



210 N. Park Ave.  
P.O. Drawer 200  
Winter Park, FL  
32790-0200

Tel: 407-740-8575  
Fax: 407-740-0613

Mr. Walter D'Haeseleer  
Attention: David Draper  
Director, Division of Communications  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Gerald L. Gunter Building, Room 270  
Tallahassee, Florida 32301-8153

RE: **970721-TI** Initial Application of DebitCom, Inc. to provide  
Pre-Paid Telecommunications Service in Florida

Dear Mr. Draper:

The letter is written pursuant to your letter requesting financial information dated July 7, 1997. A copy of your letter is enclosed at Attachment I.

Enclosed is the financial packet was included in the initial filing on June 12, 1997. The financial packet, which was Attachment III in the initial filing, contained a written statement on DebitCom's financial capability to provide the requested service in Florida, a copy of their three (3) months ended March 31, 1997 financial statements and a projection of DebitCom's financial performance for 1997, 1998 and 1999.

Based on our telephone discussion on Monday, June 30, 1997, I have discussed the issue of providing supporting financial information with Mr. Glen Day, President of DebitCom, Inc., to document that the Company has enough financial resources to maintain the requested service. A response to this issue is enclosed at Attachment II.

Please do not hesitate to contact me at 407-740-8575 if you have any questions or concerns.

Please acknowledge receipt of this filing by stamping the extra copy of this cover letter and returning it in the self-addressed stamped envelope provided for this purpose.

Sincerely,

Mark G. Lammert  
Consultant to DebitCom, Inc.

cc: Glen Day, DebitCom, Inc.  
File: DebitCom, Inc. - Florida

TMS: FLD9701a

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

RECEIVED  
FLORIDA PUBLIC SERVICE  
COMMISSION  
July 14, 1997  
Overnight  
AUDITING &  
FINANCIAL ANALYSIS DIV  
12:47

DOCUMENT NUMBER-DATE

07063 JUL 15 97

FPSC-BUREAU OF RECORDS

**DebitCom, Inc.**

**Attachment I**

**July 7, 1997 Letter from David J. Draper, FPSC - Regulatory Analyst**

DOCUMENT NUMBER-DATE

07063 JUL 15 97

FPSC-RECORDS/REPORTING

STATE OF FLORIDA

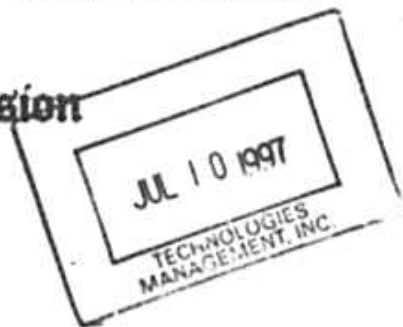
Commissioners:  
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SUSAN F. CLARK  
J. TERRY DEASON  
DIANE K. KIESLING  
JOE GARCIA



CAPITAL CIRCLE OFFICE CENTER  
2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FL 32399-0850

**Public Service Commission**

July 7, 1997



Mark G. Lammert  
Technologies Management, Inc.  
P.O. Drawer 200  
Winter Park, FL 32790-0200

Re: Docket No. 970721-TI, DebtCom, Inc.

Dear Mark G. Lammert:

The following information is required:

Pursuant to Sections 364.337 (1)(3) and 364.339 (2), Florida Statutes, effective July 1, 1995, all applicants must have sufficient technical, financial, and managerial capability to provide such service before a certificate of public convenience and necessity can be granted to conduct alternative local exchange, interexchange, or shared tenant telecommunications services in Florida.

**[Please provide the following information with the filled box]**

Regarding the showing of financial capability, the following applies:

The application should contain the applicant's financial statements for the most recent 3 years, including:

- 1. the 1996 balance sheet,
- 2. 1996 income statement, and
- 3. 1996 statement of retained earnings.

Further, a written explanation, which can include supporting documentation, regarding the following should be provided to show financial capability.

1. Please provide a written explanation indicating that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.

Mark G. Lammert  
Page 2  
July 7, 1997

2. Please provide a written explanation indicating that the applicant has sufficient financial capability to maintain the requested service.
  
3. Please provide a written explanation indicating that the applicant has sufficient financial capability to meet its lease or ownership obligations.

**NOTE:** This documentation may include, but is not limited to, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.

If available, the financial statements should be audited financial statements.

If the applicant does not have audited financial statements, it shall be so stated. The unaudited financial statements should then be signed by the applicant's chief executive officer and chief financial officer. The signatures should attest that the financial statements are true and correct.

In accordance with Rule 25-4.043 of the Florida Administrative Code, please provide the requested information within fifteen (15) days of receipt of this letter.

I look forward to receiving the requested information. If you have any questions, please call me at (904) 413-7082 (Fax (904) 413-7083). Thank you for your assistance with this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Draper", with a long horizontal flourish extending to the right.

David J. Draper  
Regulatory Analyst

**DebitCom, Inc.**

**Attachment II**

**Response to DebitCom, Inc.'s Financial Ability**

**DebitCom, Inc.**  
**Response to DebitCom, Inc.'s Financial Ability**

**Background**

Mr. Glen Day, President of DebitCom, Inc., has founded several successful companies after gaining valuable engineering and technical experience from Boeing and IBM. Mr. Day founded Day Associates, Carolina Paging, Pagetek, Inc., Triangle Cellular, Inc. and DebitCom, Inc. All five of the companies Mr. Day founded have different products/services and market niches.

The company was originally organized as Pagetek, Inc. Mr. Day sold the assets of that business, retaining the corporate entity under a new name, with a new service - Triangle Cellular, Inc. Again, the assets and the name were sold and the corporate entity was renamed to embark on a new business - DebitCom, Inc. Therefore, prior financial information does not reflect the company's experience in the telecommunications business.

**Financial Fitness to Perform**

DebitCom, Inc. understands that the application should contain the most recent 3 years of financial statements. However, the financial statements for 1995 and 1996 were not filed because Triangle Cellular, Inc., the name of the company during 1995 and 1996, is a totally different business and product line. The financial statements from an entirely different business with entirely different products/services would not provide information that can be relied upon to make a determination if DebitCom, Inc. has the financial capacity to provide service. The projected income statements for 1997, 1998, and 1999 were in the initial application to assist in making a determination of DebitCom, Inc.'s financial fitness.

The issue is ... does DebitCom, Inc. have the financial ability to maintain the requested service? Thus, the issue revolves around whether DebitCom, Inc. can withstand negative financial performance.

Mr. Day's financial experience in the business community has given him the resources to obtain external financial instruments (i.e. lines of credit, irrevocable letters of credit, loans, etc.) to keep the company operating if needed. However, external financing is not needed. Mr. Day has several investments that he could liquidate if needed. One of Mr. Day's investments is shares in a Municipal Bond Fund with the Vanguard Group. The balance in this investment was \$210,420.00 and \$243,797.54 as of December 31, 1996 and June 23, 1997, respectively. A copy of this Investment Account Statement is attached to this document.

**Conclusion**

It is DebitCom, Inc.'s desire to supply sufficient and relevant financial information to allow for a judgment to be placed on DebitCom's financial ability to perform. Using the 1995 and 1996 financial statements on an entirely different product/service is an inappropriate comparison. The information provided in this filing demonstrates that the applicant has sufficient financial resources for providing resold telecommunications service.

**INVESTMENT ACCOUNT STATEMENT**

**The Vanguard Group**



GLEN DAY  
2801 SPRING FOREST RD  
RALEIGH NC 27604-1821

**ACCOUNT VALUE**  
\$210,420.00

**Vanguard**  
MUNICIPAL BOND FUND  
Money Market Portfolio

FUND NUMBER 45  
ACCOUNT NUMBER [REDACTED]  
STATEMENT NUMBER 6801877  
VOYAGER SERVICE

ACCOUNT SERVICE  
CALL 1-800-284-7245

Trade Date	Transaction Description	Dollar Amount	Share Price	Share Amount	Shares Owned
	BALANCE AT - DEC 31, 1995		1.00		341,540.590
01/31	INCOME DIVIDEND	962.58	1.00	962.580	342,503.170
02/27	WIRE REDEMPTION	-340,000.00	1.00	-340,000.000	2,503.170
02/29	INCOME DIVIDEND	788.32	1.00	788.320	3,291.490
03/31	INCOME DIVIDEND	8.88	1.00	8.880	3,300.370
04/25	WIRE PURCHASE	-202,348.86	1.00	-202,348.860	206,649.230
04/30	INCOME DIVIDEND	106.96	1.00	106.960	205,756.190
05/31	INCOME DIVIDEND	603.74	1.00	603.740	206,359.930
06/30	INCOME DIVIDEND	555.44	1.00	555.440	206,915.370
07/31	INCOME DIVIDEND	551.24	1.00	551.240	207,466.610
08/31	INCOME DIVIDEND	591.94	1.00	591.940	208,058.550
09/30	INCOME DIVIDEND	576.95	1.00	576.950	208,635.500
10/31	INCOME DIVIDEND	591.46	1.00	591.460	209,226.960
11/30	INCOME DIVIDEND	576.42	1.00	576.420	209,803.380
12/31	INCOME DIVIDEND	616.62	1.00	616.620	210,420.000
12/31	ENDING BALANCE		1.00		210,420.000

PAID THIS CALENDAR YEAR	Income Dividends	or	Tax Exempt Income	+	Short-Term Gains	+	Long-Term Gains	=	TOTAL DISTRIBUTIONS
			6,530.55						6,530.55

ANNUALIZED YIELD	OCTOBER 3.34%	NOVEMBER 3.35%	DECEMBER 3.46%
COMPOUND ANNUAL YIELD	3.39%	3.40%	3.52%
DISTRIBUTION PAYABLE DATE	11/01/96	12/02/96	01/02/97

Balance as of 6/23/97  
= \$243,797.54

*Glen Day*

ATTACHMENT III

FINANCIAL STATEMENTS



DebitCom, Inc.

Statement of Financial Capability

DebitCom, Inc. has sufficient financial capability to provide the requested telecommunication services in Florida, the financial capability to maintain these services, and the financial capability to meet its lease and ownership obligations. Attached are the financial statements for the three months ended March 31, 1997 and the projected income statements for 1997, 1998 and 1999.

The purpose of this Statement of Financial Capability is to analyze the financial statements and to document explanations and fluctuations to the Company's financial performance.

The Company has been in existence since 1986. Their primary product line was sold in 1996. The Company's 1996 financial statements would not have provided adequate information to determine if DebitCom, Inc. could or could not support its pre-paid telecommunications services in Florida. Thus, the financial statements for the three months ended March 31, 1997 and the projected income statements for 1997, 1998 and 1999 are provided.

Overview of Financial Status/Performance

The Company's primary product/service is pre-paid telecommunications service. The Company performed their product/service research in the fall of 1996 in North Carolina. The product/service proved to be a service that met customers needs. The product/service and marketing research was not capitalized as organizational costs.

The Company has made a strategic financial decision of establishing the long term future for the Company and the customers served by the Company. DebitCom, Inc. purchased a switch in order to have control over significant expense increases and to serve its Customers more effectively. In the short run, the purchase of the switch has become an integral factor in the Company's loss situation on their income statement. In the long run, the Company will have control over expense increases as the Customer base increases and be able to handle significantly more Customers more efficiently.

The Company has laid a strong and wise financial foundation for growth. With most expenses being fixed, DebitCom can focus on adding new Customers and new revenue streams. This is significant to point out because the Company can add thousands of Customers without seeing a spike in their expenses or need to invest additional capital.

DebitCom, Inc.

Statement of Financial Capability

A review of the Balance Sheet is as follows:

- A. The Company's Cash and Cash Equivalent balance is \$17,278 and is maintained at Nations Bank.
- B. 85% of the Company's assets are in Property, Plant & Equipment. The Company purchased a switch from NACT in Salt Lake City, Utah. NACT is a pre-paid calling card switch manufacturer. The switch is financed through a third party lease. The lease is considered a capital lease.
- C. The Note Payable - Officer is a note to Glen Day, President. The note would be subordinated to any future expansion loans incurred. Thus, the note payable represents the owners capital invested in the Company with the caveat that the owner would like to recover his investment in the Company. Thus the note is truly Equity.

A review of the Income Statement is as follows:

- A. The sales represent Customers in a small area around Raleigh, North Carolina. Most of the expenses represent operational activity for establishing the Company in several states in the Southeastern United States. This combination will produce losses but will change quickly as the revenues for Customers in several states are added.
- B. The Company has not categorized the expenses into Cost of Goods Sold expenses in a start-up mode. Detailed financial analysis/review by the Company will occur as customers are added.
- C. Many of the start-up costs to organize a company and a product line that could have been capitalized as organizational costs have been expensed on the income statement. This taints the income statement in a negative light in a startup mode.

Summary

As noted in the analysis documented above, the Company has positioned itself to add large amounts of revenue growth while keeping expenses under control. The Company does have sufficient financial capability to provide the requested telecommunication services, sufficient financial capability to meet all lease and ownership obligations, and sufficient financial capability to maintain their Customer base and increase their portfolio of telecommunications products and services offered to Customers in Florida.

04/18/97

DebitCom, Inc  
Balance Sheet  
As of March 31, 1997

Mar 31, '97

**ASSETS**

**Current Assets**

**Checking/Savings**

NationsBank -112

17,278.72

Total Checking/Savings

17,278.72

**Accounts Receivable**

Accounts Receivable - 122

949.50

Total Accounts Receivable

949.50

**Other Current Assets**

Note Rcv - Stkhid - 124

3,825.00

Petty Cash - 102

200.00

Total Other Current Assets

4,025.00

Total Current Assets

22,253.22

**Fixed Assets**

Accumulated Depreciation - 152

-3,060.00

Machinery & Equipment - 144

91,854.00

Total Fixed Assets

88,794.00

**Other Assets**

Vehicular Equipment - 146

32,388.07

Total Other Assets

32,388.07

**TOTAL ASSETS**

143,435.29

**LIABILITIES & EQUITY**

**Liabilities**

Current Liabilities

04/18/97

DebitCom, Inc  
Balance Sheet  
As of March 31, 1997

	<u>Mar 31, '97</u>
<b>Accounts Payable</b>	
Accounts Payable - 201	<u>23,824.57</u>
<b>Total Accounts Payable</b>	23,824.57
<b>Other Current Liabilities</b>	
Switch Lease - Current	<u>12,247.20</u>
<b>Total Other Current Liabilities</b>	<u>12,247.20</u>
<b>Total Current Liabilities</b>	36,071.77
<b>Long Term Liabilities</b>	
Note Payable - Officer - 261	50,000.00
Switch Lease	<u>73,483.20</u>
<b>Total Long Term Liabilities</b>	<u>123,483.20</u>
<b>Total Liabilities</b>	159,554.97
<b>Equity</b>	
Capital Stock - 290	78,100.00
Opening Bal Equity - 282	-101,546.43
Paid In Capital	1,925.00
Retained Earnings - 286	64,473.00
Net Income	<u>-59,071.25</u>
<b>Total Equity</b>	<u>-16,119.68</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>143,435.29</b></u>

06/03/97

DebitCom, Inc  
 Profit and Loss  
 March 1997

	<u>Mar '97</u>	<u>Jan - Mar '97</u>	<u>% YTD</u>
Income			
ACR Consulting	0.00	3,060.00	0.0%
BeeperCard Sales - 301	5,990.00	8,111.00	73.9%
Other Income - 398	0.00	1,483.88	0.0%
Total Income	<u>5,990.00</u>	<u>12,654.88</u>	<u>47.3%</u>
Cost of Goods Sold			
Shipping Charges	<u>-85.50</u>	<u>-131.45</u>	65.0%
Total COGS	<u>-85.50</u>	<u>-131.45</u>	<u>65.0%</u>
Gross Profit	6,075.50	12,786.33	47.5%
Expense			
Accounting - 507	0.00	5,400.00	0.0%
Advertising - 531	250.00	250.00	100.0%
Car Expense - 535	143.69	759.00	18.9%
Consultants - 509	1,050.00	3,665.00	28.6%
Dues & Subscriptions - 539	9.95	19.90	50.0%
Legal - 508	1,767.00	5,144.49	34.3%
Meals & Entertainment - 573	0.00	210.33	0.0%
Miscellaneous - 559	4,361.00	10,317.13	42.3%
Moving expenses	4,873.63	4,873.63	100.0%
Office Supplies - 569	995.28	1,521.17	65.4%
Printing	397.50	1,362.10	29.2%
Product Development - 585	1,650.00	8,025.00	20.6%
Rent - 513	1,000.00	3,000.00	33.3%
Shipping Costs - 407	113.84	142.84	79.7%
Switch Expenses	1,906.13	3,941.07	48.4%
Taxes - Payroll - 541	35.00	15,748.00	0.2%
Telecommunications - 517	3,429.25	4,185.68	81.9%
Uncategorized Expenses	0.00	0.00	0.0%
Utilities - 515	0.00	3,292.24	0.0%
Total Expense	<u>21,982.27</u>	<u>71,857.58</u>	<u>30.6%</u>
Net Income	<u>-15,906.77</u>	<u>-59,071.25</u>	<u>26.9%</u>



the Prepaid 800 Number Company

67 Isla Bahia Drive  
Fort Lauderdale, Florida 33316  
Telephone: 954-764-2542

Projected Income Statements  
For the Years of 1997, 1998 and 1999

	1997	1998	1999
Sales	125,000	432,000	900,000
Cost of Goods sold	76,000	262,000	547,000
Gross Profit	49,000	170,000	353,000
Selling, G & A Expenses			
Telephone & Utilities	12,000	16,000	16,000
Administrative	70,000	90,000	120,000
Advertising & Marketing	4,000	8,000	12,000
Professional Services	10,000	12,000	15,000
Insurance & Supplies	8,000	8,000	8,000
Miscellaneous Expenses	18,000	20,000	23,000
Total Expenses	122,000	154,000	194,000
Earnings Before Taxes	(\$73,000)	\$16,000	\$159,000

NOTE: This financial projection assumes that authority to operate in the states the Company plans to enter and offer telecommunications services is granted at the timetables in the Company's long range strategic plan. If the Company plans to enter a state (i.e. Georgia) and the entry is delayed for a prolonged period of time, then the projected level of sales needs to be reduced accordingly in the year the Company plans to enter that state (i.e. Georgia).