

State of Florida



ORIGINAL

Public Service Commission

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COMMISSION  
CLERK

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**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.

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

- AUS \_\_\_\_\_
- CAF \_\_\_\_\_
- CMP \_\_\_\_\_
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FPSC-COMMISSION CLERK

STATE OF FLORIDA

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CHARLES M. DAVIDSON



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

Public Service Commission

April 21, 2003

VIA CERTIFIED MAIL  
AND FACSIMILE (847) 498-3426

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

Dear Mr. Kofman:

The purpose of this letter is to notify you that I did not receive your response to my March 20, 2003, certified letter. The certified return receipt was signed by N. Calabrese on March 25, 2003. This letter is to notify you of the possible penalty that may be imposed by the Florida Public Service Commission (Commission) on Globcom, Inc. if it does not comply with Commission rules, and to urge you to provide a timely, appropriate response.

Section 364.285, Florida Statutes, authorizes the Commission to impose a penalty of not more than \$25,000 for each offense upon any entity subject to its jurisdiction which is found to have refused to comply with or to have willfully violated any lawful rule or order of the Commission. Rule 25-4.043, Florida Administrative Code (F.A.C.), incorporated into rule 25-24.480, F.A.C., requires companies to provide the necessary response to Commission staff inquiries regarding service or other complaints within 15 days. Mr. Kofman, I strongly urge you to provide the information requested in my March 20, 2003, letter (attached) by April 30, 2003.

If you have any questions, you may contact me at (850) 413-6952.

Sincerely,

A handwritten signature in cursive script that reads "Melinda Watts".

Melinda Watts  
Bureau of Service Quality

Enclosure

STATE OF FLORIDA

COMMISSIONERS:  
LILA A. JABER, CHAIRMAN  
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BRAULIO L. BAEZ  
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DIVISION OF COMPETITIVE MARKETS &  
ENFORCEMENT  
WALTER D'HAESELEER  
DIRECTOR  
(850) 413-6600

## Public Service Commission

March 20, 2003

### CERTIFIED

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

Dear Mr. Kofman:

On October 11, 2002, Commission staff sent Globcom, Inc. (Globcom) a letter stating that Globcom appeared to be overcharging its Florida customers for intrastate calls by charging a higher per unit price than is stated in its tariff and by rounding up to more than the next increment. Staff asked that Globcom investigate this matter and provide detailed information in its response. In its October 28, 2002, response, Globcom did not provide the information requested in staff's October 11, 2002, letter.

Additionally, staff requested that the Commission's Division of Auditing and Safety perform an audit of Globcom's billing records. A copy of the Audit Report, Audit Control No. 02-311-1-1, was sent to Globcom on February 24, 2003. An additional copy is enclosed with this letter.

It appears that errors in Globcom's billing system may have caused Globcom to charge its Florida customers higher rates than those contained in its tariff for intrastate calls, in apparent violation of Rule 25-24.485(1)(i), Florida Administrative Code (F.A.C.). Please investigate this matter and provide all of the information requested below by April 9, 2003:

1. The number of customers affected.
2. Total amount of overcharges caused by:
  - a. Per minute rate erroneously charged;
  - b. Rounding errors; and
  - c. Call timing errors.
3. The proposed method of Refund.
4. The proposed date (month) in which the Refund will occur.

Mr. Glenn Kofman

Page 2

March 20, 2003

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.

Upon receipt of Globcom's r, staff will open a docket to address the refund. Globcom should not issue any refunds prior to the Commission's approval of the refund method and amount. Globcom's failure to respond to this request could lead to further punitive action.

If you have any questions, please contact me at (850) 413-6952.

Sincerely,



Melinda Watts  
Bureau of Service Quality

Enclosure



FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF AUDITING AND SAFETY  
BUREAU OF AUDITING*

*Tallahassee District Office*

GLOBCOM, INC. (TJ529)

REVIEW OF BILLING RECORDS AUDIT

SEPTEMBER 2002

UNDOCKETED

AUDIT CONTROL NO. 02-311-1-1

*Michael Buckley*  
Michael Buckley, Audit Manager

*Sue Jackson*  
Sue Jackson, Computer Audit Analyst

*Lynh M. Deamer*  
Lynh M. Deamer, Audit Supervisor

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**DIVISION OF AUDITING AND SAFETY  
AUDITOR'S REPORT**

**February 18, 2003**

**TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES**

We have applied the procedures described later in this report to audit the Billing Records for September 2002, of GlobCom, Inc. (A certificated interexchange company in the state of Florida).

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

## **SUMMARY OF SIGNIFICANT PROCEDURES**

Our audit was performed by examining certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the utility. Our more important audit procedures are summarized below. The following definitions apply when used in this report:

**Scanned** - The documents or accounts were read quickly looking for obvious errors.

**Verify** - The item was tested for accuracy, and substantiating documentation was examined.

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Obtained computerized billing data from GlobCom, Inc. for September 2002.

Separated Florida intrastate toll calls from data.

Calculated Billing Duration from Call Duration.

Recomputed the total number of minutes and seconds of intrastate toll billed to Florida customers.

Calculated the number of customers affected.

Recalculated charges for all calls for September using rates from Tariff.

Verified twelve intrastate calls to actual bills.

Summarized findings to identify amount of over billing for September 2002.



## **EXCEPTIONS**

### **Exception No. 1**

**Subject: Overcharging Intrastate Calls**

**Statement of Fact:** All Florida intrastate billings were recalculated using the tariff on file at the Commission. 56 customers made 759 intrastate telephone calls in September 2002. The total number of minutes charged was 2,953. GlobCom overcharged on all calls. It charged \$0.12 per minute and rounded to the next minute. The tariff filed on August 8, 2001 authorizes calls to be charged at a rate of \$0.0286 for the first 18 seconds and \$0.0095 for every 6 seconds after that. This equates to \$0.0951 for the first minute and \$0.095 for every subsequent minute. The tariff requires that calls are rounded up to the nearest multiple of 6 seconds. Total overcharge for September 2002 was \$132.14.

**Recommendation:** The Company should change its computerized billing to agree with the tariff rates. The Company should also give refunds to all overcharged customers.

**Exception No. 2**

**Subject:** Noncompliance with Rule 25-4.019(1) Florida Administrative Code

**Statement of Fact:** Rule 25-4.019(1), Florida Administrative Code states, "Each utility shall furnish to the Commission at such times and in such form as the Commission may require the results of any required tests and summaries of any required records."

On November 26, 2002, audit staff requested a Company representative provide the name, position, and telephone number of a knowledgeable data processing person at GlobCom, Inc. with whom any EDP related questions or problems could be discussed. The Company representative referred us to the CEO of GlobCom, Inc.

On January 17, 2003, audit staff requested in writing specific information regarding the call detail records. Specifically, we requested:

- ◆ Identification of the field indicating the date and time each call terminates.
- ◆ The data field position for the above field.
- ◆ Calculation methodology for "Call Duration" Field.
- ◆ Explanation of a sentence "The Conversation time (T7-T6) rounded to Rating element increments." contained on the Master Record Layout, a document provided by the Company.

The CEO told the audit staff to call WilTel Communications with questions concerning specific character data requests. WilTel stated it did not have access to any identification process that GlobCom would use in identifying the data used for monthly billing to customers.

The Company's inability to provide information regarding its own billing data resulted in delays for the audit and an assumption that the billable duration field was calculated by the Company correctly.


**Recommendation:** Our experience is that a company does not provide information in an audit for two primary reasons. The two primary reasons are poor management or intentional refusal to comply with the audit request. The Company's management should improve its management of information systems to avoid the appearance of refusing to respond to requests.

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Article Addressed to:

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



**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly) *N. Calabrese*      B. Date of Delivery *07/25/03*

C. Signature *X N Calabrese*       Agent  
 Addressee

D. Is delivery address different from Item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail       Express Mail  
 Registered       Return Receipt for Merchandise  
 Insured Mail       C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

7002 0860 0001 1754 8892

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DATE, TIME	04/21 16:19
FAX NO./NAME	618474983426
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1. Article Addressed to:

Mr. Glenn Kofman  
Globco, Inc.  
2100 Sanders Road, Suite 150  
Northbrook, IL 60062-6140



2. 7002 0860 0001 1754 9301

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly) *Mira Borovic* B. Date of Delivery *4/24/01*

C. Signature *Mira Borovic*  Agent  Addressee

D. Is delivery address different from item 1?  Yes  
if YES, enter delivery address below:  No

3. Service Type

Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes