

State of Florida



Public Service Commission

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

DATE: May 25, 2001
TO: Toni McCoy, Division of Regulatory Oversight
FROM: Pete Lester, Division of Economic Regulation *PL*
RE: Docket No. 010667-TI, QuantumShift Communications, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

ALM csn

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 QuantumShift Communications, Inc. (QSC) for the period ending December 31, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, QSC has adequate liquidity. The company has insufficient common equity and reported a loss for the period.

In this matter, QSC 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 the ability to borrow funds and it can obtain financial support from its parent company. 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

06664 MAY 29 03

FPSC-RECORDS/REPORTING

DOCKET NO. 010667-TI
QUANTUMSHIFT COMMUNICATIONS, INC.
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF <u>12/31/00</u>
CURRENT ASSETS	\$34,238,089
CURRENT LIABILITIES	10,111,792
CURRENT RATIO	3.39
CASH	17,565,333
COMMON EQUITY	1,956,489
TOTAL DEBT	0
PREFERRED STOCK	29,326,298
TOTAL INVESTOR CAPITAL	31,282,787
COMMON EQUITY RATIO	6%
NET INCOME	(33,750,484)
RETURN ON EQUITY	NEGATIVE