



# Public Service Commission

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

**DATE:** December 12, 1997  
**TO:** Tom Williams, Division of Communications  
**FROM:** Pete Lester, Division of Auditing and Financial Analysis *ALM PL APC*  
**RE:** Docket No. 971590-TI, Nexstar Communications, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *Service*

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 Nexstar Communications, Inc. (Nexstar) for the nine-month period ended September 30, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Nexstar has adequate liquidity and ownership equity. For the period, the company reported a loss.

In this matter, Nexstar 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 adequate.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has low fixed costs and, as a switchless reseller, does not have significant capital investment. The company projects it will be profitable for 1998. The company states that it has sufficient cash to maintain 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 (2)

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FROM: DIVISION OF RECORDS AND REPORTING

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DOCKET NO. 971590-TI  
NEXSTAR COMMUNICATIONS, INC.  
IXC CERTIFICATE  
FINANCIAL ANALYSIS  
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS

NINE MONTHS  
ENDED  
SEPTEMBER 30, 1997

CURRENT ASSETS	9,967,250
CURRENT LIABILITIES	987,930
CURRENT RATIO	10.09
CASH	413,938
COMMON EQUITY	9,663,546
TOTAL DEBT	1,000,000
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	10,663,546
COMMON EQUITY RATIO	91%
NET INCOME	(333,559)
RETURN ON EQUITY	NEGATIVE