

State of Florida



Public Service Commission

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

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**DATE:** March 2, 2001  
**TO:** Tommy Williams, Division of Regulatory Oversight *ALM ea*  
**FROM:** Pete Lester, Division of Economic Regulation *PL*  
**RE:** Docket No. 010155-TI, QCC, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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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 QCC, Inc. (QCC) for the period ending September 30, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, QCC has inadequate liquidity and negative common equity. The company reported positive net income for the period.

In this matter, QCC 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 its parent company is profitable and can secure private financing. 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

02820 MAR-26

FPSC-RECORDS/REPORTING

DOCKET NO. 010155-TI  
QCC, INC.  
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF <u>09/30/1999</u>
CURRENT ASSETS	\$6,235,376
CURRENT LIABILITIES	7,481,134
CURRENT RATIO	0.83
CASH	(293,459)
COMMON EQUITY	(895,024)
TOTAL DEBT	0
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	(895,024)
COMMON EQUITY RATIO	NMF
NET INCOME	98,125
RETURN ON EQUITY	NMF

NMF=NO MEANINGFUL FIGURE