

State of Florida



Public Service Commission

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

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**DATE:** July 17, 2001  
**TO:** Nancy Pruitt, Division of Regulatory Oversight  
**FROM:** Pete Lester, Division of Economic Regulation *PL*  
**RE:** Docket No. 010761-TI, New Edge Network, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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*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 New Edge Network, Inc. (New Edge) for the period ending December 31, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, New Edge has adequate liquidity, negative common equity and reported a loss for the period.

In this matter, New Edge 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 marginal.

Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has access to the public capital markets. 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-COMMISSION CLERK

DOCKET NO. 010761-TI  
NEW EDGE NETWORK, INC.  
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	<u>AS OF</u> <u>12/31/2000</u>
CURRENT ASSETS	\$58,304,959
CURRENT LIABILITIES	41,877,891
CURRENT RATIO	1.39
CASH	49,576,640
COMMON EQUITY	(118,852,192)
TOTAL DEBT	143,742,254
PREFERRED STOCK	154,628,722
TOTAL INVESTOR CAPITAL	NMF
COMMON EQUITY RATIO	NMF
NET INCOME	(127,695,838)
RETURN ON EQUITY	NEGATIVE

NMF=NO MEANINGFUL FIGURE