



## Public Service Commission

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

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FILE COPY

DATE: March 18, 1997

TO: Tom Williams, Division of Communications

FROM: Sonja Jones, Division of Auditing and Financial Analysis <sup>5/5</sup> *AWM*

RE: Docket No. 970087-TI, America One Communications, 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 audited financial statements of Capital One Financial Corporation, the parent company of America One Communications, Inc., (AOC) for the period ending December 31, 1995. As the attached schedule shows, AOC has adequate profitability but marginal liquidity and minimal ownership equity.

ACK            In this matter, AOC is asking for a certificate to provide IXC service. Staff notes the limited  
 AFA            nature of the application and that no customer provided funds appear to be at risk. For purposes  
 APP            of granting a certificate based on the financial information provided, the financial capability appears  
 CAF            marginal.

CML            Although an analysis of the financial statements reveals the applicant is in a marginal financial  
 CTR            position, the applicant attests to its financial capability to provide and maintain the proposed  
 EAG            telecommunications service. As a subsidiary of Capital One Financial Corporation, the applicant  
 LEG            has access to the financing and capital necessary to provide the proposed services. Since the  
 LIN            applicant will provide the requested service on a non-pre-subscribed basis, it will not incur  
 OPC            significant costs for network maintenance or customer service normally associated with the  
 RCH            provisioning of interexchange telecommunications services. Further, as a pure reseller, the  
 SEC            applicant's costs of providing service will be limited to the capital necessary to lease facilities from  
 W/AS            other certificated carriers. Based on this showing, the applicant appears to meet the financial  
 OTH            capability standard of Section 364.337, Florida Statutes.

cc: Division of Legal Services  
 Division of Records and Reporting

DOCUMENT NUMBER: 2372

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FPSC-RECORDS/REPORTING

**DOCKET NO. 970087**  
**AMERICA ONE COMMUNICATIONS, INC.**  
**IXC CERTIFICATE**  
**FINANCIAL ANALYSIS**

**FROM AUDITED FINANCIAL STATEMENTS**  
*of Capital One Financial Corporation (Parent Company)*

	<b>AS OF 12/31/95</b>
<b>CURRENT ASSETS</b>	<b>\$872,460,000</b>
<b>CURRENT LIABILITIES</b>	<b>1,405,840,000</b>
<b>CURRENT RATIO</b>	<b>0.62</b>
<b>CASH</b>	<b>51,680,000</b>
<b>COMMON EQUITY</b>	<b>599,191,000</b>
<b>TOTAL DEBT</b>	<b>2,491,869,000</b>
<b>TOTAL INVESTOR CAPITAL</b>	<b>3,091,060,000</b>
<b>COMMON EQUITY RATIO</b>	<b>19%</b>
<b>NET INCOME</b>	<b>126,511,000</b>
<b>RETURN ON EQUITY</b>	<b>21%</b>