

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

MAY 29, 1997

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

FROM: DIVISION OF COMMUNICATIONS (WILLIAMS, AUDU) *TEU*
DIVISION OF AUDITING & FINANCIAL ANALYSIS (CAUSSEAU) *CA*
DIVISION OF LEGAL SERVICES (PENA) *MCB*

RE: DOCKET NO. 960811-TI - APPLICATION FOR CERTIFICATE TO
PROVIDE INTEREXCHANGE TELECOMMUNICATIONS SERVICE BY
HEALTH LIABILITY MANAGEMENT CORPORATION

AGENDA: 06/10/97 - REGULAR AGENDA - PROPOSED AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\960811TI.RCM

CASE BACKGROUND

On July 8, 1996, the above docket for certification to provide interexchange telecommunications service by Health Liability Management Corporation (HLMC) was opened. However, since that date, the company has not submitted the required financial information as required by Sections 364.337(1)(3), Florida Statutes.

Section 364.337(3), Florida Statutes, (effective July 1, 1995) reads as follows:

(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.

Further, HLMC has failed to furnish the required documentation that HLMC is registered with the Secretary of State, Division of Corporations to conduct business within the

DOCUMENT NUMBER-DATE

05367 MAY 29 97

FPSC-RECORDS/REPORTING

DOCKET NO. 960811-TI
DATE: April 24, 1996

State of Florida as required in FORM PSC/CMU 31 (3/96) which is incorporated in Rule 25-24.471(1), Florida Administrative Code, by reference.

Therefore, because of HLMC's failure to file the necessary documentation and information in support of Section 364.337 (3), Florida Statutes, we are recommending that the Commission deny the application.

STAFF DISCUSSION

ISSUE 1: Should the Commission grant HEALTH LIABILITY MANAGEMENT CORPORATION (HLMC) a certificate to provide statewide interexchange telecommunications service within the State of Florida as provided by Section 364.337 (1)(3), Florida Statutes?

RECOMMENDATION: No.

STAFF ANALYSIS: On July 8 1996, HLMC filed an application with staff, to offer telecommunications service as a facilities based carrier, operator service provider, reseller and multi-location discount aggregator in Florida.

HLMC has not submitted to staff the required financial information as required by Sections 364.337(1)(3), Florida Statutes. Further, HLMC has failed to furnish the required documentation that HLMC is registered with the Secretary of State, Division of Corporations to conduct business within the State of Florida as required in FORM PSC/CMU 31 (3/96) which is incorporated in Rule 25-24.471(1), Florida Administrative Code, by reference. Because of this, on April 25, 1997, the Division of Auditing and Financial Analysis (AFAD) submitted a recommendation to deny HLMC's application to become certificated as a interexchange telecommunication service company in Florida. AFAD further suggested that an investigation be opened to determine if HLMC operated in Florida without a certificate prior to filing an application.

Investigation by staff indicates that HLMC was not operating in Florida in a capacity that needed certification.

DOCKET NO. 960811-TI
DATE: April 24, 1996

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.



Public Service Commission

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

DATE: April 25, 1997
 TO: Tom Williams, Division of Communication
 FROM: Ann Causseaux, Division of Auditing and Financial Analysis *ajc*
 RE: Docket No 960811-TI, Health Management Corporation, Financial Analysis for *AC*
 Certificate Application for Intrastate Interexchange Telecommunications Service

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

The [C]ommission 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 telecommunication markets . . .

Rule 25-24.471(l), Florida Administrative Code, requires that an applicant desiring to apply for a certificate shall submit an application on FORM PSC/CMU 31 (3/96) which is incorporated in Rule 25-24.471(1) by reference. That form, in part 9(a), requires proof from the Florida Secretary of State that the applicant has authority to operate in Florida.

Health Management Liability Corporation (HLMC) is asking for a certificate to provide IXC service. However, HLMC was dissolved by the Secretary of State in August of 1994 for failure to pay its fees or file its annual report. Dr. Weilert says the company has been reinstated. The Secretary of State says that It has not.

Dr. Weilert provided staff with a copy of HLMC's "Telecommunications Business Plan" dated October 1996, at least a portion of which he wishes to be treated confidentially. Portions of that plan indicate that the company has a customer deposit policy requiring extremely large deposits for some services. It is unclear whether the policy would apply to services to be offered under the certificate for which he is applying. Dr. Weilert has no phone. Calls must be left with his

CFO at the CFO's office. Neither Dr. Weilert nor his CFO have returned staff's calls or fax messages. Thus, staff is unable to say no customer funds will be at risk. Staff also believes, based on its experience, that any customer with a problem would have a very difficult time gaining access to any one with the company.

The most recent filing by HLMC states that its "Financial capability, besides HLMC annual revenues, gross and net income and profits, is being fully supported by the SBA and Baby Bells and the State and Federal laws...". However, the information provided by Dr. Weilert from the Baby Bells indicates there is no business relationship between them.

Regarding the showing of financial capability, the Finance staff has analyzed the unaudited financial statements of Health Liability Management for the period ending December 31, 1995. An audit could change ones opinion of the company's financial condition. The applicant has requested confidential treatment of its financial statements. Based on the review of the applicant's financial information, HLMC appears to have adequate liquidity and ownership equity but no income figure was provided. However, information filed by Dr. Weilert indicates HLMC has not made a required deposit with one of the Bell regional holding companies nor has it supplied letters of credit which the latest filing seems to indicate exist.

Further, the income given for 1996 is based on only 18 days of estimated operation beginning "on the day it began operations as a Regional Bell Operating Company extension and Interexchange carrier." The beginning date of the 18 days is in April of 1996. HLMC has not provided actual data for 1996 though requested to do so and apparently was in operation during that time as discussed below.

The most recent filing by Dr. Weilert seems to indicate that 10XXX service is being provided in Florida without certification. A letter from a customer was enclosed in the packet of information. That letter is a request that the 10XXX service be blocked, or if HLMC is unwilling or unable to block the service, notice that HLMC will be expected to pay any costs for such service.

Many of Dr. Weilert's responses did not address the information requested by staff, some information provided was inaccurate, many responses were misleading, and the complete financial information requested for the most recent time period was not provided.

Therefore, the Financial staff recommends that the application be denied and that an investigation be opened to determine if Dr. Weilert is operating HLMC in Florida without a certificate.

cc: Division of Legal Services
Division of Records & Reporting