



Public Service Commission

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

DATE: February 9, 1999  
 TO: Tommy Williams, Division of Communications  
 FROM: David J. Draper, Division of Auditing and Financial Analysis *ALM*  
 RE: Docket No. 990012-TX, Megsinet-CLEC, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

Section 364.337 (1), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide alternative local exchange 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 balance sheet of Megsinet-CLEC, Inc. (MCL) for the period ending September 28, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, MCL has adequate liquidity and sufficient common equity. The company has not initiated operations and therefore does not have a relevant income statement.

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In this matter, MCL is asking for a certificate to provide alternative local exchange telecommunications service. For purposes of granting a certificate based on the financial information provided, the financial capability appears adequate. The applicant attests to its financial capability by noting that it has adequate liquid assets to provide and maintain the proposed telecommunications service. 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

01524 FEB 15 99

REG-RECORDS/REPORTING

DOCKET NO. 990012 X  
MEGSINET-CLEC, INC.

ALTERNATIVE LOCAL EXCHANGE  
FINANCIAL ANALYSIS

FROM THE UNAUDITED BALANCE SHEET

	AS OF 09/28/98
CURRENT ASSETS	\$1,605,000
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	105,000
COMMON EQUITY	1,605,000
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	1,605,000
COMMON EQUITY RATIO	100%
NET INCOME	0
RETURN ON EQUITY	0%

NMF = No Meaningful Figure