

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Initiation of Show Cause Proceedings) Docket No. 971527-TX
 for Violations of Rule 25-4.043,)
 Florida Administrative Code, Response) Filed: January 8, 1998
 to Commission Staff Inquiries, and)
 Violation of Rule 25-24.820,)
 Revocation of a Certificate.)

MOTION TO CONSIDER AND ACCEPT OFFER OF SETTLEMENT

Supra Telecommunications and Information Systems, Inc., ("Supra") respectfully moves that the Florida Public Service Commission ("Commission") consider and accept the offer of settlement set forth below. In support of this Motion, Supra states as follows:

1. The Staff of the Commission filed a recommendation in this docket December 4, 1997, recommending that the Commission issue to Supra an order to show cause why it should not be fined \$333,500 or have its certificate cancelled for apparent

violations of Rules 25-4.043 and 25-24.820, Florida Administrative Code.

2. The Staff's recommendation states that the Commission has received 139 complaints of unauthorized switching of local service by Supra. The recommendation also states that Supra did not respond to 37 Staff inquiries within the 15 day deadline required by Commission Rule 25-4.043, Florida Administrative Code. As a result of these apparent violations, Staff recommends that Supra has demonstrated that it lacks the managerial capacity that it stated it possessed in its application for an alternative local exchange company (ALEC) certificate and, therefore, Staff

ACK _____
 AFA _____
 APP _____
 CAF 1
 (CMU) _____
 CTR _____
 EAG _____
 LEG 1
 LHM _____
 MTL _____
 ROH _____
 SEC 1
 WAS _____
 DTH m.l.

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

00431 JAN-8 88

FPSC-RECORDS/REPORTING

recommends that Supra is in violation of Rule 25-24.820(1)(a), Florida Administrative Code. In subsequent meetings with Staff, Supra has been informed that the Commission has now received 201 complaints regarding unauthorized switching of local service.

3. Supra received its ALEC certificate effective July 21, 1997, less than six months ago. As a brand new entrant into the telecommunications industry, Supra has made and is continuing to make very substantial efforts and investments to become a successful provider of local telecommunications services to Florida consumers. Supra has recently hired new employees with a great deal of telecommunications experience, as well as an attorney with PSC experience, to help it come up to speed quickly to improve its operations. Since receiving its certificate as a local telephone company, Supra has resold BellSouth's local telecommunications service. Supra's marketing efforts have targeted primarily small business and residential customers that have been served by BellSouth in South Florida. Supra is actively working towards building its own facilities. In pursuit of creating its own network, Supra has invested millions of dollars in purchasing buildings, switches and other equipment.

4. Supra's chief executive officer and primary stockholder, Mr. O. A. Ramos, has extensive technical telecommunications experience. Mr. Ramos was born and raised in Nigeria and educated in London. Mr. Ramos has, within the last four months, hired new managerial employees with extensive experience in the Florida telecommunications industry.

5. Supra is providing local service which has put it in

head to head competition against the largest monopoly provider in the Florida telecommunications market. Supra is still actively working out numerous issues involved in its resale and interconnection agreements with BellSouth that have had serious negative effects on its relations with customers. Supra will be filing the appropriate pleadings to bring its very serious complaints against BellSouth and other unresolved issues involved in its interconnection and resale agreements with BellSouth to the Commission in the very immediate future.

6. Supra's marketing efforts have, until recently, been primarily through telemarketing. Supra has had an unfortunate experience with several of its telemarketing employees whose performance resulted in the switching of some customers' service without obtaining the appropriate authorization (as a result of the employees' desire for greater commissions). The moment it became aware of this problem, Supra promptly fired these individuals.

7. Supra developed its telemarketing script to inform potential customers that it was providing the same high quality service that customers would get from BellSouth, but at a 10% discount. All of Supra's services, including basic telephone service, optional telephone services, installation, billing, maintenance, and repair are performed by BellSouth. BellSouth receives 80% of the revenues collected by Supra and BellSouth is responsible for the maintenance of the services. The script, therefore, references BellSouth in the attempt to inform customers of the nature of Supra's service.

8. Due to the lack of sophistication of consumers regarding telecommunications services, the actions of some of Supra's telemarketers, and retention letters sent out to customers by BellSouth before working on Supra's change in local service orders, Supra has suffered a substantial number of customer complaints of unauthorized switches in customers' local service. Supra will be filing an action at the Commission in the immediate future to bring before the Commission the problems Supra has experienced from BellSouth's retention letters and other anticompetitive actions against Supra.

9. It is impossible to determine how many of the complaints reflected in Staff's recommendation were actually unauthorized switches because of problems such as buyer's remorse, misunderstanding by customers, and the actions of BellSouth employees including negative comments to customers and retention letters mailed to customers prior to BellSouth processing the orders for changes in local service. Supra is aware that BellSouth's customer service representatives have disparaged Supra to customers and have coached customers to file complaints against Supra with the Commission. However, Supra acknowledges that it had employees that were responsible for some unauthorized switches in local service. These employees have been terminated from employment by Supra. Supra was not aware of these employees' actions nor did it authorize these employees to make these unauthorized switches.

10. Supra has sent letters to all complaining customers apologizing for the switch in local service and waiving all

charges incurred while the customers were with Supra.

11. Supra has made significant changes to its operations to assure that such complaints will be completely eliminated in the future. All of the complaints received by the Commission to date relate to actions prior to the end of September 1997, which is when Supra became aware of the problems with its employees and took decisive action to remedy the problems. The actions Supra has taken to eliminate such complaints include:

a) Terminating the employees responsible for not obtaining the appropriate authorization from customers for switches in local service.

b) Hiring new employees very carefully and providing adequate training.

c) Modifying its telemarketing scripts and other marketing materials to assure that there is no misunderstanding by potential customers that Supra is a completely separate and different provider of local telephone service and that there is no affiliation with BellSouth.

d) Putting new procedures in place to assure that any communications from the Commission are responded to in a timely manner and within the provisions of Commission Rule 25-4.043, Florida Administrative Code.

e) Complying with at least one, if not two, of the four options available in the Commission's *proposed* Rule 25-4.118, Florida Administrative Code, when obtaining each new customer.

f) Placing Supra's toll free customer service phone number on the bills sent out to customers.

12. Supra is extremely distressed over the number of customer complaints that the Commission has received and over the number of customers that believe they were mistreated. Supra's single goal as a corporation is to provide local telecommunications service to customers who knowingly and willingly choose Supra as their provider. Supra will do everything in its power to comply with every statute and rule of the Florida Public Service Commission and all other regulatory agencies.

13. Supra may be new to the Florida telecommunications industry, but it has a great deal to offer customers. If Florida consumers are ever going to have a choice of providers of local telephone service, it is essential that companies like Supra be given a chance to compete. Supra has faced a continuing battle with the most formidable opponent possible, the local exchange company, BellSouth, who also is the only source of the service Supra resells. Supra will pursue every remedy the Commission has within its power to properly modify its agreements with BellSouth and to regulate the relationship between Supra and BellSouth such that Supra can provide the consumers it wishes to serve high quality service at a very competitive price.

14. Supra has suffered great financial losses due to the problems caused by these customer complaints, including payments of bills and change-in-service charges, and due to the problems related to its resale and interconnection agreements with BellSouth. Supra has lost well over one million dollars to date since the beginning of its resale agreement with BellSouth. The

Company has paid BellSouth over \$500,000, paid employees over \$300,000 in salaries and commissions, and spent over \$300,000 on travel, training, office expenses, etc.

15. Supra has spent well over \$100,000 on community relations in the State of Florida in the nature of contributions to chambers of commerce. Supra is certified as a minority owned business by the Department of Labor.

16. Supra is in the process of purchasing millions of dollars of telecommunications equipment, including switches and transmission facilities. Supra will soon be a facilities-based provider of local telephone service that will offer a real alternative to Florida consumers and will mean real competition in the Florida telecommunications industry.

