



Public Service Commission

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

DATE: February 26, 1998
TO: Nancy Pruitt, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *AD*
RE: Docket No. 980273-TI, Nova Telecom, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM 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 Nova Telecom, Inc. (NTI) for the period ending December 31, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, NTI has adequate liquidity, sufficient common equity and reported a positive net income for the period.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CRS _____
- ESV _____
- LTS _____
- LRN _____
- CRD _____
- RCR _____
- SEC 1 _____
- WAS _____
- OTH _____

In this matter, NTI 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 by noting that NTI will increase available capital from continuing operations. In addition, NTI has the ability to obtain additional financing through traditional commercial lending institutions. 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
02741 FEB 27 1998
FPSC-RECORDS/REPORTING

DOCKET NO. 980273-T1
NOVA TELECOM, INC.

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/97
CURRENT ASSETS	\$115,086
CURRENT LIABILITIES	93,676
CURRENT RATIO	1.23
CASH	33,539
COMMON EQUITY	157,906
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	157,906
COMMON EQUITY RATIO	100%
NET INCOME	23,953
RETURN ON EQUITY	15%

NMF = No Meaningful Figure