

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

MARCH 7, 1996

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

FROM: DIVISION OF COMMUNICATIONS (WILLIAMS, STAVANJA) *WS*
DIVISION OF AUDITING & FINANCIAL ANALYSIS (JONES) *325*
DIVISION OF LEGAL SERVICES (LUGO) *LMB for SCL JL*

RE: DOCKET NO. 960043-TX; APPLICATION FOR CERTIFICATE TO
PROVIDE ALTERNATIVE LOCAL EXCHANGE TELECOMMUNICATIONS
SERVICE BY TELENET OF SOUTH FLORIDA, INC. *APK ALM*

AGENDA: 03/19/96 - REGULAR AGENDA - PROPOSED AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\960043TX.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 364.051,

DOCUMENT NUMBER-DATE

02819 MAR-7 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 TELENET OF SOUTH FLORIDA, INC. (TSF) 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,

Florida Public Service Commission Certificate No. 4424

STAFF ANALYSIS: Pursuant to Section 364.337 (1), Florida Statutes (effective July 1, 1995), TSF filed an appropriate application with this Commission on January 10, 1996.

TSF's exhibit of managerial qualifications reflects qualified employees in telecommunications management, marketing and service (pages 5-6). In regard to technical capability, TSF's exhibit indicates that TSF will rely on the technical capability of the seller/service contractor from whom the equipment was purchased. Also, TSF will rely on the network operation and management of its underlying carrier(s).

A review of TSF's financial capability by the Division of Auditing and Financial Analysis (pages 7-8) indicates that the application appears adequate under the minimal requirements of the statute.

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ISSUE 2: Should the Commission require TELENET OF SOUTH FLORIDA, INC. (TSF) 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.

Gerald P. Ferrara
8720 N.W. 5th Street
Plantation, FL 33324
(305) 370-4732

MANAGER with multifaceted business and operations background. Achieved notable success in financial management, office administration, client relations and procedures analysis. Motivator, whose team building, liaison and people development skills have consistently led to improved quality.

PROFESSIONAL EXPERIENCE

TELMARK FULFILLMENT, INC. 1993 - PRESENT

V.P. Administration

Managed, controlled and helped create a Direct Marketing firm specializing in the sale of various products and services for insurance companies.

Responsibilities included budgets, strategic planning, staffing, management and financial reporting, education, etc.

LANNOM, INC. (Owned By Telmark Fulfillment, Inc.)

Instructed, organized and prepared management seminars for major South Florida corporations, including selection of conference locations.

Prepared Need Analysis and Readiness Report for our client, which identifies the root causes of problem areas.

BARCLAYS BANK PLC 1989-1993

Manager Client Information Center

Created and managed the Client Information Center, a specialized unit, staffed with experienced professionals from Funds Transfer and Funds Transfer Research, with multidimensional responsibilities. The CIC's goal is to provide a superior quality service, resolve problematic money transmissions, enhance the reputation of the bank, improve operational methods and facilitate cost reduction.

Manager Funds Transfer/Global Communications

Managed, controlled, and settled all Funds Transfer via Federal Reserve Bank, Chips, Swift, Telex and Checks for Barclays Bank PLC Branches and Domiciled Accounts with a daily movement of approximately 8000 transfers in excess of 20 billion dollars. Actively involved with cost savings by overseeing and ensuring the department operates in a cost efficient manner.

Mitchell A. Kupinsky

174 Thomson Street #1RN
New York, New York 10012
Tel: (212) 477-0752

- OBJECTIVE** To obtain a challenging real estate finance analyst position.
- EDUCATION**
1/93-Present **Leonard N. Stern School of Business, New York University.**
Bachelor of Science in General Business.
G.P.A.: 3.65
Expected Graduation: May 1995
Course Work includes: *Real Estate Finance, Money Banking & Financial Markets, Financial Management, Financial Accounting, Business Statistics, Operations Management, Information Systems, Business Calculus, Economics of International Business, Business Policy.*
- 9/90-12/93 **California State University, Northridge.**
Course Work includes: *Principle of Microeconomics, Business Law, Political Science.* (42 credits completed)
G.P.A.: 3.7
- HONORS** **New York University: Dean's Honor Roll, Founder's Day Award, Stern Scholarship Recipient.**
- EXPERIENCE**
1/93 - Present **Associate**
Park Granada Investments, Calabasas, California
• Evaluate potential investment properties. Perform quantitative and qualitative analysis based on financial statements and physical on-site inspections.
- 9/94 - Present **Co-Founder**
Crazy Pelican Adventures, Playa Flamingo, Costa Rica.
• Co-founded the boating and recreational service firm. Performed feasibility study and marketing analysis in an emerging tourism market. Arranged mutual promotional activities with area hotels and travel agencies. Negotiated acquisition of 40-foot touring yacht. Raised investment capital.
- 1/88 - 1/93 **Apprentice**
Martek Electric, West Hills, California.
• Installed electrical systems in new single family residential units. Tasks included wiring entire unit, installing panels and all fixtures. Acquired working knowledge of residential housing development in Southern California.
- SKILLS** Moderate conversational Spanish. Experienced with major computer software-- Microsoft Excel and Word, Lotus 1-2-3, and Quattro-Pro.

References Available Upon Request



Public Service Commission

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

DATE: February 22, 1996
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis *SLT*
RE: Docket No. 960043-TX, Telenet of South Florida, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ALM*

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 Telenet of South Florida, Inc. (TSF), a newly formed corporation, as of January 1, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, TSF has adequate liquidity and ownership equity but no net income, because there are no operations as of yet.

Considering the company's financial position, staff could not recommend that TSF collect deposits or rates subject to refund without posting a bond or letter of credit. However, in this matter, TSF is asking for a certificate to provide alternative local exchange service. Staff notes the limited nature of the application and that no customer provided funds are at risk. Under the minimal requirements of the statute, the application appears adequate.

cc: Division of Legal Services
Division of Records and Reporting

DOCKET NO. 960043-TX
TELENET OF SOUTH FLORIDA, INC.
ALEC CERTIFICATE
FINANCIAL ANALYSIS
Company offers debit cards.
FROM UNAUDITED FINANCIAL STATEMENTS
NEWLY FORMED CORPORATION

	AS OF 1/01/96
CURRENT ASSETS	\$15,000
CURRENT LIABILITIES	1,000
CURRENT RATIO	15.00
CASH	10,000
COMMON EQUITY	49,000
TOTAL DEBT	0
NET INVESTOR CAPITAL	49,000
COMMON EQUITY RATIO	100%
NET INCOME (LOSS)	0
RETURN ON EQUITY	NMF

NOTE: This is a newly formed corporation, and there are no operations as of yet.
NMF = No Meaningful Figure