



Public Service Commission

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RECORDS AND REPORTING

DATE: APRIL 22, 1999

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (9)

FROM: DIVISION OF LEGAL SERVICES (BEDELL) CB
DIVISION OF CONSUMER AFFAIRS (JOHNSON) PJ
DIVISION OF COMMUNICATIONS (BIEGALSKI) W

RE: DOCKET NO. 980950-TI - INITIATION OF SHOW CAUSE PROCEEDINGS AGAINST CORPORATE SERVICES TELCOM, INC. FOR VIOLATION OF RULE 25-4.118, FLORIDA ADMINISTRATIVE CODE, INTEREXCHANGE CARRIER SELECTION

AGENDA. 05/04/99 - REGULAR AGENDA - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\CMU\WP\980950.RCM

CASE BACKGROUND

- June 1, 1996 - The Commission granted Corporate Services Telcom, Inc. (CST) certificate number 441 to provide intrastate interexchange telecommunications service.
- January 29, 1999 - CST reported gross operating revenues of \$1,736,559.24 and gross intrastate revenues of \$371,219.85 on its Regulatory Assessment Fee Return for the period January 1, 1998, through December 31, 1998.
- July 28, 1998 - The Division of consumer Affairs received 181 complaints concerning CST from July 31, 1996, through July 28, 1998. Of those complaints, 55 have been determined to be apparent unauthorized carrier change (slamming) infractions in violation of Rule 25-4.118, Florida Administrative Code.

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- September 23, 1998 - The Commission issued Order No. PSC-98-1265-SC-TI, requiring CST to show cause why it should not have certificate number 4441 canceled or be fined \$550,000 for 55 apparent violations of Rule 25-4.118, Florida Administrative Code.
- October 13, 1998 - CST voluntarily ceased marketing in Florida and filed a timely response to the Show Cause Order and a Motion for More Definite Statement.
- April 15, 1999 - CST filed an offer of settlement. (Attachment A, Pages 5-6)

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission grant Corporate Service Telcom, Inc.'s Motion for More Definite Statement?

RECOMMENDATION: If the Commission approves CST's Settlement Offer, the Motion for More Definite Statement will become moot. (Bedell)

STAFF ANALYSIS: As stated in the Case Background, when CST filed its response to the Commission's Show Cause Order, it also filed a Motion for More Definite Statement. If the Commission approves CST's Offer of Settlement, the outstanding Motion will be moot. If the Settlement Offer is rejected, staff will write a recommendation on the Motion for More Definite Statement for a subsequent Agenda. Therefore, staff recommends that if the Commission approves staff's recommendation in Issue 2, the pending Motion for More Definite Statement will be moot.

ISSUE 2: Should the Commission accept the settlement offer proposed by CST to resolve the apparent violations of Rule 25-4.118, Florida Administrative Code, Interexchange Carrier Selection?

RECOMMENDATION: Yes. (Biegalski)

STAFF ANALYSIS: On April 15, 1999, after several meetings with staff, CST submitted an offer to settle. In its settlement offer CST agreed to do the following:

- CST will continue to suspend telemarketing practices in Florida through October 15, 1999.
- Upon resuming marketing in Florida, CST will install a warm transfer system by which customers calling the Commission with complaints of unauthorized PIC changes may be transferred directly to CST's toll-free line.
- CST will allow staff to review any marketing materials before they are utilized in Florida.
- CST will address and resolve all customer inquiries and complaints.
- CST will make a contribution of \$20,000 to the general revenue fund of the State of Florida with no admission of liability or wrongdoing.

Staff supports CST's proposal to establish a warm transfer system with the Commission for consumer complaints. Staff believes this will allow for expedited resolution of those consumer complaints. Staff supports CST's proposal not to resume telemarketing in Florida until October 15, 1999. Staff believes this will allow CST time to revise its telemarketing scripts in a way that would not be confusing to the consumer. Staff supports CST's proposal that upon resuming telemarketing in Florida, it will allow staff to review its telemarketing and verification scripts before utilizing them in Florida.

The company has satisfactorily addressed each of staff's concerns. Moreover, the company has been very cooperative in resolving all issues. Therefore, staff believes the terms of the settlement agreement as summarized in this recommendation are fair and reasonable, and we support the voluntary contribution to the General Revenue Fund pursuant to Section 364.285(1), Florida Statutes, in the amount of \$20,000.

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ISSUE 3: Should this docket be closed?

RECOMMENDATION: No. With the approval of Issue 2, this docket should remain open pending the remittance of the \$20,000 voluntary contribution within five business days after the order approving the settlement becomes final. Upon remittance of the settlement payment, this docket should be closed. The \$20,000 settlement should be forwarded to the Office of the Comptroller for deposit in the State General Revenue Fund pursuant to Section 364.285(1), Florida Statutes. (Bedell)

STAFF ANALYSIS: If the Commission approves the staff recommendation in Issue 2, this docket should remain open pending the remittance of the \$20,000 voluntary contribution within 5 business days after the order approving the settlement becomes final. Upon remittance of the settlement payment, this docket should be closed.

ERVIN, VARN, JACOBS & ERVIN

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April 21, 1999

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Ms. Kelly Biegalski
Division of Communications
Florida Public Service Commission
Room 280
Gerald Gunter Building
Tallahassee, FL 32399

RE: Docket No. 980950-TI
Corporate Services Telcom, Inc.

Dear Kelly:

This will confirm the proposal made by my client, Corporate Services Telcom, Inc., ("CST") to resolve the above referenced docket pursuant to the following terms:

1. CST, without acknowledging any violations of the Commission's rules, will make a voluntary contribution to the State of Florida General Revenue Fund in the amount of \$20,000.00
2. CST voluntarily discontinued Florida marketing activities when this docket was initiated in September 1998. CST agrees not to engage in marketing in Florida through October 15, 1999.
3. Upon resuming marketing in Florida, CST will submit to Commission Staff its proposed telemarketing scripts to be used in Florida to help assure full compliance with Commission Rules.
4. Upon resuming marketing in Florida, CST will install a toll-free telephone line and establish a "warm-transfer" facility by which customers calling the Commission with

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inquiries or complaints can be transferred directly to CST's toll-free line.

5. CST is addressing and will continue to address all customer inquiries and complaints, and all customer complaints will be fully resolved, including refunds or credits where appropriate.

I believe the foregoing represents a fair and reasonable means to resolve this docket, the first such proceeding brought against CST. I trust you and other Staff members will find the proposal appropriate and one you can recommend to the Commission. Should you have any further questions please do not hesitate to call me.

Sincerely,



C. Everett Boyd Jr.

CEBJr/clp

cc: John Miller, Esq.