



# Public Service Commission

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

**DATE:** December 15, 1997  
**TO:** Tom Williams, Division of Communications  
**FROM:** David J. Draper, Division of Auditing and Financial Analysis *DD*  
**RE:** Docket No. 971402-TI, KCI Original, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *APL*

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 balance statement of KCI Original, Inc. (KCI) for the period ending September 18, 1997, and the unaudited projected income statement for a 12 month period ending August 31, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, KCI has adequate liquidity, sufficient common equity and projected a positive net income for the period.

ACK \_\_\_\_\_  
 AFA \_\_\_\_\_  
 APP \_\_\_\_\_  
 CAF \_\_\_\_\_  
 CMU \_\_\_\_\_  
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 EAG \_\_\_\_\_  
 LEG \_\_\_\_\_  
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 OPC \_\_\_\_\_  
 RCH \_\_\_\_\_

In this matter, KCI is asking for a certificate to provide IXC service. For purposes of granting a certificate based on the financial information provided, the financial capability appears adequate. The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that KCI proposes to operate as a reseller in the state of Florida, and will incur minimal capital or operating expenses. In addition, KCI intends to fund the provision of service through internally generated cash flow, and to the extent necessary, from cash contributions from its principals. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

SEC 1 \_\_\_\_\_ cc: Division of Legal Services  
 WAS \_\_\_\_\_ Division of Records and Reporting (2)  
 OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

12896 DEC 17 97

REGISTRATION

DOCKET NO. 97140.01  
KCI ORIGINAL, INC.

IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS (1) 09/18/97
CURRENT ASSETS	\$109,000
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	25,000
COMMON EQUITY	187,000
TOTAL DEBT	180,000
TOTAL INVESTOR CAPITAL	367,000
COMMON EQUITY RATIO	51%
PROJECT 12 MONTH NET INCOME 9/97 - 8/98	26,000
RETURN ON EQUITY	14%

NMF = No Meaningful Figure