



Public Service Commission

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

DATE: September 4, 1997
TO: Tom Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *PL*
RE: Docket No. 970773-TI, Caprock Communications Corporation, Financial Analysis *AIM APC*
 for Certificate Application for Intrastate Interexchange Telecommunications Service *amb*

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 Caprock Communications Corporation (Caprock) for the year ending February 29, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Caprock has adequate liquidity but has a low equity ratio and reports a loss for the period.

In this matter, Caprock 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 its sources of capital on its balance sheet (shareholders and bank notes), its banking reference, and its anticipated future growth. 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 (2)

DOCUMENT NUMBER-DATE

08990 SEP-85

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DOCKET NO. 970773-T1
CAPROCK COMMUNICATIONS CORPORATION
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS

	YEAR ENDED FEBRUARY 29, 1997
CURRENT ASSETS	2,462,542
CURRENT LIABILITIES	2,531,386
CURRENT RATIO	0.97
CASH	231,475
COMMON EQUITY	544,959
TOTAL DEBT	1,846,308
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	2,391,267
COMMON EQUITY RATIO	23%
NET INCOME	(3,969) *
RETURN ON EQUITY	-1%

NMF=NO MEANINGFUL FIGURE

* JANUARY AND FEBRUARY 1997