

MEMORANDUM

February 9, 1999

RECEIVED-FPSC

99 FEB -9 PM 1:48

RECORDS AND
REPORTING

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF LEGAL SERVICES (MILLER) *JAM*

RE: DOCKET NO. 981690-TI - CANCELLATION BY FLORIDA PUBLIC SERVICE COMMISSION OF INTEREXCHANGE TELECOMMUNICATIONS CERTIFICATE NO. 4756 ISSUED TO LONG DISTANCE NETWORK, INC. FOR VIOLATION OF RULES 25-4.0161, F.A.C., REGULATORY ASSESSMENT FEES; TELECOMMUNICATIONS COMPANIES, AND 25-4.043, RESPONSE TO COMMISSION STAFF INQUIRIES.

99-0253-FOF-TI

Attached is a NOTICE OF PROPOSED AGENCY ACTION ORDER CANCELING INTEREXCHANGE TELECOMMUNICATIONS CERTIFICATE, with attachments, to be issued in the above-referenced docket. (Number of pages in order - 8)

JAM/anr
Attachment
cc: Division of Communications
I: 981690.jam

Attachment Not On-Line

1/2 mail

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Cancellation by Florida Public Service Commission of Interexchange Telecommunications Certificate No. 4756 issued to Long Distance Network, Inc. for violation of Rules 25-4.0161, F.A.C., Regulatory Assessment Fees; Telecommunications Companies, and 25-4.043, Response to Commission Staff Inquiries.

DOCKET NO. 981690-TI
ORDER NO. PSC-99-0253-FOF-TI
ISSUED: February 9, 1999

The following Commissioners participated in the disposition of this matter:

JOE GARCIA, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JULIA L. JOHNSON
E. LEON JACOBS, JR.

NOTICE OF PROPOSED AGENCY ACTION
ORDER CANCELING INTEREXCHANGE
TELECOMMUNICATIONS CERTIFICATE

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.

Long Distance Network, Inc. (LDN) obtained Interexchange Telecommunications Certificate No. 4756 on December 27, 1996. LDN has not paid the regulatory assessment fees required by Section 364.336, Florida Statutes, and Rule 25-4.0161, Florida Administrative Code, for the year 1997, along with statutory penalties and interest charges. Under Section 364.336, Florida Statutes, certificate holders must pay a minimum annual regulatory assessment fee of \$50 if the certificate was active during any portion of the calendar year. Pursuant to Rule 25-4.0161(2), Florida Administrative Code, the form and applicable fees are due

DOCUMENT NUMBER-DATE

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to the Florida Public Service Commission by January 30 of the subsequent year.

The Commission received notification from the United States Bankruptcy Court for the District of Delaware that Long Distance Network, Inc. had filed Chapter 11 (Attachment A). Our staff attempted unsuccessfully to reach LDN by calling the telephone number listed for LDN in the Master Commission Directory. There was no answer. Our staff faxed a letter to LDN at the fax number listed in the Master Commission Directory, but did not get a response to the fax. We mailed a certified letter to LDN on October 13, 1998, to determine the status of LDN's operations. This letter was returned by the U.S. Postal Service signed for on October 19, 1998. We had requested a response from LDN by October 28, 1998 and to date no response has been received (Attachment B). LDN's Florida corporation status was 'Revoked For Annual Report' as of October 16, 1998.

Pursuant to Section 350.113(4), Florida Statutes, the regulatory assessment fee forms, for the period of January 1, through December 31, are mailed to the entities at least 45 days prior to the date that payment of the fee is due. LDN has been given adequate opportunity to pay. The Commission's correspondence regarding the regulatory assessment fees was received but not acknowledged. To date, LDN has not paid the required fees.

Pursuant to Section 364.285, Florida Statutes, the Commission may impose a fine or cancel a certificate if a company refuses to comply with Commission rules. Rule 25-24.474, Florida Administrative Code establishes the requirements for cancellation of an interexchange telephone company (IXC) certificate. The rule provides for the Commission to cancel a certificate on its own motion for violation of Commission Rules and Orders.

Because LDN has filed Chapter 11 Bankruptcy and is no longer in business, it is highly unlikely that the Commission will receive any delinquent regulatory assessment fees or fine amounts.

For the reason described above, we find it appropriate to cancel LDN's certificate, in lieu of a fine, for failure to comply with Section 364.336, Florida Statutes, Rule 25-4.0161, Florida Administrative Code, and Rule 25-4.043, Florida Administrative Code. If no person whose substantial interests are affected files a protest within 21 days of the issuance date of this Order, LDN's certificate shall be canceled and the docket closed.

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Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Long Distance Network, Inc.'s Interexchange Telecommunications Certificate No. 4756 shall be canceled, for failure to comply with Section 364.336, Florida Statutes, Rule 25-4.0161, Florida Administrative Code, and Rule 25-4.043, Florida Administrative Code, and the Docket shall be closed. It is further

ORDERED that the cancellation of the certificate and the closing of the docket in no way diminishes Long Distance Network, Inc.'s obligation to pay applicable delinquent regulatory assessment fees, statutory penalties, and interest charges. It is further

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

ORDERED that in the event this Order becomes final, this Docket shall be closed upon cancellation of the certificate.

By ORDER of the Florida Public Service Commission this 9th day of February, 1999.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

By: _____

Kay Flynn
Kay Flynn, Chief
Bureau of Records

(S E A L)

JAM

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 or judicial review of Commission orders that is available under Sections 120.57 or 120.68, 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 or judicial review 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 petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on March 2, 1999.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date.

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.

If this order becomes final and effective on the date described above, any party substantially affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

DOCKET NO. 981690-TI
DATE: JANUARY 7, 1999

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

ATTACHMEN

In re:

SA TELECOMMUNICATIONS, INC.,
ADDTel COMMUNICATIONS, INC.,
LONG DISTANCE NETWORK, INC.,
NORTH AMERICAN
TELECOMMUNICATIONS CORPORATION,
UNIQUEST COMMUNICATIONS, INC.
U.S. COMMUNICATIONS, INC.,
and SOUTHWEST LONG DISTANCE
NETWORK, INC.

Debtors.

RECEIVED PSC
JUN 30 AM 10:27
Chapter 11
Case No. 98-1690-TI
Through 97-2401 (P/JW)

Jointly Administered

**NOTICE OF HEARING TO CONSIDER THE DEBTORS' JOINT MOTION
FOR AN ORDER APPROVING SETTLEMENT OF INTER-DEBTOR CLAIMS**

NOTICE IS HEREBY GIVEN that a hearing will be held on July 27, 1998, at 2:00 p.m., prevailing Eastern Time, in courtroom #2 in the United States Bankruptcy Court for the District of Delaware, Sixth Floor, 824 Market Street, Wilmington, Delaware before the Honorable Peter J. Walsh, Bankruptcy Judge, to consider the joint motion (the "Motion") of the above-captioned debtors (collectively, the "Debtors") for an order approving the settlement of inter-Debtor claims (the "Proposed Settlement"), which settlement will provide the basis for a plan of reorganization. The hearing may be adjourned from time to time without further notice other than an announcement in open court of the adjourned date or dates at the originally scheduled hearing or any adjourned dates. All capitalized terms not defined herein shall have the meanings ascribed to them in the Motion.

NOTICE IS FURTHER GIVEN that the Proposed Settlement and the process through which it was developed are described in detail in the Motion and the Terms Sheet attached thereto. The background and terms of the Proposed Settlement, as well as the plan of reorganization as to which it will provide the foundation, may be summarized as follows:

BACKGROUND

After an auction, on March 9, 1998 the Bankruptcy Court entered an order approving the sale of substantially all of the Debtors' assets to EqualNet Corporation and EqualNet Holding Corp., which transaction is expected to close in early July 1998. The Debtors currently estimate that, after satisfaction of secured debt and administrative expenses, there will be approximately \$1,500,000 available for distribution to creditors of all of the Debtors. Conflicts regarding the allocation of these Distribution Proceeds between the estates of the various Debtors led the Debtors, the Committee and principal creditors of certain of the Debtors, SA Telecommunications, Inc. ("SATel"), U.S. Communications, Inc. ("USC") and AddTel Communications, Inc. ("AddTel"), to participate in a Court-approved period of investigation, analysis and negotiation with the goal of developing a consensual resolution of inter-Debtor claims and the allocation issues (the "Settlement Process"). At the conclusion of this Process, in an effort to reconcile the Settlement Process participants' conflicting analyses and to avoid the costs of litigation, the Debtors formulated the Proposed Settlement which resolves the inter-Debtor issues and the allocation of the Distribution Proceeds. The Proposed Settlement has the support of the creditor representatives of SATel and AddTel who participated in the Settlement Process, as well as that of the Committee. The creditor representative of USC does not support the Proposed Settlement and has advised the Debtors that it intends to object to the Proposed Settlement.

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ATTACHMENT

TERMS OF THE PROPOSED SETTLEMENT

The principal terms of the Proposed Settlement are:

- The USC estate will be substantively consolidated with those of Long Distance Network, Inc., North American Telecommunications Corporation and Uniquest Communications, Inc., with each creditor of any of these Debtors receiving the same pro rata distribution, such creditors are hereinafter referred to as USC creditors;
- The Distribution Proceeds will be allocated 16% to the consolidated USC estates, 42% to the AddTel estate and 42% to the SATel estate;
- The professionals retained in the Debtors' cases will forego an amount of \$150,000, up to 7.5% of all fees incurred, subject to certain terms and conditions;
- In addition to the 16% of the Distribution Proceeds allocated to the consolidated USC estates, the consolidated USC estate will receive an additional \$50,000 from the reduction in professional fees and \$30,000 out of the first net recoveries from litigation of preference actions. The Debtors estimate the foregoing will result in a 14.7% recovery to USC creditors, a 11.8% recovery to AddTel creditors and a 1.8% recovery to SATel creditors before administrative expenses allocable to those estates;
- Preference litigation recoveries in excess of \$50,000 will be shared between the estates in the same percentage as the Distribution Proceeds;
- Other litigation proceeds will be shared at 10% to the consolidated USC estate, 5% to the AddTel estate, and 85% to the SATel estate; preference and other litigation will initially be funded from \$100,000 of the professional fee reductions and the litigation recoveries described herein will be net of litigation costs.

NOTICE IS FURTHER GIVEN that further information regarding the Motion or copies of the Motion and attachments thereto may be obtained by contacting counsel to the Debtors at the address set forth below:

NOTICE IS FURTHER GIVEN that objections, if any, to the relief requested in the Motion must be in writing and filed with the Bankruptcy Court and served so as to be actually received by (i) co-counsel to the Debtors, at the address set forth below; (ii) counsel to the Committee, Mark I. Bane, Esq., Kelley, Drye & Warren, LLP, 101 Park Avenue, New York, NY 10178 (Fax: (212) 808-7897); and (iii) the Office of the United States Trustee, The Curtis Center, 601 Walnut Street, Suite 950W, Philadelphia, PA 19106, Attn: Daniel K. Astin, Esq., on or before July 20, 1998 at 4:00 p.m., prevailing Eastern Time.

Dated: June 26, 1998

WHITE & CASE LLP
Andrew DeMott
Karen Burns
1155 Avenue of the Americas
New York, New York 10036
(212) 819-8208

Counsel for Debtors
and Debtors in Possession

THE BAYARD FIRM
Neil B. Glassman (No. 2067)
Scott D. Cousins (No. 3079)
919 Market Street, 15th Floor
P.O. Box 25130
Wilmington, Delaware 19899
(302) 655-5000

Local Counsel for Debtors
and Debtors in Possession

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ATTACHMENT B

<p>Instructions:</p> <p>1. Complete items 1 and 2 for addressee services. 2. Complete items 3, 4a, and 4b. 3. Print your name and address on the reverse of this form so that we can return this form to you. 4. Attach this form to the front of the mailpiece, or on the back if space does not permit. 5. Complete "Return Receipt" on the address label on the article postage. 6. This Return Receipt will show to whom the article was delivered and the date received.</p>	<p>I agree with to receive the following services (for an extra fee):</p> <p>1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Registered Delivery</p> <p>Consult postmaster for fee.</p>
<p>Mr. Dennis Gundy, General Manager Long Distance Network, Inc. 1800 Promenade Center, Suite 1510 Richardson, TX 75080 Residential: 1-800-888-8888</p>	<p>3: 73103</p> <p><input checked="" type="checkbox"/> Certified <input type="checkbox"/> Insured <input type="checkbox"/> COD</p> <p>10-19-98</p>
<p>3. Received by: (Print Name)</p>	<p>4. Addressee's signature (Only if requested and fee is paid)</p>
<p>5. Signature: (Addressee or Agent)</p> <p>X <i>[Signature]</i></p>	
<p>PS Form 3811, December 1994</p>	

Domestic Return Receipt

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ATTACHMENT B

UNITED STATES POSTAL SERVICE



First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

Print your name, address, and ZIP Code in this box

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JAN 8 - 1999

Toni McCoy
FLORIDA PUBLIC SERVICE COMMISSION
2540 SHUMARD OAK BLVD.
TALLAHASSEE, FL 32309-0850