



Public Service Commission

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

DATE: September 5, 2000

TO: Nancy Pruitt, Division of Regulatory Oversight

FROM: David J. Draper, Division of Economic Regulation *JD*

RE: Docket No. 001192-TI, Backbone Communications, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM*

Section 364.337 (3), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide intrastate interexchange telecommunications 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 Backbone Communications, Inc. (BCI) for the seven month period ending July 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 minimal common equity and negative net income for the period.

In this matter, BCI is asking for a certificate to provide IXC 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 Robert Bral, President of BCI, states that he has liquid assets in excess of \$100,000 in his personal account available to support the company's operations. 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)

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FPSC-RECORDS/REPORTING

DOCKET NO. 001192-T
BACKBONE COMMUNICATIONS, INC.

IXC APPLICATION
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 07/31/2000
CURRENT ASSETS	\$43,272
CURRENT LIABILITIES	4,066
CURRENT RATIO	10.64
CASH	11,469
COMMON EQUITY	49,487
TOTAL DEBT	1,623,963
TOTAL INVESTOR CAPITAL	1,673,451
COMMON EQUITY RATIO	3%
NET INCOME	(466,293)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure