



Public Service Commission

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

DATE: December 12, 1997
TO: Brenda Hawkins, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *ALM*
RE: Docket No. 971512-TI, Com/Net Services Corporation, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *APC*

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 Com/Net Services Corporation (CNS) for the eleven-month period ending December 11, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, CNS has adequate liquidity, ownership equity, and profitability.

ACK _____
AFA _____ In this matter, CNS is asking for a certificate to provide IXC service. Staff notes the limited
APP _____ nature of the application. For purposes of granting a certificate based on the financial
CAF _____ information provided, the financial capability appears adequate.

CMU _____ The applicant attests to its financial capability to provide and maintain the proposed
CTR _____ telecommunications service by noting that it has been in business 5 years, has continued to grow,
EAG _____ and is profitable. It notes its liquidity, its monthly billings of over \$1 million, and its banking
LEG _____ and trade references. The company does not plan to take on additional debt. Based on this
LIN _____ showing, the applicant appears to meet the financial capability standard of Section 364.337,
OPC _____ Florida Statutes.

RCH _____ cc: Division of Legal Services
SEC 1 _____ Division of Records and Reporting (2)

WAS _____
OTH _____

DOCUMENT NUMBER-DATE

12899 DEC 17 97

FPSC-RECORDS/REPORTING

DOCKET NO. 971512-TI
COM/NET SERVICES CORPORATION
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS

ELEVEN MONTH
ENDED
DECEMBER 11, 1997

CURRENT ASSETS	1,885,534
CURRENT LIABILITIES	41,696
CURRENT RATIO	45.22
CASH	445,739
COMMON EQUITY	1,896,850
TOTAL DEBT	398,088
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	2,294,938
COMMON EQUITY RATIO	83%
NET INCOME	1,240,650
RETURN ON EQUITY	65%