



Public Service Commission

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

DATE: June 13, 2000
TO: Tommy Williams, Division of Regulatory Oversight *ALM*
FROM: Pete Lester, Division of Economic Regulation *PL*
RE: Docket No. 000693-TI, Coral Telecom, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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 Coral Telecom, Inc. (Coral) for the period ending May 31, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Coral has adequate liquidity and sufficient common equity. The company is a start-up and does not have revenue or an income statement.

In this matter, Coral 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 will operate as a reseller and, therefore, has low capital needs. The company is in the process of raising investor funds and securing a line of credit. 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. 000498-1
DOCKET NO. 000693-TI
CORAL TELECOM, INC.
ALEC AND IXC CERTIFICATES

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	<u>AS OF</u> <u>05/31/2000</u>
CURRENT ASSETS	\$12,137
CURRENT LIABILITIES	500
CURRENT RATIO	24.27
CASH	12,137
COMMON EQUITY	16,382
TOTAL DEBT	0
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	16,382
COMMON EQUITY RATIO	100%
NET INCOME	NMF *
RETURN ON EQUITY	NMF *

* START-UP COMPANY, NO INCOME STATEMENT
NMF=NO MEANINGFUL FIGURE