



Public Service Commission

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

DATE: February 19, 1996
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis *SS*
RE: Docket No. 960163-TI, The Phonco, Inc., d/b/a Network Services Long Distance, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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Section 364.337 (3), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide intrastate interexchange telecommunications 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 The Phonco, Inc., d/b/a Network Services Long Distance (PHNC) for the nine-month period ending September 30, 1995. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, PHNC has adequate liquidity, ownership equity, and profitability.

Considering the unaudited financial statements and the company's financial condition, staff could not recommend that PHNC collect deposits or rates subject to refund without posting a bond or letter of credit. However, in this matter, PHNC is asking for a certificate to provide IXC service. Staff notes the limited nature of the application and that no customer provided funds are at risk. Under the minimal requirements of the statute, the application appears adequate.

cc: Division of Legal Services
Division of Records and Reporting

DOCUMENT NUMBER-DATE

02333 FEB 26 96

FPSC-RECORDS/REPORTING

DOCKET NO. 960163-TI
THE PHONCO, INC. d/b/a Network Services Long Distance
IXC CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	9 Months Ending 09/30/95
CURRENT ASSETS	\$14,145
CURRENT LIABILITIES	9,526
CURRENT RATIO	1.48
CASH	5,090
COMMON EQUITY	8,690
TOTAL DEBT	0
NET INVESTOR CAPITAL	8,690
COMMON EQUITY RATIO	100%
NET INCOME	15,501
RETURN ON EQUITY	178%