

VCI COMPANY'S CONFIDENTIAL RESPONSE TO POST-AUDIT QUESTION NO. 1

Question No. 1: What is VCI's cost of providing Toll Limitation Service (TLS). Please provide a detailed breakdown of VCI's incremental cost showing any non-recurring and recurring costs VCI incurs to provide toll limitation service to Lifeline customers. Show how these costs are calculated.

Response:

It has been VCI's historical experience since it began serving that the toll blocking service provided by the LEC does not completely prevent customers from incurring toll charges. For example, customers dial 0+ to reach an operator, who then connects the customer to 411. Once the customer obtains a long distance number from the 411 operator, the customer is then connected to the number. In addition, toll blocking is not activated immediately after the customer has requested this service, permitting the customer to make toll calls until toll blocking has been activated.¹ As a result, VCI historically has incurred 411 charges and toll connection charges for these calls. VCI is not permitted to recover these costs from customers who have signed an LOA asking for toll blocking on their accounts and historically has not recovered these costs from Lifeline customers who have not elected toll blocking.

To alleviate these charges, VCI has developed a higher tier of toll limitation service using its own facilities to block 411/0+ service from being obtained through the LEC's operator. Customers are given access to 411 through the company's toll free telephone number. Upon dialing the company's number, the customer is given the choice of having a VCI operator provide 411 service or being connected to a free directory assistance service. If the customer elects to have VCI perform this service, a VCI operator will inform the customer of the company's 411 charge. VCI does not connect customers to long distance numbers.

VCI's toll limitation service has been in operation for approximately 9 months, but the company's investment in facilities has occurred over the past 12 - 15 months. VCI's non-recurring investment in this system is approximately \$803,900. Its monthly recurring charges for maintaining this system are approximately \$17,142.50. (See attached spreadsheet). VCI's goal was to recoup its nonrecurring and recurring investment in its TLS system over a 2.5 year (30 month) period.

VCI uses the LEC's tariffed recurring and nonrecurring rates, after resale discount, as its benchmark for pricing its model for TLS. VCI demonstrated its use of the LEC's tariffed rates for its benchmark in its response to Audit Request No. 19, which is attached hereto. 47 CFR 54.403(c) provides that Lifeline support for providing toll limitation shall equal the ETC's incremental cost of providing either toll blocking or toll control.

¹ Customers wishing access to long distance may also claim to be handicapped in order to obtain assistance from the operator to be connected to long distance numbers.

DOCUMENT NUMBER 04016 MAY 14 80
MPH
FPSC-COMMISSION CLERK

CONFIDENTIAL

VCI COMPANY'S CONFIDENTIAL RESPONSE TO POST-AUDIT QUESTION NO. 2

Question No. 2: Please provide the rule that allows you to charge a TLS charge of \$3.13. Please explain VCI's interpretation of this rule, including the cost of providing the service and how it is calculated.

Response:

The rule that permits VCI to charge a TLS charge based on its incremental costs of providing service is 47 CFR 54.403(c). VCI came under the impression that there was a rule requiring a CLEC charge an amount less than the LEC's tariffed monthly rate for TLS after speaking with USAC on a number of occasions. VCI assumed that USAC frowned on TLS charges above the LEC's tariffed monthly charge because of an FCC rule. VCI was unable to find a supporting rule and now believes that USAC may operate under a policy that is not codified as a rule.

The spreadsheet attached to VCI's Confidential Response to post-audit Question No. 2 details the monthly costs of VCI's TLS system that were to be recouped over the company's 30 month goal. As it stands now, VCI recouped its nonrecurring network expenses as of October 2007 and now charges approximately \$1.00 per month for TLS to recoup its monthly recurring expenses for this network.

DECLASSIFIED

DOCUMENT NUMBER-DATE

04016 MAY 14 8

FPSC-COMMISSION CLERK

VCI TLS System**Investment
Nonrecurring****Equipment**

Equipment	Count	Cost
ESS-Phone switching system		12,700.00
Inter-tel IP Phone system		622,000.00
Mercom -Monitoring & recording/computer system		150,000.00
Main company Router		10,000.00
MPLS routers	2	9,200.00
Total		803,900.00

**Investment
Recurring****Recurring Monthly**

T-1's	6	3,300.00
DID's		6.50
Federal Access Charges		75.00
Mics line charges		25.00
MPLS Monthly Charge		5,400.00
Total		8,806.50 Per Month

Personnel Charges -4 persons

8,336.00 Per Month Salary, Benefits etc.

Total Monthly Costs of System

17,142.50

Recouping VCI's Investment

Nonrecurring Investment 803,900/30 months = 26796.667 Per month

Total Monthly Costs of System 17,142.50 Per month

Total Monthly Investment to be Recouped 43939.167 Per month

Recurring Toll Limitation Service Charge 3.13

No. of Total Customers Needed Per Month to Meet Goal 14,038

VCI recouped its nonrecurring investment as of 03/24/2011 and now charges approximately \$1,142 per month for TLS to recoup its monthly recurring expenses for this network.

VCI COMPANY'S CONFIDENTIAL RESPONSE TO POST-AUDIT QUESTION NO. 3

Question No. 3 What were the total number of VCI customers and total number of Lifeline customers in Florida in December 2007? Also, please provide a definition of VCI customers and AT&T customers.

Response:

Total VCI Invoiced Customers December 2007:	5,409
Total VCI Invoiced Lifeline Customers December 2007:	4,912

Definition of VCI Customer: A VCI Lifeline customer is a residential customer for whom VCI obtains a non-Lifeline, undiscounted access line for the provision of basic local exchange service and Lifeline service.

Definition of AT&T Customer: An AT&T Lifeline customer is a residential customer for whom VCI obtains a Lifeline discounted access line for the provision of basic local exchange service and Lifeline service.

DECLASSIFIED

DOCUMENT NUMBER-DATE
04016 MAY 14 08
FPSC-COMMISSION CLERK

CONFIDENTIAL

VCI 911 Fee Over Collection Worksheet 8/06 - 1/08

Florida City	No. Lines	Total 911 Charge Collected	Correct 911 Charge
Archer	33	\$24.75	\$16.50
Atlantic Beach	37	\$27.75	\$16.28
Belle Glade	32	\$24.00	\$16.00
Biscayne Park	5	\$3.75	\$2.50
Boca Raton	25	\$18.75	\$12.50
Boynton Beach	80	\$60.00	\$40.00
Bronson	41	\$30.75	\$20.50
Bryceville	5	\$3.75	\$2.50
Cape Canaveral	2	\$1.50	\$1.00
Chiefland	62	\$46.50	\$31.00
Coconut Creek	13	\$9.75	\$6.50
Coral Gables	1	\$0.75	\$0.50
Coral Springs	176	\$132.00	\$88.00
Crescent City	1	\$0.75	\$0.50
Cross City	10	\$7.50	\$5.00
Cutler Bay	59	\$44.25	\$29.50
Dania	168	\$126.00	\$84.00
Davie	81	\$60.75	\$40.50
Deerfield Beach	129	\$96.75	\$64.50
Delray Beach	50	\$37.50	\$25.00
Dunnellon	4	\$3.00	\$2.00
El Portal	3	\$2.25	\$1.50
Fernandina Beach	6	\$4.50	\$3.00
Florida City	297	\$222.75	\$148.50
Fort Lauderdale	809	\$606.75	\$404.50
Fort Pierce	19	\$14.25	\$9.50
Gainesville	1842	\$1,381.50	\$921.00
Green Cove Springs	52	\$39.00	\$26.00
Greenacres	24	\$18.00	\$12.00
Hallendale	90	\$67.50	\$45.00
Hallendale Beach	75	\$56.25	\$37.50
Hawthorne	32	\$24.00	\$16.00
Hialeah	96	\$72.00	\$48.00
Hialeah Gardens	13	\$9.75	\$6.50
Hollywood	286	\$214.50	\$143.00
Homestead	939	\$704.25	\$469.50
Jacksonville	3909	\$2,931.75	\$1,719.96
Jacksonville Beach	44	\$33.00	\$19.36
Key Largo	5	\$3.75	\$2.50
Key West	20	\$15.00	\$10.00
Keystone Heights	19	\$14.25	\$9.50
Lake Butler	2	\$1.50	\$1.00
Lake City	45	\$33.75	\$22.50
Lake Park	34	\$25.50	\$17.00
Lake Worth	70	\$52.50	\$35.00
Lantana	20	\$15.00	\$10.00
Lauderdale Lakes	194	\$145.50	\$97.00
Lauderhill	652	\$489.00	\$326.00
Magonia Park	18	\$13.50	\$9.00

DECLASSIFIED

DOCUMENT NUMBER-DATE

04016 MAY 14 8

FPSC-COMMISSION CLERK

Marathon	4	\$3.00	\$2.00
Margate	41	\$30.75	\$20.50
Maxville	4	\$3.00	\$2.00
Melbourne	3	\$2.25	\$1.50
Miami	3581	\$2,685.75	\$1,790.50
Miami Beach	20	\$15.00	\$10.00
Miami Gardens	554	\$415.50	\$277.00
Miami Lakes	7	\$5.25	\$3.50
Miami Shores	2	\$1.50	\$1.00
Micanopy	2	\$1.50	\$1.00
Middleburg	76	\$57.00	\$38.00
Mims	5	\$3.75	\$2.50
Miramar	138	\$103.50	\$69.00
Newberry	6	\$4.50	\$3.00
North Lauderdale	130	\$97.50	\$65.00
North Miami	204	\$153.00	\$102.00
North Miami Beach	135	\$101.25	\$67.50
Oakland Park	67	\$50.25	\$33.50
Ocala	1	\$0.75	\$0.50
Old Town	29	\$21.75	\$14.50
Opa-Locka	392	\$294.00	\$196.00
Orange Park	46	\$34.50	\$23.00
Orlando	16	\$12.00	\$8.00
Ormond Beach	9	\$6.75	\$3.69
Pahokee	8	\$6.00	\$4.00
Palatka	133	\$99.75	\$66.50
Palm Bay	3	\$2.25	\$1.50
Palm Beach Gardens	4	\$3.00	\$2.00
Palm Coast	4	\$3.00	\$2.00
Palm Springs	11	\$8.25	\$5.50
Palmetto Bay	5	\$3.75	\$2.50
Panama City Beach	2	\$1.50	\$1.00
Pembroke Park	17	\$12.75	\$8.50
Pembroke Pines	99	\$74.25	\$49.50
Pensacola	2	\$1.50	\$1.00
Plantation	40	\$30.00	\$20.00
Pomona Park	1	\$0.75	\$0.50
Pompano Beach	352	\$264.00	\$176.00
Port Saint Lucie	13	\$9.75	\$6.50
Riviera Beach	207	\$155.25	\$103.50
Rock Harbor	2	\$1.50	\$1.00
Saint Augustine	42	\$31.50	\$21.00
South Bay	4	\$3.00	\$2.00
South Miami	16	\$12.00	\$8.00
Starke	4	\$3.00	\$2.00
Stock Island	1	\$0.75	\$0.50
Sunny Isles Beach	24	\$18.00	\$12.00
Sunrise	172	\$129.00	\$86.00
Tamarac	48	\$36.00	\$24.00
Tavernier	6	\$4.50	\$3.00
Titusville	2	\$1.50	\$1.00
Trenton	32	\$24.00	\$16.00

Vero Beach	17	\$12.75	\$8.50	
West Miami	1	\$0.75	\$0.50	
West Palm Beach	288	\$216.00	\$144.00	
West Park	82	\$61.50	\$41.00	
Williston	19	\$14.25	\$9.50	
Wilton Manors	23	\$17.25	\$11.50	
Yulee	32	\$24.00	\$16.00	
Totals	17817	\$13,362.75	\$8,668.29	\$4,694.46

VCI COMPANY
PLAN FOR CUSTOMER REFUND OF 911 OVERCHARGES

Pursuant to Florida Public Service Commission Rule 25-4.114, VCI Company provides the following plan for refund of 911 overcharges:

I. Basis of Refund/Interest (25-4.114(3) and (4))

VCI will refund those customers who paid the 911 surcharge billed by VCI, at a rate of \$0.25 per month for each month the paying customer was served by VCI between (date) and (date). As the refund provided to each customer is expected to be minuscule, VCI requests permission not to include interest in the refund amounts.

II. Timing of Refund (25-4.114(2))

: Refunds will be made within 90 days of the Commission's Order requiring refund of 911 overcharges or 90 days after VCI's agreement with Commission staff that overcharges should be refunded.

III. Method of Refund Distribution (25-4.114(5))

A. Current Customers

VCI will credit current customers on their bill. As the credit provided to each customer is expected to be minuscule, VCI requests permission not to mail refunds to customers in the form of a check.

B. Former Customers

VCI will mail a check to former customers whose overcharge constitutes \$1.00 or more to the customer's last known billing address.

IV. Refund Reports (25-4.114(7) and (8))

VCI will provide the Commission with monthly reports, on the 10th of the following month, on the status of the refund. VCI will submit a preliminary report of the refund within 30 days of after the date the refund is completed and a final report 90 days after the refund is completed. The preliminary and final reports will contain the following information:

- (a) The amount of money to be refunded and how that amount was computed;
- (b) The amount of money actually refunded;
- (c) The amount of any unclaimed refunds;
- (d) The status of any unclaimed amounts; and
- (e) A suggested method for disposing of any unclaimed amounts, if any.

DOCUMENT NUMBER-DATE

04016 MAY 14 8

FPSC-COMMISSION CLERK

DECLASSIFIED
CONFIDENTIAL

VCI COMPANY
CONFIDENTIAL RESPONSE TO AUDIT REQUEST NO. 16
(UNDER SEAL)

Response: Document Request No.1 requests the G/L supporting the amounts stated in the forms FCC 497 for the period from June 1, 2006 – June 30, 2007. Thus, the G/L contains figures for amounts received from the USAC as reimbursement for Lifeline and Link-Up services for Florida customers and does not contain customer payments for that time period. Revenues from customers for the year 2006 were correctly reported on the RAF.

VCI COMPANY
CONFIDENTIAL

SS1-D

DOCUMENT NUMBER-DATE

04016 MAY 14 8

FPSC-COMMISSION CLERK

000004

documentation. If you have made contact with the customer via correspondence, please provide a copy of the resolution correspondence sent.

Please provide a supplemental report which addresses the above matter by 3/19/07. NForsman

552-A
VCI COMPANY
CONFIDENTIAL

03/08/2007 Company response received via e-mail. /EEstelle

3/8/07 - Reviewed Company Report received 3/8/07:

1) The company indicates that the customer was mailed a copy of the PSC response.
NForsman

3/8/07 - Complaint Closed as GI-25. NForsman

Request No. 733659T Name JOHNSON, STANLEY MR. Business Name

Consumer Information	Florida Public Service Commission - Consumer Request 2540 Shumard Oak Boulevard Tallahassee, Florida 32399 850-413-6100	PSC Information
Name: STANLEY JOHNSON		Assigned To: SHONNA MCCRAY
Business Name:		Entered By: NE
Svc Address: 230 NE 39TH COURT		Date: 04/24/2007
County: Broward Phone: (954)-786-9121		Time: 09:45
City/Zip: Pompano Beach / 33064-		Via: PHONE
Account Number: 157251	Utility Information	Prelim Type: IMPROPER BILLS
Caller's Name: STANLEY JOHNSON	Company Code: TX868	PO:
Mailing Address: 230 NE 39TH COURT	Company:	Disputed Amt: 10.00
	Attn. Stan Efferding733659T	Supmntl Rpt Req'd: / /
	Response Needed From Company? Y	Certified Letter Sent: / /
	Date Due: 05/15/2007	Certified Letter Rec'd: / /
	Fax: 61,253-475-6328 R	
	Interim Report Received: / /	Closed by: SDM
	Reply Received: 05/04/2007	Date: 05/29/2007
	Reply Received Timely/Late: T	Closeout Type: GI-25
	Informal Conf.: N	Apparent Rule Violation: N

Request No. 725812T Name MESSINA, SHERL MS. Business Name

Preclose Type - Improper Bills

What is the amount of the bill in dispute? \$10.00

What is the date of the bill? 04/07

Why do you believe you have been billed improperly? See Comments

Other Comments:

04/24/07 - Customer states he mails his payments out the same time each month. He states he mailed a payment on 04/08/07 which was due on 04/13/07. Customer states Vilaire has confirmed receipt of his payment. He states the company has billed him a late payment fee of \$10.00 and has refused to credit the fee. He states he was not late with the payment and does not have control over how long the company takes to post his payments. Customer is requesting credit of \$10.00.

ATTENTION VILAIRE: CUSTOMER IS REQUESTING SERVICES IS NOT DISCONNECTED WHILE THIS MATTER IS UNDER INVESTIGATION WITH FPSC.

Per Consumer Complaint Rule 25-22.032, please use the following procedures when responding to PSC complaints.

1. Complaint resolution should be provided to the customer via direct contact with the customer, either verbally or in writing within 15 working days after the complaint has been sent to the company.
2. A response to the PSC is due by 5:00 p.m. Eastern time, of the 15th working days after the complaint has been sent to the company.
3. The response should include the following:
 - a) the cause of the problem
 - b) actions taken to resolve the customer's complaint
 - c) the company's proposed resolution to the complaint
 - d) answers to any questions raised by staff in the complaint
 - e) confirmation the company has made direct contact with the customer
4. Send your written response to the PSC, and copies of all correspondence with the customer to the following e-mail, fax, or physical addresses:
E-Mail - pscreply@psc.state.fl.us
Fax - 850-413-7168
Mail - 2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Case taken by Nicole Ewan.

Request No. 733659T Name JOHNSON , STANLEY MR. Business Name

PAGE NO: 9

VCI COMPANY
CONFIDENTIAL

SJ2-6

600000

010000

5/4/07 Customer transferred by Tamela. The customer states his bill is usually due on the 13th of each month, He has not received a bill that should be due on 5/13/07. The customer has not contacted the company regarding the bill. The customer states he usually receives a bill 3 to 4 days before it is due; therefore causing the payment to reach the company after the due. Advised customer that I would re-send his complaint to the company. Shonna McCray

5/4/07 ATTN COMPANY, HAS THE CUSTOMER'S NEW BILL BEEN MAILED TO HIM? IF SO, ON WHAT DATE WAS THE BILL MAILED? IF NOT, WHY HASN'T THE BILL BEEN MAILED? HOW MANY DAYS IS THE CUSTOMER ALLOWED BEFORE THE DUE DATE? Please provide a detailed account history. How much is the customer's service monthly? PLEASE PROVIDE A RESPONSE TO THE PSC BY 5/15/07.

05/04/2007 Company response received via e-mail. /EEstelle

5/10/07 REVIEWED COMPANY RESPONSE. Response indicates the following:

- o VCI mailed a bill to Mr. Johnson on 3/29/07, with a due date for payment within 15 days or by 4/13/07.
- o VCI posts all payments the same day they are received.
- o Mr. Johnson's April payment was received on 4/17/07.
- o VCI doesn't have control over how long it take the payments to arrive by mail but they must be received in the company's office by the due date in order to be considered timely and avoid late charges.
- o VCI will credit the late fee this one time, but Mr. Johnson needs to be sure that his payment arrives in VCI's office by the due date or a late fee will be charged.
- o Mr. Johnson can pay over the phone using a credit card or use a MoneyGram service to ensure that the payment is posted the same time it is made as opposed to relying on the post office to deliver his payment on time.
- o VCI also sent a recent bill on 4/27/07, which is due within 15 days or by 5/13/07.
- o The customer's total monthly bill is \$33.91.
- o Customer was billed \$33.91 on 2/28/07.
- o Customer paid \$3.91 on 3/13/07.
- o Customer was billed \$3.91 on 3/29/07.
- o Customer was billed \$10.00 on 4/14/07, for late fee.
- o Customer paid \$33.91 on /17/07.
- o Customer was billed \$43.91 on 4/27/07 (\$33.91 monthly service, \$10 late fee)
- o Customer account was credited \$10.00 on 5/4/07.
- o Current balance due by 5/13/07, is \$33.91
- o A copy of this correspondence has been mailed to Mr. Johnson.

Shonna McCray

5/29/07 This inquiry closed. Shonna McCray

552-C
VCI COMPANY
CONFIDENTIAL

Request No. 733659T Name JOHNSON, STANLEY MR. Business Name _____

Request No. 746981T

Name JOHNSON, STANLEY MR.

Business Name

<p align="center"><i>Consumer Information</i></p> <p>Name: STANLEY JOHNSON</p> <p>Business Name:</p> <p>Svc Address: 230 NE 39TH COURT</p>	<p align="center"><i>Florida Public Service Commission - Consumer Request</i></p> <p align="center">2540 Shumard Oak Boulevard Tallahassee, Florida 32399 850-413-6100</p>	<p align="center"><i>PSC Information</i></p> <p>Assigned To: KATE SMITH</p> <p>Entered By: CD</p> <p>Date: 08/16/2007</p> <p>Time: 10:36</p>
<p>County: Broward Phone: (954)-786-9121</p> <p>City/Zip: Pompano Beach / 33064-</p> <p>Account Number: 157251</p> <p>Caller's Name: STANLEY JOHNSON</p> <p>Mailing Address: 230 NE 39TH COURT</p>	<p align="center"><i>Utility Information</i></p> <p>Company Code: TX868</p> <p>Company:</p> <p>Attn. Stan Efferding 746981T</p> <p>Response Needed From Company? Y</p> <p>Date Due: 09/07/2007</p> <p>Fax: 61,253-475-6328 R</p>	<p>Via: PHONE</p> <p>Prelim Type: IMPROPER BILLS</p> <p>PO:</p> <p>Disputed Amt: 10.00</p>
<p>City/Zip: POMPANO BEACH, FL 33064-</p> <p>Can Be Reached: (754)-235-4443</p> <p>E-Tracking Number:</p>	<p>Interim Report Received: / /</p> <p>Reply Received: 08/16/2007</p> <p>Reply Received Timely/Late: T</p> <p>Informal Conf.: N</p>	<p>Supmntl Rpt Req'd: / /</p> <p>Certified Letter Sent: / /</p> <p>Certified Letter Rec'd: / /</p> <p>Closed by: KES</p> <p>Date: 09/20/2007</p> <p>Closeout Type: PR-06</p> <p>Apparent Rule Violation: N</p>

110000

Preclose Type - Improper Bills.

What is the amount of the bill in dispute? \$10.00

What is the date of the bill? Bill due on August 16, 2007

Why do you believe you have been billed improperly? Customer states that the due dates for the bill changes every month.

Other Comments:

The customer states that this is not the first time he has been charged a late fee for the payment of his telephone bill. The previous time he was charged for the late fee the company gave him a credit of the \$10.00 for the late fee being charged. Customer states that he has tried to contact the company about the issue and they tell him that he must pay the last fee. Customer is frustrated with the company for continuing to charge

VCI COMPANY
CONFIDENTIAL

35a-D

Request No. 746981T

Name JOHNSON, STANLEY MR.

Business Name

him a late fee when he has yet to receive a bill for that billing period.

Per Consumer Complaint Rule 25-22.032, please use the following procedures when responding to PSC complaints.

1. Complaint resolution should be provided to the customer via direct contact with the customer, either verbally or in writing within 15 working days after the complaint has been sent to the company.
2. A response to the PSC is due by 5:00 p.m. Eastern time, of the 15th working days after the complaint has been sent to the company.
3. The response should include the following:
 - a) the cause of the problem
 - b) actions taken to resolve the customer's complaint
 - c) the company's proposed resolution to the complaint
 - d) answers to any questions raised by staff in the complaint
 - e) confirmation the company has made direct contact with the customer

4. Send your written response to the PSC, and copies of all correspondence with the customer to the following e-mail, fax, or physical addresses:

E-Mail - pscreply@psc.state.fl.us

Fax - 850-413-7168

Mail - 2540 Shumard Oak Blvd.

Tallahassee, Florida 32399-0850

271000

Case taken by Christina Dempsey

08/16/2007 Company response received via e-mail. /EEstelle

08/21/2007 Company response received via e-mail. /EEstelle

9/18/07 - Complaint reassigned to KSmith. NForsman

September 20, 2007: Customer objects to paying late fees. He admits that he pays after the due date, but alleges it is because the company does not send bills in a timely manner. The company gave a one-time courtesy adjustment of the late fee in May. The customer has been notified that no additional late fees will

Request No. 746981T Name JOHNSON, STANLEY MR. Business Name

PAGE NO: 14

VCi COMPANY
CONFIDENTIAL
524E

be waived. No adjustments are forthcoming or warranted. Kate

000013

VCI COMPANY
CONFIDENTIAL
SS-2F
