



Public Service Commission

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

DATE: March 31, 2000
TO: Nancy Pruitt, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis
RE: Docket No. 000253-TX, Backbone 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 balance sheet of Backbone Communications Inc. (BCI) for the period ending November 30, 1999 and the projected income statement as of December 31, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, BCI has adequate liquidity and sufficient common equity, but projects a significant net loss for the year ending December 31, 2000.

In this matter, BCI 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 marginal.

Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service. 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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DOCKET NO. 000253-TX
BACKBONE COMMUNICATIONS INC.

ALEC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 11/30/99

CURRENT ASSETS	\$11,562
CURRENT LIABILITIES	10,642
CURRENT RATIO	1.09
CASH	8,095
COMMON EQUITY	494,630
LONG-TERM DEBT	1,162,331
TOTAL INVESTOR CAPITAL	1,656,962
COMMON EQUITY RATIO	30%
NET INCOME	(14,849,409)
RETURN ON EQUITY	NMF

NMF= Non-meaningful figure