



Public Service Commission

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

DATE: February 11, 2000  
 TO: Nancy Pruitt, Division of Communications  
 FROM: Pete Lester, Division of Auditing and Financial Analysis *ALM*  
 RE: Docket No. 992034-TX, CoreComm Florida, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *[Signature]*

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 audited financial statements of CoreComm Limited, the parent company of CoreComm Florida, Inc. (CoreComm) for the period ending December 31, 1998. As the attached schedule shows, CoreComm's parent company has adequate liquidity and sufficient common equity. The parent company reported a loss for the period.

In this matter, CoreComm is asking for a certificate to provide alternative local exchange telecommunications 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.

- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
- LEG \_\_\_\_\_
- MAS \_\_\_\_\_
- OPC \_\_\_\_\_
- RRR \_\_\_\_\_
- SEC \_\_\_\_\_
- WAW \_\_\_\_\_
- OTH \_\_\_\_\_

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has access to capital through its parent company, which has high liquidity and can issue public debt and equity. 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

02241 FEB 18 8

FPSC-RECORDS/REPORTING

DOCKET NO. 992034-7  
CORECOMM FLORIDA, INC.  
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

|                        | <u>AS OF</u><br><u>12/31/1998</u> |
|------------------------|-----------------------------------|
| CURRENT ASSETS         | \$140,627,000                     |
| CURRENT LIABILITIES    | 6,595,000                         |
| CURRENT RATIO          | 21.32                             |
| CASH                   | 26,161,000                        |
| COMMON EQUITY          | 169,267,000                       |
| TOTAL DEBT             | 634,000                           |
| PREFERRED STOCK        | 0                                 |
| TOTAL INVESTOR CAPITAL | 169,901,000                       |
| COMMON EQUITY RATIO    | 100%                              |
| NET INCOME             | (16,255,000)*                     |
| RETURN ON EQUITY       | NEGATIVE                          |

\* NET INCOME FROM 4/1/98 TO 12/31/98