



# Public Service Commission

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

**DATE:** September 13, 2000  
**TO:** Tony McCoy, Division of Regulatory Oversight  
**FROM:** Christine G. Romig, Division of Economic Regulation *GRG*  
**RE:** Docket No. 000864-TI, GRG, Inc. of Nevada, 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 financial statements of GRG, Inc. of Nevada (GRG) for a the twelve-month period ended December 31, 1999. As the attached schedule shows, GRG has minimal liquidity, negative common equity and negative net income for the period.

In this matter, GRG is asking for a certificate to provide IXC service. For purposes of granting a certificate, the financial capability appears minimal based on the financial information provided.

Although its financial capability appears minimal, GRG attests to its financial capabilities to provide, maintain, and manage its inter-exchange telecommunications services. It states that the company's shareholders have funded it on a monthly basis during the development stage for over two years at average amounts exceeding \$300,000 per month. It is believed that future business in the pipeline combined with this continuing commitment should assure the company's ability to support its requirement.

Based on its representations, 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)

- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
- ECR \_\_\_\_\_
- LEG \_\_\_\_\_
- OPC \_\_\_\_\_
- PAI \_\_\_\_\_
- RGO \_\_\_\_\_
- SEC   I
- SER \_\_\_\_\_
- OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

11662 SEP 18 8

FPSC-RECORDS & REPORTING

DOCKET NO. 000864-TI  
 GRG, Inc.  
 INTEREXCHANGE TELECOMMUNICATIONS SERVICE

FINANCIAL ANALYSIS

	12/31/99	
CURRENT ASSETS	\$42,322	
CURRENT LIABILITIES	209,710	
CURRENT RATIO (CA/CL)	0.2018	(a)
CASH & CASH EQUIVALENTS	42,322	
COMMON EQUITY	(462,065)	
TOTAL DEBT (SHORT-TERM & LONG TERM)	668,485	
PREFERRED STOCK	0	
TOTAL INVESTOR CAPITAL	206,420	
COMMON EQUITY RATIO	NMF	(b)
NET INCOME/(LOSS)	(5,725,494)	
RETURN ON EQUITY (Net Income/Equity)	NMF	

(a) .8 is marginal; .95 is adequate

(b) 35% is marginal

EQUITY RATIO:

EQUITY / INVESTOR CAPITAL

(Common Equity / (Common Equity + Pfd. Stk. + LT. Debt + Current LT. Debt + ST Debt))

NMF = NO MEANINGFUL FIGURE  
 3/3 = ADEQUATE  
 2/3 = ADEQUATE  
 1/3 = MARGINAL  
 0/3 = MINIMAL