



Public Service Commission

ORIGINAL

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

DATE: June 7, 2000

TO: Toni McCoy, Division of Regulatory Oversight

FROM: David J. Draper, Division of Economic Regulation *DD* *CD*

RE: Docket No. 000583-TX, Net2000 Communications Services, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

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 Net2000 Communications Services, Inc. (NCS) for the period ending December 31, 1999. As the attached schedule shows, NCS has minimal liquidity, negative common equity and negative net income.

In this matter, NCS 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 to provide and maintain the proposed telecommunications service by noting that the company just completed an initial public offering in the amount of \$212 million that will be used to financial additional operations. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

- APP _____
- CAF _____
- CMP _____
- COM _____
- CTR _____
- ECR _____
- LEG _____
- OPC _____
- PAI _____
- RGO _____
- SEC I
- SER _____
- OTH _____

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

DOCUMENT NUMBER-DATE

07019 JUN-88

FPSC-RECORDS/REPORTING

DOCKET NO. 000583-1X
NET2000 COMMUNICATIONS SERVICES, INC.

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

	AS OF 12/31/1999
CURRENT ASSETS	\$18,163,064
CURRENT LIABILITIES	22,426,882
CURRENT RATIO	0.81
CASH	5,522,935
COMMON EQUITY	(74,381,242)
TOTAL DEBT	122,329,844
TOTAL INVESTOR CAPITAL	47,948,602
COMMON EQUITY RATIO	NMF
NET INCOME	(38,792,756)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure



Net2000 Communications

May 12, 2000

Ms. Blanca S. Bayo
Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

000537
D25-8
100711103

000533-TX

Re: Application of Net2000 Communications Services, Inc. for Certificate to Become a Telecommunications Carrier

Dear Ms. Bayo:

On behalf of Net2000 Communications Services, Inc. ("Net2000"), enclosed for filing are an original and six (6) copies of Net2000's application for a certificate of authority to provide local exchange services in the State of Florida. Also enclosed is a check in the amount of \$250 for the requisite application fee.

Please date-stamp the enclosed extra copy of this filing and return it in the self-addressed postage paid envelope provided. Should you have questions regarding this filing, please do not hesitate to contact me at (703) 654-2028.

Very truly yours,

Anthony Hansel
Net2000 Communications Services, Inc.

Enclosures