



# Public Service Commission

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

**DATE:** October 5, 1998  
**TO:** Toni McCoy, Division of Communications  
**FROM:** Pete Lester, Division of Auditing and Financial Analysis *ALM*  
**RE:** Docket No. 980975-TI, Primecall, Inc., Financial Analysis for Certificate Application *PL APC*  
 for Intrastate Interexchange Telecommunications Service

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 Primecall, Inc. (Primecall) for the period ending September 30, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Primecall has adequate liquidity but reports negative common equity. For the period, Primecall reported a loss.

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
- LEG \_\_\_\_\_
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- OPC \_\_\_\_\_
- RCH \_\_\_\_\_
- SEC   1
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

In this matter, Primecall 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 its principal can make up to \$25,000 in funds available to the company. Also, the company will operate as a switchless reseller and will not own or lease facilities. 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)

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

DOCKET NO. 980975  
PRIMECALL, INC.  
IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF <u>09/30/97</u>
CURRENT ASSETS	\$5,822,787
CURRENT LIABILITIES	4,695,324
CURRENT RATIO	1.24
CASH	233,241
COMMON EQUITY	(1,934,992)
TOTAL DEBT	4,182,372
COMMON EQUITY RATIO	NEGATIVE
NET INCOME	(2,806,413)
RETURN ON EQUITY	NEGATIVE

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17A  
18A  
18C  
110  
113  
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