



Public Service Commission

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

DATE: December 12, 1997
 TO: Nancy Pruitt, Division of Communications
 FROM: Pete Lester, Division of Auditing and Financial Analysis *ALM*
 RE: Docket No. 971582-TI, Telcom.Net, Inc., Financial Analysis for Certificate *HPC*
 Application for Intrastate Interexchange Telecommunications Service *[Signature]*

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 balance sheet of Telcom.Net, Inc. (Telcom) as of November 30, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Telcom has adequate liquidity and ownership equity. As a start-up company, it does not have an income statement.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCM _____
- SEC _____
- YAT _____

In this matter, Telcom 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 solid liquidity and no debt. The company states that, as a switchless reseller, it will have minimal capital requirements. The company anticipates immediate positive cash flow because it states that its per minute rates cover its costs. 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)

DOCUMENT NUMBER DATE

12904 DEC 17 97

FPSC-RECORDS/REPORTING

DOCKET NO. 971582-TI
TELCOM.NET, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM UNAUDITED BALANCE SHEET

AS
OF
NOVEMBER 30, 1997

CURRENT ASSETS	100,000
CURRENT LIABILITIES	5,000
CURRENT RATIO	20.00
CASH	100,000
COMMON EQUITY	95,000
TOTAL DEBT	0
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	95,000
COMMON EQUITY RATIO	100%
NET INCOME	NONE *
RETURN ON EQUITY	NONE *

* START-UP COMPANY