



ORIGINAL
Public Service Commission

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

DATE: October 29, 1999
TO: Tommy Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis
RE: Docket No. 991389-TI, Maxcess, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

ALM

Handwritten initials and signatures

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 Maxcess, Inc. (Maxcess) for the projected period ending December 31, 1999. An audit could change one's opinion of the company's financial condition. Staff used financial information from the company's ALEC application in Docket No. 990914-TX, in which the Commission granted Maxcess a certificate. As the attached schedule shows, Maxcess projects adequate liquidity. The company projects negative common equity and projects a loss for the period.

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In this matter, Maxcess is asking for a certificate to provide IXC 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 will raise \$5 million through private placements and that the funds will be more than sufficient for its capital needs. 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

13446 NOV-2 99

DOCKET NO. 991389-1  
MAXCESS, INC.  
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED PROJECTED FINANCIAL STATEMENTS

AS OF  
12/31/1999

CURRENT ASSETS	\$4,562,823
CURRENT LIABILITIES	565,624
CURRENT RATIO	8.07
CASH	3,285,460
COMMON EQUITY	(664,468)
TOTAL DEBT	0
TOTAL PREFERRED STOCK	0
COMMON EQUITY RATIO	NMF
NET INCOME	(664,468)
RETURN ON EQUITY	NEGATIVE

NMF=NO MEANINGFUL FIGURE