



Public Service Commission

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

DATE: August 31, 2000
TO: Toni McCoy, Division of Regulatory Oversight *DM*
FROM: David J. Draper, Division of Economic Regulation *ALM*
RE: Docket No. 000821-TX, Vitts Networks, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

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 unaudited financial statements of Vitts Networks, Inc. (VNI) for the twelve month period ending September 30, 1999. An audit could change one's opinion of the company's financial condition. The applicant requested confidential treatment of its financial statements. Based on a review of the applicant's financial information, the company's financial capability appears marginal.

In this matter, VNI is asking for a certificate to provide alternative local exchange telecommunications service. 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 the applicant can rely upon the financial support of the parent company if needed. 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)

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