



Public Service Commission

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

DATE: August 19, 1996
TO: Tom Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *ALM*
RE: Docket No. 960740-TI, Pioneer Telecom, Inc., Financial Analysis for Certificate *CLAR*
Application for Intrastate Interexchange Telecommunications Service *WTH*

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 KMC Telecom, Inc. The company has adequate liquidity and ownership equity. It has inadequate profitability. The company is in start-up mode

Although the applicant's financial position is marginal, the applicant attests that it has sufficient financial capability to provide interexchange telecommunications service. Based on this, 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

DOCUMENT

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DOCKET NO. 960740-TI
PIONEER TELECOM, INC.
INTEREXCHANGE CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS

PRO FORMA BALANCE SHEET 5/31/96 *

INCOME STATEMENT 3/31/96 TO 5/31/96 *

CURRENT ASSETS	105,500
CURRENT LIABILITIES	2,500
CURRENT RATIO	42.20
CASH	102,000
COMMON EQUITY	112,000
PREFERRED STOCK	0
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	112,000
COMMON EQUITY RATIO	100%
NET INCOME	(36,500)
RETURN ON EQUITY	NMF

NMF=NO MEANINGFUL FIGURE
*COMPANY IS IN START-UP MODE.