

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, WIGGINS) *ALM*
DIVISION OF AUDITING & FINANCIAL ANALYSIS (JONES) *GT*
DIVISION OF LEGAL SERVICES (BILLMEIER) *LMB R*

RE: DOCKET NO. 960213-TX; APPLICATION FOR CERTIFICATE TO
PROVIDE ALTERNATIVE LOCAL EXCHANGE TELECOMMUNICATIONS
SERVICE BY FLORIDA PUBLIC TELECOMMUNICATIONS ASSOCIATION,
INC.

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

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\960213TX.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

04451 APR 18 96

FPSC-RECORDS/REPORTING

DOCKET NO. 960213-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 FLORIDA PUBLIC TELECOMMUNICATIONS ASSOCIATION, INC. (FPTA) 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, FPTA should be granted:

Florida Public Service Commission Certificate No. 4449

STAFF ANALYSIS: Pursuant to Section 364.337 (1), Florida Statutes (effective July 1, 1995), FPTA filed an appropriate application with this Commission on February 21, 1996.

FPTA's exhibit of managerial qualifications reflects that FPTA is a not for profit trade association. FPTA is managed by a Board of Directors (not less than 13 persons) in the telecommunications management, marketing and service fields (pages 5-6). In regard to technical capability, FPTA's exhibit indicates that FPTA will rely on its own expertise (page 6). Also, FPTA will rely on the network operation and management of its underlying carrier(s).

The Division of Auditing and Financial Analysis reviewed FPTA's financial statement to determine the company's financial viability (pages 7-8). Based on the information provided by FPTA, the financial capability of the company appears adequate.

DOCKET NO. 960213-TX

DATE: April 18, 1996

ISSUE 2: Should the Commission require FLORIDA PUBLIC TELECOMMUNICATIONS ASSOCIATION, (FPTA) 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. 960213-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.

12. Has the applicant been denied certification in any other state? If so, please list the state and reason for denial.

No

13. Have penalties been imposed against the applicant in any other state? If so, please list the state and reason for penalty.

No

14. Please indicate how a customer can file a service complaint with your company.

The customer can call the company at the telephone number listed above or can write to the company at the mailing address listed above.

15. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide alternative local exchange service in Florida.

A. Financial Capability

Attached are supporting documents. As a not for profit trade association, these are the routine financial documents kept by applicant in the normal course of business. Attachment B-1 is the applicant's 1994 Form 990. Attachment B-2 is the 1993 Form 990. Attachment B-3 is the 1992 Form 990. Attachment B-4 is the applicant's audited financial statements for 1993 and 1994. Please note that 1993 is the first year for which audit financial statements exist. Finally, applicant has not yet completed the Form 990 for 1995, nor its financial audit.

B. and C. Managerial and Technical Capability

The Florida Public Telecommunications Association, Inc. ("FPTA") is a not for profit corporation organized pursuant to Chapter 617, Florida Statutes. FPTA is also qualified as a not for profit trade association under Section 501(c)(6) of the Internal Revenue Code. The membership of FPTA includes independent public payphone ("IPP") providers certificated by the Florida Public Service Commission to provide pay telephone service to the general public, as well as entities that provide support and other services to the pay telephone industry.

FPTA was organized on July 7, 1987, as the Florida Pay Telephone Association, Inc., for the purpose of promoting the

→

common business interests of IPP providers operating in the State of Florida, as well as improving the availability and quality of pay telephone service to Florida consumers. On June 6, 1994, FPTA legally changed its name to the Florida Public Telecommunications Association, Inc.

FPTA is managed by a Board of Directors, which consists of not less than thirteen (13) persons nor more than twenty (20) persons, according to the following guidelines: no less than five (5) directors from the group of members operating less than 750 phones; no less than five (5) directors from the group of members operating 750 or more phones; and no less than three (3) directors from the group of associate members (members who are not pay telephone providers). Day to day management of the Association is the responsibility of FPTA's President, who is appointed by the Board of Directors. The President is the chief executive officer and exercises general supervision and control over all activities of the Association, pursuant to the direction of the Board.

FPTA's President and Chairman of the Board of Directors is Lance C. Norris. Mr. Norris will directly supervise and monitor FPTA's provision of alternative local exchange service and will manage FPTA's staff as they carry out their specific duties designed to ensure that high quality service standards are maintained. Mr. Norris has extensive experience in the telecommunications business and is recognized as a leader nationally in the pay telephone industry. Mr. Norris has served as President and Chairman of the Board of FPTA for over five years and is also a member of the Board of Directors of the American Public Communications Council, which is the national trade association for the pay telephone industry.

+

6



Public Service Commission

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

DATE: April 9, 1996
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis *ST* *ALM*
RE: Docket No. 960213-TX, Florida Public Telecommunications Association, Inc.,
Financial Analysis for Certificate Application for Alternative Local Exchange
Telecommunications Service *ST* *ALM* *ST*

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 Florida Public Telecommunications Association, Inc. (FPTA) for the period ending December 31, 1994. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, FPTA has adequate equity and income but minimal liquidity.

In this matter, FPTA is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application and that no customer provided funds appear to be at risk. For purposes of granting a certificate based on the financial information provided, the financial capability appears adequate.

cc: Division of Legal Services
Division of Records and Reporting

DOCKET NO. 960213-TX
FLORIDA PUBLIC TELECOMMUNICATIONS ASSOCIATION, INC.
LEC CERTIFICATE
FINANCIAL ANALYSIS

FROM 1994 IRS FORM 990 FINANCIAL STATEMENTS

AS
OF
12/31/94

CURRENT ASSETS	\$1,939
CURRENT LIABILITIES	6,396
CURRENT RATIO	0.30
CASH	1,939
COMMON EQUITY	21,077
TOTAL DEBT	0
NET INVESTOR CAPITAL	21,077
COMMON EQUITY RATIO	100%
INCOME *	21,077
RETURN ON EQUITY	100%

INCOME * = Revenues - Expenses

From Form 990: Return of Organization Exempt from Income Tax