



Public Service Commission

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

DATE: January 18, 2001 ALM
TO: Tommy Williams, Division of Regulatory Oversight
FROM: David J. Draper, Division of Economic Regulation
RE: Docket No. 001812-TX, Vitcom Corporation, 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 unaudited financial statements of Vitcom Corporation (VIC) for the seven month period ending July 31, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, VIC reported negative income for the period, but has adequate liquidity and sufficient common equity.

In this matter, VIC 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 adequate. The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that the company will increase available capital from continuing operations. 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

01158 JAN 25 2001

FPSC-RECORDS/REPORTING

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

| | AS OF -- 07/31/2000 |
|------------------------|---------------------------|
| CURRENT ASSETS | \$3,496,331 |
| CURRENT LIABILITIES | 1,301,773 |
| CURRENT RATIO | 2.69 |
| CASH | 370,049 |
| COMMON EQUITY | 14,513,111 |
| TOTAL DEBT | 354,043 |
| TOTAL INVESTOR CAPITAL | 14,867,154 |
| COMMON EQUITY RATIO | 98% |
| NET INCOME | (962,650) |
| RETURN ON EQUITY | NMF |

NMF = No Meaningful Figure