



Public Service Commission

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

DATE: September 15, 1999
TO: Tommy Williams, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis
RE: Docket No. 991322-TI, Avana Communications Corporation d/b/a AvanaCom, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

Handwritten initials: ALM, BWS

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 AvanaCom (AVC) for the period ending June 30, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, AVC has minimal liquidity, negative common equity and reported a net loss for the period.

In this matter, AVC is asking for a certificate to provide IXC 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.

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APP
CAF
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EAG
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OPC
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OTH

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. The company has adequate financing as it funded its first private placement, netting \$600,000 and expects another \$3 million from additional stock sold to a group of investors. 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

11171 SEP 17 99

FPSC-RECORDS/REPORTING

DOCKET NO. 991322

AVANA COMMUNICATIONS CORPORATION d/b/a AVANACOM

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 06/30/99

CURRENT ASSETS	\$10,906
CURRENT LIABILITIES	279,633
CURRENT RATIO	0.04
CASH	10,706
COMMON EQUITY	(145,008)
LONG-TERM DEBT	83,394
TOTAL INVESTOR CAPITAL	(61,614)
COMMON EQUITY RATIO	NMF
NET INCOME	(97,923)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure