

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)

FROM: DIVISION OF COMMUNICATIONS (WILKINS, STAVANJA) *WJ*  
DIVISION OF AUDITING & FINANCIAL ANALYSIS (JONES) *JD*  
DIVISION OF LEGAL SERVICES (EDMONDS) *LE* *HP* *APCALM*

RE: DOCKET NO. 960163-TI - APPLICATION FOR CERTIFICATE TO  
PROVIDE INTEREXCHANGE TELECOMMUNICATIONS SERVICE BY THE  
PHONCO, INC. d/b/a NETWORK SERVICES LONG DISTANCE.

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

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\960163TI.RCM

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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 THE PHONCO, INC. d/b/a NETWORK SERVICES LONG DISTANCE (NSLD) 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

03880 APR-4 96

FPSC-RECORDS/REPORTING

DOCKET NO. 960163-TI  
DATE: April 4, 1996

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

Florida Public Service Commission Certificate No. 4436

**STAFF ANALYSIS:** NSLD filed an application with this Commission on February 9, 1996, to offer telecommunications service as a switchless rebiller in Florida.

NSLD's exhibit of managerial qualifications (page 3) reflects satisfactory records in telecommunications sales, marketing and service. In regard to technical capability, NSLD 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 NSLD's financial statements to determine the company's financial viability (pages 4-5). Based on the information provided by NSLD, 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**

Gregory E. Luff, President, of The Phonco, Inc.

Before joining The Phonco, Inc., Mr. Luff worked for Tel-Save, Inc. for 4 years as an Operations Manager. Tel-Save was one of the first companies to resell AT&T's Software Defined Network (SDN). Prior to that Mr. Luff worked for Smith Barney in New York in the Capital Markets Division marketing High Grade Corporate Investments. Mr. Luff attended Temple University in Pennsylvania and received a Bachelor of Science Degree in Finance.

David Gross, Vice President Sales

Mr. Gross worked for Tel-Save, Inc. for 4 years in customer service and LEC relations. His duties included answering queries regarding their accounts and working with the LEC to help facilitate provisioning. In addition, Mr. Gross worked as a salesman selling long distance for Tel-Save, Inc.

Helen Limbach, Customer Service Manager.

Ms. Limbach worked for Southern Bell in Florida for 3 years and Sears Roebuck for 10 years. Her duties included customer service/sales and was responsible for maintaining and managing 4.5 million dollars in maintenance agreements. Ms. Limbach's extensive knowledge of customer service will prove to be a great asset to the customer.

Customer Service 800 number: 800-428-3288



# Public Service Commission

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

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**DATE:** February 19, 1996  
**TO:** Tom Williams, Division of Communications  
**FROM:** Sonja Jones, Division of Auditing and Financial Analysis *ALM*  
**RE:** Docket No. 960163-TI, The Phonco, Inc., d/b/a Network Services Long Distance, *APC*  
Financial Analysis for Certificate Application for Intrastate Interexchange *10/2*  
Telecommunications Service *MJ*

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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 The Phonco, Inc., d/b/a Network Services Long Distance (PHNC) for the nine-month period ending September 30, 1995. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, PHNC has adequate liquidity, ownership equity, and profitability.

Considering the unaudited financial statements and the company's financial condition, staff could not recommend that PHNC collect deposits or rates subject to refund without posting a bond or letter of credit. However, in this matter, PHNC is asking for a certificate to provide IXC 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. 960163-TI  
THE PHONCO, INC. d/b/a Network Services Long Distance  
IXC CERTIFICATE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	9 Months Ending 09/30/95
CURRENT ASSETS	\$14,145
CURRENT LIABILITIES	9,526
CURRENT RATIO	1.48
CASH	5,090
COMMON EQUITY	8,690
TOTAL DEBT	0
NET INVESTOR CAPITAL	8,690
COMMON EQUITY RATIO	100%
NET INCOME	15,501
RETURN ON EQUITY	178%