



Public Service Commission

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

DATE: March 6, 2000
TO: Nancy Pruitt, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis
RE: Docket No. 000212-TX, Allied Riser of Florida, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

ALM

PL [signature]

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 Allied Riser Communications Corporation, the parent company of Allied Riser of Florida, Inc. (ARF) for the period ending December 31, 1998. As the attached schedule shows, ARF's parent company has adequate liquidity but has insufficient common equity. For the period, the parent company reported a loss.

In this matter, ARF 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.

Although an analysis of the financial statements reveals the applicant is in marginal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has access to capital through its parent company. The parent company has issued common and preferred stock, has obtained bank debt, and has received vendor financing. 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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APP
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DOCUMENT NUMBER-DATE

02932 MAR-68

FPSC-RECORDS/REPORTING

DOCKET NO. 000212-TX
ALLIED RISER OF FLORIDA, INC.
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS
OF ALLIED RISER COMMUNICATIONS CORPORATION

IN THOUSANDS

AS OF
12/31/1998

CURRENT ASSETS	\$41,529
CURRENT LIABILITIES	3,114
CURRENT RATIO	13.34
CASH	41,371
COMMON EQUITY	(16,137)
TOTAL DEBT	1,420
PREFERRED STOCK	66,451
NET INCOME	(15,062)
RETURN ON EQUITY	NEGATIVE

the showing of financial capability, the Finance staff has audited the audited financial statements of Allied Riser Communications Corporation, the parent company of Allied Riser of Florida, Inc. (ARF), for the ended ending December 31, 1998. As the attached schedule shows, the parent company has adequate liquidity but has insufficient common equity for the period the parent company reported a loss.

In this matter, ARF is asking for a certificate to provide alternative local exchange telecommunications services. Staff notes the limited nature of the applicant. For purposes of getting a certificate based on the financial information provided, the financial capability appears

Although an analysis of the financial statements reveals the applicant is in marginal financial position, the applicant attempts to use financial capability to provide and maintain the proposed telecommunications services by noting that it has access to capital through its parent company. The parent company has issued common and preferred stock, has obtained bank debt, and has received various financing. Based on the showing the applicant appears to meet the financial capability standards of Section 304.33, Florida Statutes.

DOCUMENT NUMBER: 000212-TX-89

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

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