State of Florida

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Public Service Commission

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

DATE: July 30, 1997

TO: Tom Williams, Division of Communications

FROM: Pete Lester, Division of Auditing and Financial Analysis PL

RE: Docket No. 970680-TI, NTI, Inc., 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 unaudited financial statements of Net Telecommunications, Inc., the parent company of NTI, Inc. (NTI), for the nine-month period ending September 30, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, NTI has somewhat weak liquidity, adequate ownership equity, and negative net income.

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In this matter, NTI 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 its parent company is a publicly held corporation and, as such, has access to financial resources. Further, the parent and NTI anticipate becoming profitable in the fourth quarter of 1997. 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 (2)

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FPSC-RECORDS/REPORTING

DOCKET NO. 970680-TI
NTI, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS
OF NET TELECOMMUNICATIONS, INC., PARENT CO. OF NTI, INC.

	NINE MONTHS ENDED SEPTEMBER 30, 1996
CURRENT ASSETS	254,283
CURRENT LIABILITIES	332,877
CURRENT RATIO	0.76
CASH	57,162
COMMON EQUITY	36,406
TOTAL DEBT	0
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	36,406
COMMON EQUITY RATIO	100%
NET INCOME	(11,545)
RETURN ON EQUITY	NEGATIVE