



# Public Service Commission

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

**DATE:** July 7, 1998  
**TO:** Louis Yambor, Division of Communications  
**FROM:** David J. Draper, Division of Auditing and Financial Analysis  
**RE:** Docket No. 980771-TI, HJN Telecom, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

DD  
 ALM  
 APC  
 JAV

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 HJN Telecom, Inc. (HJN) for the period ending June 15, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, HJN has adequate liquidity and sufficient common equity. HJN is a start-up company and has not started operations or produced any income at this time.

ACK \_\_\_\_\_  
 AFA \_\_\_\_\_  
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 CAF \_\_\_\_\_  
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 EAG \_\_\_\_\_  
 LEG \_\_\_\_\_

In this matter, HJN 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 HJN proposes to operate as a reseller in the state of Florida, and will incur minimal capital or operating expenses. In addition, HJN intends to fund the provision of service through internally generated cash flows, and to the extent necessary, from cash contributions from its principals. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

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

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DOCUMENT NUMBER-DATE

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REC'D-RECORDS & REPORTING

DOCKET NO. 980771-T1  
HJN TELECOM, INC.

IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 06/15/98
CURRENT ASSETS	\$250,000
CURRENT LIABILITIES	0
CURRENT RATIO	
CASH	250,000
COMMON EQUITY	250,000
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	250,000
COMMON EQUITY RATIO	100%
NET INCOME	0
RETURN ON EQUITY	0%

NMF = No Meaningful Figure