

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

July 18, 1996

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

FROM: DIVISION OF COMMUNICATIONS (STAVANJA) *wb*
DIVISION OF AUDITING & FINANCIAL ANALYSIS (JONES) *SLF*
DIVISION OF LEGAL SERVICES (PIERSON) *RP mcb* *ALM* *HP*

RE: DOCKET NO. 960550-TI - PETITION FOR WAIVER OF CUSTOMER
DEPOSIT BOND REQUIREMENT BY CABLE & WIRELESS INC. (FILED
4/24/96)

AGENDA: JULY 30, 1996 - REGULAR AGENDA - INTERESTED PERSONS MAY
PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\CMU\WP\960550TI.RCM

CASE BACKGROUND

Rule 25-24.490(3), F.A.C., requires that a minor IXC:

...may require a deposit as a condition for service and may collect advance payments for more than one month of service if it maintains on file with the Commission a bond covering its current balance of deposits and advance payments (for more than one month's service). A company may apply to the Commission for a waiver of the bond requirement by demonstrating that it possesses the financial resources and income to provide assurance of continued operation under its certificate over the long term

There have been several bond waiver petitions on which the Commission has ruled. These bond waiver petitions were approved or denied based on the financial data provided by the petitioning IXC.

On April 24, 1996, Cable & Wireless, Inc. filed a petition for a waiver of the customer deposit bond requirement.

DOCUMENT NUMBER-DATE
07557 JUL 18 96
FPSC-RECORDS/REPORTING

DOCKET NO. 960550-TI
DATE: JULY 18, 1996

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission grant a waiver (exemption) of the bond requirement in Rule 25-24.490(3), Florida Administrative Code, for Cable & Wireless, Inc.?

RECOMMENDATION: Yes, the Commission should grant a waiver (exemption) of the bond requirement in Rule 25-24.490(3), Florida Administrative Code, for Cable & Wireless, Inc.

STAFF ANALYSIS: Cable & Wireless, Inc. (CWI or the Company) believes its petition for a waiver of the requirement to post a bond with the Commission for collection of customer deposits should be granted based on the financial strength of its parent company, Cable & Wireless Holdings, Inc. (CWHI).

Staff has analyzed the financial statements of CWHI and believes that CWHI has the financial means to support a waiver of the bond requirement for customer deposits held by CWI. This determination is based on the parent company's financial statements and the provision by CWHI that in the event that CWI cannot meet its financial obligations to its customers, the parent company, CWHI, will assume the financial obligations, with respect to the customer deposits, of the Company.

Due to the strong financial position and guarantee of security by the parent holding company, staff recommends that the requested bond waiver (exemption) for CWI be granted.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, if the Commission adopts staff's recommendation in Issue 1 and no protest is filed within the Proposed Agency Action (PAA) protest period, then this docket should be closed.

STAFF ANALYSIS: If the Commission adopts staff's recommendation in Issue 1 and no protest is filed within the Proposed Agency Action (PAA) protest period, then this docket should be closed.



Public Service Commission

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

DATE: June 14, 1996

TO: Wayne Stavanja, Division of Communications

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

RE: Docket No. 960550-TI, Cable & Wireless, Inc., Deposit Bond Waiver

The Finance Section staff has reviewed the audited consolidated financial statements of Cable & Wireless Holdings, Inc., the parent company of Cable & Wireless, Inc. Cable & Wireless, Inc. currently has \$190,000 in customer deposits and is requesting a waiver of the bond requirement as specified by Rule 25-24.490 (3), Florida Administrative Code. Staff believes that Cable & Wireless, Inc. has the financial means to support a waiver of the bond requirement for customer deposits based on the parent company's financial statements and the provision that in the event that Cable & Wireless, Inc. cannot meet its financial obligations to its customers, the parent company will assume said obligations of Cable & Wireless, Inc. The company has requested confidential treatment of its financial statements. Based on our review, staff believes that a waiver is acceptable.

cc: Division of Legal Services
Division of Records and Reporting