



# Public Service Commission

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

ORIGINAL

**DATE:** December 3, 1997  
**TO:** Tom Williams, Division of Communications  
**FROM:** Sonja Jones, Division of Auditing and Financial Analysis *ALM APC*  
**RE:** Docket No. 971499-TI, Network Operator Services, 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 audited financial statements of Network Operator Services, Inc. (NOS) for the period ending December 31, 1996. As the attached schedule shows, NOS has adequate liquidity, ownership equity and profitability.

ACK \_\_\_\_\_  
 AFA \_\_\_\_\_ In this matter, NOS is asking for a certificate to provide IXC service. Staff notes the limited  
 APP \_\_\_\_\_ nature of the application and that no customer provided funds appear to be at risk. For purposes  
 OAF \_\_\_\_\_ of granting a certificate based on the financial information provided, the financial capability  
 appears adequate.

CMU \_\_\_\_\_  
 CTR \_\_\_\_\_ The applicant attests to its financial capability to provide and maintain the proposed  
 EAC \_\_\_\_\_ telecommunications service. The applicant states that it has adequate capital to provide and  
 LL \_\_\_\_\_ maintain the services it proposes to provide within the State of Florida. The applicant notes that  
 LL \_\_\_\_\_ as a reseller, it does not require large sources of capital for construction and maintenance of a  
 C \_\_\_\_\_ large telecommunications network. Therefore, it operates with relatively low overhead. Based  
 F \_\_\_\_\_ on this showing, the applicant appears to meet the financial capability standard of Section  
 S \_\_\_\_\_ 364.337, Florida Statutes.

cc: Division of Legal Services  
 Division of Records and Reporting

DOCUMENT NUMBER-DATE

12442 DEC-4 5

COMMUNICATIONS REPORTING

**DOCKET NO. 971499-T1**  
**NETWORK OPERATOR SERVICES, INC.**  
**IXC CERTIFICATE**  
**FINANCIAL ANALYSIS**

**FROM AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR**  
**ENDING**  
**12/31/96**

<b>CURRENT ASSETS</b>	<b>\$9,090,429</b>
<b>CURRENT LIABILITIES</b>	<b>6,043,999</b>
<b>CURRENT RATIO</b>	<b>1.50</b>
<b>CASH</b>	<b>500</b>
<b>COMMON EQUITY</b>	<b>2,835,543</b>
<b>TOTAL DEBT</b>	<b>3,379,340</b>
<b>TOTAL INVESTOR CAPITAL</b>	<b>6,214,883</b>
<b>COMMON EQUITY RATIO</b>	<b>46%</b>
<b>NET INCOME</b>	<b>1,222,459</b>
<b>RETURN ON EQUITY</b>	<b>43%</b>