



Public Service Commission

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

DATE: August 13, 1998
TO: Nancy Pruitt, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *ALM*
RE: Docket No. 980949-TI, Network International, LC d/b/a Network International of the South, LLC, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *WMS*

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 Network International of the South, LLC (NIS) for the period ending May 31, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, NIS has sufficient liquidity and reported a positive net income for the period. However, NIS had a negative balance of common equity.

- ACK _____
- AFA _____ In this matter, NIS is asking for a certificate to provide IXC service. Staff notes the limited
- APP _____ nature of the application and that no customer provided funds appear to be at risk. For purposes
- CAF _____ of granting a certificate based on the financial information provided, the financial capability
- CMU _____ appears minimal.
- CTR _____ Although an analysis of the financial statements reveals the applicant is in a minimal financial
- EAG _____ position, the applicant attests to its financial capability to provide and maintain the proposed
- LEG _____ telecommunications service. NIS notes that its international and domestic revenues as well as
- LIN _____ funding from its majority stockholder will support its Florida operations. Based on this showing,
- OPC _____ the applicant appears to meet the financial capability standard of Section 364.337, Florida
- RCH _____ Statutes.

- SEC 1 cc: Division of Legal Services
- WAS _____ Division of Records and Reporting (2)
- OTH _____

DOCUMENT NUMBER-DATE

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DIVISION OF RECORDS AND REPORTING

DOCKET NO. 980949-1
NETWORK INTERNATIONAL OF THE SOUTH, L.L.C.

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 05/31/98

CURRENT ASSETS	\$190,142
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	65,576
OWNERSHIP EQUITY	(688,683)
TOTAL DEBT	889,480
TOTAL INVESTOR CAPITAL	200,797
COMMON EQUITY RATIO	NMF
NET INCOME	77,790
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure