



Public Service Commission

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

DATE: July 7, 1998
 TO: Tommy Williams, Division of Communications
 FROM: Pete Lester, Division of Auditing and Financial Analysis *PL* *ALM*
 RE: Docket No. 980613-TX, VarTec Telecom, Inc., Financial Analysis for Certificate *APC* *ML*
 Application for Alternative Local Exchange Telecommunications Service

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 VarTec Telecom, Inc. (VarTec) for the period ending December 31, 1997. VarTec requested and was granted confidentiality for its financial information.

In this matter, VarTec is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application. For purposes of granting a certificate based on the financial information provided, the financial capability appears adequate.

- ACK _____
 - AFI _____
 - APC _____
 - CAF _____
 - CMU _____
 - CTR _____
- The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it supports long-term bonds in its capital structure and it has credit arrangements with financial institutions. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

- EAG _____ cc: Division of Legal Services
- LEG _____ Division of Records and Reporting (2)
- LIN _____
- OPC _____
- RCH _____
- SEC 1 _____
- WAS _____
- OTH _____

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