



Public Service Commission

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

DATE: September 18, 2000
TO: Tommy Williams, Division of Regulatory Oversight
FROM: Christine G. Romig, Division of Economic Regulation
RE: Docket No. 000950-TI, DanCris Telecom, L.L.C., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

Section 364.337 (3), 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 financial statements of DanCris Telecom, L.L.C. (DCT) for the periods ended 12/31/97, 12/31/98 and 12/31/99. As the attached schedule shows, DCT has adequate liquidity but reports negative common equity and net losses for all three periods.

In this matter, DCT is asking for a certificate to provide IXC service. For purposes of granting a certificate, the financial capability appears minimal based on the financial information provided. However, the applicant attests to its financial capability by noting that it has adequate liquid assets to provide and maintain the proposed telecommunications service. Further, DCT states that it intends to fund the provision of service through internally generated cash flow and equity financing and states that it has the ability to borrow funds, if required.

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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FPSC-RECORDS/REPORTING

DOCKET NO. 000950-T1
 DanCris Telecom, L. L. C.
 INTEREXCHANGE TELECOMMUNICATIONS SERVICE

FINANCIAL ANALYSIS

	<u>12/31/97</u>	<u>12/31/98</u>	<u>12/31/99</u>	
CURRENT ASSETS	\$311,724	\$640,121	1,835,864	
CURRENT LIABILITIES	234,413	723,448	1,709,587	
CURRENT RATIO (CA/CL)	1.3298	0.8848	1.0739	(a)
CASH & CASH EQUIVALENTS	97,127	7,815	195,145	
COMMON EQUITY	(212,038)	(745,501)	(667,287)	
TOTAL DEBT (SHORT-TERM & LONG TERM)	628,877	1,011,798	1,704,887	
PREFERRED STOCK	0	0	0	
TOTAL INVESTOR CAPITAL	416,839	266,297	1,037,600	
COMMON EQUITY RATIO	NMF	NMF	NMF	(b)
NET INCOME/(LOSS)	(105,229)	(515,880)	(73,317)	
RETURN ON EQUITY (Net Income/Equity)	NMF	NMF	NMF	

(a) .8 is marginal; .95 is adequate

(b) 35% is marginal

EQUITY RATIO:

EQUITY / INVESTOR CAPITAL

(Common Equity / (Common Equity + Pfd. Stk. + LT. Debt + Current LT. Debt + ST Debt))

NMF = NO MEANINGFUL FIGURE
 3/3 = ADEQUATE
 2/3 = ADEQUATE
 1/3 = MARGINAL
 0/3 = MINIMAL