

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

APRIL 4, 1996

TO: DIRL. TOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF COMMUNICATIONS (WILLIAMS, STAVANJA) *WJ*
DIVISION OF AUDITING & FINANCIAL ANALYSIS (JONES) *RD*
DIVISION OF LEGAL SERVICES (EDMONDS) *WTF* *APC* *ALM*

RE: DOCKET NO. 960122-TX; APPLICATION FOR CERTIFICATE TO
PROVIDE ALTERNATIVE LOCAL EXCHANGE TELECOMMUNICATIONS
SERVICE BY STRATEGIC TECHNOLOGIES, INC.

AGENDA: 04/16/96 - REGULAR AGENDA - PROPOSED AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\960122TX.RCM

CASE BACKGROUND

Section 364.337(1), Florida Statutes, reads as follows:

(1) Upon this act becoming a law, a party may file an application for a certificate as an alternative local exchange telecommunications company before January 1, 1996, and the commission shall conduct its review of the application and take all actions necessary to process the application. However, an application shall become effective no sooner than January 1, 1996. The commission shall grant a certificate of authority to provide alternative local exchange service upon a showing that the applicant has sufficient technical, financial, and managerial capability to provide such service in the geographic area proposed to be served. In no event may an alternative local exchange telecommunications company offer basic local telecommunications services within the territory served by a company subject to Chapter 364.052,

DOCUMENT NUMBER-DATE

03869 APR-4 96

FPSC-RECORDS/REPORTING

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Florida Statutes, prior to January 1, 2001, unless the small local exchange telecommunications company elects to be regulated under Chapter 364.051, Florida Statutes, or provides cable television programming services directly or as video dialtone applications authorized under 47 U.S.C., Chapter 214, except as provided for in compliance with part II of this chapter. It is the intent of the Legislature that the commission act expeditiously to grant certificates of authority under this section and that the grant of certificates not be affected by the application of any criteria other than that specifically enumerated in this subsection.

STAFF DISCUSSION

ISSUE 1: Should the Commission grant STRATEGIC TECHNOLOGIES, INC. (STI) a certificate to provide statewide alternative local exchange telecommunications service within the State of Florida as provided by Section 364.337(1), Florida Statutes?

RECOMMENDATION : Yes, STI should be granted:

Florida Public Service Commission Certificate No. 4431

STAFF ANALYSIS: Pursuant to Section 364.337 (1), Florida Statutes (effective July 1, 1995), STI filed an appropriate application with this Commission on February 2, 1996, to conduct alternative local exchange service in Florida.

STI's exhibit of managerial qualifications reflects qualified employees in telecommunications management, marketing and service (pages 5-7). In regard to technical capability, STI's exhibit indicates that STI will have the expertise (page 6) to ensure that a high quality of standards are maintained at their facilities. STI will rely on the network operation and management of its underlying carrier(s) to maintain a high quality of transportation standards.

The Division of Auditing and Financial Analysis reviewed STI's financial statement to determine the company's viability (pages 8-9). Based on the information provided by STI, the financial capability of the company appears adequate.

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ISSUE 2: Should the Commission require STRATEGIC TECHNOLOGIES, INC. (STI) to provide access to 911 service effective on the date the company begins to provide basic local telecommunications service at a level equivalent to the 911 access services of the LEC serving in the same area?

RECOMMENDATION: Yes.

STAFF ANALYSIS: To ensure that Florida end users are allowed high quality access to emergency services, Section 364.337(2) provides that each alternative local exchange telecommunications company that provides basic local telecommunications service must provide access to 911 services.

The Commission has no specific rules on what a LEC or an ALEC must provide in terms of 911 service access. Section 364.337(2), F.S., requires that an ALEC must include access to 911 in its basic service but does not define what type of 911 services must be provided. This could result in an ALEC offering access to 911 service which is inferior in some way to the 911 service access provided by the LEC in that same area. For example, a LEC might provide both automatic number identification (telephone number) and automatic location (address) information to the public safety answering point while the ALEC might only provide the telephone number of the calling party.

Inferior 911 access could result in loss of life which is not something that can be corrected at a later date. The issue of 911 access was to some extent addressed in the number portability docket and the individual local interconnection agreements. If that issue is ultimately resolved, we may be able to remove this provision, but for now, it should be a specific requirement of the order that the ALEC's 911 service be at a level equivalent to that provided by the LEC serving that same area.

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ISSUE 3: Should this docket be closed?

RECOMMENDATION: Yes, if no person whose substantial interests are affected by the Commission's Proposed Agency Action files a protest within 21 days of the issuance date of the order.

STAFF ANALYSIS: Accordingly, this docket should be closed if no person whose substantial interests are affected by the Commission's Proposed Agency Action files a protest within 21 days of the issuance date of the order.

ROBERT D. RUBIN

WORK EXPERIENCE

- January 1996 to Present* President of STRATEGIC TECHNOLOGIES, INC. ("STRATEGIC"). STRATEGIC is currently engaged in the alarm installation and monitoring business and is an applicant to become a franchise cable operator.
- June 1994 - January 1996* President of PEOPLES TELEPHONE COMPANY, INC. ("PEOPLES"). PEOPLES was primarily an independent public pay telephone company which operated in 41 states. PEOPLES also operated businesses in cellular telephones installed in rental cars and automated telephone systems installed in correctional facilities.
- January 1993 - January 1996* President of PTC SERVICES, INC. ("PTC"), a wholly-owned subsidiary of PEOPLES. PTC operated as a reseller of interexchange carrier and operator services in approximately 20 states. The company also started and sold a prepaid calling card business.
- August 1989 - June 1994* Executive Vice President of PEOPLES. Responsibilities included strategic planning, mergers and acquisitions and legal and regulatory.
- August 1987 - August 1989* STEEL, HECTOR & DAVIS
Lawyer specializing in mergers and acquisitions, federal and state securities laws and general corporate matters.
- August 1987 - January 1994* GREENBERG, TRAURIG, ASKEW, HOFFMAN, ROSEN & QUENTEL, P.A.
Lawyer specializing in mergers and acquisitions, federal and state securities laws and general corporate matters.
- July 1980 - August 1981* PEAT MARWICK MITCHELL & CO.
Certified public accountant with audit and tax experience.

EDUCATION

- 1981 - 1984* UNIVERSITY OF MIAMI SCHOOL OF LAW
Juris doctor. Cum laude
- 1976 - 1980* BOSTON UNIVERSITY
BSBA. Magna cum laude

Ray T. Perriguet III

SUMMARY OF QUALIFICATIONS

9 Years - Computer / Management Information System Design, Implementation & Maintenance

IBM & AMIGA SYSTEM ARCHITECTURE - OVER 200 SOFTWARE PLATFORMS

- o Software Platforms: (fluent, familiarity with)
 - Operating Systems: Microsoft DOS, Windows, Amiga DOS
 - Spreadsheet: Lotus 123, Symphony, Excel, Quatro Pro
 - Database: dBase III+, dBase IV, Access, Paradox, Rbase
 - Word-processing: Word, Symphony, WordStar, WordPerfect
 - Programming Languages: Clipper, C, C+, C++, Visual Basic
 - Video / Animation: Video Toaster, Pro Video +, SCALA, InfoChannel, CGI
- o Networks: Novell & LanTastic

9 Years - Cable Television Operations Management & Engineering

- o Forward Planning, Budget Forecasting, Cost Analysis
- o F.C.C., Federal, Regional and Local Regulatory Experience
- o System Expansion & Acquisition, Franchise, PUD & MUD
- o Marketing, Public Relations, Community Affairs
- o Personnel Selection, Evaluation, Training and Management
- o Wide Band RF System Design, Headend & Distribution Design, Construction & Maintenance
- o On & Off Premises Addressability (SA, Tocom, AM, Blonder-Tongue, Eagle)
- o System Sweep & Analysis / CLI / Proof of Performance

12 Years - Broadcast Operations Management & Engineering

- o Forward Planning, Budget Forecasting, Cost Analysis
- o F.C.C., Federal, Regional and Local Regulatory Experience
- o AM / FM / VHF / UHF / Microwave Transmission & Reception

EMPLOYMENT EXPERIENCE

Independent Contractor

4/93 - Present

Information Systems / Telecommunications Consultant

Carlsbad, CA

Customization of End User Software Applications. Assist Client in business Software / Hardware selection. Provide Client custom reporting formats, data manipulation programs and on-site staff training. Design and Maintenance of customized client computer systems, networks and employee data input formats.

CATV system acquisitions, system upgrades and redesign, site evaluations, technical compliance. Microwave Path Studies, Site Selection and Access Negotiation.

Telephone system, residential / commercial design, equipment evaluation and selection. Installation, upgrade, maintenance. Billing system interface.

Ocean Hills Cable Television, Inc.

1/85 - 3/93

a wholly owned subsidiary of Leisure Technology, Inc. (formerly NYSE)
Vista, CA

PRESIDENT

4/88 - 3/93

Management and direction of 5 Private cable systems (1 CA, 2 NY, 2 NJ) - 5000 passings / 3500 subscribers. 450 MHz / 2 way / Addressable. 12 FT Employees. 2 Million AOP. Only Division of Leisure Technology not a part of Chapter 11 filing. Orchestrated sale of CA system to Times Mirror. Reduced overhead by 28%; increased revenue by 12% without rate increases or staffing cutbacks. Designed, implemented and maintained Computer Networks and Information Reporting Systems for Division and Corporate interface.

Ocean Hills Cable Television, Inc., cont.**VICE PRESIDENT OPERATIONS**

6/86 - 4/88

Responsible for all technical operations. Designed, constructed, maintained 3 East Coast Headends and 450 MHz Distribution systems. Designed, constructed and maintained all computer systems; billing, control, reporting and character generation. Hired and trained all field personnel and contractors, implemented preventative maintenance procedures and customer service procedures.

GENERAL MANAGER / CHIEF ENGINEER

1/85 - 6/86

Installed 36 channel SA Headend, upgraded existing 300 MHz. Distribution System to 450 MHz. / 2 way / Addressable. Wrote billing, reporting and character generator programs. Implemented integrated construction techniques and aesthetic installation procedures.

Love Sound, Unlimited - Audio / Video / Broadcast Engineering
Anaheim / Oceanside, CA

1/80 - 1/85

OWNER / PRESIDENT

Consulting & Contract Engineering Service. (7 Employees)

Engineer of Record for 8 Commercial Broadcast Facilities

Contract Engineer for 50+ Commercial Broadcast Facilities

Designed, Installed & Maintained 200+ CCTV Security Systems

Designed & Constructed 3 Recording Studios / 2 Video Production Studios

Gregg Laboratories
Anaheim, CA**MARKETING DIRECTOR**

10/78 - 1/80

Manufacturer of Audio Processing Equipment for Commercial Broadcast Applications. Responsible for advertising design, layout and placement, design and fabrication of collateral materials, manufacturing cost analysis and pricing, direct sales, distributor negotiations and relations, customer service, collections. Assisted in design, layout, component selection and chassis and circuit board fabrication. Wrote all advertising copy and service manuals. Generated direct sales of \$235,000.

Additional Employment History Available Upon Request.

E D U C A T I O N**University of Texas at El Paso**
El Paso, TX

1/72 - 12/74

MAJOR: MASS COMMUNICATIONS

MINOR: EDUCATION

136 HOURS

Cal State at Pomona
Pomona, CA

1/78 - 5/78

SPECIALTY COURSES ONLY: RF PROPAGATION / DIRECTIONAL ANTENNA THEORY & DESIGN



Public Service Commission

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

DATE: February 26, 1996
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis *ALM*
RE: Docket No. 960122-TX, Strategic Technologies, Inc., Financial Analysis for *APC* Certificate Application for Alternative Local Exchange Telecommunications Service *TS*

Section 364.337 (1), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide alternative local exchange service upon a showing that the applicant has sufficient technical, financial, and managerial capability to provide such service in the geographic area proposed to be served.

Also Section 364.01 (3) and (4) states that:

(3) The Legislature finds that the competitive provision of telecommunications service, including local exchange telecommunications service, is in the public interest.
and

(4)(d) The Commission shall exercise its exclusive jurisdiction in order to: (d) Promote competition by encouraging new entrants into telecommunications markets

Regarding the showing of financial capability, the Finance staff has analyzed the unaudited financial statements of Strategic Technologies, Inc. (STI) for the period ending November 30, 1995. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, STI has adequate ownership equity, but minimal liquidity and negative net income.

Considering the unaudited financial statements and the company's financial condition, staff could not recommend that STI collect deposits or rates subject to refund without posting a bond or letter of credit. However, in this matter, STI is asking for a certificate to provide alternative local exchange telecommunications service. Under the minimal requirements of the statute, the application appears adequate.

cc: Division of Legal Services
Division of Records and Reporting

DOCKET NO. 960122-TX
STRATEGIC TECHNOLOGIES, INC.
Alternative Local Exchange Service
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

AS
OF
11/30/96

CURRENT ASSETS	\$8,174
CURRENT LIABILITIES	61,010
CURRENT RATIO	0.13
CASH	0
COMMON EQUITY	4,793,200
TOTAL DEBT	0
NET INVESTOR CAPITAL	4,793,200
COMMON EQUITY RATIO	100%
NET INCOME (LOSS)	(1,612)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure