



Public Service Commission

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

DATE: October 9, 2000
TO: Brenda Hawkins, Division of Regulatory Oversight
FROM: David J. Draper, Division of Economic Regulation *DD* *ALM*
RE: Docket No. 001367-TI, Direct2Internet Corporation, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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 Direct2Internet Corporation (D2I) for the two month period ending July 31, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, D2I has adequate liquidity, but reports negative equity and negative income.

In this matter, D2I 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 minimal.

Although an analysis of the financial statements reveals the applicant is in a minimal 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 its parent company if needed. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

- APP _____
- CAF _____
- CMP _____
- COM _____
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- SEC 1
- SER _____
- OTH _____

cc: Division of Legal Services
Division of Records and Reporting (2)

DOCUMENT NUMBER-DATE
12942 OCT 11 08
 FPSC-RECORDS/REPORTING

DOCKET NO. 001367-
DIRECT2INTERNET CORPORATION

IXC APPLICATION
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 07/31/2000
CURRENT ASSETS	\$12,689
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	12,689
COMMON EQUITY	(28,695)
TOTAL DEBT	43,914
TOTAL INVESTOR CAPITAL	15,219
COMMON EQUITY RATIO	NMF
NET INCOME	(28,694)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure