



# Public Service Commission

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

**DATE:** May 26, 2000  
**TO:** Nancy Pruitt, Division of Regulatory Oversight  
**FROM:** Pete Lester, Division of Economic Regulation *PL*  
**RE:** Docket No. 000397-TI, Essex Communications, 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 financial statements of Essex Communications, Inc. (Essex) for the period ending November 30, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Essex has adequate liquidity and sufficient common equity. For the period, the company reported a loss.

In this matter, Essex 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 adequate.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has the support of its parent company, Sirco International Corp., which has ample financial resources according to Essex. Essex also states that it will have minimal 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)

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FPSC-RECORDS/REPORTING

DOCKET NO. 000397-TI  
ESSEX COMMUNICATIONS, INC.  
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	<u>AS OF</u> <u>11/30/1999</u>
CURRENT ASSETS	\$790,215
CURRENT LIABILITIES	585,070
CURRENT RATIO	1.35
CASH	36,403
COMMON EQUITY	876,306
TOTAL DEBT	197,772
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	1,074,078
COMMON EQUITY RATIO	82%
NET INCOME	(1,257,269)
RETURN ON EQUITY	NEGATIVE