17. While Supra expressly denies any intentional wrongdoing, in order to avoid the time and expense of a show cause proceeding against Supra for apparent violations of the Commission's Rules 25-4.043 and 25-24.820, Florida Administrative Code, Supra submits the following offer of settlement:

(a) Supra will make a contribution to the general revenue fund of the State of Florida of \$40,000 with no admission of liability or wrongdoing. This voluntary contribution will be made by an initial payment of \$10,000 in cash within thirty days following the issuance of a final order accepting the offer of settlement, with the balance of \$30,000 to be paid in three payments, the first of which will be in the amount of \$10,000 made in six months, the second payment will be in the amount of \$10,000 made in twelve months, and the third and final payment

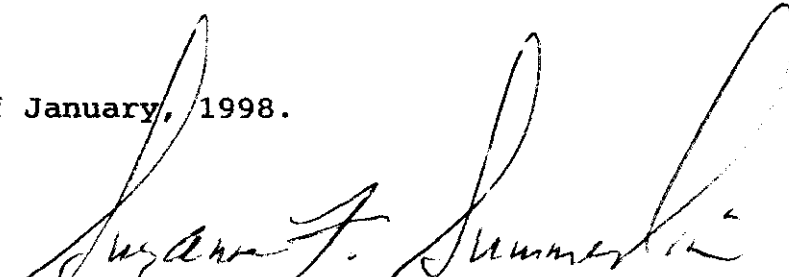
will be in the amount of \$10,000 made in eighteen months.

(b) Supra commits that it will comply with at least one, if not two, of the four options available in the Commission's *proposed* Rule 25-4.118, Florida Administrative Code, when it obtains each new customer in the future.

(c) Supra will pursue before the Commission the resolution of the problems it has experienced with BellSouth in its interconnection and resale agreements and by way of actions by BellSouth that Supra strongly believes are anticompetitive and have contributed to these customer complaints.

18. Supra does not, by this Offer of Settlement or otherwise, admit any violation of any statute, Commission Rule or any other rule or regulation, or any facts which might form the basis of a cause of action against Supra. By making this Offer of Settlement, Supra does not waive any of its legal rights in the event the Commission does not accept this Offer of Settlement, including the right to contest any assertions of law or fact.

Dated this 8th day of January, 1998.



SUZANNE FANNON SUMMERLIN
ATTORNEY FOR SUPRA TELECOMMUNICATIONS
AND INFORMATION SYSTEMS, INC.
1311-B Paul Russell Road, Suite 201
Tallahassee, Florida 32301
(850) 656-2288
Florida Bar No. 398586

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Motion to Consider and Accept Offer of Settlement was furnished by hand delivery to the following individuals this 8th day of January, 1998:

John Bowman, Esquire
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

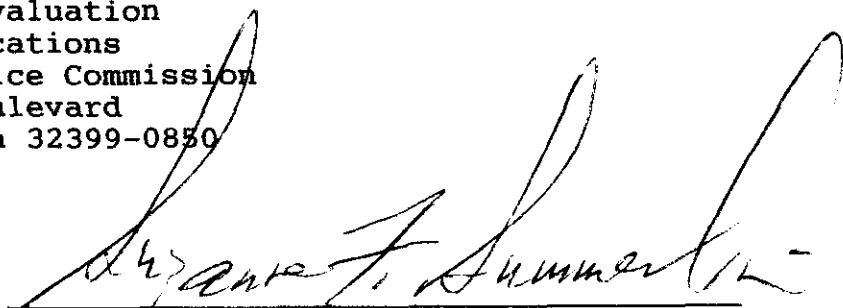
Martha Carter Brown, Esquire
Chief, Bureau of Communications
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Ms. Nancy Pruitt
Division of Communications
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Ms. Kate Smith
Division of Consumer Affairs
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Mr. Rick Moses, Supervisor
Division of Communications
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Mr. Alan Taylor, Chief
Bureau of Service Evaluation
Division of Communications
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850



SUZANNE FANNON SUMMERLIN
ATTORNEY FOR SUPRA TELECOMMUNICATIONS
AND INFORMATION SYSTEMS, INC.