

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 18, 1996

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF COMMUNICATIONS (WILLIAMS, STAVANJA) *WLS*
DIVISION OF AUDITING & FINANCIAL ANALYSIS (LESTER) *ALM*
DIVISION OF LEGAL SERVICES (BILLMEIER) *LMB RL*

RE: DOCKET NO. 960227-TX; APPLICATION FOR CERTIFICATE TO
PROVIDE ALTERNATIVE LOCAL EXCHANGE TELECOMMUNICATIONS
SERVICE BY GLOBAL TEL*LINK CORPORATION. *PL*

AGENDA: 04/30/96 - REGULAR AGENDA - PROPOSED AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\960227TX.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

04434 APR 18 96

FPSC-RECORDS/REPORTING

DOCKET NO. 960227-TX
DATE: April 18, 1996

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 GLOBAL TEL*LINK CORPORATION (GLOBAL) 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, GLOBAL should be granted:

Florida Public Service Commission Certificate No. 4451

STAFF ANALYSIS: Pursuant to Section 364.337 (1), Florida Statutes (effective July 1, 1995), GLOBAL filed an appropriate application with this Commission on February 23, 1996.

GLOBAL's exhibit of managerial qualifications reflects qualified employees in telecommunications management, marketing and service (pages 5-9). In regard to technical capability, GLOBAL's exhibit indicates that GLOBAL will rely on its own expertise (pages 10-11). GLOBAL also indicates that it will rely on the network operation and management of its underlying carrier(s) too.

The Division of Auditing and Financial Analysis reviewed GLOBAL's financial statement to determine the company's financial viability (pages 12-13). Based on the information provided by GLOBAL, the financial capability of the company appears adequate.

DOCKET NO. 960227-TX
DATE: April 18, 1996

ISSUE 2: Should the Commission require GLOBAL TEL*LINK CORPORATION (GLOBAL) 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.

DOCKET NO. 960227-TX
DATE: April 18, 1996

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.

Key Management Personnel at Schlumberger/Global Tel*Link

William F. Shepard
President

Harvard Business School
Century University
MBA, 1994

Bill Shepard was transferred to Schlumberger/Global Tel*Link in February 1994 from Schlumberger Ltd. in New York. Mr. Shepard has an extensive business background, beginning as Operations Manager for General Electric in 1965. He then joined Neptune Manufacturing, a leading U.S. supplier of residential, commercial and industrial liquid meters, as Director of Operations in 1973. In 1979, he assumed the position of president. Neptune initiated the development of the automatic meter reading system, hand-held portable computers and data collection systems currently in-use worldwide. When Neptune was acquired by Schlumberger in 1987, Mr. Shepard was appointed president and General Manager of Schlumberger Technologies in Atlanta, Georgia. He then transferred to New York as Director of Business Development for Schlumberger Ltd., where he was responsible for acquisitions and divestitures of all Schlumberger-held companies.

Teresa Ridgeway
Director of Support Services

University of S. Alabama
BA/Psychology 1981
University of San Francisco
MHROD - Human Resources,
Organizational Development

After graduating from college, Ms. Ridgeway moved to California to further her education and worked as a purchasing agent for one of the nation's largest suppliers in the wine industry. In 1984, she joined the California School of Professional Psychology and rapidly advanced to Associate Provost for Administrative Affairs. Her areas of responsibility included Admissions, Financial Aid, Business Affairs, Human Resources, Computer Services, and Plant Management, supervising 30 full-time and 40 part-time employees and an annual budget of \$4 million.

Ms. Ridgeway was successful in recruiting and raising the minority population of the student body from 14% to 30% in three years. She was instrumental in 1990 for designing and marketing a Master's program in Organizational Behavior for the school. Upon returning to Mobile in 1992, she spent a short period of time launching a family-owned business and then joined Global in February 1993. After serving in the position of Manager of Marketing, and HR Manager, she assumed the position of Director of Support Services in June 1995 and has responsibilities for Bids & Contracts, Human Resources, Customer Service and Administration.

Wilfred Walker
Director of Operations

Mississippi State University
BS/Industrial Management 1960

Mr. Walker joined the staff of Global in 1994 with almost 30 years of experience in industrial management. Mr. Walker started with ITT Telecommunications upon graduating and was there for 11 years in various positions ranging from Supervisor of Inventory Control to Quality Engineer. In 1972 he joined Schlumberger as the Quality Manager for Neptune Meter Company. In 1978 Mr. Walker returned to ITT as the Manager of Industrial Engineering Services. He stayed with ITT until rejoining Schlumberger Industries in 1989 as Director of Operations for the Owenton, Kentucky plant. While at Owenton, Mr. Walker organized and directed a Total Quality Management program which eliminated production bottlenecks and saved over \$800,000 per year for the plant.

Mr. Walker has a proven track record of controlling direct labor expenses and providing innovative ideas to improve production efficiencies. He is also skilled in the areas of vendor relations, customer support and communication equipment installation oversight. As Director of Operations for Global, Mr. Walker has responsibilities for Purchasing, Production, Quality Control and Customer Technical Support.

Scott Kazem, CPA
Controller

George Mason University
BS/Finance, 1986

Mr. Kazem has over nine years of experience in the Telecommunication industry and possesses extensive related technical knowledge. Before joining Schlumberger/Global Tel*Link, Mr. Kazem was an Operations Analyst for National Rural Utilities Cooperative Finance Corporation & Rural Telephone Finance Cooperative in Virginia, where he implemented improvements in the lending and finance departments. Mr. Kazem has served as a Financial Consultant for MCI Communications, as well as a Senior Analyst for Northern Telecom. In 1994, Mr. Kazem completed a course of study in upper level Accounting while serving as an Instructor at the University of Virginia.

George Talbot, Jr.
Vice President of Sales

Nicholls State University
BS/Business Administration 1972

After college graduation, Mr. Talbot began and operated a successful construction company for many years. He has been involved in the telecommunications industry since 1988. Maritime Industrial Services in Dubai, U.A.E. requested Mr. Talbot join them as Commercial Manager in 1991. In this Middle East office, he was responsible for all purchasing, safety, employee housing, office personnel, security and payroll for the Sharjah and Damascus offices. Mr. Talbot supervised a staff of 40 employees and more than 4,500 employees in five countries. After joining Global in June 1993, Mr. Talbot opened the Louisiana office. That office has now grown to a total of 10 employees and is responsible for servicing the state of Louisiana inmate phone contract, the New Orleans payphone project and numerous parish (county) and city jail facilities.

Cliff Anders
Vice President of MIS

University of S. Carolina
BS/Computer Science 1981
University of Miami
MBA 1984

Until the time Cliff joined Global in 1992, he owned his own private consulting firm. In this capacity, he specialized in computer systems development. His consulting firm developed inmate control systems, commissary systems and accounting systems for correctional environments. With more than 15 years of computer experience, ranging from main frames to PCs, Mr. Anders is the designer and implementor of our centralized data processing center, including, among others, Global*LEX, Touch 800, and the Spectrum Debit System. He is responsible for all processing, validation and centralized system development.

Thomas C. Hearn
Vice President of Engineering

Auburn University
BS/Engineering 1965
Troy State University
MBA 1974

After college graduation, Mr. Hearn served our nation for five years in the nuclear-powered submarines division of the U.S. Navy, and held the rank of Lieutenant Commander in the Naval Reserves. Before joining Global, he worked for 10 years in the commercial nuclear field in engineering, testing and management. Upon arriving at Global, Mr. Hearn was instrumental in the development of Global's software and hardware products, as well as technical writing for Global installation and instruction manuals. He is also primarily responsible for our cellular telephone products and has been a key force in major inmate and cellular account development.

Michael P. Kennedy
Director of Long Distance Sales

University of S. Illinois
Electronic Management

After serving eight years as a Weapons Systems technician in the U.S. Marine Corps, Mr. Kennedy entered the private sector as a data communications technician with PAR Microsystems. While at PAR, he installed and serviced back-office processor-controlled data systems. In 1989, Mr. Kennedy joined National Data Corporation (NDC) as a Major Accounts Representative. NDC was a pioneer in Operator Services Markets and Validation and Billing/Collection Services for Interexchange Carriers. Before leaving NDC, he was promoted to Product Manager for Validation Services and Supervisor of Marketing Support. Mr. Kennedy was instrumental in the establishment of Global's own validation program, the Global*LEX, and the refinements in Global Profit Plus (GPP). Mr. Kennedy now directs the sales efforts of our long distance division.

James R. Wingo
Vice President
Puerto Rican Operations

MIT
BS/Geophysics 1980
MS/Geophysics 1981
Harvard
MBA 1987

During his summer years at Harvard, Jim was employed as a financial analyst for John Hannon Associates, an investment advisory firm in Dayton, Ohio. During this time, he made presentations to the firm's clients, and compiled a model portfolio which substantially outperformed the DOW. Upon graduating, Mr. Wingo joined Vesper Investments, where he served as a financial analyst. He evaluated capital projects ranging from oil drilling programs to gas pipeline acquisitions. These evaluations were presented to institutional as well as individual investors. Mr. Wingo then joined Merrill Lynch, Pierce, Fenner and Smith in Denver, Colorado, where he managed investment portfolios for high net worth individual investors. He was rated in the top quintile of financial consultants with similar length of service for assets under management.

In 1991, Mr. Wingo founded and became president of Advance Inmate Technologies. Among his many accomplishments, he grew annual revenues from \$0 - 2 million in two years; built and managed the corporate accounting system; developed all marketing strategies; raised capital to fund growth; supervised a staff of six employees; and closed the company's largest accounts. During this time, Mr. Wingo established DIAL-8, Inc., an affiliated reseller of 1-800 service. DIAL-8 revenues grew to \$1.8 million after one year of operations. In July 1993, he sold AIT to Global and joined the Global team as Vice President of Sales and Marketing. He is now serving as Vice President of Schlumberger/Global's Puerto Rican Operations.

Schlumberger/Global Tel*Link Corporation

Directors

William F. Shepard	2609 Cameron Street, Mobile, AL 36607
Jean-Paul Bize	50, Avenue Jean-Jaures, 92120 Montrouge
Jim Davis 23320	825-B Greenbrier Circle, Chesapeake, VA
Dale V. Gaudier	277 Park Avenue, New York, NY 10172-0266
Paul Kirkland	3682 Cyprus Circle, Gulf Shores, AL 36542
James T. Strickland	11 Ashley Drive, Mobile, AL 36608

Officers

William F. Shepard	<i>President</i>	2609 Cameron Street, Mobile, AL 36607
Scott Kazem	<i>Treasurer</i>	2609 Cameron Street, Mobile, AL 36607
Dale V. Gaudier	<i>Secretary</i>	2609 Cameron Street, Mobile, AL 36607
Teresa Ridgeway	<i>Assistant Secretary</i>	2609 Cameron Street, Mobile, AL 36607

Financial Stability of Schlumberger/Global Tel*Link

A copy of the most recent corporate annual report Schlumberger Annual Report 1994 is included with this proposal as evidence of the financial stability of Global Tel*Link.

History of Global Tel*Link

Global Tel*Link was founded in 1988 in Mobile, Alabama to provide pay telephones to the general public. Global Tel*Link spent the first year of its existence on research and development of a "smart" store and forward telephone that would out-compete other public pay phone vendors. It has been this early vision and hard work that has enabled Global Tel*Link to maintain technological leadership in this industry.

Soon after the initial products were installed in several states, the management of Global Tel*Link ascertained the need to apply this technology to inmate telephone systems, allowing jail administrators the freedom from making calls for the inmates, providing records of calls made by the inmates, and offering many options and features which were not available through the local exchange companies.

In April 1993, Global Tel*Link was purchased by Schlumberger Technologies, Inc., one of the largest telecommunications and engineering companies in the world. Backed by Schlumberger's \$6.7 billion per year financial strength, Global Tel*Link is poised to compete effectively in a rapidly advancing marketplace for specialized telecommunications products and services.

Schlumberger/Global Tel*Link is comprised of eight departments: Business Development, Engineering, Finance, Human Resources/Administration, Management Information Systems, Marketing, Operations, and Sales. Under the direction of president William F. Shepard, these various departments work together to provide manufacturing, software design, installation, product engineering, billing services, technical support, and customer service for all our products and services. Our current product offerings include:

- Global Sentinel inmate payphone hardware
- Spectrum II software control system for inmate phones
- Global Advantage prepay calling
- Global Platinum Plus Long Distance Sales
- Global Smart*Link Coin Payphones
- Global Cellular Debit Card Phone
- Global Cellular Coin/Token Phone
- Global Credit Card Phone

Global Tel*Link has already built an impressive client base in the inmate phone business, with customers as large as the state of Louisiana prison system (850 phones servicing 17,000 inmates). We presently operate in more than half the states throughout the U.S., and are continuing to expand our market areas. Started locally, our long distance sales are rapidly expanding throughout our national sales regions. Prepay calling cards are just getting launched in a variety of test markets, with tremendous potential for a variety of business and government applications.

Global's philosophy is to maintain our leadership role as an industry innovator, and we are continuously exploring new options for the development and implementation of not only inmate phone systems, but our long distance sales and cellular communications. With Schlumberger's world leadership in the development of "Smart Card" technology, Global Tel*Link is well positioned to expand its product and service offerings to meet a nearly endless variety of telecommunications needs, in both the public and private sectors.



Public Service Commission

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

DATE: April 17, 1996
TO: Tom Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *PL*
RE: Docket No. 960227-TI, Global Tel*Link, Financial Analysis for Certificate *ALM*
Application for Alternative Local Exchange 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 Global Tel*Link (Global) and the audited financial statements of Schlumberger Ltd., the parent company of Global. Schedules presenting financial ratios for these companies are attached. Global has inadequate liquidity, ownership equity, and profitability. Schlumberger has adequate liquidity, ownership equity, and profitability.

For certification purposes, given the backing of its parent company, Global's application appears adequate.

cc: Division of Legal Services
Division of Records and Reporting

DOCKET NO. 960227-TX
GLOBAL TEL*LINK
ALEC CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	TWELVE MONTHS ENDING <u>12/31/95</u>
CURRENT ASSETS	6,030,000
CURRENT LIABILITIES	23,558,000
CURRENT RATIO	0.26
CASH	(1,156,000)
COMMON EQUITY	(18,805,000)
TOTAL DEBT	0
NET INVESTOR CAPITAL	NMF
COMMON EQUITY RATIO	NMF
NET INCOME	(5,081)
RETURN ON EQUITY	NMF

NMF = NO MEANINGFUL FIGURE

DOCKET NO. 960227-TX
GLOBAL TEL*LINK
SCHLUMBERGER LIMITED
ALEC CERTIFICATE
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS
OF SCHLUMBERGER LIMITED, THE PARENT COMPANY

	TWELVE MONTHS ENDING <u>12/31/94</u>	IN THOUSANDS
CURRENT ASSETS	3,823,751	
CURRENT LIABILITIES	2,700,883	
CURRENT RATIO	1.42	
CASH	1,231,893	
COMMON EQUITY	4,582,954	
TOTAL DEBT	479,938	
NET INVESTOR CAPITAL	5,062,892	
COMMON EQUITY RATIO	91%	
NET INCOME	536,077	
RETURN ON EQUITY	12%	

4/10/96 CORPORATE DETAIL RECORD SCREEN 10:44 AM
NUM: P40346 ST:DE ACTIVE/FOREIGN PROF FLD: 09/03/1992
FEI#: 63-10/1001
NAME : GLOBAL TEL-LINK CORPORATION
PRINCIPAL: 2609 CAMERON STREET
ADDRESS MOBILE, AL 36607
RI NAME : C I CORPORATION SYSTEM
RA ADDR : 1200 SOUTH PINE ISLAND ROAD
PLANTATION, FL 33324 US
ANN REP : (1994) BN 05/01/94 (1995) B 06/27/95 (1996) A 03/25/96