

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 25, 1996

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

FROM: DIVISION OF COMMUNICATIONS (WILLIAMS, STRONG) *ALM*  
DIVISION OF AUDITING & FINANCIAL ANALYSIS (LESTER) *12*  
DIVISION OF LEGAL SERVICES (EDMONDS) *12*

RE: DOCKET NO. 960178-TI - APPLICATION FOR CERTIFICATE TO  
PROVIDE INTEREXCHANGE TELECOMMUNICATIONS SERVICE BY  
HOST NETWORK, INC.

AGENDA: 05/07/96 - REGULAR AGENDA - PROPOSED AGENCY ACTION -  
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\960178TI.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 HOST NETWORK, INC. (HNI) 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

04752 APR 25 96

FPSC-RECORDS/REPORTING

DOCKET NO. 960178-TI  
DATE: April 25, 1996

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

Florida Public Service Commission Certificate No. 4437

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

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

3. Statement of Retained earnings for the most recent three years -- See Attachment 1. Note that Host Network, Inc. ("Host"), the applicant herein, was incorporated in 1994; thus, Host only has a statement of retained earnings for 1994 and 1995. Further, Host does not have audited financial statements. Therefore, Host provides the Commission with its unaudited financial statements that have been signed by Steve Salekfard, Host's sole officer, director, and shareholder, and Mr. Salekfard has affirmed that the financial statements are true and correct.

(b) Managerial capability.

Applicant possesses the managerial and technical ability to provide the proposed services. Steve Salekfard, the sole officer, director, and shareholder of Host Network, Inc., has worked in the telecommunications industry for approximately seven years. Prior to his present position with Host, Mr. Salekfard owned and operated Host Communications, a sole proprietorship which provided telecommunications equipment and services to the California business community, between 1989 and 1994. Mr. Salekfard also sold, installed, and maintained small key telephone systems during that same period. During the past 22 months, Mr. Salekfard has owned and operated Host. Host now provides long distance services in California, New York, and Texas.

(c) Technical capability.

Applicant will not construct or own in facilities in Florida, but will purchase capacity from other long distance carriers. The customer's local exchange carrier will handle all of Host's billing services. Applicant relies on its underlying carrier, MCI, for its technical expertise.

19. Please submit the proposed tariff under which the company plans to begin operation. Use the format required by Commission Rule 25-24.485.

See Attachment 2

20. The applicant will provide the following interexchange carrier services (Check all that apply):

- MTS with distance sensitive per minute rates
- Method of access if FGA
- Method of access if FGB
- Method of access if FGD
- Method of access if 800



# Public Service Commission

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

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**DATE:** March 28, 1996  
**TO:** Tom Williams, Division of Communications  
**FROM:** Pete Lester, Division of Auditing and Financial Analysis *PL* *ALM*  
**RE:** Docket No. 960178-TI, Host Network, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *Int*

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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, company-provided financial statements of Host Network, Inc. (Host) for the 10 months ended November 30, 1995. An audit could change one's opinion of the company's financial condition. The company has adequate liquidity, ownership equity, and profitability.

For certification purposes, the financial capability appears adequate.

cc: Division of Legal Services  
Division of Records and Reporting

DOCKET NO. 980178-TI  
HOST NETWORK, INC.  
IXC CERTIFICATE  
FINANCIAL ANALYSIS

FROM UNAUDITED COMPANY-PROVIDED FINANCIAL STATEMENTS

TEN MONTHS  
ENDING  
11/30/95

|                      |           |
|----------------------|-----------|
| CURRENT ASSETS       | \$529,794 |
| CURRENT LIABILITIES  | 377,809   |
| CURRENT RATIO        | 1.40      |
| CASH                 | 104,462   |
| COMMON EQUITY        | 206,034   |
| TOTAL DEBT           | 0         |
| NET INVESTOR CAPITAL | 206,034   |
| COMMON EQUITY RATIO  | 100%      |
| NET INCOME           | 173,559   |
| RETURN ON EQUITY     | 84%       |