



Public Service Commission

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

DATE: July 19, 1999
TO: Nancy Pruitt, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *DD*
RE: Docket No. 990828-TX, CCCFL, Inc., d/b/a Connect!, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *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 CCCFL, Inc., d/b/a Connect! (CCC) for the period ending December 31, 1998. An audit could change one's opinion of the company's financial condition. CCC has been in operations for one year. As the attached schedule shows, CCC has minimal liquidity, negative common equity and negative income for the period.

In this matter, CCC is asking for a certificate to provide alternative local exchange telecommunications service. For purposes of granting a certificate based on the financial information provided, the financial capability appears minimal.

Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability by noting that the company clearly has assets that can sustain the relatively modest investments required of CCC. The company will be able to provide and maintain the proposed telecommunications service by continuous and profitable service. In addition, CCC may rely on its investors for additional financial support. 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)

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DOCKET NO. 990828-T
CCCFL, INC, d/b/a CONNECT!

ALTERNATIVE LOCAL EXCHANGE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/98
CURRENT ASSETS	\$727,883
CURRENT LIABILITIES	849,216
CURRENT RATIO	0.86
CASH	3,373
COMMON EQUITY	(62,450)
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	(62,450)
COMMON EQUITY RATIO	100%
NET INCOME	(241,919)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure