



Public Service Commission

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

DATE: February 5, 1998
TO: Tom Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis
RE: Docket No. 980101-TX, Focal Communications Corporation of Florida, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

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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 Focal Communications Corporation of Florida (FCF) for the five month period ending May 1, 1997. The applicant requested confidential treatment of its financial statements. An audit could change one's opinion of the company's financial condition. Based on the review of the applicant's financial information, FCF reports negative net income for the period, but has adequate liquidity and sufficient common equity.

In this matter, FCF is asking for a certificate to provide IXC service. 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. In addition, the company will receive additional capital funding in an amount up to an aggregate of twenty-six million dollars from contractually obligated investors. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

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cc: Division of Legal Services
 Division of Records and Reporting (2)

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