



# Public Service Commission

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

**DATE:** October 11, 2000

**TO:** Brenda Hawkins, Division of Regulatory Oversight

**FROM:** Pete Lester, Division of Economic Regulation *PL*

**RE:** Docket No. 001082-TX, Ntegrity Telecontent Services, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

*ALM*

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 Ntegrity Telecontent Services, Inc. (Ntegrity) 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, Ntegrity has low liquidity, negative common equity, and reported a loss for the period.

In this matter, Ntegrity is asking for a certificate to provide alternative local exchange telecommunications 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 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 has obtained \$2 million in additional financing through the sale of preferred stock. 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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- CAF \_\_\_\_\_
- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
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- OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

|                        | <u>AS OF</u><br><u>12/31/1999</u> |
|------------------------|-----------------------------------|
| CURRENT ASSETS         | \$3,079,786                       |
| CURRENT LIABILITIES    | 3,728,353                         |
| CURRENT RATIO          | 0.83                              |
| CASH                   | 133,960                           |
| COMMON EQUITY          | (2,956,974)                       |
| TOTAL DEBT             | 2,619,792                         |
| PREFERRED STOCK        | 0                                 |
| TOTAL INVESTOR CAPITAL | NMF                               |
| COMMON EQUITY RATIO    | NMF                               |
| NET INCOME             | (3,576,919)                       |
| RETURN ON EQUITY       | NEGATIVE                          |

NMF=NO MEANINGFUL FIGURE