



Public Service Commission

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

DATE: November 15, 2000
TO: Toni McCoy, Division of Regulatory Oversight
FROM: David J. Draper, Division of Economic Regulation
RE: Docket No. 001680-TI, Encompass Communications, L.L.C., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

ALM [Signature]

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 unaudited financial statements of Encompass Communications, L.L.C. (ECOM) for the nine month period ending September 30, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ECOM has adequate liquidity and sufficient common equity. Currently, ECOM is not in operations and reports negative income for the period.

In this matter, ECOM is asking for a certificate to provide IXC 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 the company will increase available capital from continuing operations. In addition, ECOM has the ability to obtain additional financing through traditional commercial lending institutions. 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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DOCKET NO. 001680-
ENCOMPASS COMMUNICATIONS, L.L.C.

IXC APPLICATION
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 09/30/2000
CURRENT ASSETS	\$308,530
CURRENT LIABILITIES	8,451
CURRENT RATIO	36.51
CASH	300,000
COMMON EQUITY	300,079
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	300,079
COMMON EQUITY RATIO	100%
NET INCOME	(84,921)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure