



Public Service Commission

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

DATE: October 5, 1998
 TO: Tommy Williams, Division of Communications
 FROM: Pete Lester, Division of Auditing and Financial Analysis *ALM APC*
 RE: Docket No. 981077-TI, Premio, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *[Signature]*

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 Premio, Inc. (Premio) for the period ending March 31, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Premio has inadequate liquidity, insufficient common equity, and reported a loss for the period.

In this matter, Premio is asking for a certificate to provide IXC service. Staff notes the limited nature of the application. For purposes of granting a certificate based on the financial information provided, the financial capability appears marginal.

Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it will have minimal incremental costs of adding new subscribers and no capital expenditures for equipment, switches, or transmission facilities. The company will be a switchless reseller. 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)

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DOCKET NO. 981077
PREMIO, INC.
IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	TWELVE MONTHS ENDED <u>03/31/98</u>
CURRENT ASSETS	\$266,091
CURRENT LIABILITIES	457,565
CURRENT RATIO	0.58
CASH	44,811
COMMON EQUITY	(201,272)
TOTAL DEBT	40,961
TOTAL PREFERRED STOCK	0
COMMON EQUITY RATIO	NMF
NET INCOME	(83,422)
RETURN ON EQUITY	NEGATIVE

NMF=NO MEANINGFUL FIGURE