



Public Service Commission

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

DATE: November 20, 2000
TO: Tommy Williams, Division of Regulatory Oversight
FROM: David J. Draper, Division of Economic Regulation *DD*
RE: Docket No. 001692-TX, McLeodUSA Telecommunications Services, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

ALM

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 McLeodUSA Telecommunications Services, Inc. (McLeod) for the six month period ending June 30, 2000. As the attached schedule shows, McLeodUSA has adequate liquidity and sufficient common equity, but reports negative net income for the period.

In this matter, McLeod 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 adequate. The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that the company will increase available capital from continuing operations. In addition, McLeod has the ability to obtain additional financing through traditional commercial lending institutions.

Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

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

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FPSC-RECORDS/REPORTING

DOCKET NO. 001692-~~1~~
McLEODUSA TELECOMMUNICATIONS SERVICES, INC.

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

	AS OF 06/30/2000 (,000)
CURRENT ASSETS	\$1,647
CURRENT LIABILITIES	787
CURRENT RATIO	2.09
CASH	931
COMMON EQUITY	2,878
TOTAL DEBT	4,490
TOTAL INVESTOR CAPITAL	7,369
COMMON EQUITY RATIO	39%
NET INCOME	(184)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure