

FLORIDA PUBLIC SERVICE COMMISSION
Capitol Circle Office Center - 2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

M E M O R A N D U M

MAY 9, 1996

TO: DIVISION OF RECORDS AND REPORTING [BAYO]

FROM: DIVISION OF COMMUNICATIONS [WILLIAMS, WIGGINS]
DIVISION OF AUDITING & FINANCIAL ANALYSIS [JONES] ^{CLT}
DIVISION OF LEGAL SERVICES [BILLMEIER] ^{LMS H APC ALM}

RE: DOCKET NO. 960373-TI; APPLICATION FOR CERTIFICATE TO
PROVIDE INTEREXCHANGE TELECOMMUNICATIONS SERVICE BY
NORTH AMERICAN COMMUNICATIONS CONTROL, INC. ^{TRJ}

AGENDA: 05/21/96 - REGULAR AGENDA - PROPOSED AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE

SPECIAL INSTRUCTIONS: I:PSC/CMU/WP/960373TI.RCM

CASE BACKGROUND

Pursuant to Section 364.337(3), Florida Statutes,
(effective July 1, 1995):

(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 NORTH AMERICAN COMMUNICATIONS CONTROL, INC. (NACC) 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

05228 MAY-96

FPSC-RECORDS/REPORTING

DOCKET NO. 950373-TI
DATE: May 9, 1996

RECOMMENDATION: Yes, NACC should be granted:

Florida Public Service Commission Certificate No. 4463

STAFF ANALYSIS: NACC filed an appropriate application with this Commission on March 26 1996 to offer telecommunications service as a switchless rebiller of long distance service in Florida.

NACC's exhibit of managerial qualifications (page 3) exhibits satisfactory records in telecommunications sales, marketing and service. In regard to technical capability, NACC indicated in their application (page 3) that the company will be operating as a switchless rebiller and will rely on the network operation and management of its underlying carrier(s). The Division of Auditing and Financial Analysis reviewed NACC's financial statement to determine the company's financial viability (pages 4-5). Based on the information provided by NACC, 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.

Managerial and Technical Capabilities of NACC

Managerial Capability

NACC's senior management is composed of individuals with broad-ranging experience in the telecommunications industry. James Milana, President of NACC, has worked for more than four years on a full-time basis in the industry. Mr. Milana devotes the bulk of his time to developing and expanding NACC's resale long distance telephone business. In addition, he is also currently involved in ventures involving private line services, calling cards and consulting and equipment recommendations.

Len Goldstein, Chief Operating Officer of NACC, has worked in various capacities in the telecommunications industry since 1969. During the past five years, Mr. Goldstein has worked extensively in the area of resale telephone services.

Technical Capability

NACC is currently authorized to provide and is providing resale interexchange telecommunications services in New York, New Jersey, and Connecticut. In addition, NACC has applications to provide similar services pending in California, Florida, and Pennsylvania. As a reseller of interexchange telecommunications services, NACC will use its technical expertise to augment the technical capabilities of the underlying carriers from which it leases capacity.



Public Service Commission

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

DATE: April 18, 1996
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis *sw*
RE: Docket No. 960373-TI, North American Communications Control, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

ALM *[Signature]* *TRD*

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 North American Communications Control, Inc. (NACC) for the period ending December 31, 1995. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, NACC has adequate profitability but marginal liquidity and ownership equity.

In this matter, NACC is asking for a certificate to provide IXC 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. 960373-T1
NORTH AMERICAN COMMUNICATIONS CONTROL, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/95
CURRENT ASSETS	\$862,567
CURRENT LIABILITIES	1,109,791
CURRENT RATIO	0.78
COMMON EQUITY	56,131
TOTAL DEBT	93,626
TOTAL INVESTOR CAPITAL	149,757
COMMON EQUITY RATIO	37%
NET INCOME	89,552
RETURN ON EQUITY	160%