

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

MAY 30, 1996

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

FROM: DIVISION OF COMMUNICATIONS (WILLIAMS) *WJ*  
DIVISION OF AUDITING & FINANCIAL ANALYSIS (JONES) *WJ*  
DIVISION OF LEGAL SERVICES (BARCONE) *WJ*

RE: DOCKET NO. 960506-TS - APPLICATION FOR CERTIFICATE TO  
PROVIDE SHARED TENANT SERVICE BY TVMAX  
TELECOMMUNICATIONS, INC. d/b/a OPTEL. *ALM*

AGENDA: 06/11/96 - REGULAR AGENDA - PROPOSED AGENCY ACTION -  
INTERESTED PERSONS MAY PARTICIPATE *WJ*

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\960506TS.RCM

CASE BACKGROUND

Pursuant to Section 364.339(1)(a)(b), Florida Statutes  
(effective July 1, 1995):

(1) The Commission shall have exclusive jurisdiction to  
authorize the provision of any shared tenant services  
which:

(a) Duplicates or competes with local service  
provided by an existing local exchange  
telecommunications company; and

(b) Effective January 1, 1996, is furnished through  
a common switching or billing arrangement to tenants by  
an entity other than an existing local exchange  
telecommunications company.

DOCUMENT NUMBER-DATE

05932 MAY 30 96

FPSC-RECORDS/REPORTING

DOCKET NO. 960446-TS  
DATE: May 30, 1996

**STAFF DISCUSSION**

**ISSUE 1:** Should the Commission grant TVMAX TELECOMMUNICATIONS, INC. d/b/a OPTEL (OPTEL) a certificate to provide statewide shared tenant service within the State of Florida as provided by Section 364.339 (2), Florida Statutes?

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

**Florida Public Service Commission Certificate #4681**

**STAFF ANALYSIS:** OPTEL filed an application with this Commission on April 18, 1996, to offer telecommunications service as a shared tenant service provider in Florida. Pursuant to Chapter 364.339 (2), Florida Statutes, (effective July 1, 1995):

(2) No person shall provide shared tenant service without first obtaining from the commission a certificate of public convenience and necessity to provide such service. The commission shall grant certificates to telecommunication companies upon showing that the applicants have sufficient technical, financial, and managerial capabilities to provide shared tenant services. The commission may require such services to be offered and priced differently to residential and commercial tenants if deemed to be in the public interest.

Further, the offering of shared tenant service shall not interfere with or preclude a tenant's right to obtain direct access to the lines and services of the serving local exchange telecommunications company or the right of the serving local telecommunications company to serve the tenant directly under the terms and conditions of commission approved tariffs.

OPTEL's managerial exhibit reflects a satisfactory record (page 4). In regards to technical capability, OPTEL's exhibit indicates that OPTEL will have the expertise to ensure that a high quality of service is maintained at its facilities (page 5).

The Division of Auditing and Financial Analysis reviewed OPTEL's financial statements to determine the company's financial viability (pages 6-7). Based on the information provided by OPTEL, the financial capability of the company appears minimal.

DOCKET NO. 960446-TS  
DATE: May 30, 1996

**ISSUE 2:** Should the Commission require TVMAX TELECOMMUNICATIONS, INC. d/b/a OPTEL (OPTEL) to provide access to 911 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 the shared tenant service (STS) provider must provide access to 911 services.

The Commission has no specific rules on what a LEC or an STS must provide in terms of 911 service access. This could result in an STS 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 STS 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. Therefore, it should be a specific requirement of the order that the STS's 911 access service be at a level equivalent to that provided by the LEC serving that same area.

**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.

## EXHIBIT B

### Managerial Capability

OpTel's parent company, Le Groupe Videotron, of Montreal, Canada has established a growing business in the United Kingdom and in Canada. OpTel will have access to Le Groupe Videotron's technical resources and the benefit of the parent company's intimate knowledge of the telecommunications industry.

In the UK, Videotron Holdings Plc. was licensed as a Public Telecommunications Operator in London, England in 1991 following the Duopoly review in the UK. After spending \$2-\$3 million per week on infrastructure, Videotron Holdings PLC now provides 120,000 telephone exchange lines to residential and business customers, a number that grows by 800 to 1000 lines per week. As a provider of both CATV and telecommunications services Videotron Holdings PLC. employs over 1000 permanent staff. In Canada, Videotron Telecom currently operates a 2500 km fiber optic telecommunications network.

In addition to the strong support that OpTel will have from its parent company, three key individuals in the OpTel's senior management team have previously contributed to the establishment of the telecommunications business in the UK. Rory Cole, OpTel's COO, and Julian Riches, OpTel's CFO, have been a key participants in Videotron's top management committee. Louis Brunel, OpTel's CEO is also the CEO of Videotron Plc. Mr. Brunel is a 19 year veteran of Videotron who has been developing the integrated CATV and telecommunications business since 1990.

## EXHIBIT C

### Technical Capability

OpTel provides telecommunication services to multi-family residential housing customers in several markets in Texas. As such, the necessary access to technology has been established. Switching systems, transmission systems and local distribution wiring is all part of the R-STIS infrastructure currently in place. On-going relationships with competitive equipment vendors ensure multiple sources of the latest technology and security of supply of all key network components.

Vendor relationships include, Fujitsu, Nortel and Ericsson in switching, AML Wireless and Omnivision for microwave systems and Pirelli, Anixter, Antec/Telewire for fibre and copper plant. There are many others supplying a wide range of products used in the deployment of telephony.

Technical design, engineering, installation and maintenance staff are permanently employed by OpTel, in addition to a range of contract workers who provide move, add and re-arrangement services in response to customer demand.



# Public Service Commission

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

---

**DATE:** May 23, 1996  
**TO:** Tom Williams, Division of Communications  
**FROM:** Sonja Jones, Division of Auditing and Financial Analysis, *J* *ALM*  
**RE:** Docket No. 960506-TS, TVMAX Telecommunications, Inc. d/b/a OpTel, *APC*  
Financial Analysis for Certificate Application for Shared Tenant Service *[Signature]* *[Signature]*

---

Section 364.339 (2), Florida Statutes, requires the following:

The commission shall grant certificates to telecommunications companies upon showings that the applicants have sufficient technical, financial, and managerial capabilities to provide shared tenant services.

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 audited financial statements of OpTel, Inc., the parent company of TVMAX Telecommunications, Inc. d/b/a OpTel (OPTL) for the eight-month period ending August 31, 1995. As the attached schedule shows, OPTL has adequate ownership equity but reports minimal liquidity and negative net income.

In this matter, OPTL is asking for a certificate to provide shared tenant 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 minimal.

cc: Division of Legal Services  
Division of Records and Reporting

DOCKET NO. 960506-TS  
TVMAX TELECOMMUNICATIONS, INC. d/b/a OpTel  
SHARED TENANT CERTIFICATE  
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS  
of OpTel, Inc. (Parent Company)

FOR THE  
EIGHT MONTHS  
ENDING  
AUGUST 31, 1995

CURRENT ASSETS	\$4,569,209
CURRENT LIABILITIES	12,554,105
CURRENT RATIO	0.36
CASH	2,035,980
COMMON EQUITY	68,544,563
TOTAL DEBT	26,973,408
TOTAL INVESTOR CAPITAL	95,517,971
COMMON EQUITY RATIO	72%
NET INCOME	(10,160,639)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure