



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
RE: Docket No. 970692-TI, Communications Network Exchange, 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 Communications Network Exchange, Inc. (Comnex) for the year ended December 31, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Comnex has adequate liquidity, ownership equity, and profitability.

ACK _____
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APP _____
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In this matter, Comnex 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 adequate.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has access to additional capital through banking relationships, trade credit relationships, venture capital, and current stockholders. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

cc: Division of Legal Services
1 Division of Records and Reporting (2) ✓

DOCUMENT NUMBER-DATE
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FPSC-RECORDS/REPORTING

DOCKET NO. 970692-TI
COMMUNICATIONS NETWORK EXCHANGE, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS

YEAR ENDED
DECEMBER 31, 1996

CURRENT ASSETS	710,416
CURRENT LIABILITIES	612,893
CURRENT RATIO	1.16
CASH	293,622
COMMON EQUITY	121,473
TOTAL DEBT	13,286
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	134,759
COMMON EQUITY RATIO	90%
NET INCOME	90,864
RETURN ON EQUITY	75%