



Public Service Commission

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

DATE: June 12, 1997
 TO: Tom Williams, Division of Communications
 FROM: David J. Draper, Division of Auditing and Financial Analysis *ALM*
 RE: Docket No. 970486-TX, Business Telecom, Inc. d/b/a BTI, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *AA APC*

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 Business Telecom, Inc. d/b/a BTI (BTI) for the period ending December 31, 1996. An audit could change one's opinion of the company's financial condition. The applicant has requested confidential treatment of its financial statements. Based on the review of the applicant's financial information, BTI has adequate liquidity, sufficient common equity and produced a positive net income in 1996.

In this matter, BTI 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. The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that as a reseller there are minimal capital requirements and expenses in providing said service. In addition, the Company has structured its retail pricing so that its per minute rate covers its per minute cost, thus assuring an almost instantaneous positive cash flow. 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

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