



# Public Service Commission

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

**DATE:** June 30, 2000  
**TO:** Toni McCoy, Division of Regulatory Oversight  
**FROM:** Pete Lester, Division of Economic Regulation *PL* *CA*  
**RE:** Docket No. 000688-TX, Centennial Florida Switch Corporation, 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 Centennial Communications Corporation, the parent company of Centennial Florida Switch Corporation (Centennial), for the period ending May 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Centennial's parent company has adequate liquidity but insufficient common equity. The parent company reported a loss for the period.

In this matter, Centennial 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 is one of the largest independent cellular providers in the United States. Centennial's parent company will support it with investment funds if needed. 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)

DOCUMENT NUMBER-DATE  
**08206 JUL-68**  
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FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS  
OF CENTENNIAL COMMUNICATIONS CORPORATION,  
THE PARENT COMPANY

DATE: June 30, 2000  
TO: Tomi McCoy, Division of Records and Reporting  
FROM: Pat Lester, Division of Records and Reporting  
RE: Docket No. 000688-TX, Centennial Florida Switch Corporation  
for Certificate Application for Alternative Local Exchange Services

	AS OF
	05/31/1999
CURRENT ASSETS	\$145,315
CURRENT LIABILITIES	125,464
CURRENT RATIO	1.16
CASH	51,141
COMMON EQUITY	(602,978)
TOTAL DEBT	1,459,295
PREFERRED STOCK	0
NET INCOME	(80,167)
RETURN ON EQUITY	NMF

NMF=NO MEANINGFUL FIGURE

DOCUMENT NUMBER - DATE  
08206 JUL-98

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

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