



Public Service Commission

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

DATE: March 4, 1999
TO: Tommy Williams, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *ED*
RE: Docket No. 990163-TX, DSLnet Communications, LLC, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *APC ALM*

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 DSL.Net, Inc., parent company of DSLnet Communications, LLC (DSL) for the period ending November 30, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, DSL has sufficient common equity, but marginal liquidity and reported a net loss for the period.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC 1
- WAS _____
- OTH _____

In this matter, DSL is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application and that no customer provided funds appear to be at risk. 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. DSLnet will rely upon the financial assets of its parent company, DSL.Net, Inc., to maintain its future operations. 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. 990163-TX
DSL.NET, INC.

ALEC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 11/30/98

CURRENT ASSETS	\$178,290
CURRENT LIABILITIES	187,415
CURRENT RATIO	0.95
CASH	173,403
COMMON EQUITY	3,332,445
TOTAL DEBT	356,596
TOTAL INVESTOR CAPITAL	3,689,041
COMMON EQUITY RATIO	90%
NET INCOME /LOSS	(218,055)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure

STATE OF FLORIDA

Commissioners:
JOE GARCIA, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
JULIA L. JOHNSON
E. LEON JACOBS, JR.



DIVISION OF RECORDS & REPORTING
BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770

Public Service Commission

February 15, 1999

Lawrence A. Walke, Counsel
Swidler Berlin Shereff Friedman, LLP
3000 K Street, NW, Suite 300
Washington, DC 20007-5116

Re: Docket No. 990163-TX

Dear Mr. Walke:

This will acknowledge receipt of an application for certificate to provide alternative local exchange telecommunications service by DSNnet Communications, LLC, which was filed with this office on February 11, 1999 and assigned the above-referenced docket number. Appropriate staff members will be advised.

Mediation may be available to resolve any dispute in this docket. If mediation is conducted, it does not affect a substantially interested person's right to an administrative hearing. For more information, contact the Office of General Counsel at (850) 413-6078 or FAX (850) 413-6079.

Please make notes as well that Commission Rule 25-22.005(7), F.A.C., requires certificated companies to notify the Commission of any changes in name, telephone, address, or contact person. Should your application be granted by the Commission, you will be expected to comply with this rule by advising us of any changes as they occur.

Division of Records and Reporting
Florida Public Service Commission