



Public Service Commission

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

DATE: February 6, 1998  
 TO: Jim Strong, Division of Communications  
 FROM: Pete Lester, Division of Auditing and Financial Analysis *PL*  
 RE: Docket No. 980050-TI, National Collegiate, Inc., Financial Analysis for Certificate *ALM*  
 Application for Intrastate Interexchange Telecommunications Service *ymr*

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 National Collegiate, Inc. (National) for the year ended July 31, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, National has adequate liquidity, ownership equity, and profitability.

ACK \_\_\_\_\_  
 AFA \_\_\_\_\_ In this matter, National 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 is a switchless rebiller that will not have significant  
 EAG \_\_\_\_\_ capital investment. Further, the company notes its liquidity and profitability. Based on this  
 LEG \_\_\_\_\_ showing, the applicant appears to meet the financial capability standard of Section 364.337,  
 Florida Statutes.

LIN \_\_\_\_\_  
 OPC \_\_\_\_\_ cc: Division of Legal Services  
 RCH \_\_\_\_\_ Division of Records and Reporting (2)

SEC   1    
 WAS \_\_\_\_\_  
 OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

02107 FEB 11 8

FPSC-RECORDS/REPORTING

**DOCKET NO. 980050-TI  
NATIONAL COLLEGIATE, INC.  
IXC CERTIFICATE  
FINANCIAL ANALYSIS  
ATTESTATION DONE**

**FROM ACCOUNTANT'S COMPILATION**

|                               | <b>YEAR<br/>ENDED<br/><u>JULY 31, 1997</u></b> |
|-------------------------------|--|
| <b>CURRENT ASSETS</b>         | <b>976,543</b>                                 |
| <b>CURRENT LIABILITIES</b>    | <b>346,459</b>                                 |
| <b>CURRENT RATIO</b>          | <b>2.82</b>                                    |
| <b>CASH</b>                   | <b>373,101</b>                                 |
| <b>COMMON EQUITY</b>          | <b>890,356</b>                                 |
| <b>TOTAL DEBT</b>             | <b>176,215</b>                                 |
| <b>PREFERRED STOCK</b>        | <b>0</b>                                       |
| <b>TOTAL INVESTOR CAPITAL</b> | <b>1,066,571</b>                               |
| <b>COMMON EQUITY RATIO</b>    | <b>83%</b>                                     |
| <b>NET INCOME</b>             | <b>882,820</b>                                 |
| <b>RETURN ON EQUITY</b>       | <b>99%</b>                                     |