

State of Florida



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
RE: Docket No. 990164-TI, DSLnet Communications, LLC, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

Handwritten initials: WAF, ALM

Section 364.337 (1), 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 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.

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In this matter, DSL is asking for a certificate to provide IXC 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

03141 MAR 11 8

FPSC-RECORDS/REPORTING

DOCKET NO. 990164-TI
DSL.NET, INC.

IXC 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