

FLORIDA PUBLIC SERVICE COMMISSION  
Capitol Circle Office Center - 2540 Shumard Oak Blvd.  
Tallahassee, Florida 32399-0850

M E M O R A N D U M

APRIL 4, 1996

TO: DIVISION OF RECORDS AND REPORTING [BAYO]

FROM: DIVISION OF COMMUNICATIONS [WILKINS, STRONG] *ALM*  
DIVISION OF AUDITING & FINANCIAL ANALYSIS [JONES] *APC*  
DIVISION OF LEGAL SERVICES [LUGO] *RPH TH*

RE: DOCKET NO. 960054-TI; APPLICATION FOR CERTIFICATE TO  
PROVIDE INTEREXCHANGE TELECOMMUNICATIONS SERVICE BY  
INTEGRATED TELESERVICES, INC.

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

SPECIAL INSTRUCTIONS: I:PSC/CMU/WP/960054TI.RCM

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CASE BACKGROUND

Pursuant to Section 364.337(3), Florida Statutes,  
(effective July 1, 1995):

(3) The commission shall grant a certificate of authority to provide intrastate interexchange telecommunications 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.

STAFF DISCUSSION

ISSUE 1: Should the Commission grant INTEGRATED TELESERVICES, INC. (ITI) a certificate to provide statewide interexchange telecommunications service within the State of Florida as provided by Section 364.337 (3), Florida Statutes?

DOCUMENT NUMBER-DATE

03892 APR-4 1996

Fpsc-RECORDS/REPORTING

DOCKET NO. 960054-TI  
DATE: April 4, 1996

**RECOMMENDATION:** Yes, ITI should be granted:

Florida Public Service Commission Certificate No. 4420

**STAFF ANALYSIS:** ITI filed an application with this Commission on January 12, 1996, to offer telecommunications service as a switchless rebiller of long distance service in Florida.

ITI's exhibit of managerial qualifications (pages 3-4) exhibits satisfactory records in telecommunications sales, marketing and service. In regard to technical capability, ITI indicates that it will rely on the network ownership, operation and management of its underlying carrier(s) since it will be operating as a switchless rebiller. The Division of Auditing and Financial Analysis reviewed ITI's financial statements to determine the company's financial viability (pages 5-6). Based on the information provided by ITI, the financial capability of the company appears minimal.

**ISSUE 2:** 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:** 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.

Attachment 1

Officer and Director Information

INTEGRATED TELESERVICES, INC.

12/4/95

Name	Street Address	City	State	Zip Code	Social Security Number	Phone	Officer	Board of Directors	Date of Election	Stock Ownership
Jack A. Burk	9391 E. Ellery	Clovis	California	93612	491-36-3336	(209) 299-9062	President	Chairman	January 1994	44.00%
Gregory T. Garrott	1613 Alvin	Santa Maria	California	93454	557-80-3637	(805) 349-9400	Executive Vice President & Chief Financial Officer	Treasurer	January 1994	36.00%
Robert P. Benz	2314 Fineood Court	Byron	California	94514	483-38-7327	(510) 516-1414		Secretary	January 1994	0.60%

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Applicant's proposed operations will be directed by a management team consisting of Mr. Jack A. Burk, Mr. Gregory T. Garrott, Mr. Robert R. Benz, and Mr. Larry Thiessen. No one associated with ITS was previously associated with a telecommunications company that either filed for bankruptcy or went out of business.

Mr. Burk, President and Sales Manager of ITS, founded ITS after playing a major role in the development of a telecommunications consulting company. Prior to this consulting work, Mr. Burk spent approximately five years with Sprint. While with Sprint, Mr. Burk progressed from Account Executive to National Accounts Manager, a position reserved only for the most successful sales managers. Earlier in his professional career, Mr. Burk had obtained valuable business and financial experience and training in the investment business through employment with Equity Securities Corporation of America. Before working in the investment business, Mr. Burk worked as an electronic test quality engineer with North American Rockwell and Rocketdyne Rocket Engine Division. Mr. Burk will be responsible for the technical aspects of ITS; resale operations.

Mr. Garrott is the Executive Vice President and Chief Financial Officer of ITS. Mr. Garrott will be primarily responsible for the financial aspects of the business. He graduated with honors from the University of California at Davis in 1975, with a degree in Economics and Business Management. Upon graduation, he joined E.F. Hutton where he received special training in investment banking, working directly with the top members of E.F. Hutton's Board of Directors. In 1989, he accepted a position as Vice President with Kemper Securities. In January of 1993, Mr. Garrott opened the independent investment offices of Brookstreet Securities and California Managed Accounts.

Mr. Benz will act as the Secretary of ITS. Prior to joining ITS, Mr. Benz operated a telecommunications consulting company. Mr. Benz was also the founder and Chief Executive Officer of Westmark Capital, a privately held equipment finance company with approximately \$15 million in annual revenues. Over the course of his career, he has gained substantial experience in finance and customer relations. As secretary of ITS, he will be primarily responsible for various financial and sales aspects of the business.

The final member of the management team is Mr. Larry Thiessen. Currently a non-equity participant with ITS, Mr. Thiessen will be ITS' Regional Sales Manager. Mr. Thiessen has been actively involved in the telecommunications field since 1989, holding positions with Sprint and Municipal Resource Consultants, a telecommunications consulting company. Mr. Thiessen specializes in engineering the best possible telecommunications services for customers.



## Public Service Commission

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

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**DATE:** April 4, 1996  
**TO:** Tom Williams, Division of Communications  
**FROM:** Sonja Jones, Division of Auditing and Financial Analysis *SET* *ALM*  
**RE:** Docket No. 960054-TI, Integrated TeleServices, Inc., Financial Analysis for *APC* *1995*  
Certificate Application for Intrastate Interexchange Telecommunications Service

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This is a Revision of AFAD's memo of February 2, 1996.

Section 364.337 (3), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide intrastate interexchange telecommunications 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 Integrated TeleServices, Inc. (ITS) for the period ending June 30, 1995. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ITS has adequate liquidity but reports negative common equity and negative net income.

In this matter, ITS is asking for a certificate to provide IXC service. Staff notes the limited nature of the application and that no customer provided funds appear to be at risk. For purposes of granting a certificate based on the financial information provided, the financial capability of the company appears minimal.

cc: Division of Legal Services  
Division of Records and Reporting

DOCKET NO. 960054-TI  
Integrated TeleServices, Inc.  
IXC CERTIFICATE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 6/30/95
CURRENT ASSETS	\$408,402
CURRENT LIABILITIES	278,802
CURRENT RATIO	1.46
CASH	15,937
COMMON EQUITY	(71,949)
TOTAL DEBT	507,752
NET INVESTOR CAPITAL	435,803
COMMON EQUITY RATIO	NMF
NET LOSS	(10,201)
RETURN ON EQUITY	NMF

NMF = No Meaning Figure