



Public Service Commission

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

DATE: March 3, 2000
 TO: Nancy Pruitt, Division of Communications
 FROM: Pete Lester, Division of Auditing and Financial Analysis *PL*
 RE: Docket No. 000080-TI, ITC^DeltaCom Communications, Inc., Financial Analysis for Petition for Waiver of Bond Requirement *ALM*

Rule 25-24.490(2) provides the following:

An IXC may require a deposit as a condition of 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.

On January 24, 2000, ITC^DeltaCom Communications, Inc. (ITC) petitioned the Commission for a waiver of the bond requirement. Attached as Attachment 1 is staff's analysis of the financial information included in the company's petition, which is for the year ended December 31, 1999. ITC has adequate liquidity and, as reflected by the equity ratio, has a low but adequate level of common equity. According to Standard & Poor's, equity ratios for diversified telecommunications companies ranged from 32% to 79%, with an average equity ratio of 50%. Regarding profitability, the company reported a loss for the period.

ITC has issued approximately \$415 million in senior long-term bonds. In May 1999, the company raised \$120 million in a public stock offering. Further, ITC is experiencing significant customer growth. Staff believes this growth will improve the company's profitability and equity ratio. ITC currently does not collect deposits in Florida and, therefore, does not have a surety bond on file with the Commission. The company plans to collect deposits for new accounts.

Staff believes ITC's liquidity and ability to raise funds in the public capital markets are an adequate demonstration that it has the financial means to continue operations over the long term. Staff therefore recommends that the Commission grant the company's request for a waiver of the bond requirement.

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

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

DOCKET NO. 000080-1
ITC^DELTA COM COMMUNICATIONS, INC.
PETITION FOR WAIVER OF BOND REQUIREMENT

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS
SEC FORM 10-Q

IN THOUSANDS

	YEAR ENDED <u>12/31/1999</u>
CURRENT ASSETS	\$310,940
CURRENT LIABILITIES	72,768
CURRENT RATIO	4.27
CASH	248,431
COMMON EQUITY	218,162
TOTAL DEBT	516,156
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	734,318
COMMON EQUITY RATIO	30%
NET INCOME	(54,979)
RETURN ON EQUITY	NEGATIVE

STATE OF FLORIDA

Commissioners:
JOE GARCIA, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
E. LEON JACOBS, JR.
LILA A. JABER



DIVISION OF RECORDS & REPORTING
BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770

Public Service Commission

March 9, 2000

Jon S. Wheeler, Clerk
First District Court of Appeal
301 Martin Luther King, Jr., Boulevard
Tallahassee, Florida 32399-1850

Re: Citizens of the State of Florida vs. Florida Public Service Commission (Docket No. 990080-WS)

Dear Mr. Wheeler:

Enclosed is a certified copy of a Notice of Administrative Appeal, filed in this office on behalf of the Citizens of the State of Florida on March 8, 2000.

It is our understanding that the index of record is due to be served on the parties to this proceeding on or before April 27, 2000.

Sincerely,

A handwritten signature in cursive script that reads "Kay Flynn".

Kay Flynn, Chief
Bureau of Records

Enclosure

cc: Stephen C. Burgess
Linda J. McKenna
Martin S. Friedman
David Smith, Division of Appeals