



Public Service Commission

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

DATE: December 14, 1998
 TO: Lou Yambor, Division of Communications
 FROM: Pete Lester, Division of Auditing and Financial Analysis *ALM*
 RE: Docket No. 981091-TI, PremierCom, Inc., Financial Analysis for Certificate *HFC*
 Application 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 PremierCom, Inc. (PremierCom) 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, PremierCom has inadequate liquidity and negative common equity. The applicant reported a loss for the period.

ACK _____
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 LEG _____
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In this matter, PremierCom 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 minimal.

Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it is a switchless reseller that would not require much capital investment. It states its working capital requirements will be funded through stockholders, a line of credit from a bank, and an accounts receivable financing facility until it becomes profitable. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

SEC 1 cc: Division of Legal Services
 Division of Records and Reporting (2)

DOCUMENT NUMBER-DATE

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REC'D RECORDS/REPORTING

DOCKET NO. 981091
PREMIERCOM, INC. D/B/A PCI TELECOMMUNICATIONS, INC.
IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF <u>08/31/98</u>
CURRENT ASSETS	\$55,522
CURRENT LIABILITIES	278,535
CURRENT RATIO	0.20
CASH	33,998
COMMON EQUITY	(176,479)
TOTAL DEBT	0
TOTAL PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	NEGATIVE
COMMON EQUITY RATIO	NMF
NET INCOME	(176,579)
RETURN ON EQUITY	NEGATIVE

NMF=NO MEANINGFUL FIGURE