



Public Service Commission

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

DATE: October 13, 2000
TO: Toni McCoy, Division of Regulatory Oversight
FROM: Pete Lester, Division of Economic Regulation
RE: Docket No. 001063-TI, Centennial Florida Switch Corporation, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

Handwritten initials: ALM and a signature

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 audited financial statements of Centennial Communications Corporation, the parent company of Centennial Florida Switch Corporation (Centennial) for the period ending May 31, 2000. As the attached schedule shows, Centennial's parent has a low level of liquidity and negative common equity. The parent company reported positive net income for the period.

In this matter, Centennial is asking for a certificate to provide IXC 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.

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

Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that its parent company has access to the public capital markets and that the parent company is one of the largest independent cellular companies in the United States. 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)

DOCUMENT NUMBER-DATE

13404 OCT 20 8

FPSC-RECORDS/REPORTING

DOCKET NO. 001063-T1
CENTENNIAL FLORIDA SWITCH CORPORATION
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS, FORM 10-K,
OF CENTENNIAL COMMUNICATIONS CORP., THE PARENT
COMPANY

| IN THOUSANDS | AS OF <u>05/31/2000</u> |
|------------------------|----------------------------|
| CURRENT ASSETS | \$119,746 |
| CURRENT LIABILITIES | 139,306 |
| CURRENT RATIO | 0.86 |
| CASH | 12,879 |
| COMMON EQUITY | (576,330) |
| TOTAL DEBT | 1,584,461 |
| PREFERRED STOCK | 0 |
| TOTAL INVESTOR CAPITAL | NMF |
| COMMON EQUITY RATIO | NMF |
| NET INCOME | 16,677 |
| RETURN ON EQUITY | NMF |

NMF=NO MEANINGFUL FIGURE