

State of Florida



Public Service Commission

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

DATE: January 10, 2001
TO: Toni McCoy, Division of Regulatory Oversight
FROM: Pete Lester, Division of Economic Regulation *PL*
RE: Docket No. 001819-TX, nii communications, Ltd, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

ALM
ask

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 nii communications, Ltd. (NII) for the period ending October 31, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, NII has adequate liquidity and sufficient common equity. The company reported a loss for the period.

In this matter, NII is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application. 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 it has \$2.7 million available to it from its parent company, MCG Corporation . 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

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FPSC-RECORDS/REPORTING

DOCKET NO. 001819-1X
NII COMMUNICATIONS, LTD.
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF <u>10/31/2000</u>
CURRENT ASSETS	\$2,422,366
CURRENT LIABILITIES	1,674,748
CURRENT RATIO	1.45
CASH	620,679
COMMON EQUITY	1,592,697
TOTAL DEBT	1,400,000
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	2,992,697
COMMON EQUITY RATIO	53%
NET INCOME	(1,257,731)
RETURN ON EQUITY	NEGATIVE