



# Public Service Commission

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

**DATE:** July 29, 1998  
**TO:** Rick Moses, Division of Communications  
**FROM:** Eva P. Samaan, Division of Auditing and Financial Analysis *ed*  
**RE:** Docket No. 980919-TX, Pae Tec Communications, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *af*

Section 364.337 (1), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide alternative local exchange 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 pro forma Balance Sheet of Pae Tec Communications, Inc. (PTC) for the period ending August 31, 1998. As the attached schedule shows, PTC has adequate liquidity, sufficient common equity, but as a new company it had no income to report at the present time.

ACK \_\_\_\_\_ In this matter, PTC is asking for a certificate to provide alternative local exchange  
 AFA \_\_\_\_\_ telecommunications service. Staff notes the limited nature of the application and that no  
 APP \_\_\_\_\_ customer provided funds appear to be at risk. For purposes of granting a certificate based on  
 CAF \_\_\_\_\_ the financial 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 has the technological resources as well as substantial  
 EAG \_\_\_\_\_ current assets and working capital available to support its operations. Based on this showing,  
 LEG \_\_\_\_\_ the applicant appears to meet the financial capability standard of Section 364.337, Florida  
 LIN \_\_\_\_\_ Statutes.

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

SEC 1  
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DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

DOCKET NO. 980919-TX  
PAE TEC

ALEC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM PRO-FORMA BALANCE SHEET AS OF 08/31/98

CURRENT ASSETS	\$17,800,000
CURRENT LIABILITIES	160,000
CURRENT RATIO	111.25
CASH	17,700,000
COMMON EQUITY	18,940,000
TOTAL DEBT	160,000
TOTAL INVESTOR CAPITAL	19,100,000
COMMON EQUITY RATIO	99%
NET INCOME	0
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure