



Public Service Commission

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

DATE: November 9, 1998
TO: Tommy Williams, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *ED* *ALM*
RE: Docket No. 981349-TI, Compass Telecommunications, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *APC*

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 Compass Telecommunications, Inc. (CT) for the period ending August 31, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, CT has adequate liquidity, sufficient common equity, but reported a loss for the period.

ACK _____ In this matter, CT is asking for a certificate to provide IXC service. Staff notes the limited
AFA _____ nature of the application and that no customer provided funds appear to be at risk. For purposes
APP _____ of granting a certificate based on the financial information provided, the financial capability
CAF _____ appears adequate.

CMU _____ The applicant attests to its financial capability to provide and maintain the proposed
CTR _____ telecommunications service by noting that it has available a line of credit with an equipment
EAG _____ provider for switches, ASCEND, for 14 million dollars and can also generate funds by selling
LEG _____ additional stock. Based on this showing, the applicant appears to meet the financial capability
LIN _____ standard of Section 364.337, Florida Statutes.

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

SEC 1
WAS _____
OTH _____

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