the event that a stay is granted pending reconsideration, the timing of the refund shall commence from the date of the order disposing of any motion for reconsideration. This rule does not authorize any motion for reconsideration not otherwise authorized by Chapter 25-22, Florida Administrative Code.

(3) Basis of Refund. Where the refund is the result of a specific rate change, including interim rate increases, and the refund can be computed on a per customer basis, that will be the basis of the refund. However, where the refund is not related to specific rate changes, such as a refund for overearnings, the refund shall be made to customers of record as of a date specified by the Commission. In such case, refunds shall be made on the basis of access lines. Per customer refund refers to a refund to every customer receiving service during the refund period. Customer of record refund refers to a refund to every customer receiving service as of a date specified by the Commission.

(4) Interest.

(a) In the case of refunds which the Commission orders to be made with interest, the average monthly interest rate until the refund is posted to the customer's account shall be based on the thirty (30) day commercial paper rate for high grade, unsecured notes sold through dealers by major corporations in multiples of \$1,000 as regularly published in the Wall Street Journal.

(b) This average monthly interest rate shall be calculated for each month of the refund period:

1. By adding the published interest rate in effect for the last business day of the month prior to each month of the refund period and the published rate in effect for the last business day of each month of the refund period divided by twenty-four (24) to obtain the average monthly interest rate;

2. The average monthly interest rate for the month prior to distribution shall be the same as the last calculated average monthly interest rate.

(c) The average monthly interest rate shall be applied to the sum of the previous month's ending balance (including monthly interest accruals) and the current month's ending balance divided by two (2) to accomplish a compounding effect.

(d) Interest Multiplier. When the refund is computed for each customer, an interest multiplier may be applied against the amount of each customer's refund in lieu of a monthly calculation of the interest for each customer. The interest

multiplier shall be calculated by dividing the total amount refundable to all customers, including interest, by the total amount of the refund, excluding interest. For the purpose of calculating the interest multiplier, the utility may, upon approval by the Commission, estimate the monthly refundable amount.

(e) Commission staff shall provide applicable interest rate figures and assistance in calculations under this Rule upon request of the affected utility.

(5) Method of Refund Distribution. For those customers still on the system, a credit shall be made on the bill. In the event the refund is for a greater amount than the bill, the remainder of the credit shall be carried forward until the refund is completed. If the customer so requests, a check for any negative balance must be sent to the customer within ten (10) days of the request.

For customers entitled to a refund but no longer on the system, the company shall mail a refund check to the last known billing address except that no refund for less than \$1.00 will be made to these customers.

(6) Security for Money Collected Subject to Refund. In the case of money being collected subject to refund, the money shall be secured by a bond unless the Commission specifically authorizes some other type of security such as placing the money in escrow, approving a corporate undertaking, or providing a letter of credit. The Commission may require the company to provide a report by the 10th of each month indicating the monthly and total amount of money subject to refund as of the end of the preceding month. The report shall also indicate the status of whatever security is being used to guarantee repayment of the money.

(7) Refund Reports. During the processing of the refund, monthly reports on the status of the refund shall be made by the 10th of the following month. In addition, a preliminary report shall be made within thirty (30) days after the date the refund is completed and again 90 days thereafter. A final report shall be made after all administrative aspects of the refund are completed. The above reports shall specify the following:

- (a) The amount of money to be refunded and how that amount was computed;
- (b) The amount of money actually refunded;
- (c) The amount of any unclaimed refunds; and
- (d) The status of any unclaimed amounts.

(8) With the last report under subsection (7) of this Rule, the company shall suggest a method for disposing of any unclaimed amounts. The Commission shall then order a method of disposing of the unclaimed funds.

Specific Authority: 350.127(2), F.S.

Law Implemented: 364.05(4), 364.055(2), 364.07, 364.08, 364.19, F.S.

History: New 8/17/83.

25-4.115 Directory Assistance

(1) Directory assistance service provided by any telephone company shall be subject to the following:

(a) Charges for directory assistance shall be reflected in tariffs filed with the Commission and shall apply to the end-user.

(b) The tariff shall state the number of telephone numbers that may be requested by a customer per directory assistance call.

(2) Charges for calls within a local calling area or within a customer's Home Numbering Plan Area (HNPA) shall be at rates prescribed in the general service tariff of the local exchange company originating the call and shall be subject to the following:

(a) There shall be no charge for directory assistance calls from lines or trunks serving individuals with disabilities. As used in this rule subpart and