



Public Service Commission

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

DATE: May 11, 1999

TO: Tommy Williams, Division of Communications

FROM: David J. Draper, Division of Auditing and Financial Analysis *ALM APC*

RE: Docket No. 990485-TX, PARCOM Communications, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *[Signature]*

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 PARCOM Communications, Inc. (PCI) for the three month period ending March 15, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, PCI has adequate liquidity, sufficient common equity and reported positive net income for the period.

In this matter, PCI 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 the Company will increase available capital from continuing operations. 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)

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FPSC-RECORDS/REPORTING

DOCKET NO. 99048 X
PARCOM COMMUNICATION, INC.

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 03/15/99
CURRENT ASSETS	\$24,065
CURRENT LIABILITIES	1,321
CURRENT RATIO	18.22
CASH	23,267
COMMON EQUITY	22,745
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	22,745
COMMON EQUITY RATIO	100%
NET INCOME	14,215
RETURN ON EQUITY	62%

NMF = No Meaningful Figure