

State of Florida



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Public Service Commission

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

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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04269 APR-5 3

FPSC-COMMISSION CLERK

STATE OF FLORIDA

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DIVISION OF COMPETITIVE MARKETS &
ENFORCEMENT
BETH W. SALAK
DIRECTOR
(850) 413-6600

Public Service Commission

September 10, 2003

CERTIFIED

Mr. Joseph A. Vitale
Globcom, Inc.
2100 Sanders Road, Suite 150
Northbrook, IL 60062-6140

Re: Intrastate Interexchange Toll Call Overcharges

Dear Mr. Vitale:

This letter is concerning the information provided by Globcom Inc. (Globcom) about apparent overcharges for intrastate interexchange calls (Enclosure 1). Globcom provided most of the information staff requested in its letter (Enclosure 2). However, it seems that Globcom misunderstood what staff was requesting in item numbers 2a and 2b in Enclosure 2.

For example, in item 2a, staff requested the total amount of overcharges caused by the per minute rate that was erroneously charged. Staff expected Globcom to provide, in dollars, the total amount that was overcharged due to the customer being charged \$0.12 per minute rather than the tariffed rate of \$0.0286 for the first 18 seconds and \$0.0095 for every 6 seconds after that.

Additionally, Globcom should review its call detail records to ensure that customers were charged in six second increments in accordance with its tariff. If calls were rounded in increments of more than six seconds, Globcom should calculate the total amount, in dollars, that was overcharged due to rounding errors.

In item 5 in Enclosure 2, staff requested that Globcom provide updates to its tariff which reflect the current rates and increments used in billing. Staff checked the status of Globcom's tariff and it appears that Globcom did not properly submit its tariff update when it responded to staff's letter. Therefore, Globcom must submit its tariff update in the tariff format it currently has on file with the Florida Public Service Commission (Commission) prior to charging the new rates.

To summarize, please provide the following information by September 26, 2003:

1. Total amount of overcharges caused by per minute rate erroneously charged;
2. Total amount of overcharges caused by rounding errors; and

Mr. Joseph A. Vitale
Page 2
September 10, 2003

3. Updates to the tariff which reflect the current rates and increments used for billing, prepared in Globcom's current tariff format, and submitted to the Commission separately addressed to the Director of the Division of Competitive Markets & Enforcement.

Globcom's explanation of the amounts it identifies as overcharges should be clear, concise, and easily understood. Since Globcom's tariff specifies billing increments of six seconds rather than one minute, Globcom should provide the total number of "billing units" (six second time periods) as well as the number of minutes, and any other information necessary for staff to verify Globcom's calculations of its overcharges.

Section 364.285, Florida Statutes, provides that the Commission has the power to impose upon any entity subject to its jurisdiction a penalty of not more than \$25,000 for each offense if it is found to have refused to comply with or to have willfully violated any lawful rule or order of the Commission. Each day that such refusal or violation continues constitutes a separate offense.

Staff strongly urges you to provide the complete and accurate information necessary to discharge this matter. If you have any questions, please contact me at (850) 413-6952.

Sincerely,



Melinda Watts
Bureau of Service Quality

Enclosures (3)

1. Globcom May 13, 2003, letter
2. Commission March 20, 2003, letter

cc: Division of Competitive Markets & Enforcement (Gilchrist)

Ref: TMS 682



May 13, 2003

State of Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL. 32399-0850

Attn: Melinda Watts

Enclosed you will find the information regarding the information requested by the State of Florida Public Service Commission.
All information is correct to the best of my knowledge and if any other questions need to be answered I can be reached directly at (847) 272-8481.

A handwritten signature in cursive script that reads "Joseph A. Vito".

COMPETITIVE SERVICES
DIVISION OF
2003 MAY 15 11:10:50

Total numbers of customers affected :	807
Total amount of overcharges caused by :	
a) Per minute rate erroneously charged :	0.12
b) Rounding errors :	
c) Call timing errors :	
The proposed method of refund :	Credit to customers if current customers, refund to non current customers
The proposed date(month) in which the refund will occur :	Sep-03
Updates to the tarriff which reflect the current rates and increments used for billing :	0.12
Total number of minutes of intrastate toll billed to Florida customers :	214,633 minutes
The time frame(start and stop dates) Florida consumers were overcharged :	July 2002- March 2003

INTRASTATE MINUTES FOR FLORIDA

DATE	WORLDCOM	WILLIAMS
08/01/02	25,377.00	5.90
09/01/02	25,816.00	2,461.00
10/01/02	21,253.00	3,069.00
11/01/02	22,308.00	2,827.00
12/01/02	25,675.00	2,730.00
01/01/03	27,592.00	3,783.00
02/01/03	21,827.00	5,994.00
03/01/03	18,936.00	4,980.00

214,633.00

STATE OF FLORIDA

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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

Lynn M. Deamer
Lynn 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.

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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- 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.

1
Mr. Joseph A. Vitale
Globcom, Inc.
2100 Sanders Road, Suite 150
Northbrook, IL 60062-6140



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