

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, STRONG)
DIVISION OF AUDITING & FINANCIAL ANALYSIS (LESTER)
DIVISION OF LEGAL SERVICES (PIERSON) *RP*

RE: DOCKET NO. 960223-TI - APPLICATION FOR CERTIFICATE TO
PROVIDE INTEREXCHANGE TELECOMMUNICATIONS SERVICE WITH
ALTERNATIVE OPERATOR SERVICE BY DIGITAL NETWORK
SERVICES, INC. d/b/a DIGITAL NETWORK OPERATOR SERVICES,
INC. *ALM*

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

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\960223TI.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 DIGITAL NETWORK SERVICES, INC. d/b/a DIGITAL NETWORK OPERATOR SERVICES, INC. (DNS) 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

05948 MAY 30 96

FPSC-RECORDS/REPORTING

DOCKET NO. 960223-TI
DATE: May 30, 1996

RECOMMENDATION: Yes, DNS should be granted:

Florida Public Service Commission Certificate No. 4450

STAFF ANALYSIS: DNS filed an application with this Commission on February 22, 1996, to offer telecommunications service as a reseller with alternative operator services in Florida.

DNS's exhibit of managerial qualifications (page 3-9) reflects a satisfactory record in telecommunications sales, marketing and service. In regard to technical capability, DNS indicates in its application that it will be a reseller and will have the technical knowledge to deal with any switching relay; further, the company 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 DNS's financial statement to determine the company's financial viability (pages 10-11). Based on the information provided by DNS, 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.

RESUME - SYNOPSIS

Eric D. Brown
DNSI Building, Suite 100
400 E. Centre Park Blvd.
DeSoto, TX 75115-8802
(214) 224-3000

Experience Highlights for Eric D. Brown:

Sept. 1993 until
Present

President, Digital Network Services, Inc., a Nevada Corporation
Founded DNSI, a full service Interexchange Carrier serving all 48
states with and residence and business long distance services.

May, 1993 until
Present

Council Member, Place #4, City of Glenn Heights, Texas
This is an elected office as a Council Member, serving residents of
the City of Glenn Heights, Texas.

June, 1980 until
Present

Eric D. Brown, d/b/a Digital Network Services; In January, 1990,
when this company was incorporated as DNS, Inc., a Texas
Corporation. Provided Network Engineering Consulting Services to
long distance telephone companies nationally, and programming
services to Mitel and Harris PBX Customers. Specialized in lowering
network costs for companies and reconciliation of carrier bills of
customers.

Sept., 1979 until
June, 1980

General Manager, Communications Division, HRS, Inc., Phoenix, AZ
Started an interconnect telephone division for a construction
company.

August, 1977 until
Sept., 1979

Founded "Eric D. Brown and Associates", a consulting firm for large
companies in California. Provided network consulting services and
PBX Least-Cost-Routing services using Foreign Exchange Lines.

Sept., 1975 until
August, 1977

MCI Telecommunications, Phoenix, AZ. Opened the Phoenix and
Tucson markets for MCI as Sales Manager of the Execunet product
line as well as private line services, coast to coast. Provided
customer services for all MCI customers in Arizona.

- June, 1970 until
September, 1975 President, The Telephone Company of California, Costa Mesa, CA
Founded and Operated one of the first Interconnect companies in California, serving businesses with private telephone systems.
- September, 1964 until
June, 1970 President, Telemonitor, Incorporated, Costa Mesa, CA
Invented and patented a device for telephone switchboards that monitored and amplified conference calls. At the end of each call this device signaled the operator that the call had completed. This device eliminated the need for operators to "monitor" calls to see if they were still talking.
- August, 1962 until
September, 1964 Final Test Inspector, Litton Systems, Inc., Woodland Hills, CA
Provided final acceptance test inspection of Inertial Navigation Systems prior to shipment to the Navy and the Air Force.
- June, 1961 until
August, 1962 Frameman and Central Office Repairman, Pacific Telephone and Telegraph Company, a division of AT&T.

