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TALBOTT  
VANDIVER

FLORIDA PUBLIC SERVICE COMMISSION  
Capital Circle Office Center • 2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

MEMORANDUM

MAY 29, 1997

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF LEGAL SERVICES (COX) *WPCMB*  
DIVISION OF COMMUNICATIONS (MOSES) *JW*

RE: DOCKET NO. 960216-TI - INITIATION OF SHOW CAUSE  
PROCEEDING AGAINST WORLD ACCESS COMMUNICATIONS CORP. FOR  
VIOLATION OF RULE 25-24.4701, FLORIDA ADMINISTRATIVE  
CODE, PROVISION OF REGULATED COMMUNICATIONS SERVICE TO  
UNCERTIFICATED RESELLERS PROHIBITED.

AGENDA: JUNE 10, 1997 - REGULAR AGENDA - INTERESTED PERSONS MAY  
PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\LEG\WP\960216SE.RCM

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CASE BACKGROUND

Telecuba, Inc. (Telecuba), a provider of telecommunications services through the use of prepaid calling cards, purchased long distance services from World Access Communications Corporation (World Access), holder of Inter-Exchange Carrier (IXC) Certificate of Public Convenience and Necessity No. 2385.

Telecuba resold World Access' services to end user customers who purchased a debit card that could be used to access an 800 number to place telephone calls. Telecuba or its agents sold the cards to end user customers for a flat fee for a certain amount of minutes of use. Telecuba did not have an IXC certificate giving it authority to resell such intrastate services in Florida. World Access purchased the network time for the 800 access numbers at a

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wholesale rate from AT&T. World Access thereby had control over the numbers' use and resale to other telecommunications companies and the general public.

In early December, 1995, Mr. Luis Coello, Telecuba's president and sole shareholder, contacted Commission staff several times by telephone regarding his complaint that World Access had disconnected the 800 access numbers that Telecuba was using to provide its prepaid calling service. Telecuba was unable to get World Access to reconnect the numbers and unable to get AT&T to reassign the numbers to Telecuba. Carlos Rodriguez, a World Access representative, communicated to staff that Telecuba was disconnected because of its failure to fulfill its business obligations. As a result, end users who had purchased debit cards were not able to complete telephone calls and receive the telephone service for which they had already paid. The companies have been unable to resolve their differences.

By Order No. PSC-96-0646-FOF-TI, issued May 10, 1996, the Commission initiated proceedings to require World Access to show cause why the Commission should not fine World Access or cancel its certificate for violation of Rule 25-24.4701, Florida Administrative Code, provision of regulated communications service to uncertificated resellers prohibited. The Commission also ordered World Access to show cause why it should not provide call detail records necessary for Telecuba to refund customers who had purchased non-working debit cards. On May 31, 1996, World Access filed its Response to the Show Cause Order and requested a formal proceeding under Chapter 120, Florida Statutes, and the matter was set for hearing on May 27, 1997.

On May 12, 1997, World Access submitted a written proposal to the Commission to contribute \$3,500 to the State of Florida General Revenue Fund in lieu of the Commission continuing the show cause proceeding. (Attachment A) As a part of this proposal, World Access also agreed to revise its tariff to bring it into compliance with Rule 25-24.4701, Florida Administrative Code, and to provide Telecuba and the Commission with necessary information to effect refunds to the purchasers of non-working Telecuba debit cards. Therefore, staff believes the following recommendations are appropriate.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission accept World Access Communications Corporation's proposed settlement offer in lieu of continuing the show cause proceeding against the company for violation of Rule 25-24.4701, Florida Administrative Code, provision of regulated communications service to uncertificated reseller prohibited?

RECOMMENDATION: Yes. The Commission should accept World Access Communications Corporation's proposed settlement to pay a \$3,500 contribution to the Commission to be deposited in the Florida General Revenue Fund, to comply with all aspects of Rule 25-24.4701, Florida Administrative Code, and to provide the Commission and Telecuba within 30 days from the date the Order becomes final all necessary information so that Telecuba can accomplish a refund to affected customers. (COX)

STAFF ANALYSIS: Since the commencement of this show cause proceeding, World Access has cooperated with the Commission staff in an effort to resolve the areas of dispute and to assist, where possible, in the refund to the Telecuba customers whose cards were rendered useless by World Access' disconnection of the 800 numbers. World Access has provided a call detail records summary that shows the total amount of unused time on the Telecuba cards. This information indicates a credit balance of \$5,994.20 on the non-working Telecuba cards. (Attachment B) Telecuba has since provided documentation in response to staff's request for production of documents and sworn testimony that it has refunded or replaced cards for a total amount of \$12,055.00.

Staff also intended to address the sale to an uncertificated reseller issue in this show cause proceeding. In World Access' proposed settlement (Attachment A), the company offered to pay a \$3,500 contribution into the State of Florida General Revenue Fund and to comply with all aspects of Rule 25-24.4701, Florida Administrative Code. Therefore, staff believes that the \$3,500 payment should be accepted and forwarded to the Office of the Comptroller for deposit in the State of Florida General Revenue Fund pursuant to Section 364.285(1), Florida Statutes. The \$3,500 should be remitted and written verification of compliance with the rule should be submitted within 30 days of the date the Order becomes final.



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In previous dockets involving companies operating without a certificate, fines and settlements have ranged up to \$40,714. In this case, a \$3,500 contribution appears reasonable. World Access has cooperated with the Commission and is making every effort to comply with Commission rules in the future. Many of the cases where greater fines were levied or higher settlements were proposed involved companies that could not be located and did not respond to Commission staff inquiries. Therefore, staff believes the settlement proposal of a \$3,500 contribution is appropriate.

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**ISSUE 2:** Should this docket be closed? (COX)

**RECOMMENDATION:** Yes, this docket should be closed with the approval of staff's recommendation on Issue 1, receipt of World Access's contribution of \$3,500 to the General Revenue Fund, written verification of compliance with all aspects of Rule 25.24.4701, Florida Administrative Code, and the provision of all necessary information to the Commission and Telecuba to accomplish the refund to the affected Telecuba customers within 30 days of the date the Order becomes final.

**STAFF ANALYSIS:** If the Commission approves staff's recommendation on Issue 1, upon receipt of World Access's contribution of \$3,500 to the General Revenue Fund, written verification of compliance with all aspects of Rule 25.24.4701, Florida Administrative Code, and the provision of all necessary information to the Commission and Telecuba to accomplish the refund the affected Telecuba customers within 30 days of the date this order becomes final, this docket should be closed.

**Basic Terms of Settlement Agreement**

**World Access Communications Corp.**

**Show Cause Proceeding before Florida Public Service Commission**

1. World Access has amended its tariff to conform with the requirements of FPSC Rule 25-24.4701, Fla. Administrative Code. Specifically, that rule requires World Access to place in its tariff a statement that customers reselling or rebilling such services must have a Certificate of Public Convenience and Necessity from the Commission as an interexchange carrier. World Access agrees to pay a fine of \$3,500.00 for failure to have the specified language in its tariff.
2. World Access agrees to cooperate with the Commission in its showcause proceeding against Telecuba in order to facilitate refunds to those customers who may have credit balances as a result of the sale of debit cards by Telecuba. World Access agrees to provide the Commission with the following:
  - Call detail records showing the amount of refunds due to Telecuba customers.
  - Responses to the Commission's request for production of documents.
  - Information or evidence to support World Access' allegations in its verified complaint filed in Circuit Court, specifically allegations 40 and 41.

**AFFIDAVIT OF CARLOS A. RODRIGUEZ**

STATE OF FLORIDA     )  
                                  )ss:  
COUNTY OF DADE     )

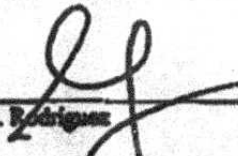
I, Carlos A. Rodriguez, do hereby confirm, depose and say that:

I am an individual in excess of 21 years and make this statement of my free will and volition. I work for World Access Communications Corp., 1101 Brickell Avenue, Suite 200, Miami, Florida 33131.

On May 13, 1997, acting on the instructions of Joel Esquenazi, President of WACC, I caused to be made an analysis of the telephone records available to me relating to the sale of pre-paid telephone cards by TeleCuba.

The records reviewed consisted of four volumes of records covering approximately 8434 Telecuba prepaid cards. Of these cards, 6627 or 78% had been completely used. Further, an additional 1285 cards or an additional 15% of these cards had less than \$2.00 in value remaining. The total value of all of the remaining cards of which WACC has records is \$5994.20.

A complete analysis of the records available to me is attached hereto as Exhibit 1.

  
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Carlos A. Rodriguez

BEFORE ME, the undersigned authority, on May 14 1997, personally appeared Carlos A. Rodriguez, who produced LI 11 as identification, who after first being duly sworn, deposes and says that he has read the foregoing and that same is true and accurate to the best of his knowledge and belief.

  
Notary Public  
State of Florida at Large  
My Commission Expires



**VOLUME 1**  
 Number of Cards Outstanding by Card Value

Total Cards	\$0.00 Value (used up)	\$0-\$1.00	\$1.00-\$2.00	\$2.00-\$5.00	\$5.00- \$10.00	\$10.00- \$20.00	\$20.00 and up	\$ Total Remaining
2470	1797	282	210	71	43	60	7	2117.50

**VOLUME 2**  
 Number of Cards outstanding by Card Value

Total Cards	\$0.00 Value (used up)	\$0-\$1.00	\$1.00-\$2.00	\$2.00-\$5.00	\$5.00- \$10.00	\$10.00- \$20.00	\$20.00 and up	\$ Total Remaining
2996	2581	168	128	37	36	41	5	1391.67

**VOLUME 3**  
 Number of Cards Outstanding by Card Value

Total Cards	\$0.00 Value (used up)	\$0-\$1.00	\$1.00-\$2.00	\$2.00-\$5.00	\$5.00- \$10.00	\$10.00- \$20.00	\$20.00 and up	\$ Total Remaining
1581	1174	172	105	56	28	39	8	\$1511.99

**VOLUME 4**  
 Number of Cards Outstanding by Card Value

Total Cards	\$0.00 Value (used up)	\$0-\$1.00	\$1.00-\$2.00	\$2.00-\$5.00	\$5.00- \$10.00	\$10.00- \$20.00	\$20.00 and up	\$ Total Remaining
1387	1075	133	88	41	17	30	3	9973.44

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 MAY-13-'97 TUE 12:29 ID:WORLD PROCESS COM CO TEL NO:363 577-9774

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