



Public Service Commission

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

DATE: April 30, 2001
TO: Nancy Pruitt, Division of Regulatory Oversight
FROM: David J. Draper, Division of Economic Regulation *DJD*
RE: Docket No. 010354-TI, 1-800-RECONEX, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM*

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 1-800-RECONEX, Inc. (REC) for the period ending December 31, 2000. An audit could change one's opinion of the company's financial condition. The applicant requested confidential treatment of its financial statements. Based on a review of the applicant's financial information, the company's financial capability appears minimal.

In this matter, REC is asking for a certificate to provide intrastate interexchange telecommunications service. Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that the company can rely on the financial support of its investors for any additional financing. 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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1-800-RECONEX INC REPORTING