



Public Service Commission

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

**DATE:** August 20, 1998  
**TO:** Tommy Williams, Division of Communications  
**FROM:** David J. Draper, Division of Auditing and Financial Analysis  
**RE:** Docket No. 981019-TI, Communications Billing, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

ALM

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 Communications Billings, Inc. (CBI) for the two month period ending March 6, 1998. CBI is a newly formed company. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, CBI has minimal liquidity, negative common equity and reported a negative net income for the period.

ACK \_\_\_\_\_ In this matter, CBI is asking for a certificate to provide IXC service. For purposes of granting  
 AFA \_\_\_\_\_ a certificate based on the financial information provided, the financial capability appears  
 APP \_\_\_\_\_ minimal.  
 CAF \_\_\_\_\_  
 CMU \_\_\_\_\_ Although an analysis of the financial statements reveals the applicant is in a minimal financial  
 CTR \_\_\_\_\_ position, the applicant attests to its financial capability to provide and maintain the proposed  
 EAG \_\_\_\_\_ telecommunications service by noting that its principal investors will support CBI with \$25,000  
 LEG \_\_\_\_\_ in additional capital, if needed. Based on this showing, the applicant appears to meet the  
 financial capability standard of Section 364.337, Florida Statutes.

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

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FPSC-RECORDS/REPORTING

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DOCKET NO. 981015-11  
COMMUNICATIONS BILLING, INC.

IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 03/06/98
CURRENT ASSETS	\$27,429
CURRENT LIABILITIES	46,029
CURRENT RATIO	0.60
CASH	25,000
COMMON EQUITY	(18,601)
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	(18,601)
COMMON EQUITY RATIO	NMF
NET INCOME	(19,101)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure