



Public Service Commission

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

DATE: February 19, 1999  
 TO: Nancy Pruitt, Division of Communications  
 FROM: Pete Lester, Division of Auditing and Financial Analysis *PL*  
 RE: Docket No. 981974-TI, Hyperion Communications of Florida, LLC, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM APC*

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 Hyperion Telecommunications, Inc., the parent company of Hyperion Communications of Florida, LLC (HCF), for the period ended March 31, 1998. As the attached schedule shows, HCF's parent company has adequate liquidity but reports negative common equity. It reported a loss for the period.

In this matter, HCF is asking for a certificate to provide IXC 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 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 by noting that its parent has raised capital through public debt and preferred stock issuances. The parent recently raised \$200 million in equity capital through an IPO offering. 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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DOCKET NO. 981974-T1  
DOCKET NO. 981977-TX  
HYPERION COMMUNICATIONS OF FLORIDA, LLC  
IYC AND ALEC TELECOMMUNICATIONS CERTIFICATES

FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS  
OF HYPERION TELECOMMUNICATIONS, INC.  
THE PARENT COMPANY

IN THOUSANDS	AS OF <u>03/31/98</u>
CURRENT ASSETS	\$235,184
CURRENT LIABILITIES	17,904
CURRENT RATIO	13.14
CASH	230,750
COMMON EQUITY	(118,991)
TOTAL DEBT	528,776
TOTAL PREFERRED STOCK	207,204
COMMON EQUITY RATIO	NMF
NET INCOME	(69,082)
RETURN ON EQUITY	NMF

NMF=NO MEANINGFUL FIGURE