



Public Service Commission

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

DATE: February 7, 2001
TO: Tommy Williams, Division of Regulatory Oversight
FROM: Pete Lester, Division of Economic Regulation
RE: Docket No. 001781-TI, Debit One Communications, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

ALM

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 unaudited financial statements of Debit One Communications, Inc. (Debit One) for the period ending December 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Debit One has adequate liquidity but has negative common equity and reported a loss for the period.

In this matter, Debit One 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.

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 it has a \$100,000 line of credit. 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
SER
OTH

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

DOCUMENT NUMBER-DATE
01867 FEB-8 2001
FPSC-REGS-RS-REPORTING

DOCKET NO. 001781-T1
DEBIT ONE COMMUNICATIONS, INC.
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED CORPORATE INCOME TAX RETURN

	AS OF <u>12/31/1999</u>
CURRENT ASSETS	\$280,253
CURRENT LIABILITIES	263,035
CURRENT RATIO	1.07
CASH	14,845
COMMON EQUITY	(122,415)
TOTAL DEBT	180,860
PREFERRED STOCK	0
COMMON EQUITY RATIO	NMF
NET INCOME	(122,715)
RETURN ON EQUITY	NEGATIVE

NMF=NO MEANINGFUL FIGURE