



Public Service Commission

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

DATE: May 12, 1997
TO: Tom Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *ALM*
RE: Docket No. 970528-TI, Northwest Nevada Telco, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *PLP*

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 Northwest Nevada Telco, Inc. (Northwest) for the 12-month period ending December 31, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Northwest has adequate liquidity and ownership equity, but it reported a loss during the period.

In this matter, Northwest is asking for a certificate to provide IXC service. Staff notes the limited nature of the application. For purposes of granting a certificate based on the financial information provided, the financial capability appears marginal

Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has a \$250,000 line of credit, adequate cash balances, and adequate cash flow from operations. Based on this showing, 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 NUMBER-DATE

04837 MAY 15 97

FPC RECORDS/REPORTING

DOCKET NO. 970528-TI
NORTHWEST NEVADA TELCO, INC
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM ACCOUNTANT'S COMPILATION

12 MONTHS ENDING
DECEMBER 31, 1996

CURRENT ASSETS	1,323,077
CURRENT LIABILITIES	554,035
CURRENT RATIO	2.39
CASH	106,023
COMMON EQUITY	455,502
TOTAL DEBT	742,598
TOTAL INVESTOR CAPITAL	1,198,100
COMMON EQUITY RATIO	38%
NET INCOME	(110,651)
RETURN ON EQUITY	NEGATIVE