



# Public Service Commission

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

**DATE:** November 21, 1996  
**TO:** Tom Williams, Division of Communications  
**FROM:** Sonja Jones, Division of Auditing and Financial Analysis *SCJ*  
**RE:** Docket No. 960977-TI, Network Multi-Family Security Corporation d/b/a Priority Link, 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 audited financial statements of Network Multi-Family Security Corporation d/b/a Priority Link (NMFS) for the period ending December 31, 1995. As the attached schedule shows, NMFS has adequate liquidity, ownership equity, and profitability.

ACK \_\_\_\_\_  
 AFA \_\_\_\_\_  
 APP \_\_\_\_\_ In this matter, NMFS is asking for a certificate to provide IXC service. Staff notes the limited nature of the application and that no customer provided funds appear to be at risk. For purposes of granting a certificate based on the financial information provided, the financial capability appears adequate.  
 CAF \_\_\_\_\_  
 CMU \_\_\_\_\_  
 CTR \_\_\_\_\_  
 EAG \_\_\_\_\_ The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. The applicant notes that operations and growth are financed through a combination of cash flow from operations, invested capital, and bank financing. Bank financing is currently provided through a \$45 million credit facility provided by The Chase Manhattan Bank and The First National Bank of Boston. Furthermore, the applicant has a strong balance sheet as well as a strong track record of profitable operations. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.  
 LEG \_\_\_\_\_  
 LIN \_\_\_\_\_  
 OPC \_\_\_\_\_  
 RCH \_\_\_\_\_  
 SEC 1 \_\_\_\_\_

cc: Division of Legal Services  
Division of Records and Reporting

DOCUMENT NUMBER-DATE

12681 NOV 26 96

FPSC-RECORDS/REPORTING

DOCKET NO. 960977-TI  
NETWORK MULTI-FAMILY SECURITY CORPORATION  
d/b/a PRIORITY LINK  
IXC CERTIFICATE  
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

	AS OF 12/31/95
CURRENT ASSETS	\$22,467,000
CURRENT LIABILITIES	2,302,000
CURRENT RATIO	9.76
CASH	5,000
COMMON EQUITY	22,417,000
TOTAL DEBT	30,716,000
TOTAL INVESTOR CAPITAL	53,133,000
COMMON EQUITY RATIO	42%
NET INCOME	3,549,000
RETURN ON EQUITY	16%