



Public Service Commission

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

DATE: October 19, 2000
TO: Tony McCoy, Division of Regulatory Oversight
FROM: Christine G. Romo, Division of Economic Regulation *CR*
RE: Docket No. 001407-TI, Call Sciences, 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 financial statements of Call Sciences, Inc. (Call) for the period ended 12/31/99. As the attached schedule shows, Call has minimal liquidity, and reports negative common equity and net losses for 1999.

In this matter, Call 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. However, the applicant attests to its financial capability by noting that it, "... intends to fund the provision of service through internally generated cash flow. Call Sciences, Inc. also has the ability to borrow funds, if required, based upon its financial capabilities."

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)

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

DOCKET NO. 001407-TI
 CALL SCIENCES, INC.
 INTEREXCHANGE TELECOMMUNICATIONS SERVICE

FINANCIAL ANALYSIS

	<u>12/31/1999</u>	
CURRENT ASSETS	\$3,335,000	
CURRENT LIABILITIES	5,136,000	
CURRENT RATIO (CA/CL)	0.6493	(a)
CASH & CASH EQUIVALENTS	645,000	
COMMON EQUITY	(83,982,000)	
TOTAL DEBT (SHORT-TERM & LONG TERM)	89,118,000	
PREFERRED STOCK	0	
TOTAL INVESTOR CAPITAL	5,136,000	
COMMON EQUITY RATIO	NMF	(b)
NET INCOME/(LOSS)	(1,708,000)	
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