

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: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO) *AD*

FROM: DIVISION OF COMMUNICATIONS (WILLIAMS, AUDU) *W*
DIVISION OF AUDITING & FINANCIAL ANALYSIS (JONES) *W*
DIVISION OF LEGAL SERVICES (EDMONDS) *W* *ALM*
APC

RE: DOCKET NO. 960179-TI - APPLICATION FOR CERTIFICATE TO
PROVIDE INTEREXCHANGE TELECOMMUNICATIONS SERVICE BY
BELL ATLANTIC COMMUNICATIONS, INC.

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

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\960179TI.RCM

CASE BACKGROUND

Section 364.337(3), Florida Statutes, 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.

STAFF DISCUSSION

ISSUE 1: Should the Commission grant BELL ATLANTIC COMMUNICATIONS, INC. (BAC) 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

03872 APR-4 96

FPSC-RECORDS/REPORTING

DOCKET NO. 960179-TI
DATE: April 4, 1996

RECOMMENDATION: Yes, BAC should be granted:

Florida Public Service Commission Certificate No. 4438

STAFF ANALYSIS: BAC filed an application with this Commission on February 14, 1996, to offer telecommunications service as a switchless rebiller in Florida.

BAC's exhibit of managerial qualifications (pages 3-4) reflects a satisfactory record in telecommunications sales, marketing and service. In regard to technical capability, BAC indicates in its application that it will be a switchless rebiller and will rely on the network ownership, operation and management of its underlying carrier(s) such as MCI, AT&T, etc. The Division of Auditing and Financial Analysis reviewed BAC's financial statement to determine the company's financial viability (pages 5-6). Based on the information provided by BAC, the financial capability of the company appears adequate.

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.

**MANAGEMENT HISTORY AND
PROFILES OF KEY PERSONNEL**

ALFRED G. BINFORD, President

Mr. Binford brings to this position over a decade of successful long distance marketing expertise. Prior to his current assignment as President of Bell Atlantic Communications, Inc., he served as Vice President of Corporate Marketing for Bell Atlantic since 1994. In that assignment, Mr. Binford was responsible for all Bell Atlantic's Corporate Advertising, Creative Services, Business Research, Competitive Response and Product and Marketing Development Process Leadership. From 1983 until joining Bell Atlantic in 1994, he held various positions with AT&T, including Regional Operations Manager, Executive Assistant to the Sales Vice President and Division Manager. Mr. Binford holds a BS degree in Business Management and Economics from State University of New York and MBA in Marketing from Fairleigh Dickinson University in New Jersey.

MICHAEL NOONAN, Chief Financial Officer

Michael Noonan joined the Bell Atlantic Communications team after leaving Hughes Electronics Corporation, where he served as Marketing Manager and, earlier, as Manager - Financial Analysis. Between his assignments at Hughes, Mr. Noonan held the position of Manager, Pricing and Competition with GTE Personal Communications Services from 1993 to 1994. He also brings to the company his experience as a Financial Analyst for Chrysler Corporation (1986-1987) and Bell Atlantic (1985-1986). Mr. Noonan earned an MBA at Wharton School, an MS in Electrical Engineering at California State University and a BA in Physics at University of Virginia.

MARK W. ADAMS, Senior Manager of Residential Marketing and Product Line Management

Mark Adams brings fifteen years of experience to his new position with Bell Atlantic Communications, Inc. Prior to joining BACI, Mr. Adams served as Senior Market Manager of Consumer Toll Services for Bell Atlantic. His earlier experience includes consumer marketing and product development assignments with MCI (1991-1994); External Affairs and Regulatory Matters for Bell Atlantic NSI (1987-1991); Staff Manager - Corporate Accounting and Finance, Revenue Requirements at US West (1983-1987) and Assistant Staff Manager - Regulatory and Public Affairs with C&P Telephone Company (1981-1983). Mr. Adams holds a BA in Business Management from Radford University and is currently working towards an MBA at Marymount University.

**MANAGEMENT HISTORY AND
PROFILES OF KEY PERSONNEL, (cont'd)**

MICHAEL L. PITTS, General Manager - Long Distance Strategic Planning and Development

When Michael Pitts joined Bell Atlantic Communications, Inc., he left AT&T, where he held a number of management and sales positions. Most recently, Mr. Pitts was General Manager-Business Development and Marketing for AT&T Connect 'N Save, where he was responsible for developing marketing strategies, business management and management of customer acquisition for new residential long distance services. Over the course of his career, he also served as Product Manager-International Business Card, Staff Manager-Strategic Planning, Staff Manager-Competitive Analysis and Strategy Development and Product Marketing Manager (AT&T Microelectronics.) Mr. Pitts holds an MBA from Rutgers Graduate College of Management and a BA in Microbiology and Economics from Rutgers.

ALLAN M. ZENDLE, Chief Information Officer

Allan Zendle joins Bell Atlantic Communications, Inc. from MCI Telecommunications Corporation where he most recently served as Director, Global Systems Planning and Engineering. During his career with MCI (from 1984 to 1995), Mr. Zendle also held Director positions in Network Management, Data Services and Operations Support and management positions in Product Planning and Network Services Planning. Prior to MCI, he worked for Telesaver, Inc., Control Data Corporation, and the U.S. Department of Agriculture. Mr. Zendle holds a BS in Psychology from Frostburg University and a BA in Business Administration and Political Science from University of Maryland.

JAMES R. HARVEY, Manager Tariffs and Regulatory Matters

Jim Harvey brings over 17 years of expertise to his position with Bell Atlantic Communications, Inc. Prior to joining this new venture, Mr. Harvey was Manager of Interstate Rates and Tariffs (1994-1995) and Manager of Interstate Earnings and Financial Reporting (1991-1994) for Bell Atlantic. But his telephony career began in 1978 with Southern New England Telephone Company in Connecticut. For SNET, Mr. Harvey was Staff Manager - Separations (1984-1991), Staff Assistant - Service Cost Methods (1980-1983), and Staff Assistant - Service Costs Terminal Equipment (1978-1980.) Prior to joining SNET, Mr. Harvey served as a legislative analyst for Rockwell International Corporation. His educational credentials include a BA in Economics from Yale University as well as completion of the Executive Development MBA program at the UC Kellogg Graduate School of Management at Northwestern University.



Public Service Commission

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

DATE: February 27, 1996

TO: Tom Williams, Division of Communications

FROM: Sonja Jones, Division of Auditing and Financial Analysis

RE: Docket No. 960179-TI, Bell Atlantic Communications, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

ALM
APC
BNS
1/27

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 audited financial statements of Bell Atlantic Communications, Inc. (BAC) for the period ending December 31, 1994. As the attached schedule shows, BAC has adequate ownership equity, but reports minimal liquidity and negative net income.

In this matter, BAC is asking for a certificate to provide IXC service. Under the minimal requirements of the statute, the application appears adequate.

cc: Division of Legal Services
Division of Records and Reporting

DOCKET NO. 960179-T1
BELL ATLANTIC COMMUNICATIONS, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

	AS OF 12/31/94
CURRENT ASSETS	\$3,783,300,000
CURRENT LIABILITIES	3,489,100,000
CURRENT RATIO	1.08
CASH	142,900,000
COMMON EQUITY	6,081,300,000
TOTAL DEBT	8,893,300,000
NET INVESTOR CAPITAL	14,974,600,000
COMMON EQUITY RATIO	41%
NET LOSS	(754,800,000)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure