



Public Service Commission

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

DATE: May 6, 1998
 TO: Tommy Williams, Division of Communications
 FROM: Pete Lester, Division of Auditing and Financial Analysis
 RE: Docket No. 980610-TI, Business Technology Systems, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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 audited financial statements of Business Technology Systems, Inc. (BTS) for the period ending December 31, 1997. As the attached schedule shows, BTS has adequate liquidity but reports an equity ratio of 21% and negative net income.

ACK _____
 AFA _____ In this matter, BTS is asking for a certificate to provide IXC service. Staff notes the limited
 APP _____ nature of the application. For purposes of granting a certificate based on the financial
 CAF _____ information provided, the financial capability appears marginal.
 CMU _____ Although an analysis of the financial statements reveals the applicant is in a marginal financial
 CTR _____ position, the applicant attested to its financial capability to provide and maintain the proposed
 EAG _____ telecommunications service in Docket No. 971190-TX by noting that it had access to a line of
 LEG _____ credit for \$535,000. In its financial statement notes as of December 31, 1997, the line of credit
 LIN _____ was \$500,000. 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

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DOCKET NO. 980610-TI
BUSINESS TECHNOLOGY SYSTEMS, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM AUDITED FINANCIAL STATEMENTS

AS
OF
DECEMBER 31, 1997

CURRENT ASSETS	709,516
CURRENT LIABILITIES	247,340
CURRENT RATIO	2.87
CASH	87,747
COMMON EQUITY	114,761
TOTAL DEBT	437,933
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	552,694
COMMON EQUITY RATIO	21%
NET INCOME	(10,712)
RETURN ON EQUITY	NEGATIVE