

ORIGINAL

State of Florida



Public Service Commission

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

DATE: August 26, 1999
TO: Tommy Williams, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis
RE: Docket No. 991101-TX, Concert Communications Sales, LLC, 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 British Telecommunications, parent of Concert Communications Sales, LLC (CCS) for the period ending March 31, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, CCS has minimal liquidity, but sufficient common equity and reported a positive net income for the period.

In this matter, CCS is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application and that no customer provided funds appear to be at risk. For purposes of granting a certificate based on the financial information provided, the financial capability appears adequate.

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The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. The company is a part of a global venture established by AT&T and BT (British Telecommunications). CCS has BT's financial support up to \$20 million in its effort to provide telecommunications services in the State of Florida. 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

10292 AUG 27 99

PSC-RECORDS/REPORTING

ALEC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 03/31/98

\$ IN MILLIONS

CURRENT ASSETS	\$8,295
CURRENT LIABILITIES	15,293
CURRENT RATIO	0.54
CASH	2
COMMON EQUITY	21,394
LONG-TERM DEBT	8,848
TOTAL INVESTOR CAPITAL	30,242
COMMON EQUITY RATIO	71%
NET INCOME	2,839
RETURN ON EQUITY	13%

NMF = No Meaningful Figure