



Public Service Commission

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

DATE: December 7, 1998
TO: Nancy Pruitt, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *ALM*
RE: Docket No. 981749-TI, National Phone Corporation, 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 National Phone Corporation (National) for the period ending November 20, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, National has adequate liquidity, sufficient common equity and reported a positive net income, as retained earnings on its balance sheet, for the period.

In this matter, National 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 adequate.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that one of its principals is prepared to lend the applicant \$50,000, which the applicant believes will cover its cash needs. The principal has over \$100,000 in liquid assets. 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

13941 DEC 10 88

FPSC-RECORDS/REPORTING

DOCKET NO. 981746-
DOCKET NO. 981749-TI
NATIONAL PHONE CORPORATION
ALEC TELECOMMUNICATIONS SERVICE
IXC TELECOMMUNICATIONS SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF <u>11/20/98</u>
CURRENT ASSETS	\$35,240
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	5,240
COMMON EQUITY	47,674
TOTAL DEBT	0
TOTAL PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	47,674
COMMON EQUITY RATIO	100%
NET INCOME	47,674
RETURN ON EQUITY	100%

NMF=NO MEANINGFUL FIGURE