



Public Service Commission

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

DATE: September 8, 1999
TO: Tommy Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis
RE: Docket No. 990836-TX, TreasureCom, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

Handwritten initials: ALM, P2, APC, and others.

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 TreasureCom, Inc. (TreasureCom) for the period ending August 1, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, TreasureCom had sufficient common equity but inadequate liquidity and reported a loss for the period.

In this matter, TreasureCom is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application. For purposes of granting a certificate based on the financial information provided, the financial capability appears marginal.

Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it projects profitability and positive cash flow. The company notes it has agreements with suppliers and customers that indicate it can meet its obligations. 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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DOCKET NO. 990836-1  
TREASURECOM, INC.  
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

AS OF  
08/01/99

CURRENT ASSETS	\$11,500
CURRENT LIABILITIES	26,450
CURRENT RATIO	0.43
CASH	10,000
COMMON EQUITY	35,350
TOTAL DEBT	49,450
TOTAL PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	84,800
COMMON EQUITY RATIO	42%
NET INCOME	(12,845)
RETURN ON EQUITY	-36%