



ORIGINAL
Public Service Commission

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

DATE: October 8, 1999
TO: Nancy Pruitt, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *PL*
RE: Docket No. 991280-TX, Primus Telecommunications, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ALM APC*

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 Primus Telecommunications Group, Inc., the parent company of Primus Telecommunications, Inc. (Primus) for the period ending March 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Primus' parent company has adequate liquidity but has an insufficient level of common equity and reported a loss for the period.

AFA In this matter, Primus is asking for a certificate to provide alternative local exchange
APP telecommunications service. Staff notes the limited nature of the application. For purposes of
CAF granting a certificate based on the financial information provided, the financial capability appears
CMU marginal.
CTR
EAG
LEG Although an analysis of the financial statements reveals the applicant is in a marginal financial
MAS position, the applicant attests to its financial capability to provide and maintain the proposed
OPC telecommunications service by noting that its parent company is publicly traded and has access to
PAI the public debt markets. The parent has a revolving credit agreement for more than \$18 million.
SEC Based on this showing, the applicant appears to meet the financial capability standard of Section
WAW 364.337, Florida Statutes.
OTH

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

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

DOCKET NO. 991280-
PRIMUS TELECOMMUNICATIONS, INC.
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM SEC FORM 10-Q FOR PRIMUS TELECOMMUNICATIONS
GROUP, THE PARENT COMPANY

IN THOUSANDS	AS OF <u>03/31/1999</u>
CURRENT ASSETS	\$419,380
CURRENT LIABILITIES	145,991
CURRENT RATIO	2.87
CASH	268,530
COMMON EQUITY	95,069
TOTAL DEBT	601,709
TOTAL PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	696,778
COMMON EQUITY RATIO	14%
NET INCOME	(25,155)*
RETURN ON EQUITY	-26%

* JAN 1 THRU MAR 31

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

September 3, 1999

Robin Cohn, Esquire
Swidler Berlin Shereff Friedman, LLP
3000 K Street, NW, Suite 300
Washington, DC 20007-5116

Re: Docket No. 991280-TX

Dear Ms. Cohn:

This will acknowledge receipt of an application for certificate to provide alternative local exchange telecommunications service by Primus Telecommunications, Inc., which was filed with this office on September 1, 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