



# Public Service Commission

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

**DATE:** March 13, 2000  
**TO:** Tommy Williams, Division of Communications  
**FROM:** David J. Draper, Division of Auditing and Financial Analysis *DD*  
**RE:** Docket No. 000287-TI, Purepacket Communications of the South, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM*

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 balance sheet of Purepacket Communications of the South, Inc. (PPC) for the period ending December 8, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, PPC has marginal liquidity and negative common equity. The company does not have an income statement at this time.

In this matter, PPC 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 minimal.

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 by noting that it is a start-up company with \$7 million in liquid assets and is in the process of securing long-term financing to support its short-term loans. 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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DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

IXC TELECOMMUNICATION SERVICE  
 FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/08/1999
CURRENT ASSETS	\$7,197,365
CURRENT LIABILITIES	7,520,000
CURRENT RATIO	0.96
CASH	7,133,338
COMMON EQUITY	(322,635)
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	(322,635)
COMMON EQUITY RATIO	NMF
NET INCOME	0
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure

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