

State of Florida

ORIGINAL



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: May 15, 2003
TO: Adam Teitzman (Office of General Counsel)
FROM: Dan Hoppe (Director of Auditing and Safety) *DH*
RE: Docket No. 021206-TC; Florida Commercial PayFon, Inc.

Attached is the testimony of Lynn Deamer to be filed in the above-referenced docket.

AUS _____
CAF _____
CMP _____
COM 3+org
CTR _____
ECR _____
GCL _____
OPC _____
MMS _____
SEC I
OTH _____

DOCUMENT NUMBER-DATE

04370 MAY 15 '03

FPSC-COMMISSION CLERK

DOCKET NO. 021206-TC: Compliance Investigation of Florida Commercial PayFon, Inc. for apparent violation Rule 25-4.019, F.A.C., Records and Reports in General

WITNESS: Direct Testimony Of Lynn Deamer On Behalf Of Staff

DATE FILED: May 15, 2003

DIRECT TESTIMONY OF LYNN M. DEAMER

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Q. Please state your name and business address.

A. My name is Lynn M. Deamer and my business address is 2540 Shumard Oak Blvd., Tallahassee, Florida 32399-0850.

Q. By whom are you presently employed and in what capacity?

A. I am employed by the Florida Public Service Commission (FPSC) as a Regulatory Analyst Supervisor in the Division of Auditing and Safety.

Q. How long have you been employed by the Commission?

A. I have been employed by the Florida Public Service Commission since 1986.

Q. Briefly review your educational and professional background.

A. In 1985, I received a Degree in Accounting from the University of South Florida. I was hired by the Florida Public Service Commission as a Regulatory Analyst I in the Tampa District Office in January 1986. In November 1991, I was promoted from a Regulatory Analyst III position in Tampa to a Computer Audit Analyst position in the Tallahassee office. I was promoted to my current position in May 2001.

Q. Please describe your current responsibilities.

A. Currently, I am a Regulatory Analyst Supervisor with the responsibilities of administering the District Office and reviewing work load and allocating resources to complete field work and issue audit reports when due. I also supervise, plan, and conduct utility audits of manual and automated accounting systems for historical and forecasted financial statements and exhibits.

Q. What is the purpose of your testimony today?

1 A. The purpose of my testimony is to testify to the sequence of events that
2 are the basis of staff's recommendation for the Commission to impose a penalty
3 on Florida Commercial PayFon, Inc. (PayFon) for its apparent violation of Rule
4 25-4.019, Florida Administrative Code. I will also testify to the adequacy
5 of the company's documents submitted subsequent to the Commission's Proposed
6 Agency Action order imposing staff's recommended penalty.

7 Q. How were you involved in the processing of this case?

8 A. I assisted the Bureau Chief in determining the sampling strategy for
9 selecting random audits on a yearly basis and I was the supervisor assigned
10 to direct the audit of the 2001 Regulatory Assessment Fee (RAF) return for
11 PayFon.

12 Q. Does the Bureau of Auditing routinely perform RAF audits?

13 A. Yes, the Bureau has always performed RAF audits when an analyst in any
14 division has questions regarding the information filed in a RAF return.

15 Q. How and why has this been expanded?

16 A. The State of Florida Auditor General issued an audit report dated
17 December 16, 1997, which discussed the FPSC RAF process. This report is
18 attached to my testimony as LMD-1. In response to this report, the Commission
19 committed to an expanded RAF audit process to include random RAF audits.

20 Q. Please discuss the sampling strategy for selecting the random RAF
21 audits.

22 A. The approach taken by the Bureau of Auditing was to establish a
23 population of companies that would not otherwise be subject to audit of RAF
24 and use that population to pick a random sample each year. This population
25 excludes: 1) companies subject to earnings regulation, 2) larger

1 telecommunications companies that the Commission determined should be audited
2 every three years for the prior three year period, and 3) companies selected
3 for random audit in the prior year. The random audit is designed to test the
4 revenues and payments reported on the RAF return. The audit is designated a
5 compliance audit as it is testing whether the RAF return is in compliance with
6 Sections 350.113 and 364.336, Florida Statutes and Rules Chapter 25-4.0161 and
7 25-24.505, Florida Administrative Code. These statutes and rules are attached
8 to my testimony as Exhibit LMD-2.

9 Q. What size sample did you determine was needed for these random audits?

10 A. Based on our standard sampling determinants, we established a sample
11 size of 77 utilities each year. We rounded this number to 80 utilities. Each
12 of the four audit districts (Tallahassee, Tampa, Orlando, and Miami) are
13 assigned twenty audits.

14 Q. How are the specific companies chosen?

15 A. Each of the companies in the population are sequentially assigned a
16 number. Using a Lotus spreadsheet, random numbers are generated and the sample
17 is pulled using these random numbers.

18 Q. Was Florida Commercial PayFon, Inc. picked as part of this process?

19 A. Yes, Florida Commercial PayFon, Inc. was picked as part of the random
20 sample of RAF payments from 2001.

21 Q. Was this audit assigned to the Tallahassee district?

22 A. Yes. The audits of companies located within Florida are based on
23 geographic location. PayFon is located in Duval county which is assigned to
24 the Tallahassee district office.

25 Q. What typically happens when a RAF audit is received in the district

1 office?

2 A. As the district supervisor, I receive a memo from the Bureau Chief of
3 Auditing with the audit service request attached. I also receive a copy of
4 a letter sent by the Bureau Chief to the company, that notifies the official
5 liaison that an audit will be conducted. The audit service request is a
6 standard form that provides basic information about the company to be audited
7 and the audit objectives. In the case of a random audit, there are two basic
8 objectives listed on the request: 1) to trace the revenues and regulatory
9 assessment fees reported on the RAF form to the utility's general ledger, and
10 2) to judgementally test the utility's revenues to determine that all revenue
11 types required by statute and rule are reported on the RAF form. I usually
12 receive all twenty of the assigned audits within a one or two week period.
13 After I have received the audits, I assign them to specific auditors within
14 the district. These assignments are based on workload, the expected
15 complexity of the audit, and the audit experience of the assigned auditor.
16 These audits are usually initiated in April or May, but work does not usually
17 begin until July or August, after other audits are completed.

18 Q. What happens after the audit is assigned?

19 A. The auditor is responsible for completing the audit but I am responsible
20 for the direct supervision of the audit work.

21 Q. What steps does the auditor usually perform in a RAF audit?

22 A. Generally, the auditor will first reconcile the reported revenue to the
23 revenue shown in the general ledger. If the company is small and has no
24 formal accounting records, the auditor will generally use bank statements and
25 deposit slips to identify revenues. Second, the auditor will reconcile the

1 reported "amounts paid to other telecommunications companies" to the expenses
2 in the general ledger. In addition, the auditor will typically sample one or
3 more months and trace the general ledger amounts to the physical bills
4 received from other telecommunications companies. If the company does not
5 have a general ledger, the auditor will typically look at all the bills and
6 reconcile the amount to the RAF return.

7 Q. Please discuss the specific actions taken by the Tallahassee district
8 in the audit of Florida Commercial PayFon, Inc.

9 A. By memo dated May 23, 2003, I received a copy of the request to audit
10 Florida Commercial PayFon, Inc. I also received a copy of a letter dated May
11 24, 2003, that was addressed to Mr. Hozae Milton, who was listed as President
12 of the company in our Master Commission Directory. Attached to my testimony,
13 as Exhibit LMD-3, is a copy of these two documents. The staff auditor
14 assigned to this audit began his attempts to audit the company in August 2002.
15 As an audit supervisor, I meet with the audit staff on an almost daily basis
16 to discuss the progress of their assigned audits. Regarding this particular
17 audit, I discussed with the auditor, his attempts to contact Mr. Milton. As
18 the auditor continued to be unsuccessful in obtaining information necessary
19 for the audit, we discussed what steps to take and what data needed to be
20 provided. Our procedure when a company is uncooperative in an audit is that
21 after the staff auditor has reached an impasse, the audit supervisor is to
22 write a letter to the company explaining the Commission rules. So, at this
23 point, I wrote a letter to Mr. Milton informing him of the Commission rules
24 and requirements. The letter was dated October 1, 2002 and sent return
25 receipt requested. The receipt was signed October 3, 2002. This letter and

1 | the signed receipt are included as Exhibit LMD-4. The letter stated that it
2 | was imperative that Mr. Milton contact me by October 7, 2002. I did not
3 | receive any response to the letter.

4 | Q. What happened next?

5 | A. Our next step is for the Bureau Chief, Denise Vandiver, to write a
6 | letter to a company. By letter dated October 9, 2002, Ms. Vandiver further
7 | informed Mr. Milton of the Commission rules and listed specific information
8 | that must be provided. She requested a response by the end of business on
9 | October 22, 2002. The return receipt was signed October 15, 2002. This
10 | letter and the signed receipt are included as Exhibit LMD-5. We did not
11 | receive a response to her letter so we met with the Division of Competitive
12 | Markets and Enforcement (CMP) to discuss opening a docket. The purpose of the
13 | docket would be to recommend that the Commission impose a penalty for PayFon's
14 | failure to comply with Commission Rule 25-4.019, Florida Administrative Code.

15 | Rule 25-4.019, Florida Administrative Code, Records and Reports in
16 | General, states:

17 | (1) Each utility shall furnish to the Commission at such times
18 | and in such form as the Commission may require the results of any
19 | required tests and summaries of any required records. The utility
20 | shall also furnish the Commission with any information concerning
21 | the utility's facilities or operations which the Commission may
22 | reasonably request and require. All such data, unless otherwise
23 | specified, shall be consistent with and reconcilable with the
24 | utility's annual report to the Commission.

25 | (2) Where a telephone company is operated with another

1 enterprise, records must be separated in such manner that the
2 results of the telephone operation may be determined at any time.

3 (3) Upon notification to the utility, members may, at reasonable
4 times, make personal visits to the company offices or other places
5 of business within or without the State and may inspect any
6 accounts, books, records, and papers of the company which may be
7 necessary in the discharge of Commission duties. Commission staff
8 members will present Commission identification cards as the
9 written authority to inspect records. During such visits the
10 company shall provide the staff member(s) with adequate and
11 comfortable working and filing space, consistent with the
12 prevailing conditions and climate, and comparable with the
13 accommodations provided the company's outside auditors.

14 The Commission has made these rules applicable to pay telephone service
15 companies by incorporating Rule 25-4.019, Florida Administrative Code, into
16 Rule 25-24.505(1), Florida Administrative Code. A copy of these rules is
17 attached to my testimony as Exhibit LMD-6.

18 Q. What further actions were taken before the docket was opened?

19 A. In one last effort to resolve this issue, the Bureau Chief of Auditing
20 called Mr. Milton on November 12, 2002, at 4:00 P.M., to remind him that he
21 had not responded to her letter and that we would begin the penalty phase if
22 he did not respond in the next two days. Mr. Milton was not in and she left
23 a message with the answering service with this information. She did not
24 receive a response from Mr. Milton and Docket No. 021206-TC was opened
25 December 5, 2002.

1 Q. Did the Commission issue a Proposed Agency Action order in this case?

2 A. Yes, on January 27, 2003, the Commission issued Order No. PSC-03-0134-

3 PAA-TC. A copy of this order is attached to my testimony as Exhibit LMD-7.

4 The ordering paragraphs include the following:

5 1. Florida Commercial PayFon is hereby penalized in the amount of \$10,000
6 for failure to comply with Rule 25-4.019, Florida Administrative Code, Records
7 and Reports in General.

8 2. Florida Commercial PayFon shall send to Commission staff the
9 documentation listed above.

10 3. If Florida Commercial PayFon's payment of the penalty and the required
11 documentation are not received within fourteen calendar days after the
12 issuance of the Consummating Order, Pay Telephone Certificate No. 7545 will
13 be cancelled. If Florida Commercial PayFon's certificate is cancelled,
14 Florida Commercial PayFon shall immediately cease and desist providing pay
15 telephone services in Florida.

16 Q. The second point refers to certain documentation. What specific
17 documentation did the order require?

18 A. The order stated that the minimum documentation required from Florida
19 Commercial PayFon includes:

20 1. 2001 General Ledger indicating total telecommunications revenues of
21 \$76,652.95, or

22 2. Cash deposit slips indicating 2001 revenues of \$76,652.95, or

23 3. Other financial evidence detailing source of revenue and completeness
24 of revenue, that is, receipt books, billing statements, etc., and

25 4. Invoices from other telecommunications companies indicating amounts paid

1 for the use of the intrastate telecommunications network, to determine
2 expenses.

3 Q. Did Florida Commercial PayFon, Inc. submit financial documentation after
4 the order was issued?

5 A. Yes. By letter dated January 31, 2003, Mr. Milton submitted the
6 information listed below. A copy of the documentation is attached to my
7 testimony as Exhibit LMD-8.

8 4. Brinks invoices June - October 2001

9 5. Income Statement titled "For the Months Ending September 30, 2002"

10 6. Income Statement titled "For the Months Ending September 30, 2001"

11 7. Income Statement titled "For the 3 Months Ending June 30, 2001"

12 8. Income Statement titled "For the Months Ending June 30, 2002"

13 9. 941 IRS Quarterly Tax Return (Payroll taxes) for Quarters ended March,
14 June, September, and December, 2001

15 10. Cover sheet for Sprint bills dated: 10/1/02, 7/1/02, and 11/1/02

16 11. Cover sheet for BellSouth bills dated: 6/14/01, 7/14/01, 8/14/01,
17 11/14/01, 12/14/01, 1/14/02, 2/14/02, 3/14/02, 4/14/02, 5/14/02, 6/14/02,
18 7/14/02, 8/14/02, 9/14/02, 10/14/02, 11/14/02, 12/14/02.

19 Q. Did you review these documents to determine if they satisfied the
20 requirements in the order?

21 A. Yes. I reviewed these documents and do not believe that they fully meet
22 the requirements in the order. First, the Brinks invoices and the 941 Tax
23 returns do not satisfy any requirement for the order and did not need to be
24 submitted. Second, the Income Statements would have been sufficient for the
25 requirement of "other financial evidence detailing source of revenue and

1 completeness of revenue," except that none of the statements were for the
2 twelve months ended December 31, 2001. Third, the cover sheets from the
3 Sprint bills and the BellSouth bills were not sufficient to indicate "amounts
4 paid for the use of the intrastate telecommunications network." The bill
5 detail must be reviewed in order to determine these amounts. Therefore, I do
6 not believe that the information submitted fully complied with the Commission
7 order regarding documentation.

8 Q. Please summarize what additional documents would be necessary to fully
9 comply with the Commission order.

10 A. First, the company must submit an Income Statement for the twelve months
11 ended December 31, 2001. Second, the company must submit the detail portion
12 of the bills from Sprint and BellSouth.

13 Q. Does this conclude your testimony?

14 A. Yes, it does.

15

16

17

18

19

20

21

22

23

24

25

*DOCKET NO. 021206-TC: Compliance Investigation of Florida
Commercial PayFon, Inc. for apparent violation Rule 25-4.019,
F.A.C., Records and Reports in General*

WITNESS: Direct Testimony Of Lynn Deamer On Behalf Of Staff

*EXHIBIT: LMD-1 - State of Florida Auditor General audit report
dated December 16, 1997*

Report No. 13107

STATE OF FLORIDA
AUDITOR GENERAL



OPERATIONAL AUDIT
OF THE

FLORIDA PUBLIC SERVICE COMMISSION

For the Period January 1, 1996, Through June 30, 1997,
And Selected Commission Actions
Taken Through August 1, 1997

Dated: December 16, 1997

13107

STATE OF FLORIDA
AUDITOR GENERAL

OPERATIONAL AUDIT
OF THE

FLORIDA PUBLIC SERVICE COMMISSION

For the Period January 1, 1996, Through June 30, 1997,
And Selected Commission Actions
Taken Through August 1, 1997

Dated: December 16, 1997

FLORIDA PUBLIC SERVICE COMMISSION

Table of Contents

LETTER OF TRANSMITTAL

I AUDIT REPORT SUMMARY

- A. Scope/Objectives
- B. Methodology
- C. Findings

II REPORT ON COMPLIANCE AND INTERNAL CONTROL

III BACKGROUND

- A. Authority
- B. Organizational Structure
- C. Related Audits

IV FINDINGS AND RECOMMENDATIONS

- A. Regulatory Assessment Fees (RAFTs)
 - 1. Notification of RAF Due Date
 - 2. Verification of RAFTs Due
 - 3. Follow-up on Annual Reports
 - 4. Delinquent RAFTs
 - 5. Commission Costs and RAF Rates
 - 6. Summary Statement
- B. Prior Audit Findings

V STATEMENT FROM AUDITED OFFICIAL

VI AUDIT AUTHORITY

VII EXHIBITS



STATE OF FLORIDA
AUDITOR GENERAL
TALLAHASSEE

CHARLES L. LESTER, CPA
AUDITOR GENERAL

December 16, 1997

The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

Pursuant to the provisions of Section 11.45, Florida Statutes, and as part of the
Legislature's oversight responsibility for operations of State agencies, I have directed that an
operational audit be made of the

FLORIDA PUBLIC SERVICE COMMISSION

For the Period January 1, 1996, Through June 30, 1997,
And Selected Commission Actions Taken Through August 1, 1997.

The results of the audit of the Florida Public Service Commission are presented
herewith.

Respectfully submitted,

Charles L. Lester
Auditor General

Audit supervised by:
Brenda K. Pelham

Audit made by:
Thomas Alan Skelton

OPERATIONAL AUDIT
OF THE

FLORIDA PUBLIC SERVICE COMMISSION
For the Period January 1, 1996, Through June 30, 1997,
and Selected Commission Actions Taken Through August 1, 1997

AUDIT REPORT SUMMARY

This audit report summary highlights the scope, objectives, methodology, and findings of audit report No. 13107, dated December 16, 1997. It is intended to present the findings of our report in a condensed fashion. The entire audit report should be read for a comprehensive understanding of our audit findings.

SCOPE/OBJECTIVES

The Auditor General, as part of the Legislature's oversight responsibility for operations of State agencies, makes operational audits to evaluate management's performance in administering assigned responsibilities in accordance with applicable laws, administrative rules, and other guidelines and to determine the extent to which the internal control, as designed and placed in operation, promotes and encourages the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of financial records and reports, and safeguarding of assets.

The scope of this audit of the Florida Public Service Commission focused primarily on the Commission's assessment and collection of regulatory assessment fees and allocation of operating costs to each of the industries regulated by the Commission for the period January 1, 1996, through June 30, 1997.

METHODOLOGY

We conducted our audit in accordance with generally accepted auditing standards and applicable standards contained in Government Auditing Standards issued by the Comptroller General of the United States.

FINDINGS

Matters coming to our attention relating to noncompliance with various guidelines and those relating to significant deficiencies in the design or operation of the internal control for those operations audited are as follows:

Regulatory Assessment Fees

Sections 364.336, 366.14, 367.145, Florida Statutes, authorize the Commission to assess and collect fees, including a regulatory assessment fee (RAF), from companies that provide telecommunications, electric and gas utility, and water and wastewater services to Florida consumers. This fee is to be used by the Commission in performing its regulatory functions and duties required of it by law. During the 1996 calendar year, the Commission regulated 2,359 companies within the telecommunications, electric, gas, and water and wastewater industries. These regulated companies were required to remit a RAF based on calendar year gross operating revenues. During the 1996-97 fiscal year, these companies remitted \$27,172,874 for 1996 calendar year RAFs which was deposited into the Florida Public Service Regulatory Trust Fund.

As a part of our audit, we reviewed Commission procedures and activities related to the establishment of RAF rates and the assessment, collection, and verification of RAFs. Our review disclosed, as more fully discussed in the following paragraphs,

that Commission policies and procedures need enhancing to ensure the equitable and consistent assessment and collection of RAFs.

Notification of RAF Due Dates

Commission management did not always provide timely written notification to each regulated company as to the due date of the RAF. We noted that, based on Commission records, Commission personnel did not timely mail RAF notifications to 53 companies. The failure to provide all regulated companies timely notice of the RAF due date may have an unfavorable impact on the number of companies that timely submit RAFs. (See paragraphs 24 through 28.)

Verification of RAFs Due

Regulated companies were required to complete and submit Regulatory Assessment Fee Return (RAF Return) forms with RAFs. Additionally, 14 percent of the regulated companies were required to submit Annual Reports or copies of company-filed Federal Communication Commission reports. However, the control activities implemented by Commission management to verify the total amount of RAFs due from regulated companies did not effectively ensure that the correct amount of RAFs was collected. Specifically, Commission management did not require approximately 86 percent of the regulated companies to submit Annual Reports; Annual Reports submitted by the water and wastewater companies (which make up approximately 13 percent of the companies regulated) were not certified or attested to by an independent third party; and, during the 1996 calendar year, Commission personnel performed audit procedures to verify the

RAF for only two regulated companies. (See paragraphs 29 through 32.)

Follow-up on Annual Reports

Although Commission management required certain regulated companies to submit Annual Reports and obtained Federal Communication Commission reports (ARMIS Reports) for three local exchange companies, Commission personnel did not always timely follow-up with companies regarding overdue reports or determine and resolve differences in the RAFs collected from regulated companies and the RAFs owed based on gross operating revenues disclosed in the Annual or ARMIS Reports. Failure by Commission personnel to timely obtain Annual Reports and resolve differences between the RAFs collected and RAFs due based on gross operating revenues reported in Annual or ARMIS Reports may result in an unnecessary delay in the Commission's ability to determine and collect RAFs and demonstrates the inconsistent application of Commission procedures. (See paragraphs 33 through 37.)

Delinquent RAFs

While the Commission has implemented procedures to notify regulated companies of delinquent RAFs, such procedures need improvement to ensure that all companies receive timely notification of delinquent RAFs and that appropriate regulatory actions are taken. Commission records disclosed that, as of August 1, 1997, 534 telecommunications companies had not submitted RAFs estimated to total a minimum of \$26,700. Additionally, based on Commission records, 45 water and wastewater companies owed unpaid RAFs (and penalties and

interest accrued thereon) for the 1991 through 1995 calendar years totaling approximately \$245,000. (See paragraphs 38 through 42.)

Commission Costs and RAF Rates

Contrary to Section 350.113(3), Florida Statutes, RAF collections during the 1996-97 fiscal year did not appear to be related to the cost of regulation for all industries. Consequently, regulated companies within some industries may have paid fees that were not related to the costs of regulating companies within their respective industry. (See paragraphs 43 through 47.)

The Commissioner's written response to the audit findings and recommendations included in audit report No. 13107 is presented as Exhibit D.

THIS PAGE INTENTIONALLY LEFT BLANK.

OPERATIONAL AUDIT
OF THE

FLORIDA PUBLIC SERVICE COMMISSION
For the Period January 1, 1996, Through June 30, 1997,
and Selected Commission Actions Taken Through August 1, 1997

Par.
No.

REPORT ON COMPLIANCE AND INTERNAL CONTROL

- (1) Florida Public Service Commission management is responsible for administering numerous operating units, programs, activities, functions, and classes of transactions in accordance with governing provisions of laws, administrative rules, and other guidelines. Additionally, the proper administration of public funds requires that management establish and maintain a system of internal control to provide reasonable assurance that specific entity objectives will be achieved. The Auditor General, as part of the Legislature's oversight responsibility for operations of State agencies, makes operational audits to determine the extent to which Commission management has fulfilled those responsibilities.
- (2) The scope of this audit focused primarily on the Commission's assessment and collection of regulatory assessment fees and allocation of operating costs to each of the industries regulated by the Commission. For each of these areas, our audit included examinations of various transactions (as well as events and conditions) during the period January 1, 1996, through June 30, 1997.
- (3) Our audit objectives for the operating units, programs, activities, functions, and classes of transactions within the scope of audit were:
 - To evaluate the Commission performance in administering its assigned responsibilities in accordance with applicable laws, administrative rules, and other guidelines.

Par.
No.

- To determine the extent to which the Commission's system of internal control, and selected relevant controls, promotes and encourages the achievement of management's objectives in the categories of compliance with applicable laws, administrative rules, and other guidelines; the economic and efficient operation of the Commission; the reliability of financial records and reports; and the safeguarding of assets.
- To determine whether the Commission has corrected, or is in the process of correcting, all deficiencies disclosed in the prior audit (report No. 12587).

(4) We conducted our audit in accordance with generally accepted auditing standards and applicable standards contained in Government Auditing Standards issued by the Comptroller General of the United States. Pursuant to Section 350.001, Florida Statutes, the Florida Public Service Commission is an arm of the Legislature and, pursuant to Section 11.42, Florida Statutes, the Auditor General is appointed by and serves at the pleasure of the Legislature. When the auditor and the auditee are both assigned to the same branch (Legislative Branch) of State government, there is no longer a presumption of organizational independence under Government Auditing Standards. Consequently, during the conduct of our audit, consideration was given to the identification of any factors which might, in appearance or fact, result in a limitation on the scope of the audit. No such impairments on the scope of the audit were noted.

(5) As a part of our audit, we examined, on a test basis, evidence supporting transactions (as well as events and conditions) which occurred; performed analytical procedures; reviewed management's administrative constructions of law; and performed such other procedures as we considered necessary in the circumstances. Our objective was to evaluate management's compliance with significant provisions of laws, administrative rules, and other guidelines governing those operating units, programs, activities, functions, and classes of transactions within the scope of audit. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Par.
No.

- (6) The results of our tests of compliance indicated that, with respect to the items tested, the Commission had generally complied with the significant provisions of laws, administrative rules, and other guidelines governing those operating units, programs, activities, functions, and classes of transactions within the scope of audit. Matters coming to our attention relating to noncompliance with various guidelines for those operations audited are noted in the FINDINGS AND RECOMMENDATIONS section of this report.
- (7) In planning and performing our audit, we considered the Commission's internal control relevant to those operating units, programs, activities, functions, and classes of transactions within the scope of audit. Our purpose in considering internal control was to determine the nature, timing, and extent of substantive audit tests and procedures necessary to the accomplishment of our audit objectives, not to provide assurance on internal control.
- (8) We noted certain matters involving the design and operation of the Commission's internal control that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control that, in our judgment, could adversely affect management's assurance of compliance with applicable laws, administrative rules, and other guidelines; the economic and efficient operation of the Commission; the reliability of financial records and reports; and the safeguarding of assets. Those matters coming to our attention for the operating units, programs, activities, functions, and classes of transactions within the scope of audit are noted in the FINDINGS AND RECOMMENDATIONS section of this report.
- (9) A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that operating deficiencies, material in relation to the financial records and resources of the operating units, programs, activities, functions, and classes of transactions being audited, may occur and not be detected within a timely period by Commission employees in the normal course of performing their assigned functions. Our consideration of internal control would not necessarily disclose all matters in the Commission's internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are

Par.
No.

also considered to be material weaknesses. However, we believe none of the reportable conditions described in the FINDINGS AND RECOMMENDATIONS section of this report is a material weakness.

- (10) This report is intended for the information of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, and applicable management. Copies of this report are available pursuant to Section 11.45(7), Florida Statutes, and its distribution is not limited.

Par.
No.

BACKGROUND

Authority

- (11) Pursuant to Chapter 350, Florida Statutes, the Florida Public Service Commission regulates utilities and utility companies in order to protect the public health, safety, and welfare. The duties and responsibilities of the Commission regarding the regulation of telecommunication companies, public utilities, water and wastewater systems, and gas transmission and distribution systems are set forth in Chapters 364 and 366 through 368, Florida Statutes. These duties and responsibilities include, but are not limited to: promulgating and enforcing testing and safety standards for installation, operation, and maintenance of gas transmission and distribution systems; and holding public hearings relating to issues pertinent to telecommunications, public utilities, water and wastewater systems, and gas transmission and distribution systems.

Organizational Structure

- (12) The Florida Public Service Commission consists of five Commissioners appointed to four-year terms by the Governor from nominees recommended by the Florida Public Service Commission Nominating Council in accordance with Section 350.01 and 350.031, Florida Statutes. Members of the Commission during the period January 1, 1996, through June 30, 1997, were:

Julia L. Johnson, Chairman (from January 1, 1997)
Susan F. Clark, Chairman (to December 31, 1996)
J. Terry Deason
Diane K. Kiesling
Joe Garcia

- (13) The Commissioner's salaries are fixed by law. Employees of the Commission are included in the Career Service, Selected Exempt Service, and Senior Management Service Systems administered pursuant to Chapter 110, Florida Statutes. As of June 30, 1997, the Commission employed 363 individuals in 380 authorized full-time equivalent positions. An

Par.
No.

organizational chart of the major organizational units of the Commission as of June 30, 1997, is presented as Exhibit C.

- (14) As shown by Exhibit C, the Commission operates through two primary functional units: the Office of the General Counsel and the Office of the Executive Director. The Office of the General Counsel is headed by the General Counsel and is responsible for advising the Commission on the role and scope of its regulatory responsibilities, serves as legislative liaison, and represents the Commission before Federal agencies. The Office of the Executive Director is headed by the Executive Director who is, essentially, the chief of staff of the Commission with general responsibility over the technical and administrative operations of the Commission. The Executive Director is responsible for coordinating the activities of all of the Commission's divisions, except for the activities of the Office of the General Counsel; implementing Commission policies; and making recommendations for the development and articulation of Commission policies. During the audit period, Robert D. Vandiver served as the General Counsel and William D. Talbott served as the Executive Director.
- (15) The Commissioners have delegated the responsibilities for the internal audit function mandated by Section 20.055, Florida Statutes, to the Commission's Inspector General. The responsibilities of the Inspector General include advising in the development of performance measures, standards, and procedures for the evaluation of the Commission's programs and performing, coordinating, and supervising audits, investigations, and management reviews relating to the programs and operations of the Commission. For the Inspector General function, one full-time equivalent position was authorized and filled at June 30, 1997.
- (16) The Commission collected various fees, fines, and other revenues in connection with the responsibilities prescribed by law. Receipts from fines and any related interest charges were deposited into the State's General Revenue Fund. All other receipts were deposited into the Florida Public Service Regulatory Trust Fund from which the operations of the Commission were financed.

Par.
No.

- (17) The Commission's purchasing procedures are prescribed by Public Service Commission Rules, Chapter 25-25, Florida Administrative Code, and Chapter 10, Florida Public Service Commission Administrative Procedures.
- (18) A comparison of the Commission's budgeted with actual expenditures and commitments for the 1996-97 fiscal year, is presented as Exhibit A. The purpose of this budgetary comparison is to provide information useful to an understanding of the budgetary structure and operations of the Commission. This comparison presents both budgetary and actual amounts on the basis specified in Chapter 216, Florida Statutes, and the applicable portions of the 1996-97 General Appropriations Act, as further described in the notes to the Exhibit. The Exhibit was prepared by us from the Commission's records and was reviewed by Commission management.
- (19) The objectives of this audit did not include the expression of an opinion on the comparison of budgeted with actual expenditures and commitments, which is presented on the basis specified in Chapter 216, Florida Statutes, and includes several elements and accounts relating to the Commission's budgetary operations. Therefore, an independent auditor's report on the budgetary comparison, as contemplated by AU Section 623, Special Reports, Codification of Statements on Auditing Standards, is not included herein.

Related Audits

- (20) Our audit did not extend to an examination of the Commission's financial statements. On January 30, 1997, this Office issued audit report No. 12907, with accompanying general purpose financial statements of the State of Florida as of and for the fiscal year ended June 30, 1996. The Commission is an integral part of the reporting entity of the State of Florida. The financial information relative to the Commission was included by the State Comptroller in the general purpose financial statements that accompany that report. A similar audit of the general purpose financial statements of the State of Florida for the fiscal year ended June 30, 1997, will be the subject of a separate audit report.

Par.
No.

- (21) Section 20.055(5)(f), Florida Statutes, requires the Auditor General to review a sample of each agency's internal audit reports at least once every three years to determine compliance with current Standards for the Professional Practice of Internal Auditing or, if appropriate, generally accepted government auditing standards. Findings resulting from our review of the Commission's internal audit function are presented in report No. 12979, dated May 12, 1997.

Par.
No.

FINDINGS AND RECOMMENDATIONS

Regulatory Assessment Fees

(22) Sections 364.336, 366.14, and 367.145, Florida Statutes, authorize the Commission to assess and collect fees, including a regulatory assessment fee (RAF), from companies that provide telecommunications, electric and gas utility, and water and wastewater services to Florida consumers. This fee is to be used by the Commission in performing its regulatory functions and duties required by law. During the 1996 calendar year, the Commission regulated 2,359 companies within the telecommunications, electric, gas, and water and wastewater industries. These regulated companies were required to remit a RAF based on calendar year gross operating revenues. During the 1996-97 fiscal year, these companies remitted \$27,172,874 for 1996 calendar year RAFs which was deposited into the Florida Public Service Regulatory Trust Fund. Schedule 1 summarizes total 1996 RAF collections from regulated companies by industry type:

SCHEDULE 1 - 1996 RAF COLLECTIONS FROM REGULATED COMPANIES			
Industry	Regulated Companies	1996 RAF Collections	Percentage of Total RAF Collections
Telecommunications:			
Alternative Access Vendors	34	\$ 11,879	0.04
Alternative Local Exchanges	39	20,684	0.08
Interexchange Communications	530	1,417,793	5.22
Local Exchanges	13	7,386,246	27.18
Pay Telephone Providers	1,269	124,068	0.46
Shared Tenant Service Providers	53	5,446	0.02
Electric:			
Rural Electric Cooperatives	17	146,226	0.54
Investor-Owned	5	8,013,338	29.49
Municipals	33	310,948	1.14
Gas:			
Investor-Owned	9	1,536,643	5.66
Municipals and Districts	51	288,913	1.06
Water and Wastewater	306	7,910,690	29.11
Total	2,359	\$27,172,874	100.00
Note: By company, 1996 RAF collections ranged from \$25 for a company within the water and wastewater industry to \$4.9 million for a local exchange company.			

Par.
No.

- (23) As more fully described in the following paragraphs, our audit of the Commission's administration of RAFs identified several control deficiencies which limited management's ability to provide timely notice of all RAFs owed; determine whether all RAFs owed were collected; and ensure the collection of delinquent RAFs, penalties, and interest. Also, the total amount of RAFs collected from each regulated industry may not correlate to the costs incurred by the Commission in carrying out applicable regulatory duties for each industry as provided by law.

Notification of RAF Due Dates

- (24) Commission management did not always provide timely written notification to each regulated company as to the due date of the RAF.
- (25) Section 350.113(3), Florida Statutes, requires Commission-regulated companies to pay the Commission a RAF based on gross operating revenues. Section 350.113(4), Florida Statutes, requires Commission management to provide each regulated company with written notice of the RAF due date at least 45 days prior to such date. As summarized in Schedule 2, Commission management has established through Public Service Commission Rules 25-4.0161(2), 25-6.0131(2), and 25-30.120(2)(a), Florida Administrative Code, and other policies, a timetable for Commission personnel to mail a RAF due date notification to each of the regulated companies:

Par.
No.

SCHEDULE 2 - RAF DUE DATE NOTIFICATION				
Industry	Frequency of RAF	RAF Due Date	Period on Which RAF is Based	Planned Date of RAF Notification
Telecommunications: Prior year RAF < \$10,000	Annually	1-30-97	1-1-96/12-31-96	12-15-96
	Semiannually	7-30-96	1-1-96/6-30-96	6-15-96
		1-30-97	7-1-96/12-31-96	12-15-96
Electric and Gas	Semiannually	7-30-96	1-1-96/6-30-96	6-15-96
		1-30-97	7-1-96/12-31-96	12-15-96
Water and Wastewater	Annually	3-31-97	1-1-96/12-31-96	1-15-97

(26) Commission records indicated that on December 2, 1996, Commission personnel utilized the Master Commission Directory (an internal record of companies regulated by the Commission) to prepare RAF notifications for Commission-regulated companies within the electric, gas, and telecommunications industries. Commission records also indicated that the regulated companies listed in the Master Commission Directory as of December 2, 1996, were mailed RAF notifications at least 45 days prior to the January 30, 1997, due date of the RAF.

(27) We reviewed the Master Commission Directory as of December 31, 1996, and identified 97 telecommunications companies that came under the Commission's regulation after December 2, 1996, yet prior to December 31, 1996. It appears, based on Commission records, that 44 of these 97 companies received notification of RAF due dates within approximately 20 days after their regulation dates. However, according to Commission records, Commission personnel did not mail RAF notifications to the remaining 53 companies until March 10, 1997, 69 days after the end of the calendar year. Subsequent to this notification, 37 of these 53 regulated companies submitted RAFs totaling \$1,850.

(28) The failure to provide all regulated companies timely notice of the RAF due date may have an unfavorable impact on the number of companies that timely submit RAFs. We recommend that Commission management implement appropriate cut-off procedures which

Par.
No.

ensure that all companies that come under Commission regulation prior to the end of the calendar year are timely notified of the RAF due date.

Verification of RAFs Due

(29) Regulated companies were required to complete and submit Regulatory Assessment Fee Return (RAF Return) forms with RAFs. Additionally, 14 percent of the regulated companies were required to submit Annual Reports or copies of company-filed Federal Communication Commission reports. However, the control activities implemented by Commission management to verify the total amount of RAFs due from regulated companies did not effectively ensure that the correct amount of RAFs was collected. Specifically, Commission management did not require approximately 86 percent of the regulated companies to submit Annual Reports; Annual Reports submitted by the water and wastewater companies were not certified or attested to by an independent third party; and, during the 1996 calendar year, Commission personnel performed audit procedures to verify the RAF for only two regulated companies.

(30) As previously noted, Section 350.113(3), Florida Statutes, requires Commission-regulated companies to pay a RAF based on gross operating revenues. Section 350.113(3), Florida Statutes, further provides that differences, if any, between the amount paid by a regulated company in any six-month period and the amount actually determined by the Commission to be due shall, upon notification by the Commission, be immediately paid or refunded. Section 350.117(1), Florida Statutes, provides that the Commission may require such regular or emergency reports, including, but not limited to, financial reports, as the Commission deems necessary to fulfill its obligations under the law. In addition, Section 350.117(2), Florida Statutes, states that the Commission may perform management and operational audits of any regulated company. We noted that Commission management had established the following procedures for the collection of RAFs:

- Commission procedures required all regulated companies to complete and submit RAF Return forms with RAFs. These RAF Return forms required the regulated company to

Par.
No.

provide various financial information including gross operating revenues subject to the RAF and the calculated amount of the RAF due. In addition, the RAF Return form required the owner/officer of the regulated company to certify that the information included on the RAF Return form was accurate and complete.

- In addition to the RAF Return form, Commission management developed an Annual Report form on which certain regulated companies were required to report financial information, including the gross operating revenues used to calculate the RAF. Also, Commission personnel obtained from some local exchange companies the Federal Communication Commission Automated Reporting Management Information System Reports (ARMIS Reports). In an effort to verify the accuracy of the RAF collected for those companies submitting Annual Reports and those local exchange companies for which ARMIS reports were available, Commission personnel were to identify and explain any differences between the gross operating revenues reported on the RAF Return form and those reported in the Annual or ARMIS Reports.

(31) To ensure that RAFs are submitted in the correct amounts, Commission management should also have procedures in place that provide for an independent and reliable identification of each regulated company's gross operating revenues and the resulting RAF. Accordingly, we reviewed Commission management's written procedures to determine the extent to which those procedures reasonably ensured that each regulated company properly computed and paid the RAF due. We recognize that a large number of regulated companies would be assessed relatively small RAFs; however, in conducting our review, we also considered the Commission's responsibility to perform regulatory functions in an equitable and consistent manner. As more fully described below, we noted that the procedures implemented by the Commission may not have been effective to ensure that the correct RAF amount was computed and paid:

- For the 1996 calendar year, Commission management required 20 companies (5 electric, 9 gas, and 6 telecommunications companies) to complete and submit an Annual Report accompanied by an attestation from each company's independent certified public

Par.
No.

accountant that the reported gross operating revenues were fairly stated. In addition, Commission management obtained ARMIS Reports for the 3 local exchange companies required to file ARMIS Reports. These 23 companies remitted approximately 62 percent of the total 1996 RAFs collected (approximately 88 percent of 1996 RAF collected from electric, gas, and telecommunications companies). However, the remaining electric, gas, and telecommunications companies (2,030 or 86 percent of the Commission-regulated companies) were not required to file Annual Reports or other financial information which would allow Commission personnel to determine the accuracy of the RAFs paid. The importance of obtaining Annual Reports and independent certified public accountant attestations from all regulated companies is demonstrated by the differences described in paragraph 36 between the gross operating revenues reported in the required Annual Reports and the RAF Return forms.

- Commission management required all 306 regulated water and wastewater companies, which submitted approximately 29 percent of the total 1996 RAF collections, to complete and submit Annual Reports for the 1996 calendar year. However, Commission management did not require that the Annual Report be accompanied by an attestation from an independent third party, such as a certified public accountant, as to the fairness of the reported gross operating revenues. Commission management indicated that, in those instances in which gross operating revenues reported in the Annual Report differed from those included on the RAF Return form, the company was contacted and requested to explain the difference. In those instances in which the gross operating revenues reported in the Annual Report and the RAF Return form agreed, Commission personnel accepted the amount of reported gross operating revenues. However, since both the Annual Report and RAF Return form were completed by the regulated company absent any attestation by an independent third party as to the fairness of the amount(s) reported, it was not clear that the comparability of the data provided any significant additional assurances as to the accuracy and completeness of reported gross operating revenues and the resulting RAFs paid.

Par.
No.

- Division of Auditing and Financial Analysis Standard Operating Procedure No. 1103 states that the payment of the RAF should be audited on a periodic basis to determine whether the companies are correctly calculating the revenues subject to the RAF and accurately applying the established rate percentage to those revenues. In response to audit inquiries, Commission management indicated that, during the 1996 calendar year, 2 audits (1 telecommunications interexchange company and 1 municipal electric utility) were performed by Commission personnel that included verification of the RAFs and an additional 17 audits (16 pay-telephone providers and 1 investor-owned electric utility) were planned for the 1997 calendar year. The limited number of audits may not provide adequate assurance as to the accuracy of RAF collections with respect to the 306 water and wastewater companies not required to provide independent attestations along with Annual Reports and the 2,030 electric, gas, and telecommunications companies not required to submit Annual or ARMIS Reports.

(32) To assist in the Commission's determination of the accuracy of RAF collections, we recommend that Commission management establish procedures which provide Commission personnel with corroborating financial information necessary to assess the accuracy of the reported gross operating revenues on which RAFs are based.

Follow-up on Annual Reports

(33) Although Commission management required certain regulated companies to submit Annual Reports and obtained Federal Communication Commission reports (ARMIS Reports) for three local exchange companies, Commission personnel did not always timely follow-up with companies regarding overdue reports or determine and resolve differences in the RAFs collected from regulated companies and the RAFs owed based on gross operating revenues disclosed in the Annual or ARMIS Reports.

(34) Section 350.113(3), Florida Statutes, provides that the differences, if any, between the RAF paid by a regulated company (collected by the Commission) and the RAF determined by the Commission to be due shall, upon notification by the Commission, be immediately paid

Par.
No.

or refunded. Consequently, Commission management should implement procedures that ensure the timely determination and notification of any differences between the RAF collected and the RAF due.

(35) As previously noted, Commission management required all 306 water and wastewater companies and 20 regulated companies within the electric, gas, and telecommunications industries to submit Annual Reports. Commission management also obtained an ARMIS Report for 3 local exchange companies. Commission procedures require Commission personnel to send letters requesting Annual Reports to those companies that fail to submit required reports. Subsequent to the receipt of the required Annual and ARMIS Reports, Commission personnel are to reconcile the RAF owed as shown on the RAF Return form to the RAF owed based on gross operating revenues reported in the Annual or ARMIS Reports and contact the regulated companies to ascertain the reasons for any differences.

(36) We reviewed 60 companies regulated by the Commission during the 1996 calendar year and attempted to determine the amount of the RAF due from each company. Of the 60 companies selected for testing, 42 were required to submit Annual or ARMIS Reports. Our review disclosed instances in which Commission personnel did not timely follow-up with these 42 regulated companies to obtain the required reports or to resolve differences between the gross operating revenues reported in the Annual and ARMIS Reports and the RAF Return forms:

- As of August 11, 1997, Commission personnel had not received Annual Reports from 4 water and wastewater companies included in the aforementioned 42 regulated companies. On July 11, 1997, the Commission served notice, through issuance of a Commission order (official docketed decision made by the Commission), to 1 of the 4 companies. Additionally, on July 28, 1997, subsequent to audit inquiry, Commission personnel mailed letters to 3 of the 4 water and wastewater companies requesting the submission of the overdue 1996 Annual Reports.

Par.
No.

- For the remaining 38 regulated companies reviewed, we compared the information shown in the 1996 Annual Report or applicable ARMIS Report and the RAF Return form(s) submitted by each company for the 1996 calendar year. We identified 14 companies for which Commission personnel had not timely resolved \$39,513 in differences between 1996 RAF collections and RAFs due based on gross operating revenues reported in Annual Reports. The reasons for the differences for 8 of the 14 companies with 1996 RAF and Annual Report due dates as late as March 31, 1997, were not determined until June 1997. For the remaining 6 companies, all of which had 1996 RAF and Annual Report due dates of April 30, 1997, Commission personnel had not determined, as of August 1, 1997, the reasons for differences totaling \$28,923.

(37) Failure by Commission personnel to timely obtain Annual Reports and resolve differences between the RAFs collected and RAFs due based on gross operating revenues reported in Annual or ARMIS Reports may result in an unnecessary delay in the Commission's ability to determine and collect RAFs as required by Section 350.113(3), Florida Statutes, and demonstrates the inconsistent application of Commission procedures. (See paragraphs 29 through 32 for improvements needed in the annual financial reporting process.) We recommend that Commission management review and modify procedures as appropriate to ensure that required Annual or ARMIS Reports are received and that gross operating revenues shown therein are timely reconciled to RAF payments.

Delinquent RAFs

(38) While the Commission has implemented procedures to notify regulated companies of delinquent RAFs, such procedures need improvement to ensure that all companies receive timely notification of delinquent RAFs and that appropriate regulatory actions are taken. Commission records disclosed that, as of August 1, 1997, 534 telecommunications companies had not submitted RAFs estimated to total a minimum of \$26,700. Additionally, based on Commission records, 45 water and wastewater companies owed unpaid RAFs (and penalties and interest accrued thereon) for the 1991 through 1995 calendar years totaling approximately \$245,000.

Par.
No.

(39) Section 350.113(4), Florida Statutes, provides that if any regulated company fails to pay the RAF by the required date, the Commission shall assess a penalty of 5 percent of the amount due for each 30-day period (or fraction thereof) late not to exceed a total penalty of 25 percent. Additionally, the Commission shall collect the fee and penalty, plus interest of 12 percent per annum and all costs of collection, from the regulated company. Pursuant to Section 350.113(2), Florida Statutes, penalties and interest assessed and collected by the Commission shall be deposited into the General Revenue Fund. To ensure compliance with these statutory provisions, procedures should be established and implemented to provide for the collection of delinquent RAFs and the associated penalties and interest.

(40) During the audit period, Commission personnel utilized a computer spreadsheet (RAF spreadsheet) to monitor the submission of RAF payments, the date delinquent notices were mailed, and the amount of any known penalties and interest assessed. Commission procedures provide that approximately three weeks (21 days) after the RAF due date, notices are to be sent to delinquent companies advising the companies that the RAF is past due and should be remitted promptly, along with payment of appropriate penalty and interest charges. If the RAF is not received within five months after the due date, Commission personnel are to recommend that the Commission issue an enforcement order finding that a delinquency exists and that the delinquent company is obligated to pay the fee, penalties and interest, and all costs of collection. The enforcement order may also impose a monetary fine for the failure to submit the RAF and/or cancel the regulated company's operating certificate (license). If the RAF is not received within 30 days following the issuance of the enforcement order, Commission personnel are to refer the case to the State Comptroller for further collection efforts.

(41) To determine the effectiveness of Commission collection procedures, we selected a sample of 60 regulated companies and compared the RAF due based on gross operating revenues reported in the Annual Report to the 1996 RAF collected by the Commission. We also reviewed the Commission-prepared 1996 RAF spreadsheet to identify companies from which the Commission had not collected 1996 RAFs and made inquiries of Commission management as to the extent of uncollected RAFs from prior calendar years. As more fully described below, we noted instances in which Commission personnel had not collected 1996

Par.
No.

RAFs from regulated companies and had not diligently pursued the collection of delinquent RAFs:

- Our review of Commission records pertaining to a sample of 22 telecommunications companies disclosed that as of August 1, 1997, 2 of the 22 companies had not paid 1996 RAFs due January 30, 1997. According to Commission records, delinquency notices were sent to delinquent telecommunications companies, including these 2 sampled companies, 29 days after the RAF due date. Our further analysis of the Commission's 1996 RAF spreadsheet identified 534 (inclusive of the aforementioned 2 companies) of the 1,938 regulated telecommunications companies (approximately 28 percent) that had not submitted 1996 RAFs.
 - The Commission's 1996 RAF spreadsheet dated August 1, 1997, indicated that 272 of the 534 telecommunications companies became inactive (i.e., no longer operating and subject to regulation) between January 1996 and June 30, 1997. Other than the delinquency notice required to be sent to companies three weeks after the RAF due date, Commission procedures do not clearly address the required efforts to collect RAFs (and related penalties and interest) from companies that become inactive subsequent to incurring RAF obligations. It is not apparent that the single delinquency notice sent 29 days after the RAF due date was sufficient to ensure the collection of all outstanding RAFs. Further, the issuance of enforcement orders to inactive companies may be of little benefit.
 - On June 3, 1997, Commission personnel mailed notifications to the active (still regulated) companies that owed 1996 RAFs. The notification stated that the Commission was going to initiate an enforcement order to cancel the companies' certificates if 1996 RAFs, plus penalties and interest, were not received. Although, as described in paragraph 40, Commission policy provided that enforcement orders were to be initiated within five months after the due date (i.e., by June 30, 1997, for the 1996 RAF), as of August 1, 1997, the Commission had only initiated enforcement orders for 47 of the active telecommunications companies that had

Par.
No.

failed to pay 1996 RAFs. Improving the timeliness of initiating the enforcement orders for active companies may increase the amount of RAFs that can be collected by Commission personnel.

Absent Annual Reports or other financial reporting mechanisms (the 534 telecommunications companies were not required to submit Annual Reports), estimates of the actual RAFs due cannot reasonably be made. However, Section 364.336 Florida Statutes, provides for a \$50 minimum RAF for telecommunications companies. Thus, the 534 telecommunications companies each owed at least the minimum RAF, collectively estimated to be approximately \$26,700, not including applicable penalties and interest.

- Our review of Commission records pertaining to a sample of 25 water and wastewater companies disclosed that, as of August 1, 1997, 5 of the 25 companies had not paid 1996 RAFs due March 31, 1997. Commission records indicate that delinquency notices were sent to these 5 companies 65 days after the due date. Our further analysis identified 27 water and wastewater companies (inclusive of the aforementioned 5 companies) that had not submitted 1996 RAFs. In addition, only 1 of the 27 water and wastewater companies had submitted a 1996 Annual Report. Commission personnel determined that the company owed \$1,200 for the 1996 RAF based on gross operating revenues reported in the Annual Report. Without Annual Reports, estimates of 1996 RAFs due from the other 26 water and wastewater companies were not readily determinable.
- Commission personnel prepared an analysis that identified all regulated water and wastewater companies with unpaid RAFs for the 1991 through 1995 calendar years. Our review of this analysis indicated that, for the 1991 through 1995 calendar years, 45 companies owed RAFs totaling approximately \$150,000. In addition, as of June 30, 1997, penalties and interest assessed by the Commission on these unpaid fees totaled approximately \$95,000. However, for these 45 companies, Commission personnel had only issued delinquency notices pertaining to the applicable year to 42 companies, initiated Commission action for only 1 company, and referred to the State Comptroller for

Par.
No.

further collection efforts only 1 company. Commission personnel had not prepared a similar analysis for the other regulated utilities.

- (42) We recommend that Commission management review current procedures, evaluate the impact of current procedures on the collection of RAFs (including penalties and interest) owed by companies that become inactive, and determine the steps necessary to increase the percentage of regulated companies timely submitting RAFs. Additionally, management should diligently pursue the collection of all RAFs, penalties, and interest.

Commission Costs and RAF Rates

- (43) Contrary to Section 350.113(3), Florida Statutes, RAF collections during the 1996-97 fiscal year did not appear to be related to the costs of regulation for all industries. Consequently, regulated companies within some industries may have paid fees that were not related to the costs of regulating companies within their respective industry.

- (44) Section 350.113(3), Florida Statutes, provides that the RAFs shall, to the extent practicable, be related to the cost of regulating the type of regulated company. In addition, pursuant to Section 367.145(3), Florida Statutes, the fees collected by the Commission from the regulated water and wastewater services companies may only be used to cover the cost of regulating water and wastewater companies, and the fees collected by the Commission from telecommunications companies and electric and gas utilities may not be used to pay the cost of regulating water and wastewater companies.

- (45) Sections 364.336, 366.14, and 367.145, Florida Statutes, provide the maximum rates the Commission can charge companies within each regulated industry. The Commission is responsible for setting the RAF rates through administrative rule. To meet the requirements of Section 350.113(3), Florida Statutes, the RAF rate established by the Commission for each type of regulated company should be approximately equal to the costs incurred by the Commission in performing its duties relative to each type of company. Schedule 3 compares, for each type of regulated company, the RAF rates in effect in 1996 to the maximum statutory rates:

Par.
No.

SCHEDULE 3 - Comparison of the 1996 RAF Rate to the Allowed Rate ALLOWED RATES			
Industry	Maximum Rate (Percentage)	RAF Rate (Percentage)	Difference
Telecommunications: All-Type Companies	0.250000	0.150000	0.100000
Electric:			
Investor-Owned	0.125000	0.083300	0.041700
Municipals	0.015625	0.015625	0.000000
Rural Electric Cooperatives	0.015625	0.015625	0.000000
Gas:			
Investor-Owned	0.500000	0.375000	0.125000
Municipals and Districts	0.250000	0.191900	0.058100
Water and Wastewater	4.500000	4.500000	0.000000
Note: The RAF is calculated by multiplying the company's gross operating revenues by the applicable rate (percentage).			

- (46) In audit report No. 12587, we noted that the Commission had not documented an evaluation of the appropriateness of its cost allocation methodology. We also noted that the Commission did not maintain records which showed each industry's relative share of the residual balance of the Florida Public Service Regulatory Trust Fund. Our current audit tests disclosed that, in response to these findings, Commission personnel established and implemented a cost allocation methodology which appeared to reasonably allocate the costs of Commission operations to the regulated industries. Our audit tests also disclosed that Commission management has established and maintains records which show each industry's relative share of the residual balance of the Florida Public Service Regulatory Trust Fund. However, based on our review, the Commission had not documented how the above-noted records were utilized to validate (substantiate) the rates shown in Schedule 3, which have been in place for several years. As summarized in Schedule 4, the RAF collections received by the Commission from companies within some industries did not correlate to the allocated Commission costs within the same industry:

Par.
No.

Industry	1996-97 RAF Collections	1996-97 Costs	Differences Between 1996-97 Collections and Costs	Accumulated Differences Since 1989-90
Telecommunications	\$ 8,966,116	\$ 7,728,008	\$1,238,108	\$ 601,218
Electric	8,470,512	7,462,265	1,008,247	9,856,468
Gas	1,825,556	2,484,349	(658,793)	(3,461,462)
Water and Wastewater	7,910,690	7,799,876	110,814	2,217,845
Total (1)	\$27,172,874	\$25,474,498	\$1,698,376	\$ 9,214,069
Note: (1) Costs include a nonoperating service charge to the General Revenue Fund of \$2,052,291, which is not included on the Commission's Comparison of Budgeted with Actual Expenditures and Commitments on Exhibit A.				

(47) We acknowledge that it may not be practicable for RAF collections to equal the costs of regulation on a yearly basis; however, over time the RAF collections within each industry should approximate the cost of regulating each industry. The amounts shown in Schedule 4 indicate that excess RAF collections from electric companies may be subsidizing a shortfall in RAFs collected from gas companies. Consequently, the Commission may not be in compliance with Section 350.113(3), Florida Statutes. To ensure that RAFs approximate the costs of the Commission's regulatory functions, we recommend that Commission management utilize the records available to ensure the appropriateness of RAF rates charged regulated companies.

Summary Statement

(48) In summary, the findings addressed within this report demonstrate that Commission policies and procedures need enhancing to ensure the equitable and consistent assessment and collection of RAFs. Absent such enhancements, the Commission's ability to ensure that RAF rates properly relate to the costs of regulating each industry, determine the amount of RAF due from each regulated company, timely collect RAFs, and verify the accuracy of RAF collections is limited. Accordingly, we encourage Commission management to implement the recommendations contained within this report.

Par.
No.

Prior Audit Findings

- (49) For those operating units, programs, activities, functions, and classes of transactions within the scope of this audit, the Commission has substantially corrected the deficiencies noted in audit report No. 12587.

Par.
No.

STATEMENT FROM AUDITED OFFICIAL

- (50) In accordance with the provisions of Section 11.45(7)(d), Florida Statutes, a list of audit findings and recommendations was submitted to the Florida Public Service Commission. The Commission Chairman's written responses to the audit findings and recommendations included in this report is shown as Exhibit D.

AUDIT AUTHORITY

- (51) Pursuant to the provisions of Section 11.45(7), Florida Statutes, I have directed that this audit report, including all Exhibits thereto, be prepared to present the results of the operational audit of the Florida Public Service Commission.

Respectfully submitted,



Charles L. Lester, CPA
Auditor General

EXHIBITS

The following Exhibits are attached to and form an integral part of this report:

- EXHIBIT - A Comparison of Budgeted With Actual Expenditures and Commitments.
- EXHIBIT - B Notes to Comparison of Budgeted With Actual Expenditures and Commitments.
- EXHIBIT - C Organizational Chart.
- EXHIBIT - D Statement from Audited Official.

FLORIDA PUBLIC SERVICE COMMISSION
COMPARISON OF BUDGETED WITH ACTUAL
EXPENDITURES AND COMMITMENTS
For the Fiscal Year Ended June 30, 1997

EXHIBIT - A

Appropriation Category	Final Operating Budget	Actual Expenditures of Current Appropriations	Other Commitments of Budgeted Resources	Total Expenditures and Other Commitments of Current Appropriations	Variance - Favorable (Unfavorable)
FLORIDA PUBLIC SERVICE REGULATORY TRUST FUND					
Current:					
Salaries and Benefits	\$18,252,458.00	\$18,252,458.00	\$	\$18,252,458.00	\$
Other Personal Services	299,638.00	260,927.74	5,754.92	266,682.66	32,955.34
Expenses	4,467,026.00	4,374,487.35	78,729.93	4,453,217.28	13,808.72
Data Processing Services	90,310.00	90,105.00		90,105.00	205.00
Operating Capital Outlay	283,596.00	274,030.68	9,161.60	283,192.28	403.72
Special Categories:					
Acquisition of Motor Vehicles	66,867.00	66,866.12		66,866.12	0.88
Transfer to the Division of Administrative Hearings	<u>9,687.00</u>	<u>9,687.00</u>		<u>9,687.00</u>	
TOTAL FLORIDA PUBLIC SERVICE REGULATORY TRUST FUND	<u>\$23,469,582.00</u>	<u>\$23,328,561.89</u>	<u>\$93,646.45</u>	<u>\$23,422,208.34</u>	<u>\$47,373.66</u>

The accompanying notes to this Exhibit describe in more detail the information included in this comparison.

EXHIBIT - B

FLORIDA PUBLIC SERVICE COMMISSION
NOTES TO COMPARISON OF BUDGETED WITH ACTUAL
EXPENDITURES AND COMMITMENTS
For the Fiscal Year Ended June 30, 1997

(1) Although the Florida Public Service Commission is an arm of the Legislature, the Commission has elected to follow the budgetary accounting procedures and methods described by Chapter 216, Florida Statutes. Accordingly, the following procedures are used in adopting, amending, and reporting budgets and budgetary data:

- Budgetary information is integrated into the accounting system.
- In accordance with Chapter 216, Florida Statutes, annual appropriations are used for: (1) authorized expenditures incurred during the current fiscal year; (2) encumbrances outstanding at year-end approved for liquidation in the subsequent year; and (3) legal, due, and unpaid obligations relating to the prior year which were not requested and/or approved to be liquidated from appropriations of the prior year.

(2) Because the budgetary basis of accounting for operating categories described in Chapter 216, Florida Statutes, requires recognition of amounts which are in addition to those used to recognize and report expenditures in accordance with generally accepted accounting principles, the expenditures and commitments presented on Exhibit A have been shown on a basis comparable to the budget. To present these data on a basis comparable to the budget, accrual basis expenditures paid from or charged to 1996-97 fiscal year appropriations have been shown in the "Actual Expenditures of Current Appropriations" column. Additionally, encumbrances at June 30, 1997, which were approved for certification forward to be paid in the 1997-98 fiscal year are shown in the "Other Commitments of Budgeted Resources" column.

FLORIDA PUBLIC SERVICE COMMISSION
NOTES TO COMPARISON OF BUDGETED WITH ACTUAL
EXPENDITURES AND COMMITMENTS
For the Fiscal Year Ended June 30, 1997

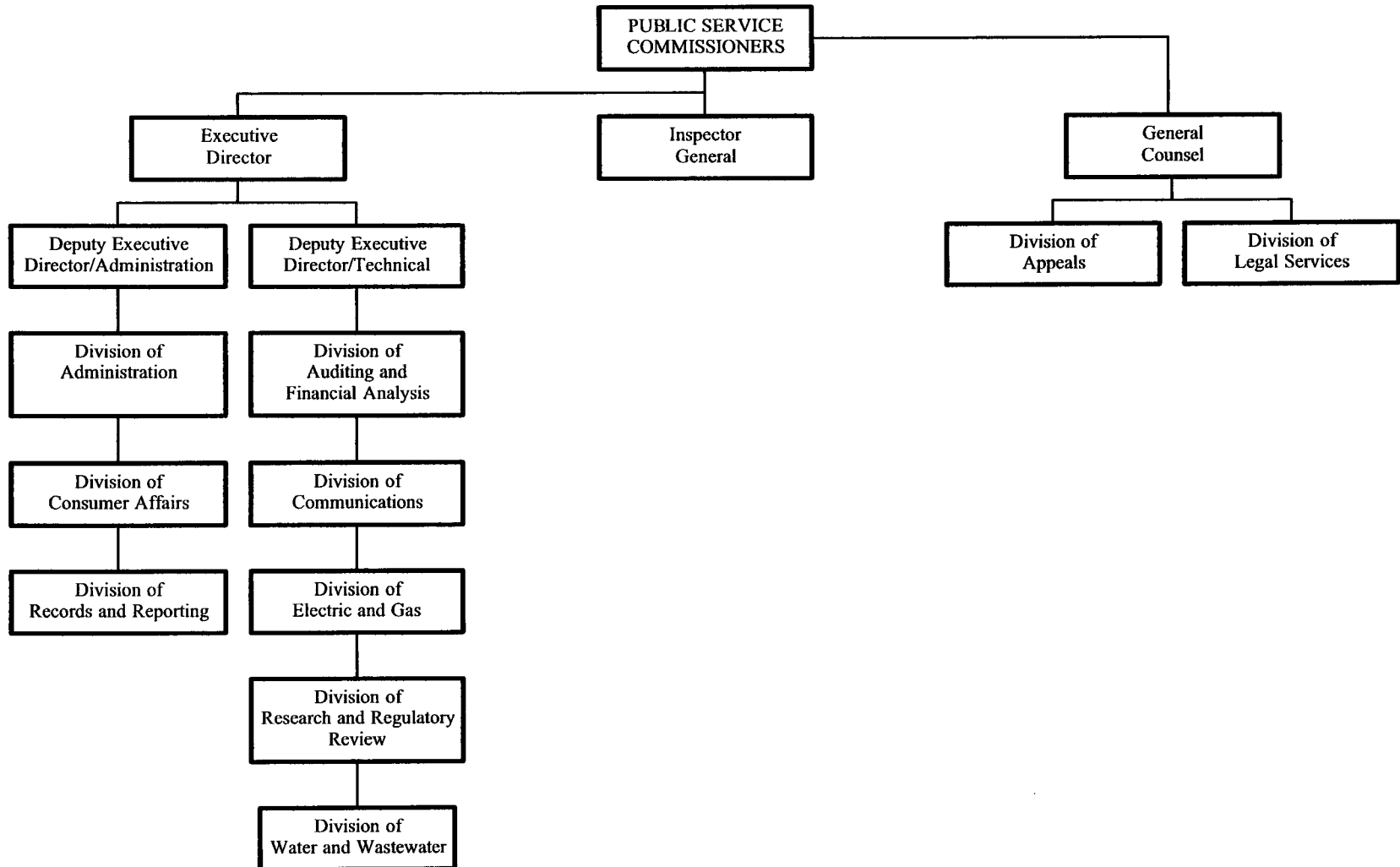
EXHIBIT - B
(Continued)

- (3) Adjustments to reconcile the budget amounts for the operating categories shown on Exhibit A with amounts appropriated are as follows:

<u>Description</u>	<u>Regulatory Trust Fund</u>
Appropriated by Chapter 96-424, Laws of Florida	\$ 23,230,547
Changes Authorized by the Executive Office of the Governor	<u>239,035</u>
Total Final Operating Budget, Exhibit A	<u>\$ 23,469,582</u>

FLORIDA PUBLIC SERVICE COMMISSION
 ORGANIZATIONAL CHART
 As of June 30, 1997

EXHIBIT - C



FLORIDA PUBLIC SERVICE COMMISSION
STATEMENT FROM AUDITED OFFICIAL
For the Period January 1, 1996, Through June 30, 1997,
and Selected Commission Actions Taken Through August 1, 1997

EXHIBIT - D

STATE OF FLORIDA

Commissioners:
JULIA L. JOHNSON, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
DIANE K. KIESLING
JOE GARCIA



EXECUTIVE DIRECTOR
WILLIAM D. TALBOTT
(850) 413-6055

Public Service Commission

December 12, 1997

Mr. Charles L. Lester
Auditor General
111 West Madison Street
Post Office Box 1735
Tallahassee, Florida 32302-1735

Dear Mr. Lester:

Pursuant to Section 11.45(7)(d), Florida Statutes, and in reply to your preliminary and tentative audit findings and recommendations for the period January 1, 1996, through June 30, 1997, enclosed is the Public Service Commission's written statement of explanation regarding these findings and recommendations.

I commend your staff for conducting the audit in a very professional, courteous, and constructive manner. I also appreciate the opportunity to be able to respond in writing to the tentative findings and recommendations. We pledge to continue to seek excellence in our stewardship of public funds and look forward to the next opportunity to work with your office in pursuing that goal.

Sincerely,

A handwritten signature in black ink, appearing to read "W. D. Talbott", written over a horizontal line.

William D. Talbott

WDT/st/kk
audit.kk
Enclosure

c: Ms. Julia Johnson, Commission Chairman
Mr. James A. Ward, Deputy Executive Director/Administrative
Dr. Mary Bane, Deputy Executive Director/Technical
Mr. John Grayson, Inspector General
Mr. Steve Tribble, Director of Administration

EXHIBIT - D
(Continued)

FLORIDA PUBLIC SERVICE COMMISSION
STATEMENT FROM AUDITED OFFICIAL
For the Period January 1, 1996, Through June 30, 1997,
and Selected Commission Actions Taken Through August 1, 1997

Audit
Report
Par. No.
(24-28)

ATTACHMENT

1. **Finding:**

Commission management did not always provide timely written notification to each regulated company as to the due date of the RAF.

Recommendation:

We recommend that Commission management implement appropriate cut-off procedures which ensure that all companies that come under Commission regulation prior to the end of the calendar year are timely notified of the RAF due date.

Agency Response:

We agree that there is room for improvement in this area. However, all of the companies certificated in December 1996 were notified of the RAF due date by March 10, 1997, and were given the required forty-five days in which to remit payment. We believe this was timely notification especially during this period of peak workload for RAF personnel. That is not to say that the process cannot be improved. Commission personnel have been working over the last year to develop a new RAF billing and information system which will be implemented in the next few months. Among many other things, this system will automatically monitor the Commission's utility database and, in January, generate RAF notices for all companies issued certificates in December after the RAF billing cut-off date. We are confident that, with this system, all utilities certificated in December will be mailed RAF notices by the end of January.

(29-32)

2. **Finding:**

Regulated companies were required to complete and submit Regulatory Assessment Fee Return (RAF Return) forms with RAFs. Additionally, 14 percent of the regulated companies were required to submit Annual Reports or copies of company-filed Federal Communication Commission reports. However, the control activities implemented by Commission management to verify the total amount of RAFs due from regulated companies did not effectively ensure that the correct amount of RAFs was collected. Specifically, Commission management did not require approximately 86 percent of the regulated companies to submit Annual Reports; Annual Reports submitted by the water and wastewater companies were not certified or attested to by an independent third party; and, during the calendar year, Commission personnel performed audit procedures to verify the RAF for only two regulated companies.

Recommendation:

To assist in the Commission's determination of the accuracy of RAF collections, we recommend that Commission management establish procedures which provide Commission personnel with corroborating financial information necessary to assess the accuracy of the reported gross operating revenues on which RAFs are based.

FLORIDA PUBLIC SERVICE COMMISSION
STATEMENT FROM AUDITED OFFICIAL
For the Period January 1, 1996, Through June 30, 1997,
and Selected Commission Actions Taken Through August 1, 1997

EXHIBIT - D
(Continued)

Audit
Report
Par. No.

(29-32)

Agency Response:

We agree that there should be control procedures in place to ensure that gross revenues reported by the utilities in their Annual Reports and RAF returns are accurate. This is an issue that we have struggled with but one for which there is no easy solution. As stated in your report, independent verification of gross revenues, and therefore the RAF remitted, is required of the 23 largest companies regulated by the Commission which are responsible for approximately 62% of total RAF remitted. It has been and continues to be our opinion that a requirement for independent verification of Annual Reports and RAF returns would create an undue financial burden on the majority of the remaining companies regulated by the Commission. We do not believe independent verification of Annual Reports would materially affect the collection of RAF and would certainly increase the cost of utility services to ratepayers. The Commission has concluded that the more reasonable approach is to conduct random RAF audits. Your finding correctly states that two such audits were conducted during the 1996 calendar year. However, in addition to these strictly RAF audits, seventeen rate cases or over earning audits were performed an element of which was verification of gross revenues for the year(s) in question. The Commission expanded the RAF audit activity in 1997 and will consider further expansion for 1998 and beyond.

(33-37)

3. Finding:

Although Commission management required certain regulated companies to submit Annual Reports and obtained Federal Communication Commission reports (ARMIS Reports) for three local exchange companies, Commission personnel did not always timely follow-up with companies regarding overdue reports or determine and resolve differences in the RAFs collected from regulated companies and the RAFs owed based on gross operating revenues disclosed in the Annual Reports or ARMIS Reports.

Recommendation:

We recommend that Commission management review and modify procedures as appropriate to ensure that required Annual or ARMIS Reports are received and that gross operating revenues shown therein are timely reconciled to RAF payments.

Agency Response:

This response and the response for Finding number 4 are very interrelated and have been combined under Finding number 4.

(38-42)

4. Finding:

While the Commission has implemented procedures to notify regulated companies of delinquent RAFs, such procedures need improvement to ensure that all companies receive timely notification of delinquent RAFs and that appropriate regulatory actions are taken. Commission records disclosed that, as of August 1, 1997, 534 telecommunications companies had not submitted RAFs estimated to total a minimum of \$26,700. Additionally, based on Commission records, 45 water and wastewater companies owed unpaid RAFs (and penalties and interest

EXHIBIT - D
(Continued)

FLORIDA PUBLIC SERVICE COMMISSION
STATEMENT FROM AUDITED OFFICIAL
For the Period January 1, 1996, Through June 30, 1997,
and Selected Commission Actions Taken Through August 1, 1997

Audit
Report
Par. No.

accrued thereon) for the 1991 through 1995 calendar years totaling approximately \$245,000.

Recommendation:

We recommend that Commission management review current procedures, evaluate the impact of current procedures on the collection of RAFs (including penalties and interest) owed by companies that become inactive, and determine the steps necessary to increase the percentage of regulated companies timely submitting RAFs. Additionally, management should diligently pursue the collection of all RAFs, penalties and interest.

(38-42)

Agency Response (for Findings nos. 3 & 4):

We agree that improvement is needed in the Commission's procedures relating to the follow-up on Annual Reports and delinquent RAFs. A recent reorganization of the Division of Water and Wastewater has consolidated Annual Report review and RAF reconciliation under the same unit and should simplify and expedite the pursuit of both delinquent Annual Reports and RAFs. The new RAF billing and information system being implemented in early 1998 by the Division of Administration should also support improvements in this area. Commission management will review procedures relating to these activities and make changes as necessary to improve performance in this area.

(43-47)

5. Finding:

Contrary to Section 350.113(3), Florida Statutes, RAF collections during the 1996-97 fiscal year did not appear to be related to the costs of regulation for all industries. Consequently, regulated companies within some industries may have paid fees that were not related to the costs of regulating companies within their respective industry.

Recommendation:

To ensure that RAFs approximate the costs of the Commission's regulatory functions, we recommend that Commission management utilize the records available to ensure the appropriateness of RAF rates charged regulated companies.

Agency Response:

Commission staff is in the process of concluding an analysis of the cash balance in the Regulatory Trust Fund by subindustry. Based on this analysis, Commission management will, in early 1998, consider the need for changes in the RAF rates charged the regulated companies.

DOCKET NO. 021206-TC: Compliance Investigation of Florida Commercial PayFon, Inc. for apparent violation Rule 25-4.019; F.A.C., Records and Reports in General

WITNESS: Direct Testimony Of Lynn Deamer On Behalf Of Staff

EXHIBIT: LMD-2 - Sections 350.113 and 364.336, Florida Statutes and Rules Chapter 25-4.0161 and 25-24.505, Florida Administrative Code

350.113 Florida Public Service Regulatory Trust Fund; moneys to be deposited therein.--

(1) There is hereby created in the State Treasury a special fund to be designated as the "Florida Public Service Regulatory Trust Fund" which shall be used in the operation of the commission in the performance of the various functions and duties required of it by law.

(2) All fees, licenses, and other charges collected by the commission shall be deposited in the State Treasury to the credit of the Florida Public Service Regulatory Trust Fund to be used in the operation of the commission as authorized by the Legislature; however, penalties and interest assessed and collected by the commission shall not be deposited in the trust fund but shall be deposited in the General Revenue Fund. The Florida Public Service Regulatory Trust Fund shall be subject to the service charge imposed pursuant to chapter 215.

(3) Each regulated company under the jurisdiction of the commission, which company was in operation for the preceding 6-month period, shall pay to the commission within 30 days following the end of each 6-month period, commencing June 30, 1977, a fee based upon the gross operating revenues for such period subject to the limitations of this subsection. The fees shall, to the extent practicable, be related to the cost of regulating such type of regulated company and shall in no event be greater than:

(a) For each railroad operating under chapter 351, one-eighth of 1 percent of its gross operating revenues derived from intrastate business.

(b) For each telephone company licensed or operating under chapter 364, one-eighth of 1 percent of its gross operating revenues derived from intrastate business.

(c) For each "public utility" as defined in s. 366.02, one-eighth of 1 percent of its gross operating revenues derived from intrastate business, excluding sales for resale between public utilities, municipal electric utilities, and rural electric cooperatives, or any combination thereof.

(d) For each municipal electric utility and rural electric cooperative, one sixty-fourth of 1 percent of its gross operating revenues derived from intrastate business, excluding sales for resale between public utilities, municipal electric utilities, and rural electric cooperatives, or any combination thereof.

(e) For each regulated company licensed under chapter 367, 2.5 percent of its gross revenues derived from intrastate business.

Differences, if any, between the amount paid in any 6-month period and the amount actually determined by the commission to be due shall, upon notification by the commission, be immediately paid or refunded. Each regulated company which is subject to the jurisdiction of the commission, but which did not operate under the commission's jurisdiction during the entire preceding 6-month period, shall, within 30 days after the close of the first 6-month period during which it commenced operations under, or became subject to, the jurisdiction of the commission, pay to the commission the prescribed fee based upon its gross operating revenues derived from intrastate business during those months or parts of months in which the regulated company did operate during such 6-month period. In no event shall payments under this section be less than \$25 annually.

(4) The commission shall provide each regulated company with written notice of the date that payment of the fee is due at least 45 days prior to such date. If any regulated company fails to pay the required fee by such date, the commission shall estimate the amount of fee due from such information as it may be able to obtain from any source and shall add 5 percent of such amount to the fee as a penalty if the failure is for not more than 30 days, with an additional 5 percent for each additional 30 days or fraction thereof during the time in which the failure

continues, not to exceed a total penalty of 25 percent. The commission shall collect the fee and penalty, plus interest and all costs of collection, from the regulated company. However, no penalty shall be added to the fee if a return is made and the fee is paid before the date fixed in the notice given by the commission.

(5) The commission, for good cause shown by written request, may extend for a period not to exceed 30 days the time for paying any fee or for filing any report related thereto. If an extension is granted, there shall be collected a charge of 0.75 percent of the fee to be remitted for an extension of 15 days or less, or a charge of 1.5 percent of the fee for an extension of more than 15 days. No other penalty or interest shall be collected if such fee is remitted within the extension time granted. In lieu of paying the interest charge imposed by this subsection, a regulated company may remit an estimated amount of fee by the 30th day following a 6-month period. Any regulated company which remits an estimated fee payment by such date shall be granted a 30-day extension period in which to file and remit the actual fee due without the interest charge provided hereunder being imposed, unless the estimated fee payment remitted is less than 90 percent of the actual fee due for such period.

(6) All moneys in the Florida Public Service Regulatory Trust Fund shall be for the use of the commission in the performance of its functions and duties as provided by law, subject to the fiscal and budgetary provisions of general law.

(7) Notwithstanding the provisions of s. **350.111**, as used in this section only, the term "regulated company" includes any rural electric cooperative or municipal electric utility.

History.--ss. 3, 6, ch. 80-289; ss. 2, 3, ch. 81-318; s. 15, ch. 83-339; s. 6, ch. 87-50; s. 45, ch. 91-221.

364.336 Regulatory assessment fees.--Notwithstanding any provisions of law to the contrary, each telecommunications company licensed or operating under this chapter, for any part of the preceding 6-month period, shall pay to the commission, within 30 days following the end of each 6-month period, a fee that may not exceed 0.25 percent annually of its gross operating revenues derived from intrastate business, except, for purposes of this section and the fee specified in s. 350.113(3), any amount paid to another telecommunications company for the use of any telecommunications network shall be deducted from the gross operating revenue for purposes of computing the fee due. Differences, if any, between the amount paid in any 6-month period and the amount actually determined by the commission to be due shall, upon motion by the commission, be immediately paid or refunded. Fees under this section may not be less than \$50 annually. Such fees shall be deposited in accordance with s. 350.113. The commission may by rule establish criteria for payment of the regulatory assessment fee on an annual basis rather than on a semiannual basis.

History.--ss. 33, 49, ch. 90-244; s. 4, ch. 91-429; s. 22, ch. 95-403; s. 13, ch. 98-277.

25-4.0161 Regulatory Assessment Fees; Telecommunications Companies.

(1) As applicable and as provided in s. 350.113, F.S., and s. 364.336, F.S., each company shall remit a fee based upon its gross operating revenue as provided below. This fee shall be referred to as a regulatory assessment fee, and each company shall pay a regulatory assessment fee in the amount of 0.0015 of its gross operating revenues derived from intrastate business. For the purpose of determining this fee, each telecommunications company shall deduct from gross operating revenues any amount paid to another telecommunications company for the use of any telecommunications network to provide service to its customers. Regardless of the gross operating revenue of a company, a minimum annual regulatory assessment fee of \$50 shall be imposed.

(2) Telecommunications companies that owed gross regulatory assessment fees of \$10,000 or more for the preceding calendar year shall pay the fee and remit the appropriate form twice a year. The regulatory assessment fee and appropriate form shall be filed no later than July 30 for the preceding period of January 1 through June 30, and no later than January 30 of the following year for the period of July 1 through December 31. Telecommunication companies that owed gross regulatory assessment fees of less than \$10,000 for the preceding calendar year shall pay the fee and remit the appropriate form once a year. The regulatory assessment fee and appropriate form shall be filed no later than January 30 of the subsequent year for the current calendar year operations.

(3) If the due date falls on a Saturday, Sunday, or legal holiday, the due date is extended to the next business day. If the fees are sent by registered mail, the date of the registration is the United States Postal Service's postmark date. If the fees are sent by certified mail and the receipt is postmarked by a postal employee, the date on the receipt is the United States Postal Service's postmark date. The postmarked certified mail receipt is evidence that the fees were delivered. Regulatory assessment fees are considered paid on the date they are post marked by the United States Postal Service or received and logged in by the Commission's Division of the Commission Clerk and Administrative Services in Tallahassee. Fees are considered timely paid if properly addressed, with sufficient postage, and postmarked no later than the due date.

(4) Commission Form PSC/CMP 25 (11/99), entitled "Local Exchange Company Regulatory Assessment Fee Return,"; Form PSC/CMP 26 (11/99), entitled "Pay Telephone Service Provider Regulatory Assessment Fee Return"; Form PSC/CMP 34 (11/99), entitled "Shared Tenant Service Provider Regulatory Assessment Fee Return"; Form PSC/CMP 153 (11/99), entitled "Interexchange Company Regulatory Assessment Fee Return"; and Form PSC/CMP 1 (11/99), entitled "Alternative Access Vendor Regulatory Assessment Fee Return"; and Form PSC/CMP 7 (11/99), entitled "Alternative Local Exchange Company Regulatory Assessment Fee Return" are incorporated into this rule by reference and may be obtained from the Commission's Division of the Commission Clerk and Administrative Services.

(5) Each telecommunications company shall have up to and including the due date in which to submit the applicable form and:

(a) Remit the total amount of its fee or

(b) Remit an amount which the company estimates is its full fee.

(6) Where the company remits less than its full fee, the remainder of the full fee shall be due on or before the 30th day from the due date and shall, where the amount remitted was less than 90 percent of the total regulatory assessment fee, include interest as provided by subsection (8) (b) of this rule.

(7) A company may request from the Division of the Commission Clerk and Administrative Services a 30-day extension of its due date for payment of regulatory assessment fees or for filing its return form.

(a) The request for extension must be written and accompanied by a statement of good cause.

(b) The request for extension must be received by the Division of the Commission Clerk and Administrative Services at least two weeks before the due date.

(c) Where a telecommunications company receives an extension of its due date pursuant to this rule, the telecommunications company shall remit a charge in addition to the regulatory assessment fees, as set out in s. 350.113(5), F.S.

(d) The return forms may be obtained from the Commission's Division of the Commission Clerk and Administrative Services. The failure of a telecommunications company to receive a return form shall not excuse the company from its obligation to timely remit the regulatory assessment fees.

(8) The delinquency of any amount due to the Commission from the telecommunications company pursuant to the provisions of s. 350.113, F.S., and this rule, begins with the first calendar day after any date established as the due date either by operation of this rule or by an extension pursuant to this rule.

(a) A penalty, as set out in s. 350.113, F.S., shall apply to any such delinquent amounts.

(b) Interest at the rate of 12 percent per annum shall apply to any such delinquent amounts.

Specific Authority: 350.127(2), F.S.

Law Implemented: 350.113, 364.336, F.S.

History: New 5/18/83, formerly 25-4.161, Amended 10/16/86, 01/01/91, 12/29/91, 01/08/95, 12/26/95, 07/08/96, 11/11/99.

25-24.505 Scope.

(1) This part applies to any person providing pay telephone service. As provided by Rules 25-4.002, 25-9.001, and 25-14.001, no provision of Chapters 25-4, 25-9, or 25-14 shall apply to pay telephone service companies, except the following: 25-4.003 (Definitions), 25-4.0161 (Regulatory Assessment Fees; Telecommunications Companies), 25-4.019 (Records and Reports In General), 25-4.020(2) (Location and Preservation of Records), and 25-4.043 (Response to Commission Staff Inquiries).

Specific Authority: 350.127(2), F.S.

Law Implemented: 350.113, 350.115, 350.117, 364.01, 364.016, 364.02, 364.17, 364.18, 364.183, 364.185, 364.32, 364.337, 364.3375, F.S.

History--New 1/5/87, Amended 11/13/95, 02/01/99.

DOCKET NO. 021206-TC: Compliance Investigation of Florida Commercial PayFon, Inc. for apparent violation Rule 25-4.019, F.A.C., Records and Reports in General

WITNESS: Direct Testimony Of Lynn Deamer On Behalf Of Staff

EXHIBIT: LMD-3 - Memo dated May 23, 2003, including request to audit Florida Commercial PayFon, Inc. and copy of a letter dated May 24, 2003, addressed to Mr. Hozae Milton

State of Florida



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: May 23, 2002
TO: Tallahassee District Office (Deamer)
FROM: Division of Auditing and Safety (Denise Vandiver) *DV*
RE: **Undocketed;** Florida Commercial PayFon, Inc.; **Company Code:** (TG732); **Audit Purpose:** RAF Compliance Review; **Audit Control No.** 02-112-1-9

Attached is a new audit service request. This is one of the 80 compliance reviews and should be completed before November 30, 2002. This will be a limited scope review and will only result in a staff memorandum describing the utility's compliance with applicable rules and regulations regarding regulatory assessment fees.

DNV/jcp
Attachments

cc: Division of Competitive Markets and Enforcement (Holman)
Division of Auditing and Safety (File Folder)

5152

AUDIT SERVICE REQUEST

April 9, 2002
Date of Request

TLH
AUS control #

02-112-1-9

TO : Division of Auditing and Safety

FROM : Division of Auditing and Safety Denise Vandiver 413-6487
Division Name Phone Number

RE : REQUEST FOR AUDIT OF: Florida Commercial PayFon, Inc. (TG732)

DOCKET NO.: Undocketed

AUDIT PURPOSE: Verify 2001 revenues and regulatory assessment fees reported to the Commission

LIST AUDIT OBJECTIVES & OTHER INFORMATION ON BACK.

ADMINISTRATIVE DETAILS:

COMPANY CONTACT: _____
Name Title Phone Number

MAIL ADDRESS: _____
Street Address

City State Zip Code

LOCATION OF RECORDS: _____
City State

AUDIT DUE DATE: 11/30/02

COORDINATING DETAILS: _____
(Name and Phone Number of other Division staff and any other administrative instructions)

REFERENCES: _____

BACKGROUND INFORMATION: _____

COMPANY IDENTIFICATION

Printed on 03/21/2002 at 16:00:20 by BRU

Complete Name: Florida Commercial PayFon, Inc.

TZH

Mailing Name: Florida Commercial PayFon, Inc.

Company Code: TG732 FEID Number:

MAILING INFORMATION

Attention:

Address Line 1: 5625 Verna Blvd., Suite 9

Address Line 2:

City: Jacksonville State: FL Zip Code: 32205-4418

E-mail Address:

Web Address:

Liaison 1: Hozae Milton

Liaison 2:

Title: Owner/President

Title:

Phone: (904) 786-2040

Phone:

E-mail:

E-mail:

Fax 1: (904) 786-1421

Fax 2:

County:

COMPANY IDENTIFICATION

Printed on 03/21/2002 at 16:00:27 by BRU

Complete Name: Florida Commercial PayFon, Inc.

Mailing Name: Florida Commercial PayFon, Inc.

Company Code: TG732

FEID Number:

RELATED DOCKETS

000739-TC Closed Request for cancellation of Pay Telephone Certificate No. 5047 by Horae L. Milton d/b/a Florida Commercial PayFon, and application for certificate to provide pay telephone service by Florida Commercial PayFon, Inc.

TO AVOID PENALTY AND INTEREST CHARGES, THE REGULATORY ASSESSMENT FEE RETURN MUST BE FILED ON OR BEFORE 01/30/2002

Pay Telephone Service Provider Regulatory Assessment Fee Return

STATUS:

- Actual Return
- Estimated Return
- Amended Return

PERIOD COVERED:
01/01/2001 TO 12/31/2001

Florida Public Service Commission

(See Filing Instructions on Back of Form)

TG732-01-0-R
 Florida Commercial PayFon, Inc.
 5625 Verna Blvd., Suite 9
 Jacksonville, FL 32205-4402
 DEPOSIT DATE
 D157 JAN 23 2002

FOR PSC USE ONLY
 Check# 1283
 \$ 114.98 0603002
 003001
 \$ _____ P
 0603002
 004011
 \$ _____ I
 Postmark Date 1/18/02
 Initials of Preparer MC

Please Complete Below If Official Mailing Address Has Changed

(Name of Company) (Address) (City/State) (Zip)

LINE NO.	ACCOUNT CLASSIFICATION	AMOUNT
1.	Gross Operating Revenue (Florida)	\$ 76652 95
2.	Gross Intrastate Revenue	76652 95
3.	LESS: Amounts Paid to Other Telecommunications Companies* (see "2. Fees" on back)	(\$42per Line)
4.	TOTAL REVENUES for Regulatory Assessment Fee Calculation (Line 2 less Line 3)	\$ 76652 95
5.	Regulatory Assessment Fee Due - (Multiply Line 4 by 0.0015)	114 98
6.	Penalty for Late Payment (see "3. Failure to File by Due Date" on back)	
7.	Interest for Late Payment (see "3. Failure to File by Due Date" on back)	
8.	TOTAL AMOUNT DUE	\$ 114 98

AS PROVIDED IN SECTION 364.336 FLORIDA STATUTES, THE MINIMUM ANNUAL FEE IS \$50

THIS FORM MUST BE COMPLETED AND RETURNED REGARDLESS OF THE AMOUNT OF REVENUES REPORTED

9. Number of pay telephones in operation at close of period covered by this Return 90

* These amounts must be intrastate only and must be verifiable.

I, the undersigned owner/officer of the above-named company, have read the foregoing and declare that to the best of my knowledge and belief the above information is a true and correct statement. I am aware that pursuant to Section 837.06, Florida Statutes, whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree.

Hozae Milton
 (Signature of Company Official)
HOZAE MILTON
 (Preparer of Form - Please Print Name)

x Owner/Pres. (Title) x 1/18/02 (Date)
 Telephone Number 904-786-2040 Fax Number 904-786-1421
 F.E.I. No. 65-0950927

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



DIVISION OF AUDITING & SAFETY
DANIEL M. HOPPE, DIRECTOR
(850) 413-6480

Public Service Commission

May 24, 2002

Mr. Hozae Milton, President
Florida Commercial PayFon, Inc.
5625 Verna Blvd. Suite 9
Jacksonville, FL 32205-4418

RE: Undocketed; Florida Commercial PayFon, Inc.; (TG732)
Audit Request: RAF Compliance Audit; Audit Control No. 02-112-1-9

Dear Mr. Milton:

The Florida Public Service Commission will conduct an audit to verify the revenues and Regulatory Assessment Fees (RAF) reported in your 2001 RAF filing. Your company was chosen as part of our random sample of all companies paying RAF for 2001. Lynn Deamer, the Tallahassee district office supervisor, will coordinate this audit. Ms. Deamer can be reached at (850) 413-6416. These audits will be scheduled after the current workload. Therefore, you may hear from the auditor assigned in June or July to set up the requirements of the audit.

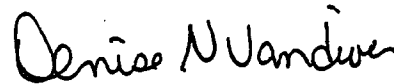
Commission rule states that "upon notification to the utility, members may, at reasonable times, make personal visits to the company offices or other places of business within or without the State and may inspect any accounts, books, records, and papers of the company which may be necessary in the discharge of Commission duties. During such visits the company shall provide the staff member(s) with adequate and comfortable working and filing space, consistent with the prevailing conditions and climate, and comparable with the accommodations provided the company's outside auditors.

This audit is designed to reconcile the numbers reported in the RAF filing to the utility's records and perform tests to verify that the utility's records are accurate. For those companies with records out of state, we do not intend to travel out of state unless the utility cannot provide the necessary documentation by mail or fax. Commission rule states that "any company that keeps its records outside the State shall reimburse the Commission for the reasonable travel expense incurred by each Commission representative during any review of the out-of-state records of the company or its affiliates."

Mr. Hozae Milton
Page 2
May 24, 2002

This will be a limited scope audit and will only result in a staff memorandum describing the company's compliance with applicable rules and statutes regarding regulatory assessment fees. This memorandum will be issued before November 30, 2002. If the company is not in compliance with applicable rules and regulations, a copy of the memorandum will be sent to the company and any future action, if any, will be determined at that time. Questions regarding the audit or audit staff should be directed to the district supervisor or myself. My phone number is (850) 413-6487.

Sincerely,



Denise N. Vandiver
Bureau Chief of Auditing

DNV/jcp
Attachments

cc: Division of Auditing and Safety (Tallahassee District Office Supervisor, File Folder)

DOCKET NO. 021206-TC: Compliance Investigation of Florida Commercial PayFon, Inc. for apparent violation Rule 25-4.019, F.A.C., Records and Reports in General

WITNESS: Direct Testimony Of Lynn Deamer On Behalf Of Staff

EXHIBIT: LMD-4 - Lynn Deamer letter to Mr. Milton informing him of the Commission rules and requirements, dated October 1, 2002 and receipt signed October 3, 2002

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



DIVISION OF AUDITING & SAFETY
DANIEL M. HOPPE, DIRECTOR
(850) 413-6480

Public Service Commission

October 1, 2002

Certified letter
7000 0600 0026 4145 4139

Mr. Hozae Milton, President
Florida Commercial Payfon, Inc.
5625 Verna Blvd., Suite 9
Jacksonville, FL 32205-4418

Re: Undocketed; Florida Commercial PayFon, Inc.; Company Code TG732; Regulatory Assessment Fee Audit; Audit Control Number 02-112-1-9

Dear Mr. Milton:

On May 24, 2002, the Florida Public Service Commission sent your company a letter informing you that our office will conduct an audit to verify the revenues and regulatory assessment fee reported on your 2001 Regulatory Assessment Fee filing. A copy of this letter is attached.

I understand that you spoke with Bob Moore, the auditor assigned to this audit, on September 25, 2002 and told him that he could not have access to your records.

I called and left a message with your answering service on September 27, 2002. In the message I asked that you contact me that afternoon or the following Monday afternoon (September 30, 2002) so that we can discuss this audit. I did not receive a reply from you.

Commission Rule 25-4.019, F.A.C., Records and Reports in General, states that the utility shall furnish the Commission with any information concerning the utility's facilities or operations which the Commission may reasonably request and require. A copy of this rule is attached.

Please be advised that failure to cooperate may result in a recommendation that your company be show caused as to why it should not be fined for failure to comply with Commission rules by not responding to audit requests.

It is imperative that you contact me and we discuss this matter by October 7, 2002. My phone number is (850) 413-6416.

Sincerely,

A handwritten signature in cursive script that reads "Lynn M. Deamer".

Lynn M. Deamer
Tallahassee District Audit Supervisor

Enclosures (2)

-cc: Ms. Denise Vandiver, Chief, Bureau of Auditing

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



DIVISION OF AUDITING & SAFETY
DANIEL M. HOPPE, DIRECTOR
(850) 413-6480

Public Service Commission

May 24, 2002

Mr. Hozae Milton, President
Florida Commercial PayFon, Inc.
5625 Verna Blvd. Suite 9
Jacksonville, FL 32205-4418

RE: Undocketed; Florida Commercial PayFon, Inc.; (TG732)
Audit Request: RAF Compliance Audit; Audit Control No. 02-112-1-9

Dear Mr. Milton:

The Florida Public Service Commission will conduct an audit to verify the revenues and Regulatory Assessment Fees (RAF) reported in your 2001 RAF filing. Your company was chosen as part of our random sample of all companies paying RAF for 2001. Lynn Deamer, the Tallahassee district office supervisor, will coordinate this audit. Ms. Deamer can be reached at (850) 413-6416. These audits will be scheduled after the current workload. Therefore, you may hear from the auditor assigned in June or July to set up the requirements of the audit.

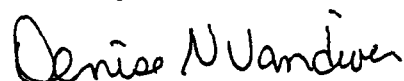
Commission rule states that "upon notification to the utility, members may, at reasonable times, make personal visits to the company offices or other places of business within or without the State and may inspect any accounts, books, records, and papers of the company which may be necessary in the discharge of Commission duties. During such visits the company shall provide the staff member(s) with adequate and comfortable working and filing space, consistent with the prevailing conditions and climate, and comparable with the accommodations provided the company's outside auditors.

This audit is designed to reconcile the numbers reported in the RAF filing to the utility's records and perform tests to verify that the utility's records are accurate. For those companies with records out of state, we do not intend to travel out of state unless the utility cannot provide the necessary documentation by mail or fax. Commission rule states that "any company that keeps its records outside the State shall reimburse the Commission for the reasonable travel expense incurred by each Commission representative during any review of the out-of-state records of the company or its affiliates."

Mr. Hozae Milton
Page 2
May 24, 2002

This will be a limited scope audit and will only result in a staff memorandum describing the company's compliance with applicable rules and statutes regarding regulatory assessment fees. This memorandum will be issued before November 30, 2002. If the company is not in compliance with applicable rules and regulations, a copy of the memorandum will be sent to the company and any future action, if any, will be determined at that time. Questions regarding the audit or audit staff should be directed to the district supervisor or myself. My phone number is (850) 413-6487.

Sincerely,



Denise N. Vandiver
Bureau Chief of Auditing

DNV/jcp
Attachments

cc: Division of Auditing and Safety (Tallahassee District Office Supervisor, File Folder)

Excerpt from Florida Administrative Code

25-4.019 Records and Reports in General.

(1) Each utility shall furnish to the Commission at such times and in such form as the Commission may require the results of any required tests and summaries of any required records. The utility shall also furnish the Commission with any information concerning the utility's facilities or operations which the Commission may reasonably request and require. All such data, unless otherwise specified, shall be consistent with and reconcilable with the utility's annual report to the Commission.

(2) Where a telephone company is operated with another enterprise, records must be separated in such manner that the results of the telephone operation may be determined at any time.

(3) Upon notification to the utility, members may, at reasonable times, make personal visits to the company offices or other places of business within or without the State and may inspect any accounts, books, records, and papers of the company which may be necessary in the discharge of Commission duties. Commission staff members will present Commission identification cards as the written authority to inspect records. During such visits the company shall provide the staff member(s) with adequate and comfortable working and filing space, consistent with the prevailing conditions and climate, and comparable with the accommodations provided the company's outside auditors.

Specific Authority: 350.127(2), F.S.

Law Implemented: 364.18, 364.183, 364.386, F.S.

History: Revised 12/1/68, Amended 5/4/81, formerly 25-4.19.

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mr. Hozae Milton, President
Florida Commercial Payfon, Inc.
5625 Verna Blvd., Suite 9
Jacksonville, FL 32205-4418

2. Article Number (Copy from service label)

7000 0600 0026 4145 4139

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) **B. Date of Delivery**

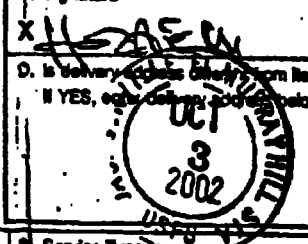
[Signature] 10-3-02

C. Signature Agent
 Addressee

D. Is delivery complete only from item 1? Yes
If YES, enter delivery point below. No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

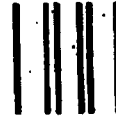


PS Form 3811, July 1999

Domestic Return Receipt

102505-00-0002

UNITED STATES POSTAL SERVICE



First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

• Sender: Please print your name, address, and ZIP+4 in this box •

FLORIDA PUBLIC SERVICE COMMISSION
BUREAU OF AUDITING, SUITE 215
2540 SHUMARD OAK BLVD.
TALLAHASSEE, FL 32399-0850

01



DOCKET NO. 021206-TC: Compliance Investigation of Florida Commercial PayFon, Inc. for apparent violation Rule 25-4.019, F.A.C., Records and Reports in General

WITNESS: Direct Testimony Of Lynn Deamer On Behalf Of Staff

EXHIBIT: LMD-5 - Denise Vandiver letter dated October 9, 2002, informing Mr. Milton of the Commission rules and listing specific information that must be provided and return receipt signed October 15, 2002

STATE OF FLORIDA

COMMISSIONERS:
LILA A. JABER, CHAIRMAN
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY



DIVISION OF AUDITING & SAFETY
DANIEL M. HOPPE, DIRECTOR
(850) 413-6480

Public Service Commission

October 9, 2002

Mr. Hozae Milton, President
Florida Commercial Payfon, Inc.
5625 Verna Blvd., Suite 9
Jacksonville, FL 32205-4418

RETURN RECEIPT REQUESTED
7000 0600 0026 4145 4122

Dear Mr. Milton:

Re: Undocketed - Florida Commercial Payfon, Inc. (TG732); RAF Compliance Audit; 02-112-1-9

We are auditing your revenues and Regulatory Assessment Fees for 2001 in accordance with Commission audit procedures. As part of this process, the Commission staff reconciles the revenues used to calculate your Regulatory Assessment Fee with the reported revenues. Mr. Robert Moore, the staff auditor, attempted to acquire information necessary to support your filing for your regulatory assessment fee filing for the year 2001. You have refused to submit any data to the staff auditor. You have also refused to respond to any attempts at communication made by Mr. Moore's supervisor, Ms. Lynn Deamer.

This RAF compliance audit is one of several random audits we perform each year. These audits are meant to be relatively simple reconciliations of the RAF return to the company's books and records. Attachment A is a copy of Commission Rule 25-4.019, F.A.C. which states that "the utility shall also furnish the Commission with any information concerning the utility's facilities or operations which the Commission may reasonably request and require." The staff auditor has simply asked for documentation to support the numbers reflected on your RAF return. Attachment B is a copy of Commission Rule 25-4.043, F.A.C. which also states "replies to inquiries propounded by the Commission's staff concerning service or other complaints received by the Commission shall be furnished in writing within fifteen (15) days from the date of the Commission inquiry."

Mr. Hozae Milton, President
Page 2
October 8, 2002

I have reviewed Mr. Moore's attempts to contact you as well as his supervisor's attempts to contact you. I also remember speaking with you on the phone and you committed that you were working with Mr. Moore to complete this audit. I have listed on Attachment C the minimum items that must be submitted to document the numbers filed on your RAF return. These may not be all-inclusive but if you submit these, that would be a substantial start in completing this audit. If you do not provide the listed information to the auditor by the close of business on October 22, 2002, or provide good reason why you should have an additional delay, we shall be forced we shall be forced to initiate show cause proceedings. These proceedings will be to determine if the company should be fined for failure to comply with Commission rules by not responding to audit requests. Fines for failure to follow Commission rules may be calculated at \$25,000 per day that the company refuses to respond. Failure to respond may also result in the cancellation of your certificate to operate.

If you have any specific reasons why it should take longer to provide these items, please call Mr. Moore, Ms. Deamer, or myself. You may reach me at (850) 413-6487.

Sincerely,



Denise N. Vandiver
Bureau Chief of Auditing

Enclosures (3)

cc: Tallahassee District Office (Lynn Deamer, Bob Moore)

ATTACHMENT A

25-4.019 Records and Reports in General.

(1) Each utility shall furnish to the Commission at such times and in such form as the Commission may require the results of any required tests and summaries of any required records. The utility shall also furnish the Commission with any information concerning the utility's facilities or operations which the Commission may reasonably request and require. All such data, unless otherwise specified, shall be consistent with and reconcilable with the utility's annual report to the Commission.

(2) Where a telephone company is operated with another enterprise, records must be separated in such manner that the results of the telephone operation may be determined at any time.

(3) Upon notification to the utility, members may, at reasonable times, make personal visits to the company offices or other places of business within or without the State and may inspect any accounts, books, records, and papers of the company which may be necessary in the discharge of Commission duties. Commission staff members will present Commission identification cards as the written authority to inspect records. During such visits the company shall provide the staff member(s) with adequate and comfortable working and filing space, consistent with the prevailing conditions and climate, and comparable with the accommodations provided the company's outside auditors.

Specific Authority: 350.127(2), F.S.

Law Implemented: 364.18, 364.183, 364.386, F.S.

History: Revised 12/1/68, Amended 5/4/81, formerly 25-4.19.

ATTACHMENT B

25-4.043 Response to Commission Staff Inquiries. The necessary replies to inquiries propounded by the Commission's staff concerning service or other complaints received by the Commission shall be furnished in writing within fifteen (15) days from the date of the Commission inquiry.

Specific Authority: 350.127(2), F.S.

Law Implemented: 364.183, F.S.

History: New 12/1/68, formerly 25-4.43.

ATTACHMENT C

**Florida Commercial Payfon, Inc.
RAF Compliance Audit 02-112-1-9
Minimum Documentation Required**

REVENUES

1. 2001 General ledger indicating total telecommunications revenues of \$76,652.95.

OR

2. Cash deposit slips indicating 2001 revenues of \$76,652.95.

OR

3. Other financial evidence detailing source of revenue and completeness of revenue, (i.e. receipt books, billing statements, etc.)

EXPENSES

1. Invoices from other telecommunication companies indicating amounts paid for the use of the intrastate telecommunications network.

SENDER COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

**Mr. Hozae Milton, President
Florida Commerical Payfon, Inc.
5625 Verna Blvd., Suite 9
Jacksonville, FL 32205-4418**

A. Received by (Please Print Clearly) <i>H. Milton</i>	B. Date of Delivery
C. Signature <i>X H. Milton</i>	<input type="checkbox"/> Agent <input type="checkbox"/> Addressee
D. Is delivery address different from item 1? If YES, enter address below.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
3. Service Type <input type="checkbox"/> Certified Mail <input type="checkbox"/> Registered <input type="checkbox"/> Insured Mail	<input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> C.O.D.
4. Restricted Delivery? (Extra Fee)	<input type="checkbox"/> Yes

2. Article Number (Copy from service label)
7000 060 0026 4145 4122

PS Form 3811, July 1999 Domestic Return Receipt 102505-00-M-0862

UNITED STATES POSTAL SERVICE



First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

• Sender. Please print your name, address, and ZIP+4 in this box •

*Florida Public Service Commission
2540 SHUMARD OAK BLVD, Ste 215
TALLAHASSEE FL 32399-0850*

ATTN: Lynn Deamer



DOCKET NO. 021206-TC: Compliance Investigation of Florida Commercial PayFon, Inc. for apparent violation Rule 25-4.019, F.A.C., Records and Reports in General

WITNESS: Direct Testimony Of Lynn Deamer On Behalf Of Staff

EXHIBIT: LMD-6 - Rule 25-4.019, Florida Administrative Code and Rule 25-24.505(1), Florida Administrative Code

25-4.019 Records and Reports in General.

(1) Each utility shall furnish to the Commission at such times and in such form as the Commission may require the results of any required tests and summaries of any required records. The utility shall also furnish the Commission with any information concerning the utility's facilities or operations which the Commission may reasonably request and require. All such data, unless otherwise specified, shall be consistent with and reconcilable with the utility's annual report to the Commission.

(2) Where a telephone company is operated with another enterprise, records must be separated in such manner that the results of the telephone operation may be determined at any time.

(3) Upon notification to the utility, members may, at reasonable times, make personal visits to the company offices or other places of business within or without the State and may inspect any accounts, books, records, and papers of the company which may be necessary in the discharge of Commission duties. Commission staff members will present Commission identification cards as the written authority to inspect records. During such visits the company shall provide the staff member(s) with adequate and comfortable working and filing space, consistent with the prevailing conditions and climate, and comparable with the accommodations provided the company's outside auditors.

Specific Authority: 350.127(2), F.S.

Law Implemented: 364.18, 364.183, 364.386, F.S.

History: Revised 12/1/68, Amended 5/4/81, formerly 25-4.19.

25-24.505 Scope.

(1) This part applies to any person providing pay telephone service. As provided by Rules 25-4.002, 25-9.001, and 25-14.001, no provision of Chapters 25-4, 25-9, or 25-14 shall apply to pay telephone service companies, except the following: 25-4.003 (Definitions), 25-4.0161 (Regulatory Assessment Fees; Telecommunications Companies), 25-4.019 (Records and Reports In General), 25-4.020(2) (Location and Preservation of Records), and 25-4.043 (Response to Commission Staff Inquiries).

Specific Authority: 350.127(2), F.S.

Law Implemented: 350.113, 350.115, 350.117, 364.01, 364.016, 364.02, 364.17, 364.18, 364.183, 364.185, 364.32, 364.337, 364.3375, F.S.

History--New 1/5/87, Amended 11/13/95, 02/01/99.

*DOCKET NO. 021206-TC: Compliance Investigation of Florida
Commercial PayFon, Inc. for apparent violation Rule 25-4.019,
F.A.C., Records and Reports in General*

WITNESS: Direct Testimony Of Lynn Deamer On Behalf Of Staff

*EXHIBIT: LMD-7 - Commission Order No. PSC-03-0134-PAA-TC issued
January 27, 2003*

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Compliance investigation
of Florida Commercial PayFon,
Inc. for apparent violation of
Rule 25-4.019, F.A.C., Records
and Reports in General.

DOCKET NO. 021206-TC
ORDER NO. PSC-03-0134-PAA-TC
ISSUED: January 27, 2003

The following Commissioners participated in the disposition of
this matter:

LILA A. JABER, Chairman
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

NOTICE OF PROPOSED AGENCY ACTION
ORDER IMPOSING PENALTIES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service
Commission that the action discussed herein is preliminary in
nature and will become final unless a person whose interests are
substantially affected files a petition for a formal proceeding,
pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

This Commission granted Florida Commercial PayFon, Inc.
(Florida Commercial PayFon) Pay Telephone Certificate No. 7545 on
September 1, 2000 in Docket No. 000739-TC.

On January 18, 2002, Florida Commercial PayFon reported to the
Commission a gross intrastate revenue of \$76,652.95 on its
Regulatory Assessment Fee (RAF) Return for the calendar year 2001.
The company paid a RAF in the amount of \$114.98 for 2001.

DOCUMENT NUMBER-DATE

00811 JAN 27 8

FPSC-COMMISSION CLERK

ORDER NO. PSC-03-0134-PAA-TC
DOCKET NO. 021206-TC
PAGE 2

Commission staff sent Mr. Hozae Milton, President of Florida Commercial PayFon, a letter on May 24, 2002, notifying him that Florida Commercial PayFon had been randomly selected for a RAF audit. Our staff planned to conduct an audit to verify the revenues and RAFs reported on the company's 2001 RAF Return.

On August 30, 2002, Commission staff attempted to call Mr. Milton at (904) 786-2040, but Mr. Milton was not in. On September 23, 2002, Commission staff again attempted to call Mr. Milton at (904) 786-2040, but was still unable to speak with him. Finally, on September 24, 2002, when Commission staff called Mr. Milton yet again, an answering service responded, stating that Mr. Milton was not available and that the company was closed. Later, Mr. Milton returned our staff's call and left a voice message that the best time to call him was 9:00 a.m. the next day.

On September 25, 2002, Commission staff called Mr. Milton at 9:00 a.m., but he was not in. When he returned staff's call, he strongly objected to being audited and stated that "[it is] none of your business." He further stated that he objected to being asked for bank statements, refused to provide any financial documents, and stated that the Commission would have to accept the company's RAF Return as filed.

On October 1, 2002, Commission staff sent Florida Commercial PayFon a certified letter, via U.S. Postal Service, requesting that Mr. Milton contact Commission staff by October 7, 2002, to discuss the audit. The U.S. Postal Service certified mail receipt indicated that Florida Commercial PayFon received the letter on October 3, 2002. Our staff was not contacted by Mr. Milton. Then, on October 9, 2002, Commission staff sent Florida Commercial PayFon a second certified letter, via U.S. Postal Service, informing the company that if it did not provide the necessary financial documents required for the audit by the close of business on October 22, 2002, our staff would initiate legal proceedings to determine if the company should be fined for failure to comply with Commission rules. The U.S. Postal Service certified mail receipt indicated that Florida Commercial PayFon received our staff's second certified letter on October 15, 2002. Mr. Milton did not forward the financial documents as requested.

ORDER NO. PSC-03-0134-PAA-TC
DOCKET NO. 021206-TC
PAGE 3

On November 12, 2002, Commission staff called Mr. Milton and left a message requesting that he return our staff's call within the next two days. Mr. Milton did not return the call.

On December 5, 2002, Commission staff opened Docket No. 021206-TC to address Florida Commercial PayFon's apparent violation of Rule 25-4.019, Florida Administrative Code, Records and Reports in General.

We are vested with jurisdiction over these matters pursuant to Sections 364.183, 364.285, and 364.337, Florida Statutes.

DISCUSSION

Rule 25-4.019, Florida Administrative Code, Records and Reports in General, states:

(1) Each utility shall furnish to the Commission at such times and in such form as the Commission may require the results of any required tests and summaries of any required records. The utility shall also furnish the Commission with any information concerning the utility's facilities or operations which the Commission may reasonably request and require. All such data, unless otherwise specified, shall be consistent with and reconcilable with the utility's annual report to the Commission.

(2) Where a telephone company is operated with another enterprise, records must be separated in such manner that the results of the telephone operation may be determined at any time.

(3) Upon notification to the utility, members may, at reasonable times, make personal visits to the company offices or other places of business within or without the State and may inspect any accounts, books, records, and papers of the company which may be necessary in the discharge of Commission duties. Commission staff members will present Commission identification cards as the written authority to inspect records. During such visits the company shall provide the staff member(s) with

ORDER NO. PSC-03-0134-PAA-TC
DOCKET NO. 021206-TC
PAGE 4

adequate and comfortable working and filing space, consistent with the prevailing conditions and climate, and comparable with the accommodations provided the company's outside auditors.

The Commission has made these rules applicable to pay telephone service companies by incorporating Rule 25-4.019, Florida Administrative Code, into the Rule 25-24.505(1), Florida Administrative Code.

Commission staff routinely selects a random sample of companies for a RAF audit. Florida Commercial PayFon was included in the sample for the companies paying RAFs for the calendar year 2001. To conduct the audit, our staff requested that Florida Commercial PayFon provide documentation substantiating the intrastate revenues reported on its 2001 Pay Telephone Service Provider RAF Return. The minimum documentation required from Florida Commercial PayFon includes:

1. 2001 General Ledger indicating total telecommunications revenues of \$76,652.95, or
2. Cash deposit slips indicating 2001 revenues of \$76,652.95, or
3. Other financial evidence detailing source of revenue and completeness of revenue, that is, receipt books, billing statements, ect., and
4. Invoices from other telecommunications companies indicating amounts paid for the use of the intrastate telecommunications network. (To determine expenses)

As outlined in the factual background, Florida Commercial PayFon has refused to furnish our staff with the required documentation necessary to perform the RAF audit. Commission staff has given Florida Commercial PayFon ample time to provide the documentation but the company has refused to do so. Consequently, we find that Florida Commercial PayFon is in apparent violation of Rule 25-4.019, Florida Administrative Code, Records and Reports, in General. Furthermore, we find that Florida Commercial PayFon has been uncooperative during the auditing process.

ORDER NO. PSC-03-0134-PAA-TC
DOCKET NO. 021206-TC
PAGE 5

By Section 364.285, Florida Statutes, the Commission is authorized to impose upon any entity subject to its jurisdiction a penalty of not more than \$25,000 per day for each offense, if such entity is found to have refused to comply with or to have willfully violated any lawful rule or order of the Commission, or any provision of Chapter 364. Utilities are charged with knowledge of the Commission's statutes and rules and must act accordingly. As is often stated, "[i]t is a common maxim, familiar to all minds, that 'ignorance of the law' will not excuse any person, either civilly or criminally." Barlow v. United States, 32 U.S. 404, 411 (1833).

Based upon the previously described facts, we find that Florida Commercial PayFon's apparent violation of Rule 25-4.019, Florida Administrative Code, is "willful" in the sense intended by Section 364.285, Florida Statutes. In Order No. 24306, issued April 1, 1991, in Docket No. 890216-TL, In re: Investigation Into The Proper Application of Rule 25-14.003, F.A.C., Relating To Tax Savings Refund for 1988 and 1989 For GTE Florida, Inc., this Commission found that while GTE had not intended to violate the rule, the Commission nevertheless found it appropriate to order it to show cause why it should not be fined, stating that "[i]n our view, willful implies intent to do an act, and this is distinct from intent to violate a rule." Thus, any intentional act, such as Florida Commercial PayFon's conduct at issue here, meets the standard for a "willful violation."

Accordingly, we find that a \$10,000 penalty shall be imposed on Florida Commercial PayFon for its apparent violation of Rule 25-4.019, Florida Administrative Code, Records and Reports in General. This penalty is consistent with penalties imposed upon other pay telephone companies by this Commission in previous dockets for similar rule violations. The penalty shall be paid to the Florida Public Service Commission.

Additionally, Florida Commercial PayFon must send to the Commission staff the following documentation:

- The 2001 General Ledger indicating total telecommunications revenues of \$76,652.95, or

ORDER NO. PSC-03-0134-PAA-TC
DOCKET NO. 021206-TC
PAGE 6

- The cash deposit slips indicating 2001 revenues of \$76,652.95, or
- Other financial evidence detailing source of revenue and completeness of revenue, that is, receipt books, billing statements, and
- Invoices from other telecommunications companies indicating amounts paid for the use of the intrastate telecommunications network.

This Order will become final upon issuance of a Consummating Order, unless a person whose substantial interests are affected by the Order has filed a protest within 21 days of the issuance of the Proposed Agency Action Order.

If the Order is not protested, and the payment of the penalty and the required documentation are not received within fourteen calendar days after the issuance of the Consummating Order, Pay Telephone Certificate No. 7545 will be cancelled. If Florida Commercial PayFon's certificate is cancelled in accordance with this Order, Florida Commercial PayFon shall immediately cease and desist providing pay telephone services in Florida.

This docket will be closed administratively upon either receipt of the payment of the penalty and the required documentation, or upon cancellation of Pay Telephone Certificate No. 7545.

Based on the foregoing, it is

ORDERED that Florida Commercial PayFon is hereby penalized in the amount of \$10,000 for failure to comply with Rule 25-4.019, Florida Administrative Code, Records and Reports in General. It is further

ORDERED that Florida Commercial PayFon shall send to Commission staff the documentation listed above. It is further

ORDERED that the provisions of this order be issued as a proposed agency action and shall become final and effective upon the issuance of a Consummating Order unless an appropriate

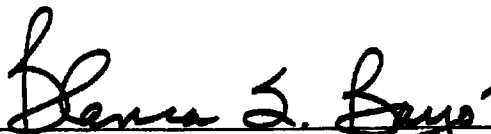
ORDER NO. PSC-03-0134-PAA-TC
DOCKET NO. 021206-TC
PAGE 7

petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that if Florida Commercial PayFon's payment of the penalty and the required documentation are not received within fourteen calendar days after the issuance of the Consummating Order, Pay Telephone Certificate No. 7545 will be cancelled. If Florida Commercial PayFon's certificate is cancelled, Florida Commercial PayFon shall immediately cease and desist providing pay telephone services in Florida. It is further

ORDERED that this docket be closed administratively upon either the receipt of the payment of the penalty and the required documentation, or the cancellation of Pay Telephone Certificate No. 7545.

By ORDER of the Florida Public Service Commission this 27th day of January, 2003.



BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

BRT

ORDER NO. PSC-03-0134-PAA-TC
DOCKET NO. 021206-TC
PAGE 8

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on February 17, 2003.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

*DOCKET NO. 021206-TC: Compliance Investigation of Florida
Commercial PayFon, Inc. for apparent violation Rule 25-4.019,
F.A.C., Records and Reports in General*

WITNESS: Direct Testimony Of Lynn Deamer On Behalf Of Staff

*EXHIBIT: LMD-8 - Information provided by Mr. Milton with letter
dated January 31, 2003*

FLORIDA COMMERCIAL PAYFON, INC.

January 31, 2003

Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL. 32399-0850

2003 FEB -3 2:11:56
DIVISION OF
COMPETITIVE SERVICES

Dear State of Florida:

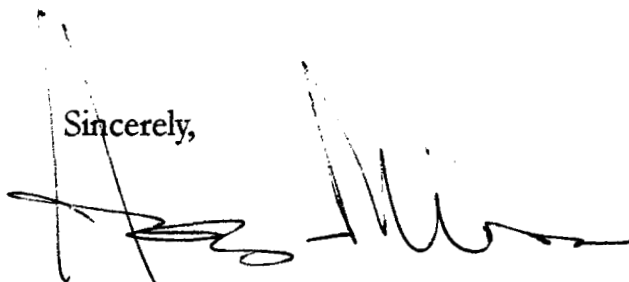
At your request, here is all the information or Detail Summary statements pertaining to Florida Commercial Payfon, Inc. income for the period 1/01/01 through 12/31/01 for all current in service payphone numbers.

These are all the records we have to summarize the income that was made for the year 2001. If there is information missing from these statements then there is no record of income in our database.

The paperwork was either lost or just simply someone missed placed the rest of your request; it is very hard to keep up with papers two years old. P.S. we will not and do not release any Bank statements or account numbers for security reasons.

If you have any questions or concerns, please call (904) 786-2040 or fax (904) 786-1421.

Sincerely,



Hozae Milton
Florida Commercial Payfon, Inc.

FLORIDA COMMERCIAL PAYFON

HOZAE MILTON
PAYPHONE SERVICE



Telephone: (904) 786-2040
Toll Free: (800) 853-2317 / Fax: (904) 786-1421
5625 Verna Blvd. Unit-9 Jacksonville, Fl. 32205

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Compliance investigation
of Florida Commercial PayFon,
Inc. for apparent violation of
Rule 25-4.019, F.A.C., Records
and Reports in General.

DOCKET NO. 021206-TC
ORDER NO. PSC-03-0134-PAA-TC
ISSUED: January 27, 2003

The following Commissioners participated in the disposition of
this matter:

LILA A. JABER, Chairman
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

NOTICE OF PROPOSED AGENCY ACTION
ORDER IMPOSING PENALTIES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service
Commission that the action discussed herein is preliminary in
nature and will become final unless a person whose interests are
substantially affected files a petition for a formal proceeding,
pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

This Commission granted Florida Commercial PayFon, Inc.
(Florida Commercial PayFon) Pay Telephone Certificate No. 7545 on
September 1, 2000 in Docket No. 000739-TC.

On January 18, 2002, Florida Commercial PayFon reported to the
Commission a gross intrastate revenue of \$76,652.95 on its
Regulatory Assessment Fee (RAF) Return for the calendar year 2001.
The company paid a RAF in the amount of \$114.98 for 2001.

DOCUMENT NUMBER DATE

00811 JAN 27 8

ORDER NO. PSC-03-0134-PAA-TC
DOCKET NO. 021206-TC
PAGE 2

Commission staff sent Mr. Hozae Milton, President of Florida Commercial PayFon, a letter on May 24, 2002, notifying him that Florida Commercial PayFon had been randomly selected for a RAF audit. Our staff planned to conduct an audit to verify the revenues and RAFs reported on the company's 2001 RAF Return.

On August 30, 2002, Commission staff attempted to call Mr. Milton at (904) 786-2040, but Mr. Milton was not in. On September 23, 2002, Commission staff again attempted to call Mr. Milton at (904) 786-2040, but was still unable to speak with him. Finally, on September 24, 2002, when Commission staff called Mr. Milton yet again, an answering service responded, stating that Mr. Milton was not available and that the company was closed. Later, Mr. Milton returned our staff's call and left a voice message that the best time to call him was 9:00 a.m. the next day.

On September 25, 2002, Commission staff called Mr. Milton at 9:00 a.m., but he was not in. When he returned staff's call, he strongly objected to being audited and stated that "[it is] none of your business." He further stated that he objected to being asked for bank statements, refused to provide any financial documents, and stated that the Commission would have to accept the company's RAF Return as filed.

On October 1, 2002, Commission staff sent Florida Commercial PayFon a certified letter, via U.S. Postal Service, requesting that Mr. Milton contact Commission staff by October 7, 2002, to discuss the audit. The U.S. Postal Service certified mail receipt indicated that Florida Commercial PayFon received the letter on October 3, 2002. Our staff was not contacted by Mr. Milton. Then, on October 9, 2002, Commission staff sent Florida Commercial PayFon a second certified letter, via U.S. Postal Service, informing the company that if it did not provide the necessary financial documents required for the audit by the close of business on October 22, 2002, our staff would initiate legal proceedings to determine if the company should be fined for failure to comply with Commission rules. The U.S. Postal Service certified mail receipt indicated that Florida Commercial PayFon received our staff's second certified letter on October 15, 2002. Mr. Milton did not forward the financial documents as requested.

ORDER NO. PSC-03-0134-PAA-TC
DOCKET NO. 021206-TC
PAGE 3

On November 12, 2002, Commission staff called Mr. Milton and left a message requesting that he return our staff's call within the next two days. Mr. Milton did not return the call.

On December 5, 2002, Commission staff opened Docket No. 021206-TC to address Florida Commercial PayFon's apparent violation of Rule 25-4.019, Florida Administrative Code, Records and Reports in General.

We are vested with jurisdiction over these matters pursuant to Sections 364.183, 364.285, and 364.337, Florida Statutes.

DISCUSSION

Rule 25-4.019, Florida Administrative Code, Records and Reports in General, states:

(1) Each utility shall furnish to the Commission at such times and in such form as the Commission may require the results of any required tests and summaries of any required records. The utility shall also furnish the Commission with any information concerning the utility's facilities or operations which the Commission may reasonably request and require. All such data, unless otherwise specified, shall be consistent with and reconcilable with the utility's annual report to the Commission.

(2) Where a telephone company is operated with another enterprise, records must be separated in such manner that the results of the telephone operation may be determined at any time.

(3) Upon notification to the utility, members may, at reasonable times, make personal visits to the company offices or other places of business within or without the State and may inspect any accounts, books, records, and papers of the company which may be necessary in the discharge of Commission duties. Commission staff members will present Commission identification cards as the written authority to inspect records. During such visits the company shall provide the staff member(s) with

ORDER NO. PSC-03-0134-PAA-TC
DOCKET NO. 021206-TC
PAGE 4

adequate and comfortable working and filing space, consistent with the prevailing conditions and climate, and comparable with the accommodations provided the company's outside auditors.

The Commission has made these rules applicable to pay telephone service companies by incorporating Rule 25-4.019, Florida Administrative Code, into the Rule 25-24.505(1), Florida Administrative Code.

Commission staff routinely selects a random sample of companies for a RAF audit. Florida Commercial PayFon was included in the sample for the companies paying RAFs for the calendar year 2001. To conduct the audit, our staff requested that Florida Commercial PayFon provide documentation substantiating the intrastate revenues reported on its 2001 Pay Telephone Service Provider RAF Return. The minimum documentation required from Florida Commercial PayFon includes:

1. 2001 General Ledger indicating total telecommunications revenues of \$76,652.95, or
2. Cash deposit slips indicating 2001 revenues of \$76,652.95, or
3. Other financial evidence detailing source of revenue and completeness of revenue, that is, receipt books, billing statements, ect., and
4. Invoices from other telecommunications companies indicating amounts paid for the use of the intrastate telecommunications network. (To determine expenses)

As outlined in the factual background, Florida Commercial PayFon has refused to furnish our staff with the required documentation necessary to perform the RAF audit. Commission staff has given Florida Commercial PayFon ample time to provide the documentation but the company has refused to do so. Consequently, we find that Florida Commercial PayFon is in apparent violation of Rule 25-4.019, Florida Administrative Code, Records and Reports, in General. Furthermore, we find that Florida Commercial PayFon has been uncooperative during the auditing process.

ORDER NO. PSC-03-0134-PAA-TC
DOCKET NO. 021206-TC
PAGE 5

By Section 364.285, Florida Statutes, the Commission is authorized to impose upon any entity subject to its jurisdiction a penalty of not more than \$25,000 per day for each offense, if such entity is found to have refused to comply with or to have willfully violated any lawful rule or order of the Commission, or any provision of Chapter 364. Utilities are charged with knowledge of the Commission's statutes and rules and must act accordingly. As is often stated, "[i]t is a common maxim, familiar to all minds, that 'ignorance of the law' will not excuse any person, either civilly or criminally." Barlow v. United States, 32 U.S. 404, 411 (1833).

Based upon the previously described facts, we find that Florida Commercial PayFon's apparent violation of Rule 25-4.019, Florida Administrative Code, is "willful" in the sense intended by Section 364.285, Florida Statutes. In Order No. 24306, issued April 1, 1991, in Docket No. 890216-TL, In re: Investigation Into The Proper Application of Rule 25-14.003, F.A.C., Relating To Tax Savings Refund for 1988 and 1989 For GTE Florida, Inc., this Commission found that while GTE had not intended to violate the rule, the Commission nevertheless found it appropriate to order it to show cause why it should not be fined, stating that "[i]n our view, willful implies intent to do an act, and this is distinct from intent to violate a rule." Thus, any intentional act, such as Florida Commercial PayFon's conduct at issue here, meets the standard for a "willful violation."

Accordingly, we find that a \$10,000 penalty shall be imposed on Florida Commercial PayFon for its apparent violation of Rule 25-4.019, Florida Administrative Code, Records and Reports in General. This penalty is consistent with penalties imposed upon other pay telephone companies by this Commission in previous dockets for similar rule violations. The penalty shall be paid to the Florida Public Service Commission.

Additionally, Florida Commercial PayFon must send to the Commission staff the following documentation:

- The 2001 General Ledger indicating total telecommunications revenues of \$76,652.95, or

ORDER NO. PSC-03-0134-PAA-TC
DOCKET NO. 021206-TC
PAGE 6

- The cash deposit slips indicating 2001 revenues of \$76,652.95, or
- Other financial evidence detailing source of revenue and completeness of revenue, that is, receipt books, billing statements, and
- Invoices from other telecommunications companies indicating amounts paid for the use of the intrastate telecommunications network.

This Order will become final upon issuance of a Consummating Order, unless a person whose substantial interests are affected by the Order has filed a protest within 21 days of the issuance of the Proposed Agency Action Order.

If the Order is not protested, and the payment of the penalty and the required documentation are not received within fourteen calendar days after the issuance of the Consummating Order, Pay Telephone Certificate No. 7545 will be cancelled. If Florida Commercial PayFon's certificate is cancelled in accordance with this Order, Florida Commercial PayFon shall immediately cease and desist providing pay telephone services in Florida.

This docket will be closed administratively upon either receipt of the payment of the penalty and the required documentation, or upon cancellation of Pay Telephone Certificate No. 7545.

~~Based on the foregoing, it is~~ Based on the foregoing, it is

ORDERED that Florida Commercial PayFon is hereby penalized in the amount of \$10,000 for failure to comply with Rule 25-4.019, Florida Administrative Code, Records and Reports in General. It is further

ORDERED that Florida Commercial PayFon shall send to Commission staff the documentation listed above. It is further

ORDERED that the provisions of this order be issued as a proposed agency action and shall become final and effective upon the issuance of a Consummating Order unless an appropriate

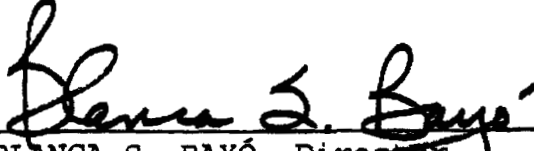
ORDER NO. PSC-03-0134-PAA-TC
DOCKET NO. 021206-TC
PAGE 7

petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that if Florida Commercial PayFon's payment of the penalty and the required documentation are not received within fourteen calendar days after the issuance of the Consummating Order, Pay Telephone Certificate No. 7545 will be cancelled. If Florida Commercial PayFon's certificate is cancelled, Florida Commercial PayFon shall immediately cease and desist providing pay telephone services in Florida. It is further

ORDERED that this docket be closed administratively upon either the receipt of the payment of the penalty and the required documentation, or the cancellation of Pay Telephone Certificate No. 7545.

By ORDER of the Florida Public Service Commission this 27th day of January, 2003.



BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

BRT

ORDER NO. PSC-03-0134-PAA-TC
DOCKET NO. 021206-TC
PAGE 8

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on February 17, 2003.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.



PUBLIC SERVICE COMMISSION

2540 Stumard Oak Boulevard
CAPITAL CIRCLE OFFICE CENTER
TALLAHASSEE, FLORIDA 32399-0850

FACSIMILE TRANSMITTAL COVER SHEET

DATE: 9-25-02

TO: Hozae Milton TITLE: OWNER / PRESIDENT TIME SUBMITTED: 10:12A

OFFICE/BUSINESS: FLORIDA COMMERCIAL PAYFON, INC

TELEPHONE NO: () 904-786-2040 FAX NO: () 904-786-1421

FROM: BOB MOORE, AUDITOR

OFFICE/DIVISION: AUDITING & SAFETY

TELEPHONE NO: (850) 413-6475 FAX NO: (850) 413-6476

COMMENTS: ATTACHED IS THE YEAR 2001
REGULATORY ASSESSMENT FEE FORM
FOR THE COMPANY LISTED ABOVE.

NUMBER OF PAGES, INCLUDING THIS COVER SHEET: 2

Pay Telephone Service Provider Regulatory Assessment Fee Return

Florida Public Service Commission

(See Filing Instructions on Back of Form)

STATUS:

- _____ Actual Return
- _____ Estimated Return
- _____ Amended Return

PERIOD COVERED:
01/01/2001 TO 12/31/2001

TG732-01-0-R
Florida Commercial PayFon, Inc.
5625 Verna Blvd., Suite 9
Jacksonville, FL 32205-4400
DATE
D157 JAN 23 2002

FOR PSC USE ONLY

Check # 1283

\$ 114.98 0603082
063001

\$ _____ P 0603082
004011

\$ _____ S

Postmark Date 1/18/02

Initials of Preparer JTC

Please Complete Below if Official Mailing Address Has Changed

(Name of Company) (Address) (City/State) (Zip)

LINE NO.	ACCOUNT CLASSIFICATION	AMOUNT
1.	Gross Operating Revenue (Florida)	\$ 76652 95
2.	Gross Intrastate Revenue	76652 95
3.	LESS: Amounts Paid to Other Telecommunications Companies* (see "2. Fees" on back)	(\$42 per Line)
4.	TOTAL REVENUES for Regulatory Assessment Fee Calculation (Line 2 less Line 3)	\$ 76652 95
5.	Regulatory Assessment Fee Due -- (Multiply Line 4 by 0.0015)	114 98
6.	Penalty for Late Payment (see "3. Failure to File by Due Date" on back)	
7.	Interest for Late Payment (see "3. Failure to File by Due Date" on back)	
8.	TOTAL AMOUNT DUE	\$ 114 98

AS PROVIDED IN SECTION 364.336 FLORIDA STATUTES, THE MINIMUM ANNUAL FEE IS \$50
THIS FORM MUST BE COMPLETED AND RETURNED REGARDLESS OF THE AMOUNT OF REVENUES REPORTED

9. Number of pay telephones in operation at close of period covered by this Return 90

* These amounts must be integrated only and must be verifiable.

I, the undersigned owner/officer of the above-named company, have read the foregoing and declare that to the best of my knowledge and belief the above information is a true and correct statement. I am aware that pursuant to Section 357.06, Florida Statutes, whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree.

George Milton
(Signature of Company Official)

GEORGE MILTON
(Preparer of Form - Please Print Name)

x O'Quinn/Peas
(Title) x 1/18/02
(Date)

Telephone Number 904-786-2040 Fax Number 904-786-1421

P.E.L. No. 65-0950927

ORDER NO. PSC-03-0134-PAA-TC
DOCKET NO. 021206-TC
PAGE 6

- The cash deposit slips indicating 2001 revenues of \$76,652.95, or
- Other financial evidence detailing source of revenue and completeness of revenue, that is, receipt books, billing statements, and
- Invoices from other telecommunications companies indicating amounts paid for the use of the intrastate telecommunications network.

This Order will become final upon issuance of a Consummating Order, unless a person whose substantial interests are affected by the Order has filed a protest within 21 days of the issuance of the Proposed Agency Action Order.

If the Order is not protested, and the payment of the penalty and the required documentation are not received within fourteen calendar days after the issuance of the Consummating Order, Pay Telephone Certificate No. 7545 will be cancelled. If Florida Commercial PayFon's certificate is cancelled in accordance with this Order, Florida Commercial PayFon shall immediately cease and desist providing pay telephone services in Florida.

This docket will be closed administratively upon either receipt of the payment of the penalty and the required documentation, or upon cancellation of Pay Telephone Certificate No. 7545.

Based on the foregoing, it is

ORDERED that Florida Commercial PayFon is hereby penalized in the amount of \$10,000 for failure to comply with Rule 25-4.019, Florida Administrative Code, Records and Reports in General. It is further

ORDERED that Florida Commercial PayFon shall send to Commission staff the documentation listed above. It is further

ORDERED that the provisions of this order be issued as a proposed agency action and shall become final and effective upon the issuance of a Consummating Order unless an appropriate



BRINKS INCORPORATED
GREEN, CT

REMITTO

BRINKS INCORPORATED
P.O. BOX 101-031
ATLANTA, GA 30302



CORRESPONDENCE TO
Brinks Incorporated
One Thimble Circle
P.O. Box 1925
Darien, Connecticut 06820-1925
A Subsidiary of The Pillsbury Company

FEDERAL RES. NO. 26-2478302

PLEASE REFER TO OUR BRANCH AND
DATE IN ANY CORRESPONDENCE

INVOICE NO.
023024038

TERMS: 10 DAYS NET

COMMERCIAL PAY PHONE
1625 VERA BELLEVUE
JACKSONVILLE
32208

SEPTEMBER 30, 2003

FL

QUESTIONS ON THIS INVOICE
SHOULD BE DIRECTED TO
BRANCH NAMED BELOW

CUSTOMER ACCT. NO.



		SERVICE FOR MONTH OF	
		SEPTEMBER	141 04
		COUNTY TAXES	1 41
		STATE TAXES	8 22
		AS PER ATTACHED SUPPLEMENT	-----
		ON-CALL SERVICE	151 96
		EXCESS BY FUEL SURCHARGE	-----

REMITTANCE COPY MUST ACCOMPANY PAYMENT TO ENSURE PROPER CREDIT

PLEASE PAY LAST AMOUNT SHOWN

4 BRANCH OFFICE

BRINKS

BRINK'S INCORPORATED
DARTON, CT

REMIT TO
BRINK'S INCORPORATED
P.O. BOX 102-031
ATLANTA, GA 30302



CORRESPONDENCE TO
Brink's Incorporated
One Thought Circle
P.O. Box 1226
Darton, Connecticut 06840-1226
A Subsidiary of The Plaxton Company

FEDERAL E.J.J. NO. 14-2476302

PLEASE REFER TO OUR BRANCH AND
DATE IN ANY CORRESPONDENCE

INVOICE NO.

0223980310

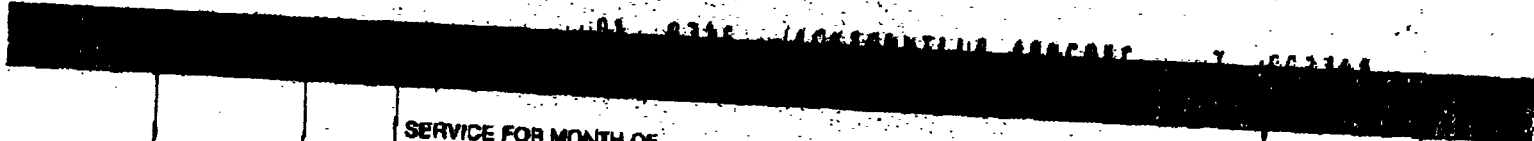
TERMS: 10 DAYS NET

CUSTOMER ACCT. NO.

FLORIDA COMMERCIAL PAY PHONE
3425 NERRA BOULEVARD
JACKSONVILLE
32208

OCTOBER 30, 2001

QUESTIONS ON THIS INVOICE
SHOULD BE DIRECTED TO
BRANCH NAMED BELOW



	SERVICE FOR MONTH OF	
	OCTOBER	
	COURT TAXES	142 29
	STATE TAXES	1 41
		5 93
	AS PER ATTACHED SUPPLEMENT	-----
	ON-CALL SERVICE	192 33
INCLUDES PER HOUR SURCHARGE	

REMITTANCE COPY MUST ACCOMPANY PAYMENT TO ENSURE PROPER CREDIT

PLEASE PAY LAST AMOUNT SHOWN

4 BRANCH OFFICE



BRINK'S INCORPORATED
SARIENT, CT

CORRESPONDENCE TO
Brinks Incorporated
One Thermal Circle
P.O. Box 1225
Darien, Connecticut 06820-1225
A Subsidiary of The Prison Company



FEDERAL E.I. NO. 36-2478302

REMIT TO: BRINK'S INCORPORATED
P.O. BOX 101-031
ATLANTA, GA 30392

PLEASE REFER TO OUR BRANCH AND
DATE IN ANY CORRESPONDENCE

INVOICE NO.

0206670310

TERMS: 10 DAYS NET

FLORIDA COMMERCIAL PAY PHONE
5625 VERNA BOULEVARD
JACKSONVILLE
32205 FL

AUGUST 31, 2001

QUESTIONS ON THIS INVOICE
SHOULD BE DIRECTED TO
BRANCH NAMED BELOW

CUSTOMER ACCT. NO.



SERVICE FOR MONTH OF

AUGUST
COUNTY TAXES
STATE TAXES

143 12
1 42
9 57

AS PER ATTACHED SUPPLEMENT

ON-CALL SERVICE
FUEL SURCHARGE

153 10

INCLUDES 2% FUEL

PLEASE PAY LAST AMOUNT SHOWN →

4 BRANCH OFFICE

REMITTANCE COPY MUST ACCOMPANY PAYMENT TO ENSURE PROPER CREDIT



BRINK'S INCORPORATED
DARIEN, CT

LIQUIDATION TO:
Brinks Incorporated
One Theatrical Circle
P.O. Box 1225
Darien, Connecticut 06820-1225
A Subsidiary of The Prater Company



FEDERAL E.I. NO. 36-2476302

REMIT TO BRINK'S INCORPORATED
P.O. BOX 108-031
ATLANTA, GA 30392

PLEASE REFER TO OUR BRANCH AND
DATE IN ANY CORRESPONDENCE

INVOICE NO.

0203250310

TERMS: 10 DAYS NET

FLORIDA COMMERCIAL PAY PHONE
5625 VERNA BOULEVARD
JACKSONVILLE
32205 FL

JULY 31, 2001

QUESTIONS ON THIS INVOICE
SHOULD BE DIRECTED TO
BRANCH NAMED BELOW

CUSTOMER ACCT. NO.

01 0310 JACKSONVILLE BR0062 1 002201

		SERVICE FOR MONTH OF		
			JULY	143 10
			COUNTY TAXES	1 42
			STATE TAXES	9 57

		AS PER ATTACHED SUPPLEMENT		153 10
		ON-CALL SERVICE		*****
INCLUDES 2%	FUEL	SURCHARGE		

PLEASE PAY LAST AMOUNT SHOWN →

REMITTANCE COPY MUST ACCOMPANY PAYMENT TO ENSURE PROPER CREDIT

4 BRANCH OFFICE

BRTNK'S INCORPORATED
DARIEN, CT



Series Incorporated
One Thorndike Circle
P.O. Box 1225
Darien, Connecticut 06820-1225
A Subsidiary of The Pitman Company

REMIT TO
BRTNK'S INCORPORATED
P.O. BOX 101-031
ATLANTA, GA 30392

FEDERAL E.I. NO. 35-2478362

PLEASE REFER TO OUR BRANCH AND
DATE IN ANY CORRESPONDENCE

INVOICE NO.

0199850310

TERMS: 10 DAYS NET

FLORIDA COMMERCIAL PAY PHONE
5625 VERNA BOULEVARD
JACKSONVILLE
32205

FL

JUNE 30, 2001

QUESTIONS ON THIS INVOICE
SHOULD BE DIRECTED TO
BRANCH NAMED BELOW

CUSTOMER ACCT. NO.



SERVICE FOR MONTH OF

JUNE
COUNTY TAXES
STATE TAXES

285 14
2 83
17 09

AS PER ATTACHED SUPPLEMENT

305 06

ON-CALL SERVICE
INCLUDES TV FUEL SURCHARGE

PLEASE PAY LAST AMOUNT SHOWN →

REMITTANCE COPY MUST ACCOMPANY PAYMENT TO ENSURE PROPER CREDIT

4 BRANCH OFFICE

**A FINANCIAL SERVICES ENTERPRISE, INC.
PO. BOX 14027
JACKSONVILLE, FLORIDA 32238-1027**

9/29/2002

**FLORIDA COMMERCIAL PAYPON, INC.
5625 VERNA BLVD SUITE 9
JACKSONVILLE, FL. 32206**

THE ACCOMPANYING P & L REPORT FOR FLORIDA COMMERCIAL PAYPON, INC. AS OF SEPTEMBER 30, 2002, AND THE RELATED INCOME FOR THE 3 MONTHS THEN ENDED, HAVE BEEN COMPLIED BY US.

A STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE MONTH THE ENDED HAS NOT BEEN PRESENTED, GENERALLY ACCEPTED ACCOUNTING PRINCIPLES REQUIRE THAT SUCH A STATEMENT BE PRESENTED WHEN FINANCIAL STATEMENTS SUPPORT TO PRESENT FINANCIAL POSITION AND RESULTS OF OPERATIONS.

SINCERELY



GROVER DANIELS

2002-10-01
DIVISION OF
COMPETITIVE SERVICES

FLORIDA COMMERCIAL PAYFON INC.
INCOME STATEMENT
FOR THE MONTHS ENDING SEPTEMBER 30, 2002

REVENUES**YEAR TO DATE**

71,888.27

EXPENSES

AUTO EXPENSES

LEGAL AND PROFESSIONAL EXPENSE

700.00

LICENSES & TAXES EXPENSES

688.78

OFFICE EXPENSES

773.87

POSTAGE EXPENSES

RENT OR LEASE EXPENSES

3,690.27

TELEPHONE EXPENSES

30,486.51

PURCHASE- EXPENSES

17,653.90

ADVERTISING EXPENSE

-

UTILITIES

1,639.14

INSURANCE

1,386.00

WAGES

7,500.00

PAYROLL TAXES

3,654.87

TOTAL EXPENSES**\$ 68,171.34****NET/ PROFIT****\$ 3,716.93**

NORTHSIDE ACCOUNTING & TAX SERVICE, INC
7924 LONGSPUR AVE.
JACKSONVILLE, FLORIDA 32208
904-766-7775
FAX: 904-768-4759

FLORIDA PAYFON INC.
5625 VERNA BLVD. # 9
Jacksonville, Fl. 32205

THE ACCOMPANYING P & L REPORT OF FLORIDA PAYFON AS OF SEPTEMBER 30, 2001 AND THE RELATED STATEMENT OF INCOME FOR THE 3 MONTH THEN ENDED, HAVE BEEN COMPLIED BY US.

A STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE MONTHS THE ENDED HAS NOT BEEN PRESENTED, GENERALLY ACCEPTED ACCOUNTING PRINCIPLES REQUIRE THAT SUCH A STATEMENT BE PRESENTED WHEN FINANCIAL STATEMENTS SUPPORT TO PRESENT FINANCIAL POSITION AND RESULTS OF OPERATIONS.

SINCERELY



GROVER DANIELS

**FLORIDA COMMERCIAL PAYFON INC.
INCOME STATEMENT
FOR THE MONTHS ENDING SEPTEMBER 30, 2001**

REVENUES**YEAR TO DATE****60,373.71****EXPENSES**

AUTO EXPENSES	469.45
LEGAL AND PROFESSIONAL EXPENSE	550.00
LICENSES & TAXES EXPENSES	490.00
OFFICE EXPENSES	416.60
POSTAGE EXPENSES	38.85
RENT OR LEASE EXPENSES	3,690.27
TELEPHONE EXPENSES	19,581.43
PURCHASE- EXPENSES	9,120.30
ADVERTISING EXPENSE	-
UTILITIES	3,997.21
INSURANCE	1,386.00
WAGES	9,000.00
TOTAL EXPENSES	<u>\$ 48,735.11</u>

NET/ LOSS**11,638.60**

FLORIDA COMMERCIAL PAYFON, INC.

P & L STATEMENT

By A FINANCIAL SERVICE ENTERPRISE, INC.

FLORIDA COMMERCIAL PAYFON INC.
INCOME STATEMENT
FOR THE 3 MONTHS ENDING June 30, 2001

REVENUES

YEAR TO DATE

13,489.00

EXPENSES

AUTO EXPENSES	110.00
LEGAL AND PROFESSIONAL EXPENSE	200.00
LICENSES & TAXES EXPENSES	-
OFFICE EXPENSES	140.00
POSTAGE EXPENSES	-
RENT OR LEASE EXPENSES	1,230.09
TELEPHONE EXPENSES	8,973.20
PURCHASE- EXPENSES	3,276.00
ADVERTISING EXPENSE	-
UTILITIES	1,221.00
INSURANCE	482.00
WAGES	9,000.00
TOTAL EXPENSES	<u>\$ 24,612.29</u>
NET/ LOSS	<u>\$ (11,123.29)</u>

NORTHSIDE ACCOUNTING & TAX SERVICE, INC
7924 LONGSPUR AVE.
JACKSONVILLE, FLORIDA 32208
904-766-7775
FAX: 904-768-4759

4/2/2001

FLORIDA PAYFON INC.
5625 VERNA BLVD. # 9
Jacksonville, Fl. 32205

THE ACCOMPANYING P & L REPORT OF FLORIDA PAYFON AS OF JUNE 30, 2001, AND THE RELATED STATEMENT OF INCOME FOR THE 3 MONTH THEN ENDED, HAVE BEEN COMPLIED BY US.

A STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE MONTHS THE ENDED HAS NOT BEEN PRESENTED, GENERALLY ACCEPTED ACCOUNTING PRINCIPLES REQUIRE THAT SUCH A STATEMENT BE PRESENTED WHEN FINANCIAL STATEMENTS SUPPORT TO PRESENT FINANCIAL POSITION AND RESULTS OF OPERATIONS.

SINCERELY


GROVER DANIELS

A FINANCIAL SERVICES ENTERPRISE, INC.
7924 Longspur Ave.
JACKSONVILLE, FLORIDA 32219

7/1/2002

FLORIDA COMMERCIAL PAYFON, INC.
5625 VERNA BLVD #8
JACKSONVILLE, FL 32205

THE ACCOMPANYING P & L REPORT FOR FLA. COMMERCIAL PAYFON, INC. AS OF JUNE, 30, 2002, AND THE RELATED STATEMENT OF INCOME FOR THE 3 MONTHS THEN ENDED, HAVE BEEN COMPILED BY US.

A STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE MONTH THEN ENDED HAS NOT BEEN PRESENTED, AS GENERALLY ACCEPTED ACCOUNTING PRINCIPLES REQUIRE THAT SUCH A STATEMENT BE PRESENTED WHEN FINANCIAL STATEMENTS SUPPORT TO PRESENT FINANCIAL POSITION AND RESULTS OF OPERATIONS.

SINCERELY



GROVER DANIELS

FLORIDA COMMERCIAL PAYFON INC.
INCOME STATEMENT
FOR THE MONTHS ENDING JUNE 30, 2002

REVENUES**YEAR TO DATE**

48,186.29

EXPENSES

AUTO EXPENSES

LEGAL AND PROFESSIONAL EXPENSE

500.00

LICENSES & TAXES EXPENSES

566.78

OFFICE EXPENSES

459.87

POSTAGE EXPENSES

RENT OR LEASE EXPENSES

2,460.18

TELEPHONE EXPENSES

20,639.30

PURCHASE- EXPENSES

11,665.58

ADVERTISING EXPENSE

UTILITIES

819.40

INSURANCE

924.00

WAGES

5,000.00

PAYROLL TAXES

TOTAL EXPENSES**\$ 43,036.11****NET/ PROFIT****\$ 5,150.18**

Employer's Quarterly Federal Tax Return

4141

See separate instructions for information on completing this return.

Please type or print.

Enter state code for state in which deposits made (see page 3 of instructions)

Name (as distinguished from trade name)

Date quarter ended

FLORIDA COMMERCIAL PAYFON INC
 Trade name, if any

3/31/01

Employee identification number

65 0950927

Address (number and street)

5625 verna Blvd # 9

City, state and ZIP code

Jax FL 32205

DMP No. 1545-0125

T
FF
FD
FP
I
T

If address is different from prior return, check here

IRS Use

1	1	1	1	1	1	1	1	1	1	2	7	3	3	3	3	3	4	4	4
5	5	5	6	7	8	8	8	8	8	8	9	9	9	10	10	10	10	10	10

If you do not have to file returns in the future, check here and enter date and enter date
 If you are a seasonal employer, see **Seasonal employers** on page 1 of the instructions and check here

1	Number of employees (except household employees in the pay period that includes March 12th)	1	1
2	Total wages and tips, plus other compensation	3000	00
3	Total income tax withheld from wages, tips, and sick pay	300	00
4	Adjustment of withheld income tax for preceding quarters of calendar year		
5	Adjusted total of income tax withheld (line 3 as adjusted by line 4—see instructions)		
6a	Taxable social security wages	\$ 3000	00
6b		x 12.4% (.124) =	372
6c	Taxable social security tips	\$	00
6d		x 12.4% (.124) =	
7a	Taxable Medicare wages and tips	\$ 3000	00
7b		x 2.9% (.029) =	87
8	Total social security and Medicare taxes (add lines 6b, 6d, and 7b). Check here if wages are not subject to social security and/or Medicare tax <input type="checkbox"/>		459
9	Adjustment of social security and Medicare taxes (see instructions for required explanation): Sick Pay \$ _____ ± Fractions of Cents \$ _____ ± Other \$ _____ =		459
10	Adjusted total of social security and Medicare taxes (line 8 as adjusted by line 9—see instructions)		
11	Total taxes (add lines 5 and 10)	759	00
12	Advance earned income credit (EIC) payments made to employees		
13	Net taxes (subtract line 12 from line 11). This should equal line 17, column (c) below (or line D of Schedule B (Form 941))		
14	Total deposits for quarter, including overpayment applied from a prior quarter		
15	Balance due (subtract line 14 from line 13). See instructions	759	00

16 Overpayment, if line 14 is more than line 13, enter excess here \$ _____ and check if to be: Applied to next return OR Refund: 1.
 • All filers: If line 13 is less than \$500, you need not complete line 17 of Schedule B.
 • Semiweekly schedule depositors: Complete Schedule B and check here
 • Monthly schedule depositors: Complete line 17, columns (a) through (d), and check here

17 Monthly Summary of Federal Tax Liability			
(a) First month liability	(b) Second month liability	(c) Third month liability	(d) Total liability for quarter

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.
 Signature: Donald Milton Print Your Name and Title: Owner Date: 4/10/01

Form 941 (Rev. January 1997) Department of the Treasury Internal Revenue Service (03)

4141

See separate instructions for information on completing this return

Please type or print.

Enter state code for state in which deposits made (see page 3 of instructions)

Name (as distinguished from trade name)

Date quarter ended

FLORIDA COMMERCIAL PAYFON INC

6/30/01

Trade name, if any

Employer identification number

65 0950927

Address (number and street)

City, state, and ZIP code

5625 verna Blvd # 9

Jax FL 32205

OMB No. 1545-0045

Table with columns for T, FF, FD, FP, I, T

If address is different from prior return, check here

IRS Use

Grid for IRS Use with columns 1-15 and rows 1-2

If you do not have to file returns in the future, check here and enter date. If you are a seasonal employer, see Seasonal employers on page 1 of the instructions and check here

Main table with 15 rows for tax liability calculation, including wages, taxes, and credits.

Table 17: Monthly Summary of Federal Tax Liability

Sign Here section with signature line and date field



FLORIDA COMMERCIAL PAYFON
 UNIT 9
 5625 VERNA BLVD
 JACKSONVILLE FL 32205-4418

Exhibit LMD -8
 Page 32 of 52

LAST MONTHS CHARGES		393.72	
PAYMENT	09-21-02	155.44C	
ADJUSTMENTS		.00	
AMOUNT DUE PREVIOUS BILL			238.28
TOTAL CURRENT CHARGES			<u>202.85</u>
TOTAL AMOUNT DUE			441.13

CARRIER SUMMARY

CARRIER	ADJUSTMENTS	CURRENT CHARGES
SPRINT LOCAL COMMUNICATIONS	.00	<u>158.02</u>
QWEST COMMUNICATIONS CORP	<u>.00</u>	<u>44.83</u>
TOTALS	.00	202.85

OUR RECORDS INDICATE YOUR LOCAL TOLL CARRIER HAS NOT BEEN SELECTED

OUR RECORDS INDICATE YOUR LONG DISTANCE CARRIER HAS NOT BEEN SELECTED

4x \$39.51



352-568-7979 (829)
 OCTOBER 01, 2002

PLEASE RETURN THIS PORTION WITH YOUR PAYMENT

TOTAL AMOUNT DUE BY OCT. 22, 2002 441.13 AMOUNT PAID _____

MAKE CHECKS PAYABLE TO:

SPRINT
 P. O. BOX 30723
 TAMPA, FL

33630-3723

FLORIDA COMMERCIAL PAYFON
 UNIT 9
 5625 VERNA BLVD
 JACKSONVILLE FL 32205-4418

39013525687979829102202000441130002028500001001021104 0



UNIT 9
5625 VERA BLVD
JACKSONVILLE FL 32205-4418

Exhibit LMD -8
Page 33 of 52

LAST MONTHS CHARGES		395.33	
PAYMENT	06-21-02	202.94C	
ADJUSTMENTS		.00	
AMOUNT DUE PREVIOUS BILL			193.29
TOTAL CURRENT CHARGES			<u>247.44</u>
TOTAL AMOUNT DUE			440.73

CARRIER SUMMARY

CARRIER	ADJUSTMENTS	CURRENT CHARGES
SPRINT LOCAL COMMUNICATIONS	.00	165.01
QUEST COMMUNICATIONS CORP	<u>.00</u>	<u>82.43</u>
TOTALS	.00	247.44

OUR RECORDS INDICATE YOUR LOCAL TOLL CARRIER HAS NOT BEEN SELECTED
OUR RECORDS INDICATE YOUR LONG DISTANCE CARRIER HAS NOT BEEN SELECTED

*193.29 will be paid
After 8/20/2002
90 void limited on
check # 1349 & # 1347*



352-568-7979 (829)
JULY 01, 2002

PLEASE RETURN THIS PORTION WITH YOUR PAYMENT

TOTAL AMOUNT DUE BY JULY 25, 2002 440.73 AMOUNT PAID _____

MAKE CHECKS PAYABLE TO:

SPRINT
P. O. BOX 30723
TAMPA, FL

33630-3723

FLORIDA COMMERCIAL PAYFON
UNIT 9
5625 VERA BLVD
JACKSONVILLE FL 32205-4418

39013525687979829072302000440730002474400000701021102 0



FLORIDA COMMERCIAL PATFON INC
UNIT 9
5625 VERA BLVD
JACKSONVILLE FL 32205-4418

Exhibit LMD -8
Page 34 of 52

LAST MONTHS CHARGES		441.13
PAYMENT	10-26-02	158.02C
ADJUSTMENTS		.00
AMOUNT DUE PREVIOUS BILL		283.11
TOTAL CURRENT CHARGES		<u>17.86</u>
TOTAL AMOUNT DUE		300.97

CARRIER SUMMARY

CARRIER	ADJUSTMENTS	CURRENT CHARGES
SPRINT LOCAL COMMUNICATIONS	.00	3.73
QWEST COMMUNICATIONSCORP	<u>.00</u>	<u>14.13</u>
TOTALS	.00	17.86

OUR RECORDS INDICATE YOUR LOCAL TOLL CARRIER HAS NOT BEEN SELECTED

OUR RECORDS INDICATE YOUR LONG DISTANCE CARRIER HAS NOT BEEN SELECTED



FLORIDA COMMERCIAL PAYFON
UNIT 9
5625 VERA BLVD
JACKSONVILLE FL 32205-4418

EXHIBIT LMD -0
Page 35 of 52

LAST MONTHS CHARGES		393.72	
PAYMENT	09-21-02	155.44C	
ADJUSTMENTS		.00	
AMOUNT DUE PREVIOUS BILL			238.28
TOTAL CURRENT CHARGES			<u>202.85</u>
TOTAL AMOUNT DUE			441.13

CARRIER SUMMARY

CARRIER	ADJUSTMENTS	CURRENT CHARGES
SPRINT LOCAL COMMUNICATIONS	.00	158.82
QWEST COMMUNICATIONS CORP	<u>.00</u>	<u>44.83</u>
TOTALS	.00	202.85

OUR RECORDS INDICATE YOUR LOCAL TOLL CARRIER HAS NOT BEEN SELECTED

OUR RECORDS INDICATE YOUR LONG DISTANCE CARRIER HAS NOT BEEN SELECTED



BILLING NUMBER [REDACTED]
BILLING PERIOD OCT 14, 2002 00105

CLUB Service

SUMMARY OF CHARGES BILLED

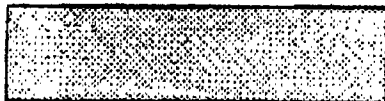
BELLSOUTH TELECOMMUNICATIONS, INC. (BST)

TOTAL AMOUNT OF LAST BILL	3,430.94	
PAYMENTS APPLIED THROUGH OCT 15	3,430.94	
ADJUSTMENTS APPLIED THROUGH OCT 15	0.00	
ZERO BALANCE (THANK YOU FOR YOUR PAYMENT)		0.00
CURRENT CHARGES		
BELLSOUTH	3,420.67	
TOTAL CURRENT CHARGES		3,420.67
TOTAL AMOUNT DUE BY NOV 05.		3,420.67



PLEASE DETACH AND RETURN WITH YOUR PAYMENT
MAKE CHECK PAYABLE TO BELLSOUTH
IN U.S. FUNDS

BILLING NUMBER [REDACTED]
BILLING NAME HOZAE MILTON
BILLING PERIOD OCT 14, 2002 00105



AMOUNT ENCLOSED

PO BOX 33009
CHARLOTTE, NC
28243-0001



BILLING NUMBER
BILLING PERIOD NOV 14, 2002 00018

CLUBSM Service

SUMMARY OF CHARGES BILLED

BELLSOUTH TELECOMMUNICATIONS, INC. (BST)

TOTAL AMOUNT OF LAST BILL	3,420.67	
PAYMENTS APPLIED THROUGH NOV 15	3,420.67	
ADJUSTMENTS APPLIED THROUGH NOV 15	0.00	
ZERO BALANCE (THANK YOU FOR YOUR PAYMENT)		0.00
CURRENT CHARGES		
BELLSOUTH	3,315.30	
TOTAL CURRENT CHARGES		3,315.30
TOTAL AMOUNT DUE BY DEC 06		3,315.30



BILLING NUMBER [REDACTED]
BILLING PERIOD SEP 14, 2002 00103

CLUB Service

SUMMARY OF CHARGES BILLED

BELLSOUTH TELECOMMUNICATIONS, INC. (BST)

TOTAL AMOUNT OF LAST BILL	3,604.54	
PAYMENTS APPLIED THROUGH SEP 17	3,604.54	
ADJUSTMENTS APPLIED THROUGH SEP 17	0.00	
ZERO BALANCE (THANK YOU FOR YOUR PAYMENT)		0.00
CURRENT CHARGES		
BELLSOUTH	3,430.94	
TOTAL CURRENT CHARGES		3,430.94
TOTAL AMOUNT DUE BY OCT 08.		3,430.94



BILLING PERIOD AUG 14, 2002 00101

CLUB Service

SUMMARY OF CHARGES BILLED

BELLSOUTH TELECOMMUNICATIONS, INC. (BST)

TOTAL AMOUNT OF LAST BILL	3,524.02	
PAYMENTS APPLIED THROUGH AUG 15	3,524.02	
ADJUSTMENTS APPLIED THROUGH AUG 15	0.00	
ZERO BALANCE (THANK YOU FOR YOUR PAYMENT)		0.00
CURRENT CHARGES		
BELLSOUTH	3,604.54	
TOTAL CURRENT CHARGES		3,604.54
TOTAL AMOUNT DUE BY SEP 05		3,604.54



BILLING PERIOD JUL 14, 2002 00103

CLUBSM Service

SUMMARY OF CHARGES BILLED

BELLSOUTH TELECOMMUNICATIONS, INC. (BST)

TOTAL AMOUNT OF LAST BILL	3,511.80	
PAYMENTS APPLIED THROUGH JUL 18	3,511.90	
ADJUSTMENTS APPLIED THROUGH JUL 18	0.00	
ZERO BALANCE (THANK YOU FOR YOUR PAYMENT)		0.00
CURRENT CHARGES		
BELLSOUTH	3,524.02	
TOTAL CURRENT CHARGES		3,524.02
TOTAL AMOUNT DUE BY AUG 06.		3,524.02



BILLING PERIOD JUN 14, 2002 00101

CLUB Service

SUMMARY OF CHARGES BILLED

BELLSOUTH TELECOMMUNICATIONS, INC. (BST)

TOTAL AMOUNT OF LAST BILL	3,511.67	
PAYMENTS APPLIED THROUGH JUN 14	3,511.67	
ADJUSTMENTS APPLIED THROUGH JUN 14	0.00	
ZERO BALANCE (THANK YOU FOR YOUR PAYMENT)		0.00
CURRENT CHARGES		
BELLSOUTH	3,511.90	
TOTAL CURRENT CHARGES		3,511.90
TOTAL AMOUNT DUE BY JUL 06		3,511.90



ACCOUNT NUMBER
BILLING PERIOD MAY 14, 2002 00101

CLUB Service

SUMMARY OF CHARGES BILLED

BELLSOUTH TELECOMMUNICATIONS, INC. (BST)

TOTAL AMOUNT OF LAST BILL	3,611.00	
PAYMENTS APPLIED THROUGH MAY 15	3,611.00	
ADJUSTMENTS APPLIED THROUGH MAY 15	0.00	
ZERO BALANCE (THANK YOU FOR YOUR PAYMENT)		0.00
CURRENT CHARGES		
BELLSOUTH	3,511.67	
TOTAL CURRENT CHARGES		3,511.67
TOTAL AMOUNT DUE BY JUN 05		3,511.67



BILLING PERIOD APR 14, 2002 00103

CLUB Service

SUMMARY OF CHARGES BILLED

BELLSOUTH TELECOMMUNICATIONS, INC. (BST)

TOTAL AMOUNT OF LAST BILL	3,516.50	
PAYMENTS APPLIED THROUGH APR 16	3,516.50	
ADJUSTMENTS APPLIED THROUGH APR 16	0.00	
ZERO BALANCE (THANK YOU FOR YOUR PAYMENT)		0.00
CURRENT CHARGES		
BELLSOUTH	3,596.76	
DIRECTORY OF FL INC JACKS FL	14.24	
TOTAL CURRENT CHARGES		3,611.00
TOTAL AMOUNT DUE BY MAY 07		3,611.00



BILLING PERIOD MAR 14, 2002 00095

CLUB Service

SUMMARY OF CHARGES BILLED

BELLSOUTH TELECOMMUNICATIONS, INC. (BST)

TOTAL AMOUNT OF LAST BILL	3,483.07	
PAYMENTS APPLIED THROUGH MAR 15	3,483.07	
ADJUSTMENTS APPLIED THROUGH MAR 15	0.00	
ZERO BALANCE (THANK YOU FOR YOUR PAYMENT)		0.00
CURRENT CHARGES		
BELLSOUTH	3,516.50	
TOTAL CURRENT CHARGES		3,516.50
TOTAL AMOUNT DUE BY APR 05.		3,516.50



BILLING PERIOD FEB 14, 2002 00099

CLUB Service

SUMMARY OF CHARGES BILLED

BELLSOUTH TELECOMMUNICATIONS, INC. (BST)

TOTAL AMOUNT OF LAST BILL	3,529.38	
PAYMENTS APPLIED THROUGH FEB 15	3,529.39	
ADJUSTMENTS APPLIED THROUGH FEB 15	0.00	
ZERO BALANCE (THANK YOU FOR YOUR PAYMENT)		0.00
CURRENT CHARGES		
BELLSOUTH	3,483.07	
TOTAL CURRENT CHARGES		3,483.07
TOTAL AMOUNT DUE BY MAR 08.		3,483.07



BILLING NUMBER [REDACTED]
BILLING PERIOD JAN 14, 2002 00079

CLUB Service

SUMMARY OF CHARGES BILLED

BELLSOUTH TELECOMMUNICATIONS, INC. (BST)

TOTAL AMOUNT OF LAST BILL	7,351.86	
PAYMENTS APPLIED THROUGH JAN 18	7,351.86	
ADJUSTMENTS APPLIED THROUGH JAN 18	0.00	
ZERO BALANCE (THANK YOU FOR YOUR PAYMENT)		0.00
CURRENT CHARGES		
BELLSOUTH	3,529.39	
TOTAL CURRENT CHARGES		3,529.39
TOTAL AMOUNT DUE BY FEB 05.		3,529.39

3,529.39

BILLING PERIOD DEC 14,2001 00092

CLUB Service

SUMMARY OF CHARGES BILLED

BELLSOUTH TELECOMMUNICATIONS, INC. (BST)

TOTAL AMOUNT OF LAST BILL	3,641.40	
PAYMENTS APPLIED THROUGH DEC 14	0.00	
ADJUSTMENTS APPLIED THROUGH DEC 14	0.00	
BALANCE FROM LAST BILL.		3,641.40
CURRENT CHARGES		
LATE PAYMENT CHARGE	9.00	
INTEREST CHARGE ON UNPAID BALANCE **	54.63	
BELLSOUTH	3,646.83	
TOTAL CURRENT CHARGES . . . *** DUE BEFORE JAN 05 ***		3,710.46
TOTAL AMOUNT DUE		7,351.86

JAN. 14, 02



BILLING PERIOD NOV 14, 2001 00099

CLUB Service

SUMMARY OF CHARGES BILLED

BELLSOUTH TELECOMMUNICATIONS, INC. (BST)

TOTAL AMOUNT OF LAST BILL	3,614.76	
PAYMENTS APPLIED THROUGH NOV 15	3,614.76	
ADJUSTMENTS APPLIED THROUGH NOV 15	0.00	
ZERO BALANCE (THANK YOU FOR YOUR PAYMENT)		0.00
CURRENT CHARGES		
BELLSOUTH	3,641.40	
TOTAL CURRENT CHARGES		3,641.40
TOTAL AMOUNT DUE BY DEC 06		3,641.40

Dec. 18



BILLING PERIOD JUL 14, 2001 00104

CLUB Service

SUMMARY OF CHARGES BILLED

BELLSOUTH TELECOMMUNICATIONS, INC. (BST)

TOTAL AMOUNT OF LAST BILL	4,279.00	
PAYMENTS APPLIED THROUGH JUL 18	9,199.22	
ADJUSTMENTS APPLIED THROUGH JUL 18	9,199.22	
BALANCE FROM LAST BILL		4,279.00
CURRENT CHARGES		
LATE PAYMENT CHARGE	9.00	
INTEREST CHARGE ON UNPAID BALANCE **	64.19	
BELLSOUTH	8,682.71	
TOTAL CURRENT CHARGES		8,755.90

TOTAL AMOUNT DUE

13,034.90

3000 CASH
8/21/01

Check 1205
8/21/01
1377.95

Check 1204
4377.95
8/20/01



BILLING NUMBER [REDACTED]
BILLING PERIOD JUN 14, 2001 00098

CLUB Service

SUMMARY OF CHARGES BILLED

BELLSOUTH TELECOMMUNICATIONS, INC. (BST)

TOTAL AMOUNT OF LAST BILL	9,199.22	
PAYMENTS APPLIED THROUGH JUN 17	9,199.22	
ADJUSTMENTS APPLIED THROUGH JUN 17	0.00	
ZERO BALANCE (THANK YOU FOR YOUR PAYMENT)		0.00

CURRENT CHARGES		
BELLSOUTH	4,273.89	
QWEST COMMUNICATIONS	5.11	
TOTAL CURRENT CHARGES		4,279.00

TOTAL AMOUNT DUE BY JUL 06.

4,279.00

BELLSOUTH

BILLING PERIOD AUG 14, 2001 00018

CLUB Service

SUMMARY OF CHARGES BILLED

BELLSOUTH TELECOMMUNICATIONS, INC. (BST)

TOTAL AMOUNT OF LAST BILL	13,034.90	
PAYMENTS APPLIED THROUGH AUG 15	4,278.00	
ADJUSTMENTS APPLIED THROUGH AUG 15	0.00	
BALANCE FROM LAST BILL		8,755.90

YOUR BILL CONTAINS A PAST DUE BALANCE OF \$ 8,755.90. YOUR SERVICE MAY BE DISCONNECTED WITHOUT FURTHER NOTICE UNLESS YOU MAKE SATISFACTORY PAYMENT ARRANGEMENTS IMMEDIATELY.

CURRENT CHARGES		
LATE PAYMENT CHARGE		9.00
INTEREST CHARGE ON UNPAID BALANCE **		130.37
BELLSOUTH		4,350.48
TOTAL CURRENT CHARGES . . . *** DUE BEFORE SEP 05 ***		4,489.86

TOTAL AMOUNT DUE	13,245.76
----------------------------	-----------

BELLSOUTH

BILLING NUMBER
BILLING PERIOD DEC 14, 2002 00101

CLUB Service

SUMMARY OF CHARGES BILLED

BELLSOUTH TELECOMMUNICATIONS, INC. (BST)

TOTAL AMOUNT OF LAST BILL	3,315.30	
PAYMENTS APPLIED THROUGH DEC 16	3,315.30	
ADJUSTMENTS APPLIED THROUGH DEC 16	0.00	
ZERO BALANCE (THANK YOU FOR YOUR PAYMENT)		0.00
CURRENT CHARGES		
BELLSOUTH	3,431.06	
TOTAL CURRENT CHARGES		3,431.06

TOTAL AMOUNT DUE BY JAN 07. **3,431.06**