

State of Florida



Public Service Commission

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

DATE: March 26, 2001
TO: Tommy Williams, Division of Regulatory Oversight
FROM: Pete Lester, Division of Economic Regulation *PL*
RE: Docket No. 010270-TX, Novus Communications, 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 Novus Communications, Inc. (Novus) for the period ending December 31, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Novus has low liquidity, negative common equity, and reported a loss for the period.

In this matter, Novus 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 will operate initially as a switchless reseller and, therefore, will have low capital needs. The company can obtain funds from an affiliated company and from its shareholders. 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

03845 MAR 27 01

REG-RECORDS-REPORTING

DOCKET NO. 010270-TX
NOVUS COMMUNICATIONS, INC.
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF <u>12/31/2000</u>
CURRENT ASSETS	\$1,588
CURRENT LIABILITIES	2,052
CURRENT RATIO	0.77
CASH	1,488
COMMON EQUITY	(393)
TOTAL DEBT	0
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	(393)
COMMON EQUITY RATIO	NMF
NET INCOME	(493)
RETURN ON EQUITY	NEGATIVE

NMF=NO MEANINGFUL FIGURE