



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. Romig, Division of Economic Regulation *CR*
RE: Docket No. 001465-TI, Telapex Long Distance, 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 Telapex Long Distance, Inc. (Telapex) for the periods ended 12/31/97, 12/31/98 and 12/31/99. As the attached schedule shows, Telepax has adequate liquidity, and reports positive common equity and net income for 1999.

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

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

13473 OCT 20 8

FPSC-RECORDS/REPORTING

DOCKET NO. 001465-TI
 TELAPEX LONG DISTANCE, INC.
 INTEREXCHANGE TELECOMMUNICATIONS SERVICE

FINANCIAL ANALYSIS

	<u>12/31/1999</u>	<u>12/31/98</u>	<u>12/31/1997</u>	
CURRENT ASSETS	\$1,216,807	\$286,043	231,365	
CURRENT LIABILITIES	259,214	194,481	178,129	
CURRENT RATIO (CA/CL)	4.6942	1.4708	1.2989	(a)
CASH & CASH EQUIVALENTS	441,408	10,970	36,963	
COMMON EQUITY	2,077,969 (c)	1,697,791	589,310	
TOTAL DEBT (SHORT-TERM & LONG TERM)	0	0	0	
PREFERRED STOCK	0	0	0	
TOTAL INVESTOR CAPITAL	2,077,969	1,697,791	589,310	
COMMON EQUITY RATIO	100%	100%	100%	(b)
NET INCOME/(LOSS)	500,498	47,328	26,814	
RETURN ON EQUITY (Net Income/Equity)	0.2409	0.0279	0.0455	

(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

(c) This adds back the losses of internet operations
 \$1,470,228+\$607,741