



Public Service Commission

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

DATE: October 19, 2000
TO: Tony McCoy, Division of Regulatory Oversight
FROM: Christine G. Romig, Division of Economic Regulation *ESR*
RE: Docket No. 001290-TX, Evolution Networks South, 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 financial statements of Evolution Networks, Inc. (Evolution) , an affiliate of Evolution Networks South, Inc. (Evolution South), for the years ended 12/31/98 and 12/31/99 and the balance sheet as of June 30, 2000 and Profit and Loss Statement as of May 31, 2000. The applicant requested confidential treatment of Evolution's financial statements.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that,

In addition to its initial capitalization, Applicant expects to rely upon the generated revenues arising from its operations, as well as commercial borrowing. These revenue streams will also provide sufficient financial capability to maintain the facilities as required by Applicant to provide the service proposed herein, including ongoing lease or other expense associated with those facilities.

In this matter, Evolution South is asking for a certificate to provide alternative local exchange telecommunications service. 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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