



Public Service Commission

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

DATE: January 15, 1998
TO: Brenda Hawkins, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *DD*
RE: Docket No. ~~98007-11~~, Online Telecommunications, Inc., Financial *ALM* Analysis for *APC* 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 Online Telecommunications, Inc (OTI) for the six month period ending July 18, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, OTI has adequate liquidity, sufficient common equity, and reported a positive net income for the period.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC _____
- WAS _____
- OTI _____

In this matter, OTI is asking for a certificate to provide IXC service. 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. The Company notes that in addition to strong revenue growth, OTI has available lines of credit in the amount of thirty-five thousand dollars. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

cc: Division of Legal Services

DOCUMENT NUMBER-DATE

~~98007-11~~ IN 208

FPSG-RECORDS/REPORTING

**DOCKET NO. 971507
ONLINE TELECOMMUNICATIONS, INC.**

**IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS**

FROM UNAUDITED FINANCIAL STATEMENTS

| | AS OF 07/18/97 |
|-------------------------------|-------------------------------|
| CURRENT ASSETS | \$72,089 |
| CURRENT LIABILITIES | 21,012 |
| CURRENT RATIO | 3.43 |
| CASH | 38,156 |
| COMMON EQUITY | 52,599 |
| TOTAL DEBT | 31,520 |
| TOTAL INVESTOR CAPITAL | 84,119 |
| COMMON EQUITY RATIO | 63% |
| NET INCOME | 33,371 |
| RETURN ON EQUITY | 63% |

NMF = No Meaningful Figure