



Public Service Commission

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

DATE: April 18, 1996
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis *SJT*
RE: Docket No. 960378-TX, T-Netix, 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 unaudited financial statements of T-Netix, INC. (TNET) for the period ending July 31, 1995. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, TNET has adequate liquidity, ownership equity, and profitability.

ACK _____
 AFA _____
 APP _____
 CAF _____
 CMU _____

In this matter, TNET is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application and that no customer provided funds appear to be at risk. For purposes of granting a certificate based on the financial information provided, the financial capability appears adequate.

CTR _____
 EAG _____
 LEG _____
 LIN _____
 OPC _____
 RCH _____
 SEC _____
 WAS _____
 OTH _____

cc: Division of Legal Services
 Division of Records and Reporting

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

DOCKET NO. 960378-TX
T-NETIX, INC.
LEC CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

AS
OF
07/31/95

CURRENT ASSETS	\$10,460,000
CURRENT LIABILITIES	6,137,000
CURRENT RATIO	1.70
CASH	872,000
COMMON EQUITY	20,455,000
TOTAL DEBT	8,312,000
TOTAL INVESTOR CAPITAL	28,767,000
COMMON EQUITY RATIO	71%
NET INCOME	3,188,000
RETURN ON EQUITY	16%