



# Public Service Commission

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

**DATE:** July 10, 2000

**TO:** Nancy Pruitt, Division of Regulatory Oversight *JP*

**FROM:** David J. Draper, Division of Economic Regulation *ALM*

**RE:** Docket No. 000720-TX, Edge Connections, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

Section 364.337 (1), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide alternative local exchange 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 Edge Connections, Inc. (ECI) for the period ending December 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ECI has adequate liquidity and sufficient common equity. The company has just formed and does not have an income statement.

In this matter, ECI is asking for a certificate to provide alternative local exchange telecommunications service. 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 ECI's shareholders will invest an additional \$30 million in capital. 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. 000720-TX  
EDGE CONNECTIONS, INC.

ALTERNATIVE LOCAL EXCHANGE SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/1999
CURRENT ASSETS	\$395,775
CURRENT LIABILITIES	9,513
CURRENT RATIO	41.60
CASH	383,949
COMMON EQUITY	386,262
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	386,262
COMMON EQUITY RATIO	100%
NET INCOME	0
RETURN ON EQUITY	0%

NMF = No Meaningful Figure

Reporting the showing of financial capability, the Finance staff has prepared an audit statement of Edge Connections, Inc. (ECI) for the period ending December 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ECI has adequate liquidity and sufficient common equity. The company has just formed and does not have an income statement.

In this matter, ECI is asking for a certificate to provide alternative local exchange telecommunications service. 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 ECI's shareholders will invest an additional \$30 million in capital. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

Division of Legal Services  
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7933-RECORDS AND REPORTING

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