

State of Florida



Public Service Commission

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

DATE: January 5, 2001
TO: Toni McCoy, Division of Regulatory Oversight
FROM: Pete Lester, Division of Economic Regulation *PL*
RE: Docket No. 001727-TI, PAXX TELECOM, LLC, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications 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 PAXX TELECOM, LLC (PAXX) for the period ending September 18, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, PAXX has adequate liquidity and sufficient common equity. The company is a start-up and does not have an income statement.

In this matter, PAXX 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 will fund operations through internally generated cash flow. The company states that it can borrow funds if required and that it can obtain additional funds from its investors. 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

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FPSC-RECORDS/REPORTING

01/07

DOCKET NO. 001727-TI
PAXX TELECOM, LLC
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED BALANCE SHEET

	AS OF <u>09/18/2000</u>	
CURRENT ASSETS	\$50,000	
CURRENT LIABILITIES	0	
CURRENT RATIO	NMF	
CASH	50,000	
COMMON EQUITY	50,000	
TOTAL DEBT	0	
PREFERRED STOCK	0	
TOTAL INVESTOR CAPITAL	50,000	
COMMON EQUITY RATIO	100%	
NET INCOME	--	*
RETURN ON EQUITY	--	*

NMF=NO MEANINGFUL FIGURE

*The company is a start-up and only has a balance sheet.