

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 18, 1996

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAWO)
FROM: DIVISION OF COMMUNICATIONS (WILLIAMS, STAVANJA)
DIVISION OF AUDITING & FINANCIAL ANALYSIS (JONES) *WBS*
DIVISION OF LEGAL SERVICES (BILLMEIER) *LMB H* *ALM*
RE: DOCKET NO. 960197-TX; APPLICATION FOR CERTIFICATE TO
PROVIDE ALTERNATIVE LOCAL EXCHANGE TELECOMMUNICATIONS
SERVICE BY NATIONAL TELECOMMUNICATIONS OF FLORIDA, INC.
d/b/a NATIONALTEL. *ALM*
AGENDA: 04/30/96 - REGULAR AGENDA - PROPOSED AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE
CRITICAL DATES: NONE
SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\960197TX.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,

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

DOCKET NO. 960197-TX
DATE: April 18, 1996

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 NATIONAL TELECOMMUNICATIONS OF FLORIDA, INC. d/b/a NATIONALTEL (NATIONALTEL) 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, NATIONALTEL should be granted:

Florida Public Service Commission Certificate No. 4447

STAFF ANALYSIS: Pursuant to Section 364.337 (1), Florida Statutes (effective July 1, 1995), NATIONALTEL filed an appropriate application with this Commission on February 19, 1996.

NATIONALTEL's exhibit of managerial qualifications reflects qualified employees in telecommunications management, marketing and service (pages 5-6). In regard to technical capability, NATIONALTEL's exhibit indicates that NATIONALTEL will rely on its own expertise (pages 7-8). Also, NATIONALTEL will rely on the network operation and management of its underlying carrier(s).

The Division of Auditing and Financial Analysis reviewed NATIONALTEL's financial statement to determine the company's financial viability (pages 9-10). Based on the information provided by NATIONALTEL, the financial capability of the company appears adequate.

DOCKET NO. 960197-TX
DATE: April 18, 1996

ISSUE 2: Should the Commission require NATIONAL TELECOMMUNICATIONS OF FLORIDA, INC. d/b/a NATIONALTEL (NATIONALTEL) 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.

DOCKET NO. 960197-TX
DATE: April 18, 1996

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.

Managerial Capability

NationalTel employs a team of experienced managerial personnel who have successfully operated long distance telecommunications companies for over a decade. The company's key managerial personnel have considerable experience and a proven track record.

James Mansour, President

James Mansour has operated NationalTel since its inception in 1990. Prior to the founding of National Telecommunications of Florida, Inc., James Mansour successfully operated National Telecommunications of Austin for six years before the company was sold to another interexchange carrier (LDDS). Mr. Mansour oversees the day-to-day operations of the company which currently employs 105 people in eight cities. Mr. Mansour was instrumental in the company's growth from a start-up reseller to its current position as the 17th largest long distance company in the nation. James Mansour earned a Juris Doctorate Degree from the Tulane Law School and a B.B.A. Degree in accounting from Millsaps College.

John Mansour, Vice President

John Mansour is a co-founder and co-principal of NationalTel where he is currently responsible for all aspects of network operations including the supervision of technical personnel, negotiation of carrier contracts, analysis of access costs, and establishment of rate structures for the company's products. John Mansour previously held positions with National Telecommunications of Austin, Inc. as the company's Director of Network Operations, Director of Regulatory Affairs and Director of Carrier Sales. His twelve years of telecommunications experience provides the company with solid management and strategic planning capabilities. Mr. Mansour holds a B.A. Degree from the University of Arkansas.

Mark Mansour, Vice President of Operations

Mark Mansour joined NationalTel in March 1991 as the Director of MIS and Billing. Prior to joining the company, he served as Director of Operations for Delta Textile where he directed all aspects of manufacturing, distribution, sales and marketing for this small textile manufacturing company. Mark

Mansour's experience also includes positions with Burlington Industries and Wal-Mart Stores, Inc. Mr. Mansour was responsible for the development and installation of NationalTel's complete integrated billing/customer service/network management system. In his current position, he is responsible for billing, payroll, human resources, customer service, credit and collections, MIS, product development, marketing and sales.

Technical Capabilities

The company initially intends to provide local exchange services by reselling the transmission facilities of the incumbent local exchange carrier or other facilities-based providers. NationalTel has a great deal of resale experience and has the technical capabilities provide local exchange services on a resold basis. Calls will be switched at the company's centralized switching and control center in Orlando using a DMS 500 Northern Telecom switch. Remote switching (line side trunking) will be used in key metropolitan areas.

NationalTel has provided interexchange long distance services in Florida since 1991. The company has a proven track record of providing high-quality telecommunications services to Florida consumers. NationalTel's switching system is a fully redundant digital switch with battery back-up for power outages. The company employs individuals with considerable technical expertise as described below.

Jeanette Prues, Network Director

Jeanette Prues has twenty-eight years of technical telecommunications experience, including fifteen years with Southern Bell and thirteen years interexchange carrier experience. As Network Director, Ms. Prues is responsible for the design and installation coordination of the company's network including traffic analysis and database administration. Prior to joining NationalTel in 1991, Ms. Prues was employed by SouthTel, a Florida based long distance carrier as SouthTel's Network Manager. In her positions with Southern Bell from 1968 to 1984, Ms. Prues was employed as a Network Manager and Traffic Manager. Her accomplishments include the installation and maintenance of DSC DEX 400 and DEX SCP. In addition to network management, she has considerable traffic engineering, forecasting and cost analysis experience. Technical training classes include: Bell System Traffic Engineering, Dimension PBX Maintenance and Administration, and DSC Communications DEX 200, DEX 400, DEX SCP maintenance, administration and data base.

Bruce Johanson

Bruce Johanson is responsible for technical maintenance of NationalTel's switching system. Prior to joining NationalTel, Mr. Johanson was employed by Northern Telecom as a field technician responsible for installing, testing and commissioning network switches, including DMS 250 and DMS 100 switches. Mr. Johanson's experience includes working with local exchange carriers such as Southern Bell, South Central Bell, General Telephone and Centel providing technical assistance for DMS 100/200 and related cross-connect systems, signal transfer points and ISDN/SS7 applications. In addition to his work at Northern Telecom, Mr. Johanson has held technical positions with US Sprint, Starnet Corporation, General Electric, ITT and Southern Bell. Technical training classes include NTI DMS 100/200 Maintenance, Systems Translations, Logutil Reporting System, ISDN Technical Overview, STP Operations and Maintenance, DMS 250 Maintenance, Siemens 192-232 EPABX, Southern Bell Installation & Repair. Mr. Johanson holds an FCC General Radiotelephone license from the FCC.



Public Service Commission

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

DATE: March 14, 1996
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis *SM APC ALM*
RE: Docket No. 960197-TX, National Telecommunications of Florida, Inc. d/b/a NationalTel, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *1996*

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 audited and unaudited financial statements of National Telecommunications of Florida, Inc. (NTF) for the periods ending March 31, 1994 and March 31, 1995. As the attached schedule shows, NTF has adequate liquidity, ownership equity, and profitability.

In this matter, NTF 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 of the company appears adequate.

cc: Division of Legal Services
Division of Records and Reporting

DOCKET NO. 960197-TX
NATIONAL TELECOMMUNICATIONS OF FLORIDA, INC.
d/b/a NationalTel
LEC CERTIFICATE
FINANCIAL ANALYSIS

FROM AUDITED and UNAUDITED FINANCIAL STATEMENTS

	Audited: AS OF 03/31/94	Unaudited: AS OF 03/31/95
CURRENT ASSETS	\$7,777,107	\$10,050,974
CURRENT LIABILITIES	6,411,550	6,997,120
CURRENT RATIO	1.21	1.44
CASH	1,372,730	2,994,939
COMMON EQUITY	2,517,612	5,012,266
TOTAL DEBT	835,218	508,129
NET INVESTOR CAPITAL	3,352,830	5,520,395
COMMON EQUITY RATIO	75%	91%
NET INCOME	3,004,787	5,295,194
RETURN ON EQUITY	119%	106%

NOTE: Above Figures are from the Combined Financial Statements of
National Telecommunications of Florida, Inc. and NTC, Inc.