



Public Service Commission

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

DATE: June 5, 2000
TO: Tommy Williams, Division of Regulatory Oversight
FROM: David J. Draper, Division of Economic Regulation
RE: Docket No. 000575-TX, Broadtier Communications, Inc., Financial Analysis for Certificate 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 unaudited financial statements of Broadtier Communications, Inc. (BCI) for the one month period ending January 31, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, BCI has adequate liquidity, but reports negative common equity and negative income for the period.

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In this matter, BCI is asking for a certificate to provide alternative local exchange telecommunications service. For purposes of granting a certificate based on the financial information provided, the financial capability appears minimal.

Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that the applicant can rely upon the financial support of the parent company if needed. 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)

DOCUMENT NUMBER-DATE

06901 JUN-68

FPSC-RECORDS/REPORTING

ALTERNATIVE LOCAL EXCHANGE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 01/31/2000
CURRENT ASSETS	\$21,475
CURRENT LIABILITIES	7,799
CURRENT RATIO	2.75
CASH	5,185
COMMON EQUITY	(173,410)
TOTAL DEBT	249,390
TOTAL INVESTOR CAPITAL	75,980
COMMON EQUITY RATIO	NMF
NET INCOME	(11,692)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure