

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

RECEIVED-FPSC
12 MAR -1 PM 12:01
COMMISSION
CLERK

DATE: March 1, 2012

TO: Office of Commission Clerk (Cole)

FROM: Division of Regulatory Analysis (Beard, Casey) *CSB*
Office of the General Counsel (Robinson) *AR*

RE: Docket No. 110326-TX – Bankruptcy cancellation by Florida Public Service Commission of CLEC Certificate No. 8088, issued to Cordia Communications Corp., effective December 31, 2011.

AGENDA: 03/13/12 – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\RAD\WP\110326.RCM.DOC

Case Background

Cordia Communications Corp. (Cordia) currently holds competitive local exchange telecommunications company (CLEC) Certificate No. 8088, issued on May 1, 2002.

On December 28, 2011, this Commission received a letter dated December 28, 2011, from the law office of Maria A. Abbagnaro, LLC, stating that Cordia does not currently service customers in Florida and requesting cancellation of the company's CLEC certificate. Cordia filed for Chapter 11 bankruptcy protection in the Middle District of Florida, on May 1, 2011, as documented in Bankruptcy Case 6:11-bk-06493.

DOCUMENT NUMBER-DATE
01179 MAR-1 2012
FPSC-COMMISSION CLERK

Docket No. 110326-TX
Date: March 1, 2012

In the December 28, 2011 letter, the law office of Maria A. Abbagnaro, LLC requested a bankruptcy cancellation of the CLEC certificate because the company did not have funds available to pay the Regulatory Assessment Fee (RAF).

Pursuant to Section 364.336, Florida Statutes, telecommunications companies must pay a minimum annual RAF if the certificate or registration was active during any portion of the calendar year and late payment charges as outlined in Section 350.113, Florida Statutes, for any delinquent amounts.

This recommendation addresses Cordia's request for bankruptcy cancellation of its CLEC Certificate. We are vested with jurisdiction over this matter pursuant to Chapter 364, Florida Statutes and Section 350.113, Florida Statutes.

Discussion of Issues

Issue 1: Should the Commission grant Cordia, as set forth in Attachment A, cancellation of its competitive local exchange telecommunications company (CLEC) Certificate No. 8088, with an effective date of December 31, 2011, due to bankruptcy; direct the Division of Administrative Services to request permission from the Florida Department of Financial Services to write off any unpaid Regulatory Assessment Fees, including statutory late payment charges, instead of requesting collection services; and require the company to immediately cease and desist providing competitive local exchange services in Florida?

Recommendation: Yes, the Commission should grant Cordia, as set forth in Attachment A, cancellation of its competitive local exchange telecommunications company (CLEC) Certificate No. 8088, with an effective date of December 31, 2011, due to bankruptcy; direct the Division of Administrative Services to request permission from the Florida Department of Financial Services to write off any unpaid Regulatory Assessment Fees, including statutory late payment charges, instead of requesting collection services; and require the company to immediately cease and desist providing competitive local exchange services in Florida. (Beard, Robinson)

Staff Analysis: See attached proposed Order.

Docket No. 110326-TX

Date: March 1, 2012

Issue 2: Should this docket be closed?

Recommendation: Yes, this docket should be closed if no protest is filed within 21 days and upon issuance of a Consummating Order. (Robinson)

Staff Analysis: The Order issued from this recommendation will become final upon issuance of a Consummating Order, unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Proposed Agency Action Order. This docket should then be closed upon issuance of a Consummating Order.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Docket No. 110326-TX – Bankruptcy
cancellation by Florida Public Service
Commission of CLEC Certificate No. 8088,
issued to Cordia Communications Corp.,
effective December 31, 2011. || DOCKET NO. 110326-TX

The following Commissioners participated in the disposition of this matter:

RONALD A. BRISÉ Chairman
ART GRAHAM,
LISA POLAK EDGAR
EDUARDO E. BALBIS
JULIE I. BROWN

NOTICE OF PROPOSED AGENCY ACTION ORDER
GRANTING CANCELLATION OF COMPETITIVE LOCAL EXCHANGE CERTIFICATE
DUE TO BANKRUPTCY

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Cordia Communications Corp. (Cordia) currently holds competitive local exchange telecommunications company (CLEC) Certificate No. 8088, issued on May 1, 2002.

On December 28, 2011, this Commission received a letter dated December 28, 2011, from the law office of Maria A. Abbagnaro, LLC, stating that Cordia does not currently service customers in Florida and requesting cancellation of the company's CLEC certificate. Cordia filed for Chapter 11 bankruptcy protection in the Middle District of Florida, on May 1, 2011, as documented in Bankruptcy Case 6:11-bk-06493.

In the December 28, 2011 letter, the law office of Maria A. Abbagnaro, LLC requested a bankruptcy cancellation of the CLEC certificate because the company did not have funds available to pay the Regulatory Assessment Fee (RAF).

ATTACHMENT A

The company has filed for bankruptcy, and pursuant to 11 USCS § 362 (a) (1) and (a) (2) of the US Bankruptcy Code, the filing of a petition for bankruptcy relief acts as an administrative action or proceeding against the debtor that was or could have commenced before the bankruptcy case or to enforce a judgment obtained before the bankruptcy case against the debtor.¹ Additionally, in any bankruptcy liquidation or reorganization, secured creditors are given the highest priority in the distribution and, normally, receive all of the distributed assets. RAFs, late payment charges, and penalties owed by a company to the Florida Public Service Commission, as well as monetary settlements of cases resolving issues of failure to pay such fees, are not secured debts and, as a practical matter, are uncollectible in a bankruptcy proceeding where liquidation occurs. Therefore, this Commission would be prevented from collecting the RAFs owed by this company, and from assessing and collecting a penalty for failure to pay the fees. The company owes the 2011 RAFs, plus the statutory late payment charges, for the CLEC.

We are vested with jurisdiction over this matter pursuant to Chapter 364, Florida Statutes (F.S.) and Section 350.113, F.S. Pursuant to Section 364.336, Florida Statutes, telecommunications companies must pay a minimum annual RAF if the certificate was active during any portion of the calendar year and provides for late payment charges as outlined in Section 350.113, Florida Statutes, for any delinquent amounts.

Accordingly, we hereby find that Cordia's CLEC Certificate No. 8088, shall be cancelled due to bankruptcy, effective December 31, 2011. In addition, any unpaid Regulatory Assessment Fees shall not be sent to the Florida Department of Financial Services for collection, and permission for this Commission to write off the uncollectible amount shall be requested. Cordia shall immediately cease and desist providing competitive local exchange services in Florida.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Cordia's Certificate No. 8088 to provide competitive local exchange telecommunications service is hereby cancelled, effective December 31, 2011, due to bankruptcy. It is further

ORDERED that the outstanding Regulatory Assessment Fees, including accrued statutory late payment charges, shall not be sent to the Department of Financial Services for collection. The Division of Administrative Services, instead, shall request permission to write off the uncollectible amount. It is further

ORDERED that if Cordia's CLEC certificate is cancelled in accordance with this Order, it shall immediately cease and desist providing telecommunication services in Florida. It is further

¹ See also 11 USCS § 362 (a) (6) which states that bankruptcy filing operates as a stay for any act, to collect, assess, or recover a claim that arose before the bankruptcy filing.

ATTACHMENT A

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this ____ day of _____, _____.

ANN COLE
Commission Clerk

(S E A L)

CSB

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This

Docket No. 110326-TX
Date: March 1, 2012

ATTACHMENT A

petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on _____.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.