



Public Service Commission

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

DATE: February 26, 1997
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis *SLJ*
RE: Docket No. 970126-TI, North American Digicom Corporation, 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 North American Digicom Corporation (NADC) for the (six-month) period ending December 31, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, NADC has adequate liquidity and ownership equity, but, as a new company, it does not have income to report.

In this matter, NADC 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.

Although an analysis of the financial statements reveals the applicant is in a start-up financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service. As a switchless reseller, no additional capital requirements will be incurred since all network switching and transmission is provided by the applicant's underlying carrier. 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

DOCUMENT NUMBER-DATE

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DOCKET NO. 970128
NORTH AMERICAN DIGICOM CORPORATION
IXC CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/96
CURRENT ASSETS	\$641,310
CURRENT LIABILITIES	20,000
CURRENT RATIO	32.07
CASH	13,596
COMMON EQUITY	781,463
TOTAL DEBT	58,000
TOTAL INVESTOR CAPITAL	839,463
COMMON EQUITY RATIO	93%
NET INCOME	NA
RETURN ON EQUITY	NMF

The applicant is a start-up company; no income statement is available

NA = Not Available

NMF = No Meaningful Figure