

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Compliance Investigation of Optical
Telephone Corporation for apparent violation
Of Rule 25-4.118, F.A.C., Local, Local Toll,
Or Toll Provider Selection.

Docket No. 040289-TI

Filed: June 10, 2004

**OPTICAL TELEPHONE CORPORATION'S REQUEST FOR
SPECIFIED CONFIDENTIAL CLASSIFICATION
AND MOTION FOR PROTECTIVE ORDER**

Pursuant to Rule 25-22.006, Florida Administrative Code, Optical Telephone Corporation (OTC) files this Request for Specified Confidential Classification and Motion for Protective Order, and states:

1. On May 6, 2004, the Commission Staff submitted its recommendation in this docket.

2. Attached to this Request is a package of information, consisting of a letter (with attachments) from OTC to Staff Counsel dated May 28, 2004, that addresses those aspects of the Staff recommendation that relate to OTC. OTC asserts that a portion of the letter and composite Attachment D constitute proprietary confidential business information.

2. The information qualifies as proprietary confidential business information, in that it consists of communications (and references thereto) to certain entities on the subject of the potential for litigation that were intended to be and have been treated by OTC as private and confidential.

3. Section 364.183, Florida Statutes, provides an exemption from the disclosure requirements of section 119.07, Florida Statutes, when disclosure of confidential business information would "impair the competitive business of the provider of the information." Public disclosure of this information could harm OTC's business by hindering OTC's efforts to resolve

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sources of customer complaints. Such a result would be counterproductive to the Commission's own purpose in this proceeding, and would not be in the interests of customers. A more specific description of this information is contained in Attachment A.

4. Appended hereto as Attachment B are two copies of the requested documents in which the confidential information has been redacted.

5. Appended hereto as Attachment C is a sealed envelope containing one copy of the confidential and proprietary material.

WHEREFORE, OTC requests the Commission to enter an order declaring the information described above to be confidential, proprietary business information that is not subject to public disclosure.


Joseph A. McGlothlin
McWhirter, Reeves, McGlothlin, Davidson,
Kaufman & Arnold, P.A.
117 South Gadsden Street
Tallahassee, Florida 32301
(850) 222-2525 (telephone)
(850) 222-5606 (fax)

Attorneys for Optical Telephone Corporation

ATTACHMENT A

**REQUEST FOR CONFIDENTIAL CLASSIFICATION OF
PORTIONS OF OTC'S CORRESPONDENCE TO STAFF REGARDING
STAFF RECOMMENDATION**

DOCKET NO. 040289-TI

Explanation of Proprietary Information

1. The subject material contains **CONFIDENTIAL** OTC information pertaining to OTC's efforts to resolve sources of customer complaints. This information is related to private communications from OTC to certain entities regarding the potential for litigation. Section 364.183, Florida Statutes, allows for an exemption from the disclosure requirements of section 119.07, Florida Statutes, when disclosure would "impair the competitive business of the provider of the information." Public disclosure of the information could potentially exacerbate the situation the communications were intended to resolve, thereby hindering OTC's ability to address sources of complaints without the necessity of more formal measures. Therefore, disclosure would be counterproductive to the Commission's own purpose in this proceeding and would not be in the interests of customers. The information should be shielded from disclosure pursuant to section 119.07, Florida Statutes and section 24(a), Art. 1 of the Constitution of the State of Florida.

<u>Page Number</u>	<u>Line(s)</u>	<u>Reason</u>
4	30 through 38, inclusive (counting only lines of text)	1
43	entire page	1
44	entire page	1
45	entire page	1
46	entire page	1
47	entire page	1
48	entire page	1

ATTACHMENT B

MCWHIRTER REEVES

ATTORNEYS AT LAW

TAMPA OFFICE
400 NORTH TAMPA STREET, SUITE 2450
TAMPA, FLORIDA 33602-5126
P.O. BOX 3350, TAMPA, FL 33601-3350
(813) 224-0866 (813) 221-1854 FAX

PLEASE REPLY TO:
TALLAHASSEE

TALLAHASSEE OFFICE:
117 SOUTH GADSDEN
TALLAHASSEE, FLORIDA 32301
(850) 222-2525
(850) 222-5606 FAX

May 28, 2004

Carris L. Fordham
Adam Teitzman
Office of General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 040289-TI-Optical Telephone Corporation

Dear Lee and Adam:

As we discussed, in this letter I will provide information supporting the following representations of Optical Telephone Corporation ("OTC"), which OTC made to Staff during our meeting of May 14, 2004:

- (1) All of the alleged violations of Rule 25-4.118, Florida Administrative Code ("slamming") that the Staff identified in its recommendation of May 6, 2004 relate to sales that occurred prior to the point in time when OTC committed to Staff that OTC would modify its telemarketing practices to conform completely to the requirements of the rule.
- (2) OTC severed its operational associations with the other companies named in Staff's recommendation on or before May 15, 2003. OTC's operation has been fully separate from the others since that date.

The alleged violations of rule 25-4.118

In April of 2002, the Commission Staff contacted OTC regarding numerous complaints against OTC alleging unauthorized changes of providers ("slamming") it had received. In response to Staff's inquiry, OTC provided an explanation of the causes of the slamming complaints that had been filed against OTC (primarily shortcomings in the

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verification script and routine), a description of the actions that OTC was undertaking to remedy the source of the complaints, copies of the telemarketing and third party verification ("TPV") scripts in use at the time, and the names of the underlying carriers from which Optical was purchasing network time for resale. See letter from OTC to Dale R. Buys of the FPSC Staff, dated May 30, 2002 (**Attachment A**).

OTC provided answers to Staff's follow-up questions in OTC's letter of June 25, 2002. Among other things, OTC informed Staff that OTC's telemarketing activities in Florida had decreased markedly by April of 2002 and had stopped completely prior to the date of the letter. See Letter from OTC to Angela Fondo, dated June 25, 2002 (**Attachment B**).

The President of OTC and counsel met with Staff on June 27, 2002. Subsequently, OTC committed to implement several measures designed specifically to ensure that its marketing activities would conform completely to the requirements of the Commission's rules. See letter from OTC to Angela Fondo, dated July 11, 2002 (**Attachment C**). As stated in this letter, OTC replaced the TPV script that was the source of many of the complaints.

OTC has since made additional efforts to improve the efficiency of its operation. Among other things, OTC terminated its TPV provider, Federal Verification, Inc., and replaced it with Fone Verification, Inc. OTC also hired a new regulatory manager and charged her with the responsibility of administering OTC's policy of complete and timely compliance with regulatory requirements.

In its recommendation of May 6, 2004, Staff identifies 34 complaints against OTC that it characterizes as apparent violations of Rule 25-4.118. The premise underlying Staff's recommendation is that the 34 complaints are evidence that OTC did not implement corrective measures sufficient to eliminate the source of the complaints that the Commission received prior to the meeting of June 27, 2002. However, OTC has determined that all of the "slamming"-related complaints identified by Staff relate to sales that occurred prior to that meeting. Attached to this letter is a spreadsheet that shows the names of the complainants, the dates on which the sales were made and verified, and the amounts that OTC credited to the customers' accounts to resolve the complaints. The spreadsheet indicates that the most recent of the 34 sales contacts occurred in May 2002. See Excel spreadsheet (**Attachment D**). Accordingly, OTC respectfully submits that OTC implemented all of the measures to which it committed in July 2002; the complaints that Staff identified relate to sales made during a prior period; and no action against OTC based on alleged violations of the "slamming" rule is warranted.

Past operational relationships with other companies

In its recommendation, Staff describes certain transactions or occurrences involving OTC and other named carriers, and alleges, based on inferences drawn from the circumstances mentioned in the memorandum, that OTC is participating with the others

in a coordinated scheme to engage in wrongful marketing and billing practices. As they relate to OTC, the inferences are invalid. OTC's temporary involvement in operational arrangements with these companies was based solely on OTC's desire to control or reduce costs. As the ultimate proof of this point, in paragraphs that follow, OTC will provide a chronology establishing that when problems stemming from its association with these companies surfaced, OTC responded by taking steps to remove itself from these associations—a process it completed more than a year ago. First, however, OTC will address the individual allegations contained in the memorandum dated May 6, 2004.

Cancellation of cross-corporate financial guarantee. At page 4 of its memorandum of May 6, 2004, Staff observes that letters of Miko, Optical, and WCSS requesting cancellation of a cross-corporate financial guarantee are “identical except for the letter head,” and suggests the letters demonstrate “the companies may share the same management.” The inference is incorrect: the companies have separate managements. The letters show only that OTC coordinated with others its desire to terminate its participation in the guarantee. OTC did in fact terminate its involvement.

Date of resume. Also on page 4, Staff notes that Mark Frost, president of OTC, submitted a resume with OTC's application for an EXC certificate which stated that Mr. Frost was in charge of maintaining and updating records for customer service at UKI “from 1999 to present.” Staff is mistaken when it suggests that Mr. Frost was simultaneously an employee of UKI and president of OTC. While an employee of UKI Mr. Frost pursued, in numerous jurisdictions, the application/certification processes necessary to start his own company, OTC. However, as soon as OTC obtained the requisite regulatory approvals, Mr. Frost terminated his employment with UKI. There was no hiatus in the transition, for the simple reason that Mr. Frost remained with UKI until the process was complete and left to become president of the company he created as soon as it became operational, but Mr. Frost did not work for two operating companies simultaneously.

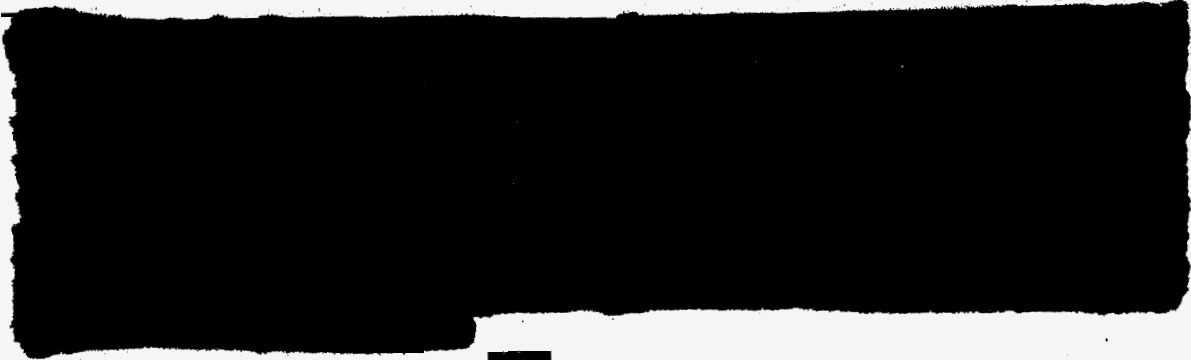
Choice of notary. On Page 4, Staff recites that Caterina Bergeron, president of WCSS, notarized a document for OTC. This signature is a consequence-- not of a managerial affiliation, as Staff suggests-- but of simple physical proximity. As will be explained in more detail below, these businesses had offices in the same building. In need of the services of a notary, Mr. Frost asked Ms. Bergeron, whose office was nearby, for assistance, and she accommodated him. His request and her willingness to perform this courtesy denote no managerial overlaps or joint control of the two companies.

In addition, on Page 5 Staff asserts that the fact that Rodney Harrison, owner of Federal Verification Corporation, Inc. (“FVC”), notarized documents on behalf of OTC in Fulton County, Georgia evidences an affiliation between FVC and OTC. While Mr. Harrison did provide occasional notary services to OTC, FVC did not exercise managerial control over the operations of OTC, and at all times Optical remained unaffiliated and independent from FVC, as required by Section 25-4.118(2)(c) of the Commission's Rules.

Operational association. As discussed above, Mr. Mark Frost, the President of OTC, 1
 began his long distance telecommunications career as a programmer for UKI. While 2
 employed by UKI, Mr. Frost developed contacts with various industry vendors, such as 3
 third party verification and billing companies, as well as the providers of underlying 4
 telecommunications services. Once OTC's application process was completed, Mr. Frost 5
 pragmatically decided— on the basis of his past contacts-- to utilize the same TPV and 6
 billing firms with whom he had previously established working relationships. 7

As was mentioned earlier, OTC located its office in a building in which other resellers 8
 also had offices. The location was attractive to OTC (and others) because the equipment 9
 that OTC needed (including office configuration) was readily available, and --as it was 10
 located near the facilities of BellSouth and major LXC's—the building was a logical 11
 "collocation point" at which carriers could obtain TS-1 facilities conveniently and cost- 12
 effectively. For reasons that related strictly to OTC's desire to control costs, beginning in 13
 the latter part of 2001, OTC participated with others in the building in an operational (as 14
 opposed to managerial) association. 15

