



Public Service Commission

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

DATE: January 4, 1999
 TO: Nancy Pruitt, Division of Communications
 FROM: Eva P. Samaan, Division of Auditing and Financial Analysis ^{ED} ^{ALM} APC-
 RE: Docket No. 981812-TI, Telecommunications Cooperative Network, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service ^{ms}

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 Telecommunications Cooperative Network, Inc. (TCN) for the period ending October 1, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, TCN has no common equity, but has adequate liquidity and reported a positive net income for the period.

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

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that its President and owner, David Altshuler, guarantees provision of up to \$1,000,000 from his own funds to support TCN's operations. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

- ACK _____
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- OTH _____ Division of Records and Reporting (2)

DOCUMENT NUMBER-DATE

00295 JAN-7 98

FPSC-RECORDS/REPORTING

DOCKET NO. 981812
TELECOMMUNICATIONS COOPERATIVE NETWORK, INC.

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 10/01/98

CURRENT ASSETS	\$488,742
CURRENT LIABILITIES	228,148
CURRENT RATIO	2.14
CASH	488,742
COMMON EQUITY	0
TOTAL DEBT	1,439,300
TOTAL INVESTOR CAPITAL	1,439,300
COMMON EQUITY RATIO	0%
NET INCOME	299,959
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure