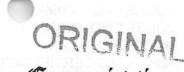
## State of Florina





## Public Service Commission

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

DATE: November 3, 2000

TO: Toni McCoy, Division of Regulatory Oversight

AIM

FROM: Pete Lester, Division of Economic Regulation

RE: Docket No. 000990-TX, DSL Telecom, 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 U.S. Alliance Corporation, the parent company of DSL Telecom, Inc. (DSL), for the period ending September 30, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, DSL's parent company has adequate liquidity but has negative common equity and reported a loss for the period.

In this matter, DSL 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 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 will have 400 customers within 3 months of the start of operations and it does not anticipate cash flow problems. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

cc:

OPC PAI

RGO

SEC

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

DOCUMENT NUMBER-DATE



DOCKET NO. 000990 DOCKET NO. 000989-TI DSL TELECOM, INC. ALEC & IXC CERTIFICATES

## FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS OF U.S. ALLIANCE CORPORATION, THE PARENT COMPANY

	AS OF 09/30/1999
CURRENT ASSETS	\$410,904
CURRENT LIABILITIES	316,217
CURRENT RATIO	1.30
CASH	199,071
COMMON EQUITY	(176,477)
TOTAL DEBT	277,615
PREFERRED STOCK	. 0
TOTAL INVESTOR CAPITAL	NMF
COMMON EQUITY RATIO	NMF
NET INCOME	(196,477)
RETURN ON EQUITY	NMF
NMF=NO MEANINGFUL FIGURE	