

State of Florida



# Public Service Commission

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

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**DATE:** April 13, 2001  
**TO:** Tommy Williams, Division of Regulatory Oversight *ALM*  
**FROM:** Pete Lester, Division of Economic Regulation *PZ*  
**RE:** Docket No. 010301-TI, CityCom Telecommunications, 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 CityCom Telecommunications, Inc. (CityCom) for the period ending January 31, 2001. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, CityCom has adequate liquidity and sufficient common equity. The company reported a loss for the period.

In this matter, CityCom 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 adequate.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has adequate liquidity and it is a switchless reseller with low capital needs. 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  
04864 APR 19 2001  
REC. RECORDS-REPORTING

DOCKET NO. 010301-TI  
CITYCOM TELECOMMUNICATIONS, INC.  
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	<u>AS OF</u> <u>01/31/2001</u>
CURRENT ASSETS	\$674,901
CURRENT LIABILITIES	16,800
CURRENT RATIO	40.17
CASH	674,901
COMMON EQUITY	892,031
TOTAL DEBT	0
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	892,031
COMMON EQUITY RATIO	100%
NET INCOME	(688,118)
RETURN ON EQUITY	NEGATIVE