



Public Service Commission

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

DATE: September 15, 1999
TO: Tommy Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis
RE: Docket No. 991216-TI, Meridian Telecommunications, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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 Meridian Telecommunications, Inc. (MTI) for the six month period ending June 30, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, MTI has adequate liquidity and positive net income, but reports negative common equity.

In this matter, MTI is asking for a certificate to provide IXC 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 MTI 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)

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IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 06/30/99
CURRENT ASSETS	\$36,895
CURRENT LIABILITIES	27,913
CURRENT RATIO	1.32
CASH	2,306
COMMON EQUITY	(7,707)
TOTAL DEBT	61,409
TOTAL INVESTOR CAPITAL	53,702
COMMON EQUITY RATIO	NMF
NET INCOME	19,910
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure