



# Public Service Commission

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

**DATE:** August 22, 2000  
**TO:** Tommy Williams, Division of Regulatory Oversight  
**FROM:** David J. Draper, Division of Economic Regulation *DD*  
**RE:** Docket No. 000863-TI, Frontier Communications of America, 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 audited financial statements of Frontier Communications of America, Inc. (FCA) for the period ending December 31, 1999. As the attached schedule shows, FCA has adequate liquidity, sufficient common equity, but reported negative income for the period.

In this matter, FCA is asking for a certificate to provide IXC service. 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 the Company will maintain capital from internally generated funds. 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)

- APP \_\_\_\_\_
- CAF \_\_\_\_\_
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- COM \_\_\_\_\_
- CTR \_\_\_\_\_
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DOCUMENT NUMBER-DATE

10299 AUG 22 8

FPSC-RECORDS/REPORTING

DOCKET NO. 000863-7.  
FRONTIER COMMUNICATIONS OF AMERICA, INC.

IXC APPLICATION  
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

	AS OF 12/31/1999
CURRENT ASSETS	\$2,946,533
CURRENT LIABILITIES	1,852,593
CURRENT RATIO	1.59
CASH	1,633,499
COMMON EQUITY	9,218,515
TOTAL DEBT	8,051,030
TOTAL INVESTOR CAPITAL	17,269,545
COMMON EQUITY RATIO	53%
NET INCOME	(70,926)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure