



Public Service Commission

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

DATE: June 7, 2000
TO: Tommy Williams, Division of Regulatory Oversight
FROM: David J. Draper, Division of Economic Regulation *DD* *JD*
RE: Docket No. 000683-TX, RCN Telecom Services, 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 audited financial statements of RCN Telecom Services, Inc. (RCN) for the period ending December 31, 1999. As the attached schedule shows, RCN has adequate liquidity, but reports marginal common equity and negative income for the period.

In this matter, RCN is asking for a certificate to provide alternative local exchange telecommunications service. 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 the applicant can rely upon the financial support of its parent company. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

- APP _____
- CAF _____
- CMP _____
- COM _____
- CTR _____
- ECR _____
- LEG _____
- OPC _____
- PAI _____
- RGO _____
- SEC I
- SER _____
- OTH _____

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

DOCUMENT NUMBER-DATE
07016 JUN-88
FPSC-RECORDS/REPORTING

DOCKET NO. 000683-TX
RCN TELECOM SERVICES, INC.

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

	AS OF 12/31/1999 (,000)
CURRENT ASSETS	\$1,904,939
CURRENT LIABILITIES	249,445
CURRENT RATIO	7.64
CASH	391,412
COMMON EQUITY	392,303
TOTAL DEBT	2,143,096
TOTAL INVESTOR CAPITAL	2,535,399
COMMON EQUITY RATIO	15%
NET INCOME	(368,570)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure