



Public Service Commission

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

DATE: July 26, 1999

TO: Toni McCoy, Division of Communications

FROM: Eva P. Samaan, Division of Auditing and Financial Analysis

RE: Docket No. 990914-TX, Maxcess, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

*[Handwritten signatures]*

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 projected financial statements of Maxcess, Inc. (MXI) for the period ending December 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, MXI has adequate liquidity, but as a new company it projects a negative common equity and a net loss for 1999.

In this matter, MXI is asking for a certificate to provide alternative local exchange telecommunications 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 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. MXI has entered into an agreement with CIG Securities, Inc. for \$5,000,000 through a private placement offering, providing the company with sufficient capital to fund its growth within the next five years. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

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

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REC'D - RECORDS/REPORTING

ALEC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

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FROM PROJECTED FINANCIAL STATEMENTS AS OF 12/31/99

CURRENT ASSETS	\$4,562,823
CURRENT LIABILITIES	565,624
CURRENT RATIO	8.07
CASH	3,285,640
COMMON EQUITY	(664,468)
LONG-TERM DEBT	0
TOTAL INVESTOR CAPITAL	(664,468)
COMMON EQUITY RATIO	100%
NET INCOME	(664,468)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure