

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Initiation of show cause proceedings against PrePay USA Telecom for violation of Rule 25-24.470, F.A.C., Certificate of Public Convenience and Necessity Required, and Rule 25-4.043, F.A.C., Response to Commission Staff Inquiries.

DOCKET NO. 971299-TI
ORDER NO. PSC-98-0491-AS-TI
ISSUED: April 8, 1998

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 SETTLEMENT

BY THE COMMISSION:

BACKGROUND

On February 5, 1997, we received information that PrePay USA Telecom (PrePay) may be providing intrastate interexchange telecommunications service through the instrument of debit cards without a certificate from this Commission. Staff mailed a certified letter to PrePay informing it of its responsibility to obtain a certificate in order to provide prepaid phone card services. Staff attempted unsuccessfully to obtain a completed application from PrePay. Based on the information received by our staff and the unresponsiveness of PrePay to staff's inquiries, we opened this docket to investigate whether PrePay should be required to show cause why it should not be fined pursuant to Section 364.285, Florida Statutes, for apparent violations of Rule 25-24.470, Florida Administrative Code, Certificate of Public Convenience and Necessity Required, and Rule 25-4.043, Florida Administrative Code, Response to Commission Staff Inquiries.

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FILED IN 98-0491-TI

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On November 25, 1997, PrePay contacted staff to discuss staff's proposed show cause recommendation. PrePay stated that it "has not in the past, does not currently and has no intention of selling prepaid phone cards in the State of Florida". In fact, PrePay only had \$6.00 worth of traffic generated in the State of Florida in the last month.

As the outcome of several discussions between staff and PrePay, the company decided to submit a settlement proposal. (Attachment A) The company offered to block its prepaid phone cards' ability to make or complete a call within the State of Florida rather than be fined and/or certificated by this Commission. Accordingly, the company proposed a settlement that can be summarized as follows: PrePay will immediately implement a policy not to offer intrastate telephone service in the State of Florida through the prepaid calling card service or any other product; PrePay will block the ability to complete intrastate calls in the State of Florida; PrePay will keep the 800 customer service number active in order to handle any customer inquiries that may arise due to the card being inoperable in the State of Florida.

We believe the terms of the settlement proposal are a fair and reasonable resolution of this matter. Accordingly, we hereby approve the settlement offer. Since there are no further matters for us to address, this docket shall be closed.

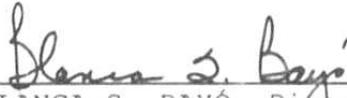
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Prepay USA Telecom's settlement proposal, included in this Order as Attachment A, is hereby approved in lieu of continuing the show cause proceeding for apparent violations of Rule 25-4.470, Florida Administrative Code, Certificate of Public Convenience and Necessity Required, and 25-4.043, Florida Administrative Code, Response to Commission Staff Inquiries. It is further

ORDERED that this docket is closed.

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By ORDER of the Florida Public Service Commission this 8th
day of April, 1998.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

WPC

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.

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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.

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PREPAYUSA™ TELECOM
 Changing the way America calls™

245 South Street
 Northumbria, New Jersey 07060

1st (201) 879-1400
 Res: (201) 459-0504

February 12, 1998

Kathy Bieganski
 State of Florida, Public Service Commission
 2540 Shumard Oak Blvd.
 Tallahassee, FL 32399 - 0863

Dear Ms. Bieganski:

At your request, this letter is to inform you that PrepayUSA has ceased offering service in the State of Florida by blocking the 800 access number on its prepaid calling card. We have, however, not blocked the 800 access number for customer service. Any customer that attempts to make an interstate call from within your state will get the DXC message informing them that the call cannot be made from that area code. The customer may then reach our operators and offers of assistance will be made ranging from a refund to the offer additional time as apology for any inconvenience, knowing the time can only be used outside of Florida.

As we have had only a couple of inquiries in the several weeks since the 800 number was disabled, I am confident that this matter will not cause any problems that cannot easily be remedied.

I hope this puts this whole matter to rest. I cannot impress upon you enough how much your focus should be on the "bodoggs" business. Watch out for those providers that are offering \$0.19 to \$0.29 per minute to Latin America and the Caribbean. When you think about the fact that on top of these absurdly low International rates, they are selling the card to the distributor with ridiculously high commissions, some in excess of 40% to 50%, there is no way they will be able to meet the carriers demand for payment and in the end it will be the customer that suffers when the cards are rendered useless by a carrier shutdown.

Anyway, I have said my peace, I am sure your perseverance will aid in legitimizing this industry. Good Luck.

Sincerely,

Malcolm Mead
 Vice President