



Public Service Commission

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

DATE: January 13, 1997
TO: Tom Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *DD ALM*
RE: Docket No. 961511-TS, GE Capital-ResCom, LP., Financial Analysis for Certificate Application for Shared Tenant Service *ARC JMS*

Section 364.339 (2), Florida Statutes, requires the following:

The commission shall grant certificates to telecommunications companies upon showings that the applicants have sufficient technical, financial, and managerial capabilities to provide shared tenant services.

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 GE Capital-ResCom, LP. (GE CRC) for the period ending December 31, 1995. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, GE CRC has minimal liquidity and reports negative common equity and a significant net loss for the period.

- ACK _____
- AFA _____ GE CRC is asking for a certificate to provide Shared Tenant service. Staff notes the limited nature of the application and that no customer provided funds are at risk. For purposes of
- APP _____ granting a certificate based on the financial information provided, the financial capability appears
- CAF _____ minimal.
- CMU _____
- CTR _____ Although an analysis of the financial statements reveals the applicant is in a minimal financial
- EAG _____ position, the applicant attests to its financial capability to provide and maintain the proposed
- LEG _____ telecommunications service. The applicant notes that it has access to the financing and capital
- LIN _____ necessary to conduct its telecommunications operations. Furthermore, no additional resources
- OPC _____ or investment will be needed to offer the proposed resale service. Based on these
- RCH _____ representations, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.
- SEC 1 cc: Division of Legal Services
- WAS _____ Division of Records and Reporting
- OTH _____

DOCUMENT NUMBER - DATE
 00577 JAN 16 97
 FPSC-RECORDS/REPORTING

DOCKET NO. : 96151 S
GE CAPITAL-RESCOM
SHARED TENANT SERVICES
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/95
CURRENT ASSETS	\$2,813,000
CURRENT LIABILITIES	16,569,000
CURRENT RATIO	0.17
CASH	415,000
COMMON EQUITY	(5,573,000)
TOTAL DEBT	30,849,000
TOTAL INVESTOR CAPITAL	25,276,000
COMMON EQUITY RATIO	NMF
NET INCOME	(27,242,000)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure