



# 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-

**DATE:** 1/7/99

**TO:** DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYTO)

**FROM:** DIVISION OF COMMUNICATIONS (MCCOY) *or AD*  
DIVISION OF LEGAL SERVICES (MILLER) *John McB*

**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; AND 25-4.043, F.A.C., RESPONSE TO COMMISSION STAFF INQUIRIES.

**AGENDA:** 1/19/99 - REGULAR AGENDA -PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

**CRITICAL DATES:** NONE

**SPECIAL INSTRUCTIONS:** NONE

**FILE NAME AND LOCATION:** I:\PSC\CMU\WP\981690TI.RCM

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99 JAN -7 AM 11:43  
RECORDS AND REPORTING

### CASE BACKGROUND

- Long Distance Network, Inc. (LDN) was granted a Florida Public Service Commission Interexchange Telecommunications certificate no. 4756 on December 27, 1996.
- The Division of Communications received notification from the United States Bankruptcy Court for the District of Delaware that Long Distance Network, Inc. had filed Chapter 11. (Attachment A)
- Staff attempted unsuccessfully to reach LDN by calling the telephone number listed for LDN in the Master Commission Directory. Staff did not get an answer. Staff faxed a letter to LDN at the fax number listed in the Master Commission Directory. Staff did not get a response to the fax.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPGRTING

- Staff 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. Staff 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.
- On October 13, 1998, staff was notified by the Division of Administration that LDN had not submitted its regulatory assessment fees for 1997.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission cancel LDN's Interexchange Telecommunications Certificate No. 4756 for apparent violation of Rule 25-4.0161, Florida Administrative Code, Regulatory Assessment Fees and Rule 25-4.043, Florida Administrative Code, Response to Commission Staff Inquiries?

RECOMMENDATION: Yes. Staff recommends the Commission cancel certificate no. 4756 issued to LDN in lieu of a fine, for apparent violation of 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 the Commission's Order, the certificate should be canceled at the conclusion of the 21 day protest period. (McCoy)

STAFF ANALYSIS: 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.

On October 13, 1998, staff learned that LDN had not submitted the regulatory assessment fees for the year 1997, along with the statutory penalties and interest charges, in apparent violation of Rule 25-4.0161, Florida Administrative Code. Certified mail sent to LDN was received and signed for on October 19, 1998. No response has been received, in apparent violation of Rule 25-4.043, Florida Administrative Code, which requires a written response within 15 days. LDN's telephone number has not been disconnected, yet it rings without answer. Staff is unaware of another existing telephone number or forwarding address for LDN. LDN has failed to comply with Rule 25-4.0161, Florida Administrative Code and Rule 25-4.043, Florida Administrative Code.

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. Accordingly, staff recommends the Commission cancel certificate no. 4756 at the conclusion of the 21 day protest period and not impose a fine.

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**ISSUE 2:** Should this docket be closed?

**RECOMMENDATION:** Yes. If no person whose substantial interests are affected files a protest within 21 days of the issuance date of the Order, LDN's certificate should be canceled and the docket closed. (Miller)

**STAFF ANALYSIS:** Unless a person whose substantial interests are affected by the Commission's Order files a protest within 21 days of the issuance date of the Order, LDN's certificate should be canceled and this docket should be closed.



DOCKET NO. 981690-T1  
DATE: JANUARY 7, 1999

ATTACHMENT B

At your service on the reverse side!	<b>INSTRUCTIONS:</b> • Complete items 1 and 2 for additional services. • Complete items 3, 4a, and 4b. • Print your name and address on the reverse of this form so that we can return this card to you. • Attach this form to the front of the mailpiece, or on the back if space does not permit. • Write "Return Receipt Requested" on the mailpiece below the article number. • The Return Receipt will show to whom the article was delivered and the date delivered.	I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	Thank you for using Return Receipt Service!
	Mr. Dennis Gundy, General Manager Long Distance Network, Inc. 1600 Promenade Center, Suite 1510 Richardson, TX 75080 	3635-73103 <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Insured exchange <input type="checkbox"/> COD 10-19-98	
5. Received By: (Print Name)	6. Addressee's address (Only if requested and fee is paid)		
6. Signature: (Addressee or Agent) X <i>[Signature]</i>			

PS Form 3811, December 1994 Domestic Return Receipt

IN THE UNITED STATES BANKRUPTCY COURT

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

FOR THE DISTRICT OF DELAWARE

ATTACHMENT A

RECEIVED--FPSC

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.

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Chapter 11

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Case No. 97-2401  
Through 97-2401 (PJW)

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 Term 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 issue (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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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 estate, the consolidated USC estate will receive an additional \$50,000 from the reduction in professional fees and \$50,000 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 addresses 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 DeNatale  
 Karen Burns  
 1155 Avenue of the Americas  
 New York, New York 10036  
 (212) 819-8200

Counsel for Debtors  
 and Debtors in Possession

**THE BAYARD FIRM**  
 Neil B. Glassman (No. 2087)  
 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



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

ATTACHMENT B

**SENDER:**

- Complete items 1 and 2 for additional services.
- Complete items 3, 4, and 5.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was returned and the date delivered.

I also wish to receive the following services (for an extra fee):

1.  Addressee's Address
2.  Restricted Delivery

Consult postmaster for fee.

Mr. Dennis Gundy, General Manager *563573103*  
Long Distance Network, Inc.  
1600 Promenade Center, Suite 1510  
Richardson, TX 75080

Certified  
 Insured  
schedules  COD

*10-19-98*

5. Received By: (Print Name)

6. Addressee's address (Only if requested and fee is paid)

7. Signature: (Addressee or agent)  
*X [Signature]*

PS Form 3811, December 1984

Domestic Return Receipt

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DOCKET NO. 951890-T1  
DATE: JANUARY 7, 1999

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 •

**RECEIVED**

JAN 8 - 1999

**Tom McCoy** **CRJ**  
**FLORIDA PUBLIC SERVICE COMMISSION**  
**2540 SHUMARD OAK BLVD.**  
**TALLAHASSEE, FL 32399-0850**

