



## 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 *PZ ALM APC [signature]*  
 RE: Docket No. 981977-TX, Hyperion Communications of Florida, LLC; 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 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.

ACK \_\_\_\_\_  
 AFA \_\_\_\_\_  
 APP \_\_\_\_\_  
 CAF \_\_\_\_\_  
 CMU \_\_\_\_\_  
 CTR \_\_\_\_\_  
 EAG \_\_\_\_\_

In this matter, HCF 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 marginal.

LEG \_\_\_\_\_  
 LIN \_\_\_\_\_  
 OPC \_\_\_\_\_  
 RCH \_\_\_\_\_  
 SEC \_\_\_\_\_  
 WAS \_\_\_\_\_

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

DOCUMENT NUMBER-DATE

02378 FEB 23 99

FPSC-RECORDS/REPORTING

DOCKET NO. 981974-  
DOCKET NO. 981977-TX  
HYPERION COMMUNICATIONS OF FLORIDA, LLC  
IXC AND ALEC TELECOMMUNICATIONS CERTIFICATES

FINANCIAL ANALYSIS

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

| IN THOUSANDS          | AS<br>OF<br><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