



Public Service Commission

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

DATE: June 25, 1997
TO: Tom Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *ALM APC TSS*
RE: Docket No. 970571-TI, Tele-Hub Network Services Corporation, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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 financial statements of Tele-Hub Network Services Corporation (Tele-Hub) for the 12 month period ending December 31, 1996. The statements were from an accountant's compilation. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Tele-Hub has inadequate liquidity and ownership equity. The company reports a loss for the period.

In this matter, Tele-Hub 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 additional funds from financial institutions and from shareholders. 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

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DOCKET NO. 970571-TI
TELE-HUB NETWORK SERVICES CORPORATION
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM ACCOUNTANT'S COMPILATION

12 MONTHS ENDING
DECEMBER 31, 1996

CURRENT ASSETS	220,317
CURRENT LIABILITIES	679,607
CURRENT RATIO	0.32
CASH	184,936
COMMON EQUITY	(1,863,897)
TOTAL DEBT	2,989,554
COMMON EQUITY RATIO	NEGATIVE
NET INCOME	(2,864,897)
RETURN ON EQUITY	NEGATIVE