



Public Service Commission

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

DATE: February 10, 1999
TO: Tommy Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *ALM*
RE: Docket No. 990025-TX, ComScape Communications, 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 financial statements of ComScape Communications, Inc. (CSC) for the eight month period ending August 31, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, CSC has adequate liquidity and sufficient common equity, but reported a net loss for the period.

ACK _____
 AFA _____
 AFP _____
 CDF _____
 GWT _____
 OTR _____
 EAG _____
 JF _____

In this matter, CSC 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 to provide and maintain the proposed telecommunications service by noting that CSC proposes to operate as a reseller in the state of Florida, and will incur minimal capital or operating expenses. In addition, the company has structured its retail pricing so that its per minute rate covers its per minute cost, thus assuring an almost instantaneous positive cash flow. 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

01925 FEB 15 99

FPSC-RECORDS/REPORTING