

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: October 30, 2008

TO: Office of Commission Clerk (Cole)

FROM: Division of Regulatory Compliance (Isler)
Office of the General Counsel (Brooks)

RE: Docket No. 080430-TP – Bankruptcy cancellation by Florida Public Service Commission of CLEC Certificate No. 7160 and IXC Registration No. TJ276, issued to CAT Communications International, Inc., effective June 30, 2008.

AGENDA: 11/13/08 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\RCP\WP\080430.RCM.DOC

Discussion of Issues

Issue 1: Should the Commission grant CAT Communications International, Inc., as listed in Attachment A, cancellation of its CLEC Certificate No. 7160 and IXC tariff and remove its name from the register with an effective date of June 30, 2008, due to bankruptcy; notify the Division of Administrative Services that any unpaid Regulatory Assessment Fees, including statutory late payment charges, should not be sent to the Florida Department of Financial Services and request permission to write-off the uncollectible amounts; and require the company to immediately cease and desist providing telecommunications service in Florida?

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Recommendation: Yes, the company should be granted a bankruptcy cancellation of its CLEC Certificate No. 7160 and IXC tariff and Registration No. TJ276 with an effective date of June 30, 2008. (Isler, Brooks)

Staff Analysis: See attached proposed Order.

Issue 2: Should this docket be closed?

Recommendation: Yes, this docket should be closed if no protest is filed and upon issuance of a Consummating Order. (Brooks)

Staff Analysis: The Order issued from this recommendation will become final upon issuance of a Consummating Order, unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Proposed Agency Action Order. The docket should then be closed upon issuance of a Consummating Order.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Bankruptcy cancellation by Florida Public Service Commission of CLEC Certificate No. 7160 and IXC Registration No. TJ276, issued to CAT Communications International, Inc., effective June 30, 2008.	DOCKET NO. 080430-TP ORDER NO. ISSUED:
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The following Commissioners participated in the disposition of this matter:

MATTHEW M. CARTER II, Chairman
LISA POLAK EDGAR
KATRINA J. MCMURRIAN
NANCY ARGENZIANO
NATHAN A. SKOP

NOTICE OF PROPOSED AGENCY ACTION ORDER
GRANTING CANCELLATION OF COMPETITIVE LOCAL EXCHANGE CERTIFICATE
AND INTRASTATE INTEREXCHANGE COMPANY
TARIFF AND REMOVAL FROM THE REGISTER DUE TO BANKRUPTCY

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.

CAT Communications International, Inc. currently holds Competitive Local Exchange Carrier (CLEC) Certificate No. 7160 and Intrastate Interexchange Telecommunications Carrier (IXC) Registration No. TJ276.

Pursuant to Section 364.336, Florida Statutes, telecommunications companies must pay a minimum annual Regulatory Assessment Fee if the certificate was active during any portion of the calendar year and provides for late payment charges as outlined in Section 350.113, Florida Statutes, for any delinquent amounts.

On June 30, 2008, this Commission received a letter dated June 24, 2008 from the company's representative, Ms. Ginny Shelton, that CAT Communications International, Inc. had ceased operations in Florida in January 2007 due to its bankruptcy filing, and requested cancellation of its CLEC certificate and IXC registration. Our staff researched this and found that the company filed for Chapter 11 bankruptcy protection on June 3, 2008, with the US

Bankruptcy Court, Western District of Virginia (Roanoke), Case No. 08-71013. The case was converted to a Chapter 7 bankruptcy proceeding on August 27, 2008. In addition, the company filed a request for “withdrawal of authority to transact business or conduct affairs in Florida” with the Florida Department of State, Division of Corporations on September 17, 2007.

The company has filed for bankruptcy, and pursuant to 11 USCS § 362 (b)(4) of the US Bankruptcy Code, the filing of a petition for bankruptcy relief acts as an automatic stay that enjoins a governmental entity from exercising its regulatory authority to collect a pre-petition debt. Additionally, in any bankruptcy liquidation or reorganization, secured creditors are given the highest priority in the distribution and, normally, receive all of the distributed assets. Regulatory Assessment Fees (RAFs), late payment charges, and penalties owed by a company to the Florida Public Service Commission, as well as monetary settlements of cases resolving issues of failure to pay such fees, are not secured debts and, as a practical matter, are uncollectible in a bankruptcy proceeding where liquidation occurs. Therefore, this Commission would be prevented from collecting the Regulatory Assessment Fees owed by this company, and from assessing and collecting a penalty for failure to pay the fees. The company owes a balance on the 2005, the 2007 and 2008 RAFs, and late payment charges for the years 2005, 2006, and 2007 for its CLEC certificate. The company owes the 2007 and 2008 RAFs, and late payment charges for the years 1999 and 2007 on its IXC registration.

We are vested with jurisdiction over this matter pursuant to Sections 364.02, 364.336, 364.337, and 364.285, Florida Statutes. Accordingly, we hereby find that CAT Communications International, Inc.’s CLEC Certificate No. 7160 and IXC Registration No. TJ276 shall be cancelled due to bankruptcy, effective June 30, 2008. In addition, any unpaid Regulatory Assessment Fees shall not be sent to the Florida Department of Financial Services for collection, and permission for this Commission to write off the uncollectible amount shall be requested. CAT Communications International, Inc. shall immediately cease and desist providing competitive local exchange and intrastate interexchange telecommunications services in Florida.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that CAT Communications International, Inc.'s Certificate No. 7160 to provide competitive local exchange telecommunications service is hereby cancelled, effective June 30, 2008, due to bankruptcy. It is further

ORDERED by the Florida Public Service Commission that CAT Communications International, Inc.'s Registration No. TJ276 to provide intrastate interexchange telecommunications service is hereby cancelled, effective June 30, 2008, due to bankruptcy. It is further

ORDERED that the outstanding Regulatory Assessment Fees, including accrued statutory late payment charges, shall not be sent to the Department of Financial Services for collection. The Division of Administrative Services, instead, shall request permission to write off the uncollectible amount. It is further

ORDERED that if CAT Communications International, Inc.'s CLEC certificate and IXC tariff is cancelled and its name removed from the register in accordance with this Order, it shall immediately cease and desist providing telecommunication services in Florida. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Office of Commission Clerk, 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 in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this ____ day of _____,
_____.

ANN COLE
Commission Clerk

(S E A L)

TJB

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

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Attachment A

petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on _____.

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.