RESUME

Marvin Ray McCroy

1003 Essex Drive
Cedar Hill, TX 75104
214-293-8446

EDUCATION

High School	Jackson High Jackson Tenn Graduated June 1960
College	Memphis State El Centro Dallas Tx Marketing Major
Special	Dale Carnegie Sales Training Zig Ziglar Internet Marketing Institute

WORK HISTORY

1962-1977	W.O. Bankston Olds-Linc-Merc Asst' Service & Parts Director Manager of 100 unit rental department Managed tire company doing 150K per annum
1977-1991	Fred Oakley Chrysler Ply Service & Parts Director
1991-1993	Freedom Enterprises Owner A marketing company grossing 450K per annum
1993-Present	D. N. S. I. VP Of Marketing & Sales

Resume/Synopsis

Oliver W. Howard, Jr.

Present: Vice President Management Information Systems:

Responsible for maintenance of Southwestern Bell and GTE Circuits for Intra and Inter State calls. Management of traffic interface between the operator service center and billing and collection services. Maintain and upgrade all management information and collection services as necessary.

1990-1993: DNS, Inc. Operations and Financial Officer responsible for all organizational and financial planning.

1989-1990: U.S. Operators, Inc. Treasurer, Chief Financial Officer. Long distance operator service provider companies located in Dallas, Texas. Responsibility included acquisition and consolidation of physical plant and facilities.

1985-1988: President, Detomis, Inc. - A computer systems integration company developing integrated telephone operator interfaces for the telecommunications industry. Also developed a national data communications network for national air freight carrier and voice communications for automated fax transmission.

1979-1985: Officer and Senior Partner - Smith Howard and Gray, P.C. - Professional responsibilities included administration of tax department of account firm employing 22 professionals and 8 clerical staff. Co-ordinated tax compliance functions for all types of federal and state tax return filings.

1971-1979: Vice President-Trust Department - First National Bank in Dallas. Provided special services to corporate trust customers affecting ESOP, TRASOP and profit sharing accounts.

ROBERT E. HAYMOND
P.O. Box 380811
Duncanville, Texas 75138
(214) 291-2152

EDUCATION: B.S. MICHIGAN TECHNOLOGICAL UNIVERSITY
Major: **Economics**; Minor: **Industrial Engineering and Marketing**

UNIVERSITY OF WASHINGTON
Advanced Management Program

STANFORD UNIVERSITY
International Finance & Transportation Management

SUMMARY: Over 25 years successful experience encompassing organizational and facility planning and operation; Capital equipment justification and overhead cost structure development; Labor-management negotiation and arbitration; Implementation of marketing strategies, sales planning, new product development and introduction.

**PROFESSIONAL
EXPERIENCE:**

1994 to present **Vice President- Finance, DIGITAL NETWORK SERVICES, INC.**
Financial Officer for all legal aspects of the organization including incorporation, foreign incorporation and tariff preparation for Public Utility Commissions and FCC approvals and certifications.

1992 - July 1994 **Administrative Director, EYECARE ASSOCIATES OF TEXAS, P.A.**
Responsible for all financial and contractual aspects of administration including physician recruitment, 401-K trusteeship, consortium contracting and independent contracting with managed care organizations.

1990 - 1992 **Vice President, Marketing, BARRACUDA TECHNOLOGIES**
Reorganized North and South American marketing and sales effort to recapture market share and improve profitability. Major elements of this assignment encompassed the establishment of effective customer relations, inside sales and import and export groups. Regional distribution systems were redefined to eliminate redundancy and over-lap. Effective volume incentive pricing structures were established which increased plant productivity and significantly improved delivery commitments. Improved interaction between other Scandinavian, Australian and European divisions, substantially improved lead times reducing shipping and inventory costs by an average of 38%. U.S. market share improve 15% and sales increased 16% in 1991. Year end sales in 1992 improved an additional 18%.

*1988 - 1990***Vice President Operations, BARRACUDA TECHNOLOGIES**

New plant start-up requiring F.A.A. certification and MIL-I-45208 approvals. Successful O.E.M. parts manufacturer for Boeing, American Airlines and General Dynamics. Simultaneously began facilitation and start-up of the only rigid P.V.C. foam plant in the Western Hemisphere.

*1981 - 1988***Director of Operations, ARES, INC.**

Planned and received approval for production readiness of a major weapons system for the U.S. Marine Corps - Rapid Deployment Force. This program plan encompassed initial system qualification criteria through life cycle costing for peacetime or conflict situations. NATO and F.M.S. weapon system negotiations/contracting. **Program Manager** for Middle classified S.D.I. programs - DOD and DOE clearances. Received qualification, through U.S. Airforce sponsorship, a MIL-Q-9858-A approval for the manufacture of DOD production hardware.

*1978-1981***Plant Manager, INTERNATIONAL CAR (Division of PACCAR)**

Planned, organized and implemented a profit improvement program which turned a \$1.6 million loss into a \$1.2 million profit within two years. Labor costs were reduced 20% with production schedules increased to 125% resulting in a net profit of 18%.

*1976 - 1978***Plant Manager, WAGNER MINING (Division of PACCAR)**

Directed 500 employees in various manufacturing tasks including manufacturing, production engineering, industrial engineering, purchasing and production control. Efforts included facility expansion to double mining vehicle output in a 24 month period. Sale revenues increased from \$35 million to \$70 million during this period.

*1969 - 1976***General Plant Superintendent, PACIFIC CAR AND FOUNDRY
(Division of PACCAR)**

Directed 1900 hourly and salaried personnel. Responsible for schedule, quality, cost control, labor planning and estimating. Margin contribution exceeded 62% and overhead costs were maintained at a \pm .5% variance on budgets of 4 million per month.

*1963 - 1969***Jr. Executive Training Program, CHEVROLET ENGINE (Division of
GENERAL MOTORS)**

Intensive training encompassing UAW - labor negotiations, methods and time study analysis, plant layout, production supervision and mechanical engineering.

**PROFESSIONAL
ORGANIZATIONS:**

- ◆ Society for Manufacturing Engineering
- ◆ Society for Advancement of Materials and Process Engineering

Margaret S. Brown
400 E. Center Park Blvd, #100
DeSoto, TX 75115-8802

WORK EXPERIENCE:

1970 thru 1972	State of Arizona/Unemployment/Tribunal Section position: Clerk/Steno I
1977 thru 1980	HRS, Inc. (Construction) position: Administrative Assistant
1990 thru 1992	DNS, Inc. position: Administrative Assistant
1993 thru 1994	Digital Network Services, Inc. position: Administrative Assistant

EDUCATION:

1970	High School Graduate/Agua Fria/Avondale, AZ
1989 thru 1991	College Student/Paradise Valley, AZ
1991 thru 1992	College Student/Mtn. View, TX

CABILITIES:

- 1) Experienced in coordinating many projects and followup between various departments and officers of a company.
- 2) Experienced in managing the needs of a company.



Public Service Commission

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

DATE: April 17, 1996
TO: Tom Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *PL* *ALM*
RE: Docket No. 960223-TI, Digital Network Operator Services, Inc., Financial Analysis *TRJ*
for Certificate Application for Intrastate Interexchange Telecommunications Service

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 Digital Network Operator Services, Inc. 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 application appears adequate.

cc: Division of Legal Services
Division of Records and Reporting

DOCKET NO. 960223-TI
DIGITAL NETWORK OPERATOR SERVICES, INC.
INTEREXCHANGE CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

TWELVE MONTHS
ENDING
12/31/94

CURRENT ASSETS	414,210
CURRENT LIABILITIES	277,751
CURRENT RATIO	1.49
CASH	343,768
COMMON EQUITY	156,206
TOTAL DEBT	0
NET INVESTOR CAPITAL	156,206
COMMON EQUITY RATIO	100%
NET INCOME	155,206
RETURN ON EQUITY	99%