

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, STAVANJA) *WJ*  
DIVISION OF AUDITING & FINANCIAL ANALYSIS (JONES) *SWJ*  
DIVISION OF LEGAL SERVICES (EDMONDS) *se JL*

RE: DOCKET NO. 960135-TX; APPLICATION FOR CERTIFICATE TO  
PROVIDE ALTERNATIVE LOCAL EXCHANGE TELECOMMUNICATIONS  
SERVICE BY TELEPHONE COMPANY OF CENTRAL FLORIDA, INC. *ALM*

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

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\960135TX.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,

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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 TELEPHONE COMPANY OF CENTRAL FLORIDA, INC. (TCCF) 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, TCCF should be granted:

Florida Public Service Commission Certificate No. 4434

**STAFF ANALYSIS:** Pursuant to Section 364.337 (1), Florida Statutes (effective July 1, 1995), TCCF filed an appropriate application with this Commission on February 6, 1996, to conduct alternative local exchange service in Florida.

TCCF's exhibit of managerial qualifications reflects a qualified employee in telecommunications management, marketing and service (page 5). In regard to technical capability, TCCF's exhibit indicates that TCCF will have the expertise (page 6) to ensure that a high quality of standards are maintained at their facilities.

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

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**ISSUE 2:** Should the Commission require TELEPHONE COMPANY OF CENTRAL FLORIDA, INC. (TCCF) 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.

Telephone Company of Central Florida, Inc.

Managerial Capability

ELDER N. RIPPER

Mr. Ripper, the founder of Telephone Company of Central Florida, Inc. serves as President and Chief Executive Officer of the company. Mr. Ripper, who has 25 years of business and technical experience in the telecommunications industry, has designed local and wide area integrated voice/data networks for companies in a variety of industries. He is experienced in the use and deployment of existing and developing technologies including analog and digital trunk facilities, Software Defined Networks, ISDN, Centrex and data communications services ranging from two-wire analog through switched 56k and Frame Relay to T-1.

In addition to his technical expertise, Mr. Ripper is a seasoned executive and business manager. He has 10 years of experience as an officer of telecommunications companies, including the startup and operation of businesses. Mr. Ripper has established proposal management organizations for major telecommunications manufacturers and implemented the senior management review processes necessary to ensure profitability of such undertakings. He has provided program management and technical support to field representatives in the installation of new telecommunications technologies at locations such as U.S. Air Force and U.S. Army bases, the White House, U.C.L.A., McDonnell Douglas, Northwestern University, and Regional Bell Operating Companies. He earned his B.S. in Mechanical Engineering from Case Institute of Technology in 1971.

Telephone Company of Central Florida, Inc.

Technical Capability

As shown in Exhibit 2, Mr. Elder Ripper, TCCF's President and CEO, has 25 years of business and technical experience in the telecommunications industry, including experience in network design. TCCF initially will provide service by reselling services purchased from local exchange companies or alternative local exchange companies, and therefore will enter into contractual and/or tariff relationships with one or more such companies in its service areas.

TCCF will provide access to 911 emergency services over LEC or ALEC facilities. The nature of the emergency 911 service access and funding mechanism will therefore be equivalent to that provided by the local exchange companies in the areas to be served.



# Public Service Commission

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**DATE:** April 17, 1996  
**TO:** Tom Williams, Division of Communications  
**FROM:** Sonja Jones, Division of Auditing and Financial Analysis *ALM*  
**RE:** Docket No. 960135-TX, Telephone Company of Central Florida, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *[Handwritten initials]*

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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 Telephone Company of Central Florida, Inc. (TCCF) for the period ending March 8, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, TCCF has adequate liquidity but marginal ownership equity and a net income figure is not available.

In this matter, TCCF 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 marginal.

cc: Division of Legal Services  
Division of Records and Reporting

DOCKET NO. 960135-TX  
TELEPHONE COMPANY OF CENTRAL FLORIDA, INC.  
ALEC CERTIFICATE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF <u>03/08/96</u>
CURRENT ASSETS	\$15,100
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	15,100
COMMON EQUITY	8,256
TOTAL DEBT	15,000
NET INVESTOR CAPITAL	23,256
COMMON EQUITY RATIO	36%
NET INCOME	NMF
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure -

No actual income figure - Start-up company - operations pending issuance of ALEC certificate