

## FEDERAL COMMUNICATIONS COMMISSION

Washington, D. C. 20554

FEB 11 1999

86-285

OFFICE OF  
MANAGING DIRECTOR

James U. Troup, Esquire  
Arter & Hadden  
1801 K St., N.W.  
Suite 400K  
Washington, D.C. 20006-1301

Re: DigiTEC 2000, Inc.  
Request for Deferment of Regulatory Fees

Dear Mr. Troup:

This is in response to your request to defer payment of the Fiscal Year (FY) 1998 regulatory fees for DigiTec 2000, Inc. (DigiTEC), for a period of 6 months, until March 14, 1999. You argue that DigiTec is financially unable to remit the fee payment but anticipates that its financial situation will improve enabling it to pay the fee.

In establishing its regulatory fee program, the Commission recognized that in certain instances payment of a regulatory fee may impose an undue financial hardship upon a licensee. Thus, the Commission decided to grant deferments, waivers or reductions of its regulatory fees in those instances where a "petitioner presents a compelling case of financial hardship." Implementation of Section 9 of the Communications Act, 9 FCC Rcd 5333, 5346 (1994), reconsideration granted, 10 FCC Rcd 12759 (1995). The Commission further held that regulatees can establish financial need by submitting:

[I]nformation such as a balance sheet and profit and loss statement (audited, if available), a cash flow projection . . . (with an explanation of how calculated), a list of their officers and their individual compensation, together with a list of their highest paid employees, other than officers, and the amount of their compensation, or similar information.

10 FCC Rcd at 12761-2762.

In determining whether a licensee has sufficient revenues to pay its regulatory fees, the Commission relies upon a licensee's cash flow, as opposed to the entity's profits. Thus, although deductions for amortization and depreciation, which do not affect cash flow, and payments to principals, reduce gross income for tax purposes, those deductions also represent money which is considered to be available to pay the regulatory fee.

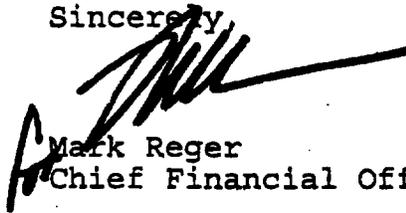
James U. Troup, Esquire

2.

In the absence of documentation establishing financial hardship your request for a deferment of the regulatory fee payment is denied. DigiTEC should submit its FY 1998 regulatory fees together with a completed FCC Form 159 (copy enclosed) within 30 days from the date of this letter.

If you have any questions concerning the regulatory fee payment please call the Chief, Fee Section at (202) 418-1995.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Reger", is written over the word "Sincerely,". The signature is stylized and somewhat illegible.

Mark Reger  
Chief Financial Officer

Enclosure

Jerry

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**ARTER & HADDEN LLP**

ATTORNEYS AT LAW

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September 14, 1998

Magalie Roman Salas, Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

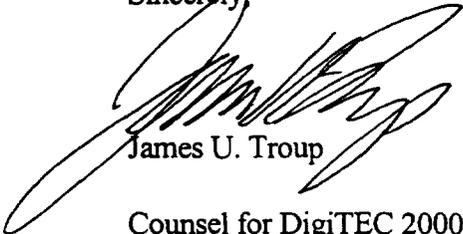
Re: DigiTEC 2000, Inc. Petition for Deferral of FY 1998 Regulatory Fees

Dear Ms. Salas:

Attached please find an original and four copies of the Petition for Deferral of FY 1998 Regulatory Fees filed by DigiTEC 2000, Inc. ("DigiTEC"). A copy of DigiTEC's petition will also be hand delivered to the Office of the Managing Director.

Should you have any questions concerning DigiTEC's petition, please do not hesitate to contact the undersigned.

Sincerely



James U. Troup

Counsel for DigiTEC 2000, Inc.

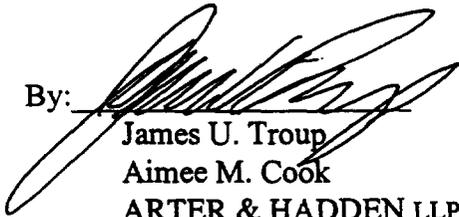


In addition, deferral of DigiTEC's FY 1998 regulatory fees in order to allow DigiTEC the opportunity to achieve financial stability will promote the public interest in ensuring competition in the long distance market. Maintaining a competitive market leads to lower prices and higher quality service for consumers.

In light of the good cause for deferral shown above, and the public interest in maintaining a competitive marketplace, DigiTEC respectfully requests that its request for deferment of FY 1998 regulatory fees be granted.

Respectfully submitted,

DIGITEC 2000, INC.

By: 

James U. Troup  
Aimee M. Cook  
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Suite 400K  
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(202) 775-7100

Its Attorneys

September 14, 1998

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