

Attachment Case in
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MEMORANDUM

January 7, 1999

99 JAN -7 PH 1:27

RECORDS AND
REPORTING

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF LEGAL SERVICES (MILLER) *MSB Jam*

RE: DOCKET NO. 980897-TI - INITIATION OF SHOW CAUSE
PROCEEDINGS AGAINST LEAST COST ROUTING D/B/A LONG
DISTANCE CHARGES, INC. FOR VIOLATION OF RULE 25-4.118,
F.A.C., INTEREXCHANGE CARRIER SELECTION.

98-0072-AS

Attached is an ORDER APPROVING OFFER OF SETTLEMENT, with
attachments, to be issued in the above-referenced docket. (Number
of pages in order - 5)

JAM/anr
Attachment
cc: Division of Communications
I: 980897.jam

See 1

ATTACHMENT(S) NOT ON-LINE

*2 mailed
RAJ*

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Initiation of show cause proceedings against Least Cost Routing d/b/a Long Distance Charges for violation of Rule 25-4.118, F.A.C., Interexchange Carrier Selection.

DOCKET NO. 980897-TI
ORDER NO. PSC-99-0072-AS-TI
ISSUED: January 8, 1999

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.

ORDER APPROVING OFFER OF SETTLEMENT

BY THE COMMISSION:

Least Cost Routing d/b/a Long Distance Charges, Certificate Number 4402, is a provider of interexchange telecommunications service and was certificated on February 27, 1996. As a provider of interexchange telecommunications service in Florida, Least Cost Routing d/b/a Long Distance Charges (LDC) is subject to the rules and regulations of this Commission.

For the period March 26, 1996, through July 15, 1998, this Commission received 279 complaints against LDC. At least 68 of these were determined to be apparent unauthorized carrier change (slamming) infractions in violation of Rule 25-4.118, Florida Administrative Code. Based on the number of complaints received and the number of apparent slamming violations, we issued Order No. PSC-98-1205-SC-TI, on September 9, 1998, requiring LDC to show cause by September 30, 1998, why it should not have Certificate Number 4402 canceled or be fined \$680,000 for 68 apparent violations of Rule 25-4.118, Florida Administrative Code.

DOCUMENT NUMBER DATE

00307 JAN-89

FPSC RECORDS/REPORTING

After the show cause order was issued, LDC initiated settlement discussions with PSC staff. On November 10, 1998, LDC submitted a proposal to settle the case.

SETTLEMENT

The settlement offer is attached and incorporated herein as Attachment A. In the offer, LDC agrees to the following:

- (1) LDC will not market its services in Florida for a period of at least three years from the date that this settlement offer has been agreed to by the Commission.
- (2) LDC will not resume its marketing efforts thereafter in the state of Florida until such marketing methods which LDC proposes to utilize have been approved by our staff.
- (3) LDC will resolve all current and future consumer complaints associated with its past marketing practices in a timely manner.
- (4) LDC will make a contribution of \$70,000 to the General Revenue Fund of the State of Florida, with no admission of liability or wrongdoing.

We believe LDC's proposal to stop marketing its services in Florida for a period of at least three years will allow LDC an opportunity to evaluate its current marketing techniques and make necessary revisions to reduce consumer complaints. We believe that obtaining prior approval of future marketing methods will result in fewer consumer complaints should LDC decide to resume marketing in Florida. We also believe that LDC should continue to respond to complaints in a timely manner. Considering these factors, as well as the \$70,000 contribution by LDC, we believe the terms of the settlement agreement to be fair and reasonable.

As a certificated telecommunications company, LDC is required to continue to adhere to the rules of the Florida Public Service Commission.

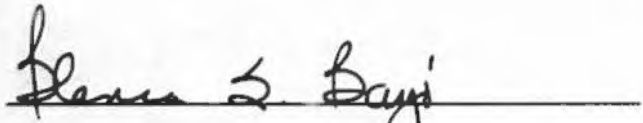
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PAGE 3

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the offer of settlement dated November 10, 1998, by Least Cost Routing, Inc. d/b/a Long Distance Charges is hereby approved. It is further

ORDERED that Least Cost Routing d/b/a Long Distance Charges shall remit \$70,000 within five days of this Order becoming final. The voluntary contribution shall be forwarded to the Office of the Comptroller for deposit in the State General Revenue Fund, pursuant to Section 364.285(1), Florida Statutes. When the \$70,000 contribution is received, this docket may be closed administratively.

By ORDER of the Florida Public Service Commission this 8th day of January, 1999.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

JAM

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 or judicial review of Commission orders that is available under Sections 120.57 or 120.68, 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 or judicial review will be granted or result in the relief sought.

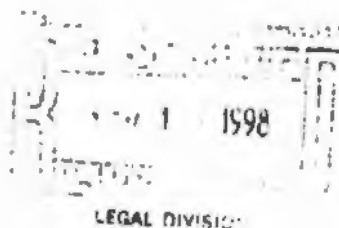
Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of Records and reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

LONG DISTANCE CHARGES, INC.

ORDER NO. PSC-99-0072-AS-TT
DOCKET NO. 98897-TI
PAGE NO. FIVE

November 10, 1998

Ms. Cathy Bedell
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee FL 32399



Re: Docket No. 980897-TI

Dear Ms. Bedell:


Long Distance Charges ("LDC") received your letter dated November 4, 1998. LDC accepts the condition that no marketing be done in Florida for the next three (3) years for return for a settlement of Seventy Thousand Dollars (\$70,000). As LDC believes you are aware, LDC stopped marketing in June 1998 and has no plans to begin marketing again. If after three years LDC should decide to consider marketing in Florida, LDC will first seek written approval from the Florida Public Service Commission.

With regard to the other issue you raised in your letter LDC believes that all complaints have been fully resolved either through a re-rating of the phone bill or a complete and full refund. LDC understands that since LDC stopped marketing in June 1998 it will take a few months for the complaints to show any significant decrease. However LDC's customer service department has already shown a dramatic decrease. In a report LDC received from the Florida PSC dated November 9, 1998 LDC has no unresolved complaints. Two of the entries on the report do not belong to LDC but rather to Least Cost Routing of Clearwater Florida. LDC has and will continue to rectify any and all complaints from Florida consumers.

Please advise to whom the check should be made out and when the settlement document will be available for us to sign. The check is available upon request by the Florida PSC.

LDC appreciates the Florida PSC willingness to work with LDC to get this problem resolved.

Sincerely,


Mr. Ned Gershenson
President