



VarTec Telecom, Inc.

November 21, 2001

**VIA FACSIMILE (850) 487-1716
AND OVERNIGHT DELIVERY**

Ms. Blanca Bayo
Director of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

Re: Docket Numbers 011556 and 011429

Dear Ms. Bayo:

On behalf of both Choctaw Communications, Inc. d/b/a Smoke Signal Communications® (“Choctaw”) and VarTec Telecom, Inc. d/b/a VarTec Telecom, Inc. and Clear Choice Communications® (“VarTec”), VarTec now submits its request (one original and five copies) to the Florida Public Service Commission (“Commission”) for relief in the above-noted dockets. VarTec prays for the Commission’s leniency in this matter and offers the following information in support of its position.

On July 10, 2001, VarTec’s Regulatory Department received two Local Competition Report Data Requests from the Commission, one each for both VarTec and Choctaw. The data request sought responses to various questions regarding the operations of local service providers in Florida. Since VarTec’s Regulatory Department supports regulatory projects for both entities, it is structured such that one person is assigned to a particular state and handles all matters within that state for any entity in VarTec’s downline. Unfortunately, a new VarTec staff member of just over two months who was assigned to work on this project did not realize that one of the data requests was actually for VarTec, rather than just another copy for Choctaw, due to the fact that VarTec had not yet commenced providing local services in Florida, even though it obtained its certification in 1998. This unintentional oversight was also due to the staff member’s lack of experience with VarTec’s procedures and systems.

In the next few days, VarTec’s staff member began processing the data request for Choctaw by making inquiries with the appropriate business representative within the subsidiary corporation. The staff member followed up on several occasions in order to ensure that the response was in progress. Apparently, the business contact found some of the information to be difficult and time-consuming to compile. Then, in mid-August, negotiations began with an unaffiliated third-party for the sale of Choctaw. As a result, VarTec and Choctaw were flooded with filings and documents related to the proposed sale. It is with much regret that VarTec’s staff member failed to submit the response on Choctaw’s behalf.

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On November 15, 2001, VarTec learned that the Commission had opened the above Dockets due to the lack of receiving a response from VarTec and Choctaw. Management, specifically Melissa Smith, Vice President of External Legal Affairs and Kevin Allen, Manager of Regulatory Affairs - Local Services, reacted immediately by researching the issue and that afternoon, contacted the Commission for additional information. They each spoke with Ms. Melinda Watts to assess the circumstances and attempt to comply with the data request. VarTec offered, in all haste, a response but was advised that there was no need or opportunity to do so at this time.

This is a serious matter to VarTec and its management team, and VarTec looks forward to a reaching resolution. While this kind of error is extremely rare at VarTec, it is important for the Commission to be advised that VarTec has taken swift action to prevent future errors like this one from occurring. The above-noted staff member has offered her resignation due to the mistakes which have led to the opening of Docket Numbers 011556 and 011429. At this point, VarTec has not made a final decision on this offer but does hope to salvage the employee through remediation and close monitoring. In addition, a strong reprimand has been delivered to the staff member.

More importantly, VarTec has implemented a project tracking chart. This chart includes projects of various types and is closely monitored by the appropriate members of management on a weekly basis or more often as needed. A sample of this chart is attached for your reference. The chart provides information on the project, such as the date received, date due, date completed, project description and the penalty for failing to produce the information by the due date. This chart and any other measures necessary are being implemented in order to *prevent* future errors like the one made in this case.

Fortunately, it would seem that VarTec's lack of local operations in Florida minimizes the impact on the Commission's overall report to the Governor and the Legislature as its response to the data request would have simply been to return the request to the Commission with a clear label of "Not Offering Service" at the top of the first page. Again, VarTec sincerely regrets that it did not complete this simple task. Choctaw does operate on a limited basis within Florida. As of August 2001, Choctaw had approximately 9,500 customers in Florida. Based on this number, the Commission may find that, like VarTec, Choctaw's information may not have had a significant impact on the final report.

It is VarTec's understanding that the Commission is accepting monetary offers to settle these dockets from the 100+ companies which failed to respond. In addition to VarTec's commitment to ensure timely and accurate responses in the future, VarTec offers a sum of \$2,500.00 for its failure to respond to the Commission's data request for VarTec and Choctaw. VarTec believes that this figure is reasonable based on its unintentional oversight to file the report, the low impact of VarTec/Choctaw's information on the Commission's overall report and most importantly, the immediate actions that VarTec has taken to prevent future occurrences as well as to resolve this matter with the Commission. VarTec is prepared to make this payment *immediately* upon the Commission's acceptance and is willing for the settlement to remain confidential, if the Commission so desires.

Once again, VarTec prays for the Commission's leniency and forgiveness in this matter. VarTec plans to launch its local service offerings in Florida in early December. VarTec hopes that this situation can be closed without delay so that the Company's market entry path is open to allow for success and the greatest benefits for Florida consumers. VarTec remains available to discuss and resolve this matter with the Commission. Please contact the undersigned directly at (800) 583-8832, extension 1509 (telephone), (214) 424-1510 (facsimile) or bgipson@vartec.net with any future communication regarding this matter.

Respectfully submitted,



Becky Gipson
Director, Regulatory Affairs

cc: Melissa Smith, Esq.
Vice President
External Legal Affairs