However, by April of 2002 it was becoming apparent to Mr. Frost that the operational 16
 arrangements were leading to problems in practice. His concerns were heightened when 17
 the FPSC Staff contacted OTC with respect to complaints that related to billing problems. 18
 During the period November 2002-January 2003, the number and severity of problems 19
 stemming from the operational arrangements increased, as did tensions between OTC and 20
 certain other companies. In January 2003, OTC notified its landlord that OTC would be 21
 leaving by July 2003. Mr. Frost began the process of unwinding relationships that was 22
 necessary to enable OTC to exit the situation. Among other things, Mr. Frost located and 23
 obtained different office space for OTC. Based on security issues that contributed to the 24
 billing problems, Mr. Frost also terminated his contract with an underlying carrier. (The 25
 termination letter is subject to a nondisclosure agreement related to pending litigation; if 26
 Staff wishes to review it, OTC believes that with notice to the carrier, OTC can provide a 27
 copy to Staff under provisions of confidentiality.) Finally, OTC unilaterally advanced the 28
 termination date from July to May 15, 2003. 29



In short, OTC entered the operational association described above for the sole 39
 purpose of operating economically. When he learned that the arrangements were the 40
 source of problems and complaints, Mr. Frost took affirmative measures--some of them 41
 expensive-- to terminate OTC's involvement. The separation was completed in May 42

2003. OTC has now operated fully separate from the other companies for over a year. OTC respectfully submits that it has done nothing to warrant the allegations contained in Staff's recommendation of May 6, 2004.

Please contact me if you have any questions about the above, or if you need further information.

Yours truly,
Joseph A. McGlothlin
Joseph A. McGlothlin

CC: Ray Kennedy

LAW OFFICES OF THOMAS K. CROWE, P.C.

2300 M STREET, N.W.
SUITE 800
WASHINGTON, D.C. 20037

TELEPHONE (202) 973-2890
FAX (202) 973-2891
E-MAIL firm@tkcrowe.com

May 30, 2002

BY FEDEX (850-413-6536)

Dale R. Buys
Regulatory Analyst
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Optical Telephone Corporation

Dear Mr. Buys:

The following replies to your letter of inquiry dated April 4, 2002, regarding Optical Telephone Corporation ("OTC"). OTC appreciates the Florida Public Service Commission's ("FPSC's") willingness to give it an opportunity to correct any problems which may be causing the alleged rule violations. OTC wants to assure the FPSC that it takes this inquiry very seriously and is taking aggressive steps to resolve this matter. To this end, OTC has carefully reviewed the concerns expressed in your letter and has taken specific actions, described below, to address these concerns.

OTC is a nationwide provider of international, interstate, and intrastate interexchange telecommunications service on a resale basis. OTC markets its services primarily through telemarketing, and utilizes an automated, third party verification system to confirm presubscribed interexchange carrier ("PIC") change orders. OTC was granted authorization by the FPSC to provide resold interexchange services on September 14, 2001, in Docket No. 010790-TL.

The following responds to the five points raised in your letter, as well as the additional question regarding Mr. Frost's relationship with UKI Communications, Inc. ("UKI").

1. *A detailed explanation of the cause of the excessive number of slamming complaints filed against OTC.*

RESPONSE: The slamming complaints against OTC appear to be caused, in part, by its automated third party verification script. As a result of your inquiry, OTC has learned that more detailed information must be included in its automated third

Dale R. Buys
May 30, 2002
Page 2

party verification script to ensure that Florida consumers fully comprehend the nature of the transaction. However, OTC has recorded verifications for its PIC changes in which customers affirmatively select OTC as their long distance carrier. While OTC has verifications for the customers at issue, it has worked to cooperate with complaining customers by issuing full refunds and re-rates in accordance with Florida rules, both in response to FPSC inquiries as well as any direct customer complaints it receives.

2. *A detailed explanation of the actions OTC is undertaking to correct the problems causing the apparent slamming violations.*

RESPONSE: OTC has ceased all marketing efforts in Florida, as of mid-to-late April, until such time as it is certain that any problems it may have with its practices are remedied. OTC is working closely with counsel to ensure that its automated third party verification script clearly and unambiguously complies with Florida requirements and eliminates any possibility of customer confusion. Further, OTC is tightening up its internal procedures to ensure that its marketing and verification scripts are accurately followed, by increasing the number of individuals used to monitor the performance of the telemarketers from 10 to 20. Also, OTC is in the process of moving its telemarketing operations in-house to further increase its ability to monitor and control its telemarketers' practices.

3. *A copy of the third party verification script (in English) used to verify that the customer has authorized OTC to switch the customers' service provider.*

RESPONSE: As indicated above, OTC is working with counsel to revise and redraft its automated third party verification script to avert the issues addressed in response to Item No. 1. Once completed, we will be pleased to supply a copy of the script to you for your consideration in this matter.

4. *A copy of the telemarketing script (in English) used to solicit OTC's services to potential customers.*

RESPONSE: Please see attached.

5. *The name of the underlying carrier from which OTC is purchasing network time for resale.*

RESPONSE: OTC has telecommunications resale agreements currently in place with MCI, AT&T, and Global Crossing.

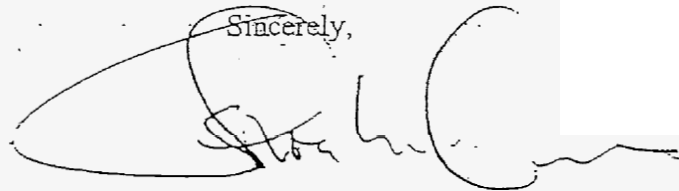
Dale R. Buys
May 30, 2002
Page 3

With respect to your question regarding the listing of UKI on Mr. Frost's resume, Mr. Frost did some work for UKI, years back, as a programmer. Currently, Mr. Frost has no relationship with UKI, other than OTC's occasional use of a network consulting firm, owned by the brother of the president of UKI, which installs T-1s for OTC.

Finally, OTC wishes to assure the FPSC that it is committed to provide the best possible service to Florida customers while remaining in compliance with Florida's rules. As OTC is a new company which became authorized to provide services in Florida less than nine months ago, it sincerely appreciates the FPSC's willingness to bring this matter to its attention in order that it can improve its verification procedures and ensure full compliance with Florida law.

Should you have any questions or require any further information, please contact the undersigned.

Sincerely,



Thomas K. Crowe
Daron T. Threet,
Counsel for Optical Telephone
Corporation

Attachment

cc: Angela Fondo
Mark Frost

Telemarketing Script

Telemarketer:

Hello, Mr./Ms. _____

This is [Telemarketer's name]. With Optical Telephone Corporation. I am calling you to introduce you to Optical's long distance service and offer you a free gift for trying our service.

Optical Telephone Corporation prides itself on providing state of the art telecommunications service. Our rates are as low as 6 cents per minute with a \$5.95 service fee. And for trying our service you will receive a calling card with 1500 free minutes.

All you need to do is listen to the following announcement and answer the questions, after each, then you can start enjoying Optical Telephone Corporation's great service.

(Announcement that automated third party verification will begin). (Customer transferred back to telemarketer after verification complete).

Telemarketer:

Thank you Mr./Ms. _____. You will receive a welcome letter with your calling card in 2 to 3 weeks. At this time I will be happy to answer any questions you may have, or if you prefer you can contact Optical Telephone Corporation's customer service department at 866-207-3220.

LAW OFFICES OF THOMAS K. CROWE, P.C.

2300 M STREET, N.W.
SUITE 800
WASHINGTON, D.C. 20037

TELEPHONE (202) 973-2890
FAX (202) 973-2891
E-MAIL firm@tkcrowe.com

June 25, 2002

BY HAND

Angela Fondo
Regulatory Analyst
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Optical Telephone Corporation

Dear Ms. Fondo:

The following responds to your letter dated June 13, 2002, regarding Optical Telephone Corporation ("OTC") and is supplied in connection with our meeting on Thursday, June 27, 2002.

1. *Please supply the name and address of the telemarketing firm(s) which solicits Optical Phone Services, or has solicited service since September 14, 2001.*

RESPONSE: After further reviewing its records, OTC wishes to amend the information supplied in its May 30, 2002 letter as well as that which may have been previously supplied via the telephone. Specifically, OTC has not utilized outside telemarketing firms to solicit service since September 14, 2001 in the state of Florida. OTC has used such third-party telemarketing firms in other states, which may have been the source of the previous confusion.

2. *Please include the methods Optical has used to obtain their telemarketing base and contact information.*

RESPONSE: OTC generally purchases commercial marketing databases (such as Select-Phone and Pro-Phone) from a variety of local sources (such as Comp-USA, Micro-Center or other software retailers) and customizes those databases to satisfy its own requirements.

Angela Fondo
 June 25, 2002
 Page 2

3. *Your letter also stated telemarketing ceased in the end of April, 2002. In my conversation with Mr. Frost, he stated telemarketing ceased in the beginning of March, and that complaints should cease at the Commission by the end of May. Please verify when telemarketing ceased in Florida, when Optical plans on resuming telemarketing in Florida, and when telemarketing will be moved in-house.*

RESPONSE: OTC apologizes for the confusion on the subject of when telemarketing ceased in Florida. Mr. Frost does not recall the exact date when such telemarketing ceased. The telemarketing began to significantly slow at the beginning of March, 2002 and continued to decrease from that time through the end of April, 2002. While it is possible that there may have been a very limited number of telemarketing calls after April, 2002, my client believes that it had substantially ceased as of that date. At present, no telemarketing in Florida is occurring.

OTC has no plans to reinitiate telemarketing until the instant matter is fully resolved. Specifically, OTC intends to address and resolve existing outstanding complaints as well as regulatory matters which may be of concern to this Commission prior to reinitiating telemarketing. OTC also intends to implement a strict policy on employee termination for non-compliance with internal procedures which will be designed to ensure full compliance with Florida regulations.

With respect to when telemarketing will move in-house, please see above Response to Question No. 1.

4. *Please elaborate on the internal procedures which Optical has corrected. The letter only mentions increasing the individuals who monitor the telemarketing from ten to twenty and moving telemarketing in-house. Please give a detailed explanation of the specific actions taken by Optical to ensure future slamming violations will not occur.*

RESPONSE: As indicated in its Response to Question No. 2 of its May 30, 2002 letter, OTC has ceased all telemarketing efforts in Florida in order to eliminate any further slamming complaints. This important step will give the company the needed time to take appropriate measures to ensure that, if telemarketing recommences, slamming complaints are all but eliminated. OTC has also revised its automated Third Party Verification script and Telemarketing script to unambiguously adhere to Florida requirements and eliminate any possibility of customer confusion. See Attachment A. As indicated in its May 30, 2002 letter, OTC has also increased the number of individuals used to monitor the performance of telemarketers from ten to twenty.

Angela Fondo

June 25, 2002

Page 3

OTC intends to retain its telemarketing in-house and, as indicated above, implement a strict policy of employee termination for non-compliance with the company's internal procedures which will be designed to ensure full compliance with Florida regulations. OTC believes that these steps, taken as a whole, will ensure that no future slamming violations occur.

5. *Please provide by complaint number, the date Optical conducted the Third Party Verification for each customer.*

RESPONSE: OTC is currently in the process of obtaining this information and will supply it as soon as it is available.

6. *In your explanation of the cause of the excessive number of slamming complaints you state they appear to be caused, in part, by the Third Party Verification script. Please elaborate on the other actions taken by Optical which have had a factor in the large number of slamming complaints.*

RESPONSE: Please see the Response to No. 1 of our May 30, 2002 letter.

7. *As requested in the April 4, 2002, letter, please provide a copy of the translated Third Party Verification tape used by Optical since September 14, 2001, and the revised Telemarketing and Third Party Verification scripts.*

RESPONSE: Copies of the revised Telemarketing and Third Party Verification scripts are included herewith as Attachment A. A copy of the translated Third Party Verification tape used since September 14, 2001 is included as Attachment B.

8. *Please provide the names and addresses of the Third Party Verification company(s) used by Optical since September 14, 2001.*

RESPONSE: OTC has used the following Third Party Verification Company since September 14, 2001:

Federal Verification Company
230 Judson Way
Alpharetta, GA 30022
(404)-362-3474

Angela Fondo
June 25, 2002
Page 4

9. *Please provide us a working copy of the 1500 Free Minute Phone Card promised to customers on the Third Party Verification and Telemarketing scripts.*

RESPONSE: A copy of the 1500 Free Minute Phone Card is included herewith as Attachment C.

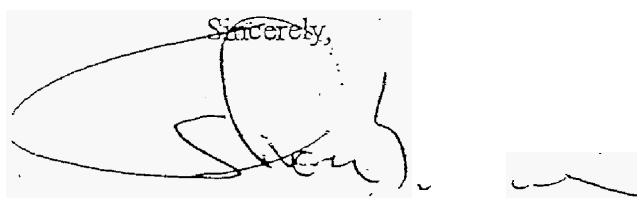
10. *Please bring a copy of the welcome letter sent to customers as stated in the telemarketing script.*

RESPONSE: A copy of the welcome letter sent to customers as stated in the Telemarketing Script is included herewith as Attachment D.

11. *Please list the states where Optical is currently operating. In addition, please state any current dockets Optical may have open against them for apparent violations of state code or statutes.*

RESPONSE: A list of the states where OTC is currently operating is included as Attachment E. To the best of its knowledge, no current dockets are open against the company for apparent violations of any state codes or statutes.

If you have any questions, or require any further information, please contact the undersigned.

Sincerely,


Thomas K. Crowe,
Counsel for Optical Telephone
Corporation

Attachments (A-E)

cc: Mark Frost

ATTACHMENT A

6/25/02

Telemarketing Script

Telemarketer:

Hello, Mr./Ms. _____

This is [Telemarketer's name]; calling on behalf of Optical Telephone Corporation. I am calling you to introduce you to Optical's long distance service and offer you a free gift if you switch your long distance service to our company.

Optical Telephone Corporation prides itself on providing state of the art telecommunications service. Our rates are as low as 6 cents per minute with a \$5.95 service fee. And for trying our service you will receive a calling card with 1500 free minutes.

All you need to do is listen to the following announcement and answer the questions, after each, then you can start enjoying Optical Telephone Corporation's great service. Of course, your long distance service will not be changed unless you authorize it.

(Announcement that automated third party verification will begin). (Customer transferred back to telemarketer after verification complete).

Telemarketer:

Thank you Mr./Ms. _____. You will receive a welcome letter with your calling card in 2 to 3 weeks. A one-time account set-up fee of \$6.95 applies; charges begin when the called party answers and ends when one party hangs up; invoices will be adjusted for wrong numbers or incorrect charges. At this time I will be happy to answer any questions you may have, or if you prefer you can contact Optical Telephone Corporation's customer service department at 866-207-3220.

6/25/02

OPTICAL TELEPHONE CORPORATION
INDEPENDENT AUTOMATED VERIFICATION SYSTEM

[Telemarketer drops off the line]

Thank you for holding – you have been connected to an independent automated voice response unit to confirm and authorize your recent order for Optical Telephone Corporation. Your local carrier may charge a small switch fee for your new service. If so, Optical Telephone will credit your account for that charge.

We are now ready to begin your confirmation call. For security purposes, your answers to these questions will be recorded.

1. After the tone, clearly state your first and last name, complete mailing address, AND telephone number including the AREA CODE of the service you are authorizing for Optical Telephone Corporation:
2. If you understand that you have chosen Optical Telephone Corporation to be your long distance, local long distance and international service provider, and that you can only have one long distance service provider per phone number, please say 'yes' at the tone:
3. To show that you are the authorized decision maker over the age of 18, and that you understand Optical Telephone Corporation is not affiliated with your local service provider, and you are authorizing Optical Telephone Corporation to change your current service, please say 'yes' after the tone:
4. After the tone, please state your previous long distance carrier, and one of the following, your date of birth, mother's maiden name, or the last four digits of your social security number.
5. Thank you for your time. Your order has been successfully confirmed. Within the next two weeks Optical Telephone Corporation will provide you with a welcome packet in the mail. If you would like to select service for any additional phone lines in your home, that you are authorized to make changes to, please state them at the tone or answer 'none':

Answers are digitally recorded.

ATTACHMENT B

Announcement and Digital LOA Recording: Independent Automated Verification System

Thank you for selecting Optical Telephone Corporation as your Long Distance and Local Long Distance telephone service provider.

We at OTC are committed to providing our customers with the nation's highest-quality, most affordable long distance service.

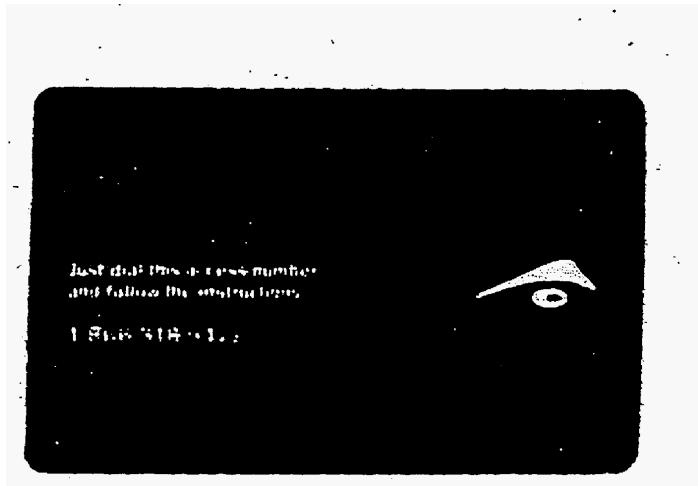
And now you can try our low 6 cents per minute prime-time rate with a low \$5.95 monthly fee and receive 1500 free minutes on your Optical Telephone Calling Card redeemable at 100 minutes per month for 15 months.

Please answer the following questions:

1. Are you 18 years of age or older?
2. If you are the person authorized to make changes and/or incur charges for this phone number, please state your complete name and address at the tone.
3. Do you select Optical Telephone Corporation to be your long distance provider? Please say yes at the tone.
4. To validate you account please state your date of birth or mother's maiden name at the tone.

Questions and answers are digitally recorded.

ATTACHMENT C



ATTACHMENT D

«FirstName» «LastName»
«Address»
«City», «State» «Zip»

Welcome to Optical Telephone Corporation

Start Using Your Card Today
by calling 1-866-758-6948.

We at OTC are committed to providing our customers with the
nation's highest-quality, most affordable long distance service.

**YOUR OTC ANYWHERE CALLING CARD IS HERE ENCLOSED ARE THE 1500 FREE
MINUTES YOU REQUESTED**

The OTC calling card is available in phone numbers you can use to call during international calls. You
can use your OTC calling card to call anyone from anywhere in the world. No dialing in or dialing out. Simply
call 1-866-758-6948 to immediately activate your OTC calling card today.

Calling Card Agreement

Customer agrees to be bound to the following terms and conditions attached to the use of the calling card.

- A. The OTC calling card is valid for 30 months from activation and limited to 50 minutes per month.
- B. The 1500 free minutes on your OTC calling card may be subject to a maximum monthly usage limit.
- C. In the event of a change in telephone number or service, this agreement would be terminated. OTC should be notified of any change and all calling cards should be cancelled and destroyed.
- D. The OTC calling card is non-transferable. The customer shall be held solely responsible for any and all charges incurred by use of this calling card.
- E. If the calling card is lost or stolen, the customer will be liable for any and all charges incurred by use of the calling card until the OTC customer service department is contacted at 1-866-318-5480.
- F. Depending on the point of origin, calls made on the OTC calling card may include a surcharge not applied to direct-dialed calls.

ATTACHMENT E

OTC is currently operating in the following 35 states:

- AR
- CA
- CO
- FL
- IA
- ID
- IL
- IN
- KS
- KY
- MA
- MI
- MN
- MS
- MT
- NC
- ND
- NH
- NJ
- NM
- NV
- NY
- OH
- OK
- OR
- PA
- RI
- SD
- TX
- UT
- VA
- VT
- WA
- WI
- WV

LAW OFFICES OF THOMAS K. CROWE, P.C.

2300 M STREET, N.W.
SUITE 800
WASHINGTON, D.C. 20037

TELEPHONE (202) 973-2890
FAX (202) 973-2891
E-MAIL firm@tkcrowe.com

July 11, 2002

BY FEDEX (850-413-6546)

Angela Fondo
Regulatory Analyst
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Optical Telephone Corporation

Dear Ms. Fondo:

The following information is supplied pursuant to our meeting on June 27, 2002. In short, it represents an overview of the specific steps that Optical Telephone Corporation ("OTC") has taken, and will be taking, to ensure that future slamming violations do not occur and that its activities are in conformity with the Rules of the Florida Public Service Commission ("FPSC").

1. New "Zero Tolerance" Slamming Policy. To ensure that its in-house telemarketing sales force complies with applicable requirements, OTC has implemented a "zero tolerance" slamming policy. Each telemarketing employee, as a condition of employment, is required to agree with certain "customer dealing" principles. These principles, reflected exactly as incorporated into the applicable agreement, are included herewith as Attachment A. In addition to the agreement, a sign is displayed prominently in the telemarketing room reminding employees of the "zero tolerance" policy. A copy of this sign is also included under Attachment A hereto. New employees also receive an individual copy of the sign upon joining the company as a further reminder of the company's policy. OTC believes that it will be able to minimize or eliminate valid slamming complaints by maintaining telemarketing sales in-house and under these strictly controlled conditions.

2. Revised Telemarketing And TPV Scripts. Based upon discussion at our recent meeting, OTC has further revised both its Telemarketing and Third Party Verification ("TPV") scripts. Copies of the new scripts (with notations to illustrate the specific changes) are included as Attachment B. Both of the new scripts fully comply with the Rules of the FPSC. Moreover, the telemarketing script specifically complies with Rule 25-4.118(9)(d), which incorporates by reference Rule 25-24.490(3). The TPV Script makes clear that OTC will follow the practice of the telemarketer dropping completely off the line while the verification is conducted. However, as

Angela Fondo

July 11, 2002

Page 2

indicated at the recent meeting, OTC does not intend to resume telemarketing until it is assured that all outstanding regulatory matters pertaining to slamming have been addressed.

3. Promotional Calling Card. The Calling Card Agreement supplied with each OTC Calling Card has been redrafted to clarify that the product, among other things, gives One Plus Customers 1500 free minutes of Calling Card Service; is valid for 30 months; and is restricted to 50 minutes of free calling per month. The Calling Card Service is activated 90 days following the customer's sign-up for One Plus Service. While calling activity is restricted to 50 minutes per month, customers may purchase additional minutes after the 30-month period at \$0.18 per minute. A copy of the new Calling Card Agreement is included as Attachment C. A copy of the Calling Card Agreement will be supplied in Spanish as well as in English to new customers in Florida. On July 19, 2002, OTC plans to file revisions to its Florida PSC Tariff No. 1 to further clarify the terms of the 1500 free minutes of Calling Card service, as well as to add a new rate plan for its One Plus Service. A copy of the draft tariff language is included as Attachment D. OTC has investigated the incidence of Calling Cards being mailed out and not received by end-user customers, and has identified 68 such instances since becoming authorized to provide service in Florida on September 14, 2001. OTC has generally determined that such instances represent cases where the cards were returned to the sender (i.e., OTC) due to incorrect end user address information. OTC is attempting to re-verify address and ANI information for such customers so that One Plus Service along with the Calling Card can be provided.

4. Rerate of Customers Charged \$0.14. After investigating the matter, OTC has concluded that ___ customers were overcharged in the amount of \$140,842.97 due to a misrating of intrastate Florida calls. Specifically, customers were mistakenly billed at the rate of \$0.14 per minute when they should have been billed at the tariffed rate of \$0.12 per minute. This problem has been corrected such that all future intrastate billing will be at the appropriate intrastate tariff rate. OTC plans to take the following steps with respect to customers whose charges were misrated. On July 19, 2002, OTC plans to issue electronic credits crediting each customer account in the amount of the applicable overcharge. OTC plans to effectuate this by issuing instructions to its billing services company to issue the credits, which, in turn, will issue the instruction to the applicable Local Exchange Carrier ("LEC"). It is anticipated that some LECs may reject the credit instructions (for varied reasons, e.g., the customer is no longer receiving service, etc.) and, in such cases, OTC will issue full refund checks to such customers. Please contact me immediately if you have any concerns with the manner in which OTC intends to handle this matter since the electronic credits are scheduled to issue on July 19, 2002.

5. FVC Data. At the June 27, 2002 meeting, OTC promised to forward the date Optical conducted the Third Party Verification for each customer, by complaint number. This information is supplied at Attachment E.

Angela Fondo
July 11, 2002
Page 3

6. Mailing and Liaison Information. OTC has updated its information through the FPSC website, and, a copy has been forwarded by mail per the website instructions. For your convenience, a copy of this submitted information is included as Attachment F.

OTC believes that its One Plus products combined with its Calling Card offering free monthly minutes represents an innovative and beneficial offering to consumers in the State of Florida. OTC appreciates the opportunity to have met with the FPSC staff on June 27, 2002 and is determined to make the adjustments necessary in its operations to ensure full compliance with the FPSC's rules as well as to minimize the occurrence of future slamming complaints. As previously indicated, OTC has terminated all telemarketing in the State of Florida, and does not intend to resume such telemarketing until it is assured that all outstanding regulatory matters pertaining to slamming have been addressed.

It would be appreciated if you could kindly circulate copies of this letter to everyone present at the June 27, 2002 meeting. If you have any questions, or require further information, please contact the undersigned.

Sincerely,

Thomas K. Crowe,
Counsel for Optical Telephone
Corporation

Attachments (A-F)

cc: Mark Frost.

ATTACHMENT A

OPTICAL'S "ZERO TOLERANCE" SLAMMING POLICY

Optical follows a "Zero Tolerance" slamming policy. Federal and State law expressly forbid switching the telephone service of individuals who have not properly authorized a service switch. Any employee found to be, through any act or omission, intentionally, knowingly, negligently or otherwise, misstating or misrepresenting Optical's services or pricing, fraudulently inducing a prospect to sign up for Optical's services or deviating from the telemarketing script, will be immediately terminated. There are no exceptions.

For more information on slamming, visit the FCC's slamming web page at www.fcc.gov/slamming.

If you have questions about Optical's "Zero Tolerance" slamming policy, please see Mark Frost.

Customer Dealing. As part of your job duties you will be required to follow a telemarketing script which has been prepared to ensure that telemarketing prospects are accurately informed about Optical's services and pricing before they decide to sign up for Optical's services. This script must be followed exactly as written. In addition, you are not allowed to misstate or misrepresent Optical's services or pricing, nor fraudulently induce a prospect to sign up for Optical's services. Optical may immediately terminate, without notice, any employee who deviates from the script or who intentionally, knowingly, negligently or otherwise misrepresents Optical's services or pricing or who, through any act or omission, fraudulently induces a customer to sign up for Optical's services. Switching service of individuals who have not properly authorized it (known as "slamming") is expressly forbidden by Federal and State law. Unauthorized switching of a customer's service could result in Optical being fined or losing its authority to provide telecommunications service. For this reason, Optical follows a "zero tolerance" policy with respect to slamming.

ATTACHMENT B

7/8/02

Telemarketing Script

Telemarketer:

Hello, Mr./Ms. _____

This is [Telemarketer's name]; calling on behalf of Optical Telephone Corporation. I am calling you to introduce you to Optical's long distance service and offer you a free gift if you switch your long distance service to our company.

Optical Telephone Corporation prides itself on providing state of the art telecommunications service. Our interstate rates are as low as 6 cents per minute with a \$5.95 monthly service fee. And for trying our service you will receive a calling card with 1500 free minutes. The free minutes are available for 30 months and limited to 50 minutes per month.

A one-time account set-up fee of \$6.95 applies; charges begin when the called party answers and ends when one party hangs up; invoices will be adjusted for wrong numbers or incorrect charges.

All you need to do is listen to the following announcement and answer the questions, after each, then you can start enjoying Optical Telephone Corporation's great service. Of course, your long distance service will not be changed unless you authorize it.

(Announcement that automated third party verification will begin). (Customer transferred back to telemarketer after verification complete).

Telemarketer:

Thank you Mr./Ms. _____. You will receive a welcome letter with your calling card in 2 to 3 weeks. At this time I will be happy to answer any questions you may have, or if you prefer you can contact Optical Telephone Corporation's customer service department at 866-207-3220.

7/8/02

OPTICAL TELEPHONE CORPORATION
INDEPENDENT AUTOMATED VERIFICATION SYSTEM

[Telemarketer drops off the line]

Thank you for holding – you have been connected to an independent automated voice response unit to confirm and authorize your recent order for Optical Telephone Corporation. Your local carrier may charge a small switch fee for your new service. If so, Optical Telephone will credit your account for that charge.

We are now ready to begin your confirmation call. For security purposes, your answers to these questions will be recorded.

1. After the tone, clearly state your first and last name, complete mailing address, AND telephone number including the AREA CODE of the service you are authorizing for Optical Telephone Corporation:
2. If you understand that you have chosen Optical Telephone Corporation to be your local long distance, long distance and international service provider, please say 'yes' at the tone:
3. If you understand that you can only have one local, local long distance and long distance provider per phone line, please say "yes" at the tone:
4. To show that you are the authorized decision maker over the age of 18, and that you understand Optical Telephone Corporation is not affiliated with your local service provider; and you are authorizing Optical Telephone Corporation to change your current service, please say 'yes' after the tone:
5. After the tone, please state your previous long distance carrier, and one of the following, your date of birth, mother's maiden name, or the last four digits of your social security number.
6. Thank you for your time. Your order has been successfully confirmed. Within the next two weeks Optical Telephone Corporation will provide you with a welcome packet in the mail. If you would like to select service for any additional phone lines in your home, that you are authorized to make changes to, please state them at the tone or answer 'none':

Answers are digitally recorded.

Calling Card Agreement

Customer agrees to be bound to the following terms and conditions associated with the use of the calling card.

- A) The Optical Telephone Corporation ("OTC") calling card is valid for 30 months after activation.
- B) The 1500 free minutes on this card are subject to a maximum monthly usage limit of 50 minutes per month.
- C) The 1500 free minute offer is valid only after the customer has remained on line with OTC's service for a period of 90 days.
- D) After the 30 month period has expired, additional minutes on the OTC calling card may be purchased at the rate of \$0.18 per minute.
- E) In the event of a change in telephone number or service, this agreement would be terminated. OTC should be notified of any change and all calling cards should be cancelled or destroyed.
- F) The OTC calling card is non-transferable. The customer shall be held solely responsible for any and all charges incurred by the use of this card.
- G) If the calling card is lost or stolen, the customer will be liable for any and all charges incurred by the use of the calling card until the OTC customer service department is contacted at 1-866-318-5480.
- H) Depending on the point of origin, calls made on the OTC calling card may include a surcharge not applied to direct-dialed calls.

Note: The calling card is going to have the following added, when they are printed next time:

For TERMS and CONDITIONS, see the following link:

www.opticalcorp.net

ATTACHMENT D

Optical Telephone Corporation

Florida P.S.C. Tariff No. 1
 1st Revised Sheet No. 28
 Cancels Original Sheet No. 28

* SECTION 3 - DESCRIPTION OF SERVICE (CONT'D.)

3.3. Description of Services

3.3.1. **One Plus Service (Plan A)** – enables a caller to complete calls within the State of Florida. The Customer may access the service by dialing “1”, plus the Numbering Plan Area (“NPA”) code and telephone number (Central Office (“CO”) code and station line). This plan is associated with a monthly service charge for interstate services.

T

T

3.3.2. **One Plus Service (Plan B)** – enables a caller to complete calls with the State of Florida. The customer may access the service by dialing “1”, plus the Numbering Plan Area (“NPA”) code and telephone number (Central Office (“CO”) and station line). No monthly service charge is associated with this plan.

N

N

Calling Card Service – is offered in conjunction with the One Plus Service (Plan A and B) as an optional feature. Remote Access to One Plus Service is utilized by Customers when off the network by dialing a toll-free number and entering an authorization code and dialing the number to which the Customer desires to be connected. This product gives One Plus customers 1500 free minutes of Calling Card Service. The calling card is valid for 30 months and restricted to 50 minutes of free calling per month. A customer may purchase additional minutes beyond the 50 minutes of free monthly calling by contacting the company’s toll free number. In the event of a change in the applicable telephone number or service, the Calling Card Service automatically terminates. The customer is responsible for all calls placed using the Calling Card Service. If the calling card is lost or stolen, the customer is responsible for any and all charges incurred by use of the calling card until the Company’s customer service department is contacted at the toll free number. Calling Card Service is not transferable.

T

3.4 **Minimum Call Completion Rate**

Customer can expect a call completion rate (number of calls completed / number of calls attempted) of not less than 96% during peak use periods for all OTC One Plus and Calling Card Services.

Issued: July 1, 2002

Effective Date: August 30, 2002

Issued By:

Mark Frost
 President
 600 Blvd. South, Suite 104
 Huntsville, AL 35802
 Telephone: (256) 705-3522

Optical Telephone Corporation

Florida P.S.C. Tariff No. 1
 1st Revised Sheet No. 29
 Cancels Original Sheet No. 29

SECTION 4 - RATES

4.1. **Subscriber Services**

4.1.1. One Plus Services (Plan A)

	Timing	
	Initial 60 Sec.	Add'l 60 Sec.
Intrastate	\$0.12	\$0.12

4.1.2 One Plus Service (Plan B)

	Timing	
	Initial 60 Sec.	Add'l 60 Sec.
Intrastate	\$0.15	\$0.15

4.1.3. Calling Card Service

Rate per minute: \$0.18

Issued: July 1, 2002

Effective Date: August 30, 2002

Issued By:

Mark Frost
 President
 600 Blvd. South, Suite 104
 Huntsville, AL 35802
 Telephone: (256) 705-3522

ATTACHMENT E

ATTACHMENT F

Last Name	TPV Date	PIC ORDER	Date Disconnection order	Credits Issued
Barrero	invalid	traffice calls from	no history found	\$81.07
Barrientos	invalid	02/23/2002	07/17/2002	\$222.94
Bernace	02/23/2002	02/28/2002	03/03/2003	\$116.14
Busto	12/17/01	12/20/2001	04/28/2003	\$43.00
Cancio	invalid	12/07/2001	07/16/2002	
Cascante	03/25/02	04/02/2002	no disc. Date	\$417.67
Castro	02/22/102	02/28/2002	12/17/2002	\$102.28
Coro	invalid	12/10/2001	02/03/2003	\$41.38
Dominguez	invalid	no history found	no traffice calls	\$93.96
Dumas	invalid	12/07/2001	02/03/2003	\$54.60
Fernandez	02/20/02	02/28/2002	06/26/2002	\$131.26
Ferreira	02/26/02	02/19/2002	no disc. Date	\$18.70
Ferrer	03/23/2002	04/22/2002	no disc. Date	
Flor	04/05/2002	04/23/2002	02/03/2003	\$28.70
Garcia	12/18/01	12/20/2001	no disc. Date	\$123.15
Garcia	05/14/2002	05/18/2002	12/17/2002	\$13.95
Garcia	01/04/2002	02/05/2002	06/12/2002	\$241.52
Gonzalez	12/17/2001	12/20/2001	04/01/2003	
Hernandez	invalid	12/07/2001	no disc. Date	\$29.65
Herrera	04/03/02	04/23/2002	06/26/2002	\$24.80
Hirsch	05/10/2002	05/18/2002	12/17/2002	\$65.98
Jaime	12/21/2001	12/27/2001	04/28/2003	
Lotufo	01/07/2002	02/05/2002	12/17/2002	\$19.49
Lugo	02/09/2002	02/20/2002	12/17/2002	\$35.06
Maralunda	invalid	12/13/2001	11/15/2002	\$70.00
Marco	invalid	no pic date	no disc. Date	\$8.47
Marquez	invalid	11/13/2001	06/11/2002	\$109.80
Martinez	01/11/2002	01/28/2002	12/17/2002	\$32.40
Maya	invalid	12/13/2001	no disc. Date	\$18.70
Medina	01/05/2002	02/05/2002	03/19/2003	\$13.12
Medrano	12/19/01	12/27/2001	no disc. Date	\$64.35
Mena	12/07/2001	12/14/2001	05/29/2003	
Mendoza	12/26/01	01/04/2002	no disc. Date	
Munoz	invalid	12/07/2001	no disc. Date	\$11.07
Munoz	10/19/01	10/23/2001	01/17/2002	\$116.31
Nunez	09/05/2001	09/12/2001	03/26/2002	\$377.13
Ocampo	03/22/02	04/02/2002	04/28/2003	
Pastor	01/10/02	01/28/2002	04/24/2002	\$316.98
Pay	11/19/2001	11/30/2001	04/09/2003	\$21.46
Perez	03/23/02	04/02/2002	12/17/2002	\$6.95
Pineiro	03/22/02	04/02/2002	no disc. Date	\$14.48
Ponce	10/29/2001	11/02/2001	04/24/2002	
Portilla	02/28/02	02/19/2002	04/28/2003	\$20.77
Quinones	02/23/2002	02/28/2002	08/14/2002	\$74.28
Reynoso	11/13/2001	11/19/2001	02/08/2002	\$144.22
Rios	02/27/2002	03/07/2002	12/17/2002	\$187.70
Rivera	02/27/02	02/06/2002	no disc. Date	
Rodriguez	01/02/2002	03/07/2002	12/17/2002	\$82.88
Rodriguez	02/26/2002	same above customer	same above customer	\$82.88
Rodriguez	02/26/2002	04/02/2002	08/14/2002	\$96.40
Rosa	03/25/2002	04/02/2002	no disc. Date	
Salcedo	03/25/2002	04/26/2002	02/03/2003	\$40.47
Sanchez	04/19/2002	03/19/2002	02/03/2003	\$303.00
Smith	invalid	02/20/2002	02/03/2003	\$21.09
Vasquez	02/14/2002	02/23/2002	02/03/2003	

Pages 43 - 48

of

Attachment "E" Composite

Are

Confidential

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

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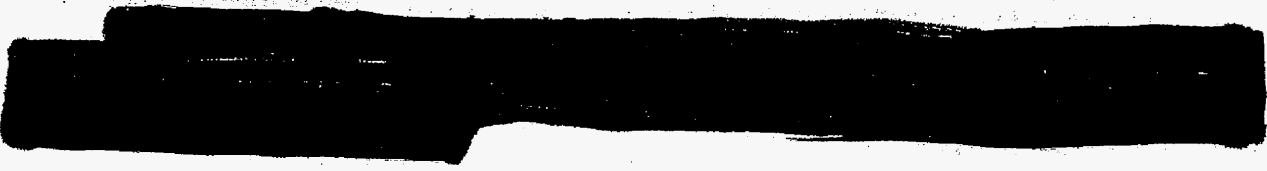
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing the Optical Telephone Corporation's Request for Specified Confidential Classification and Motion for Protective Order has been provided by (*) hand delivery this 11th day of June 2004, to the following:

(*) Lee Fordham and Adam Teitzman
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850


Joseph A. McGlothlin