

State of Florida



Public Service Commission

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

DATE: January 7, 1997
TO: Tom Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *FL*
RE: Docket No. 961267-TI, KMC Telecom, Inc., Financial Analysis for Certificate
Application for Intrastate Interexchange Telecommunications Service

ALM
1997

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 for the period ended June 30, 1996 for KMC Telecom, Inc. The company has adequate liquidity but it has negative ownership equity and reported a net loss for the period reviewed. However, the company attests that it has the financial capability to provide IXC service. Further, the company states that it will receive an equity infusion of \$12 million and it will raise at least \$150 million in privately placed bonds. The company projects that it will become profitable in 1998.

Based on this representation, the application appears adequate for certification purposes.

cc: Division of Legal Services
Division of Records and Reporting

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

DOCKET NO. 961267-TI
KMC TELECOM, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM AUDITED FINANCIAL STATEMENTS

PERIOD
ENDED
JUNE 30, 1996

CURRENT ASSETS	4,601,071
CURRENT LIABILITIES	1,005,092
CURRENT RATIO	4.58
CASH	4,524,213
COMMON EQUITY	(1,127,488)
TOTAL DEBT	11,033,092
COMMON EQUITY RATIO	NMF
NET INCOME (LOSS)	(1,648,851)
RETURN ON EQUITY	NMF

NMF= NO MEANINGFUL FIGURE