



Public Service Commission

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

DATE: February 5, 2001
TO: Tommy Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis
RE: Docket No. 001761-TX, NxGen Networks, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

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 NxGen Networks, Inc. (NxGen) a development stage company, 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, NxGen has minimal liquidity, negative common equity and negative income for the period

In this matter, NxGen is asking for a certificate to provide alternative local exchange telecommunications service. 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 the company will increase available capital from continuing operations. In addition, NxGen has the ability to obtain additional financing through traditional commercial lending institutions and equity markets. 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. 001761-TX  
NXGEN NETWORKS, INC.

ALTERNATIVE LOCAL EXCHANGE SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 09/30/2000
CURRENT ASSETS	\$681,691
CURRENT LIABILITIES	7,968,297
CURRENT RATIO	0.09
CASH	158,006
COMMON EQUITY	..(902,032)
TOTAL DEBT	4,836,962
TOTAL INVESTOR CAPITAL	3,934,930
COMMON EQUITY RATIO	NMF
NET INCOME	(6,895,501)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure