



Public Service Commission

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

DATE: February 9, 2000
TO: Tommy Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *PL*
RE: Docket No. 991983-TI, Adelphia Business Solutions of Jacksonville, Inc.,
 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 Adelphia Business Solutions, Inc., the parent company of Adelphia Business Solutions of Jacksonville, Inc. (Adelphia) 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, Adelphia's parent company has adequate liquidity. The company has negative common equity, and reported a loss for the period.

In this matter, Adelphia is asking for a certificate to provide IXC 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 its parent company has access to debt and equity markets as well as bank financing. Adelphia's parent company has issued significant amounts of public debt. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

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

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

DOCUMENT NUMBER-DATE

~~0-1019~~ FEB 14 8

FPSC-RECORDS/REPORTING

DOCKET NO. 991983-T1
ADELPHIA BUSINESS SOLUTIONS OF JACKSONVILLE, INC.
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS, FORM 10-Q,
OF ADELPHIA BUSINESS SOLUTIONS, THE PARENT COMPANY

IN THOUSANDS

	AS OF <u>09/30/1999</u>
CURRENT ASSETS	\$194,588
CURRENT LIABILITIES	49,880
CURRENT RATIO	3.90
CASH	125,988
COMMON EQUITY	(62,364)
TOTAL DEBT	888,988
PREFERRED STOCK	252,261
COMMON EQUITY RATIO	NMF
NET INCOME	113,083
RETURN ON EQUITY	NEGATIVE

NMF=NO MEANINGFUL FIGURE