

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of: The Application for Authority to Transfer Certificate of Public Convenience and Necessity of Bridgcom LLC, an IER Operating in California, to Bridgcom, Inc.

Application 04-08-006
(Filed August 3, 2004)

**ADMINISTRATIVE LAW JUDGE'S RULING REQUIRING
APPLICANT TO FILE ADDITIONAL FINANCIAL DOCUMENTATION
WITHIN 30 DAYS IN ORDER TO AVOID DISMISSAL OF APPLICATION**

On August 3, 2004, Bridgcom LLC (Applicant) filed an application with the Commission for authorization to sell 100 percent of its issued and outstanding stock and to transfer its certificate of public convenience and necessity (CPCN) to Bridgcom, Inc. The application states that on May 17, 2004, Applicant, a California limited liability company, was converted to a California corporation and renamed Bridgcom, Inc. Applicant currently holds a CPCN (#U-6881-C), which authorizes the provision of resold interexchange and local exchange services in California.

The application did not include all of the necessary information for the Commission to reach a decision on this matter, because it contained an unclear statement regarding whether the sole owner of the company had had prior association with a telecommunications company that filed for bankruptcy or had been found civilly or criminally liable for violation of California Business and Professions Code Section 17000 or for actions which involved misrepresentations to customers. The application also did not include required information regarding Bridgcom, Inc.'s financial status and any deposits that Bridgcom, Inc.

would be required to pay to other telecommunications carriers in order to provide service in this state. The assigned Administrative Law Judge (ALJ) therefore directed Applicant to submit a supplemental filing which contained this information. Applicant subsequently contacted the ALJ and requested an extension of time until November 17, 2004, which was granted.

On November 18, 2004, Applicant filed a supplement to the application. This supplement clarified that the sole owner of Bridgcom, Inc. did not have previous association with a telecommunications carrier that had filed for bankruptcy and had not been found criminally or civilly liable for violation of California Business and Professions Code Section 17000 or for actions involving misrepresentations to customers. The supplement also indicated that Bridgcom, Inc. would not be required to pay deposits to other telecommunications carriers in order to provide service. However, the supplement did not include appropriate documentation to show that Bridgcom, Inc. meets Commission financial requirements to operate as a provider of resold telecommunications services in this state.¹

The ALJ therefore directed Applicant to submit an additional supplemental filing to include proper financial documentation to establish that Bridgcom, Inc. meets Commission financial requirements. The ALJ's letter

¹ The supplement included only a checking account statement for Bridgcom LLC dated June 2004 and unaudited financial statements for Bridgcom LLC. However, the Commission generally does not accept checking account statements as evidence that a company meets our financial requirements because of the transitory nature of checking account balances. Further, the Commission accepts only audited financial statements as evidence that a company meets our financial requirements. Moreover, the checking account statement and unaudited financial statements related to Bridgcom LLC, rather than the acquiring entity, Bridgcom, Inc.

included an attachment which explained the types of financial documentation that would meet Commission requirements.

On December 17, 2004, Applicant filed a second supplement to the application. This supplement included a letter from Mr. Matteo Jamal, President, Horizon Telecom Network (Horizon), which stated that effective January 1, 2004, Horizon had acquired a 75% controlling interest in Bridgcom, Inc., and that Horizon was giving Bridgcom, Inc. an unconditional guarantee of necessary resources to meet Commission financial requirements. However, Horizon's financial guarantee did not meet Commission requirements because the guarantee was not specifically irrevocable for a period of 12 months after certification of Bridgcom, Inc. by the Commission. Further, in order for the guarantee to be valid, Applicant needed to submit proper documentation to show that Horizon meets Commission financial requirements for resold telecommunications providers; and the supplemental filing included only unaudited financial statements for Horizon.

The assigned ALJ subsequently wrote to Applicant, explained the deficiencies in the December 17, 2004 supplemental filing, and directed Applicant to submit a supplemental filing by no later than January 18, 2005, which either included a proper corporate guarantee from Horizon and appropriate documentation to show that Horizon meets Commission financial requirements or additional documentation to show that Bridgcom, Inc. otherwise meets Commission financial requirements. The ALJ's letter included an attachment which explained the various forms of financial documentation that would be acceptable to the Commission. Applicant did not respond to the ALJ's letter and did not make an additional supplemental filing.

On February 28, 2005, the assigned ALJ again wrote to Applicant, explained the deficiencies in December 17, 2004 supplemental filing, and directed Applicant to submit a supplemental filing which included either a proper corporate guarantee from Horizon and appropriate documentation to show that Horizon meets Commission financial requirements or that Bridgcom, Inc. otherwise meets Commission financial requirements by no later than March 14, 2005. The ALJ's letter included an attachment that explained the Commission's financial requirements and the various types of financial documentation that would be acceptable to the Commission.

Applicant did not respond to the ALJ's February 28, 2005 letter and did not make an additional supplemental filing.

Based on the period of time that has passed since the filing of this application and Applicant's failure to submit acceptable documentation to show that Bridgcom, Inc. meets financial Commission requirements, **IT IS RULED** that:

1. Bridgcom LLC (Applicant) shall file a supplemental filing which contains acceptable financial documentation to show that Bridgcom, Inc. meets the Commission's financial requirements for providers of resold telecommunications services in California within 30 days of the date of this ruling. An explanation of these requirements and the types of financial documents that meet Commission requirements is attached as Exhibit A.

2. Applicant shall make the supplemental filing in accordance with the Commission Rules of Practice and Procedure. Applicant may contact the Commission Public Advisor's Office at 1/866/849-8390 or 1/866/849-8391 for assistance with procedural questions.

3. If Applicant fails to make a satisfactory supplemental filing by no later than 30 days after the date of this ruling, the assigned Administrative Law Judge shall seek Commission dismissal of the application without prejudice, based on Applicant's failure to complete the application.

Dated April 21, 2005, at San Francisco, California.

/s/ MYRA J. PRESTIDGE

Myra J. Prestidge
Administrative Law Judge

EXHIBIT A

Information Needed for Supplemental Filing – Application No. 04-08-006

Required Financial Information

Please provide **audited** financial statements or other acceptable documentation which demonstrate that Bridgcom, Inc. meets the financial requirements for a CPCN to provide resold telecommunications services in California. Bridgcom, Inc. must show that it has at least \$25,000 available for the operations of the company.

If Bridgcom, Inc. wishes to rely on a corporate guarantee from Horizon Telecom Network, LLC (HTN) to meet the financial requirements, the guarantee must specifically be irrevocable for at least 12 months after certification of Bridgcom, Inc. by the Commission. **You must also submit financial documents (in one of the forms listed below) to establish that HTN meets Commission requirements.**

The acceptable forms of financial documentation are:

- a. An **audited** balance sheet and income statement demonstrating sufficient cash flow; **OR**
- b. Any of the following:
 1. Cash or cash equivalent, including cashier's check, sight draft, performance bond proceeds, or traveler's checks;
 2. Certificate of deposit or other liquid deposit, from a reputable bank or other financial institution;
 3. Preferred stock proceeds or other corporate shareholder equity, provided that use is restricted to maintenance of working capital for a period of at least twelve (12) months beyond certification of the applicant by the Commission;
 4. Letter of credit, issued by a reputable bank or other financial institution, irrevocable for a period of at least twelve (12) months beyond certification of the application by the Commission;
 5. Line of credit or other loan, issued by a reputable bank or other financial institution, irrevocable for a period of at least twelve (12) months beyond certification of the applicant by the Commission, and payable on a interest-only basis for the same period;

6. Loan, issued by a qualified subsidiary, affiliate of applicant, or a qualified corporation holding controlling interest in the applicant, irrevocable for a period of at least twelve (12) months beyond certification of the applicant by the Commission, and payable on an interest-only basis for the same period;
7. Guarantee, issued by a corporation, copartnership, or other person or association, irrevocable for a period of at least twelve (12) months beyond certification of applicant by the Commission;
8. Guarantee, issued by a qualified subsidiary, affiliate of applicant, or a qualified corporation holding controlling interest in the applicant, irrevocable for a period of at least twelve (12) months beyond certification of the applicant by the Commission.

A qualified subsidiary, affiliate, or corporation holding a controlling interest in the applicant must be either (1) a certificated going concern with active NDIEC operations in California, or (2) a going concern with active NDIEC operations outside California.

Checking account statements and unaudited financial statements are not acceptable.

Note: The above language applies to nondominant interchange carrier applications (D.91-10-041, App. A.) The same requirements are applied to Competitive Local Exchange Carrier applications (D.85-12-056, App. A.) Applicants to provide resold telecommunications services must have a minimum of \$25,000 **plus** the amount of any required deposits.

(END OF EXHIBIT A)

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Requiring Applicant to File Additional Financial Documentation Within 30 Days in Order to Avoid Dismissal of Application on all parties of record in this proceeding or their attorneys of record.

Dated April 21, 2005, at San Francisco, California.

/s/ KE HUANG

Ke Huang

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.