



Public Service Commission

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

DATE: August 5, 1998
 TO: Nancy Pruitt, Division of Communications
 FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *ED* *ALM*
 RE: Docket No. 980917-TI, Megsinet-CLEC, Inc., Financial Analysis for Certificate *ARC*
 Application for Intrastate Interexchange Telecommunications Service *MMS*

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 Sheet of Megsinet-CLEC, Inc. (MCLEC) for the period ending July 15, 1998. As the attached schedule shows, MCLEC has adequate liquidity, sufficient common equity, but as a newly formed corporation has no income to report at the present time.

ACK _____
 AFA _____
 APP _____ In this matter, MCLEC is asking for a certificate to provide IXC service. Staff notes the limited
 CAF _____ nature of the application and that no customer provided funds appear to be at risk. For purposes
 CMU _____ of granting a certificate based on the financial information provided, the financial capability
 CTR _____ appears adequate.
 EAG _____ The applicant attests to its financial capability to provide and maintain the proposed
 LEG _____ telecommunications service by noting that it has access to additional financing from stockholders,
 LIN _____ lines of credit, and loans. Based on this showing, the applicant appears to meet the financial
 OPC _____ capability standard of Section 364.337, Florida Statutes.

RCH _____ cc: Division of Legal Services
 SEC 1 _____ Division of Records and Reporting (2)

WAS _____
 OTH _____

DOCUMENT NUMBER-DATE

00086 AUG -6 88

FPSC-RECORDS/REPORTING

DOCKET NO. 980917-11
Magsinet-CLEC

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED BALANCE SHEET AS OF 07/15/98

| | |
|------------------------|----------|
| CURRENT ASSETS | \$50,000 |
| CURRENT LIABILITIES | 0 |
| CURRENT RATIO | NMF |
| CASH | 50,000 |
| OWNERSHIP EQUITY | 50,000 |
| TOTAL DEBT | 0 |
| TOTAL INVESTOR CAPITAL | 50,000 |
| COMMON EQUITY RATIO | 100% |
| NET INCOME | 0 |
| RETURN ON EQUITY | 0% |

NMF = No Meaningful Figure