

FLORIDA PUBLIC SERVICE COMMISSION  
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M E M O R A N D U M

APRIL 18, 1996

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

FROM: DIVISION OF COMMUNICATIONS (WILLIAMS, STAVANJA)  
DIVISION OF AUDITING & FINANCIAL ANALYSIS (JONES) *ALM*  
DIVISION OF LEGAL SERVICES (BILLMEIER) *LMB JK*

RE: DOCKET NO. 960276-TX; APPLICATION FOR CERTIFICATE TO  
PROVIDE ALTERNATIVE LOCAL EXCHANGE TELECOMMUNICATIONS  
SERVICE BY BELLSOUTH TELECOMMUNICATIONS, INC.

AGENDA: 04/30/96 - REGULAR AGENDA - PROPOSED AGENCY ACTION -  
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\960276TX.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. 960276-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 BELLSOUTH TELECOMMUNICATIONS, INC. (BELL) 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, BELL should be granted:

**Florida Public Service Commission Certificate No. 4455**

**STAFF ANALYSIS:** Pursuant to Section 364.337 (1), Florida Statutes (effective July 1, 1995), BELL filed an appropriate application with this Commission on March 4, 1996.

BELL's managerial and technical qualifications have been exhibited in its telecommunications service to their franchised territory in Florida since 1921.

The Division of Auditing and Financial Analysis reviewed BELL's financial statement to determine the company's financial viability (pages 5-6). Based on the information provided by BELL, the financial capability of the company appears adequate.

DOCKET NO. 960276-TX  
DATE: April 18, 1996

**ISSUE 2:** Should the Commission require BELLSOUTH TELECOMMUNICATIONS, INC. (BELL) 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. 960276-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.



# Public Service Commission

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

**DATE:** March 15, 1996

**TO:** Tom Williams, Division of Communications

**FROM:** Sonja Jones, Division of Auditing and Financial Analysis *SLS APC ALM*

**RE:** Docket No. 960276-TX, BellSouth Telecommunications, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *DWS 128*

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 financial statements of BellSouth Telecommunications, Inc. (BSTI) for the period ending December 31, 1995. As the attached schedule shows, BSTI has adequate liquidity and ownership equity, but reports negative net income.

In this matter, BSTI 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. 960276-TX  
BELLSOUTH TELECOMMUNICATIONS, INC.  
LEC CERTIFICATE  
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

	AS OF 12/31/95
CURRENT ASSETS	\$4,653,000,000
CURRENT LIABILITIES	3,266,000,000
CURRENT RATIO	1.42
CASH	1,084,000,000
COMMON EQUITY	7,967,000,000
TOTAL DEBT	9,118,000,000
NET INVESTOR CAPITAL	17,085,000,000
COMMON EQUITY RATIO	47%
NET INCOME	(1,379,000,000)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure