



Public Service Commission

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

DATE: February 8, 2000
TO: Tommy Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *ALM*
RE: Docket No. 000029-TI, CyberSentry, Inc., Financial Analysis for Certificate Application
 for Intrastate Interexchange Telecommunications Service *MS*

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 CyberSentry, Inc. (CYS) for the nine month period ending September 30, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, CYS has sufficient common equity, but reports minimal liquidity and negative income for the period. In this matter, CYS is asking for a certificate to provide IXC service.

Although an analysis of the financial statements reveals the applicant has minimal liquidity and negative earnings, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that CYS 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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01784 FEB-98
 FPSC-RECORDS/REPORTING

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 09/30/1999
CURRENT ASSETS	\$457,733
CURRENT LIABILITIES	3,216,266
CURRENT RATIO	0.14
CASH	31,775
COMMON EQUITY	12,172,582
TOTAL DEBT	1,902
TOTAL INVESTOR CAPITAL	12,174,484
COMMON EQUITY RATIO	100%
NET INCOME	(2,148,680)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure