



Public Service Commission

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

DATE: April 15, 1999
TO: Nancy Pruitt, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *PL* *ALM*
RE: Docket No. 990212-TX, KMC Telecom III, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ARC*

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 . . .

In this matter, KMC Telecom III, Inc. (KMC) is asking for a certificate to provide alternative local exchange telecommunications service. Regarding the showing of financial capability, KMC requested and was granted confidentiality for its financial statements. The Finance staff has analyzed the financial statements of KMC Telecom III, Inc. 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.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting its obligations are guaranteed by its parent company, KMC Telecom III Holdings, Inc. KMC states that it has considerable liquidity and that it can obtain financial assistance from its parent if necessary. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

cc: _____
 _____ Division of Legal Services
 _____ Division of Records and Reporting (2)

- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- MAS _____
- OPC _____
- RRR _____
- SEC _____
- WAW _____
- OTH _____

DOCUMENT NUMBER-DATE

04960 APR 1999

FPSC-RECORDS/REPORTING