

State of Florida



Public Service Commission

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

DATE: March 26, 2001
TO: Toni McCoy, Division of Regulatory Oversight *ALM*
FROM: Pete Lester, Division of Economic Regulation *PL*
RE: Docket No. 010151-TI, Novo Networks Metro Services, 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 unaudited financial statements of Novo Networks Metro Services, Inc. (Novo) for the period ending September 30, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Novo has adequate liquidity and sufficient common equity. The company reported a loss for the period.

In this matter, Novo is asking for a certificate to provide IXC 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 adequate.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that its parent company has ample financial resources to support Novo during its startup in Florida. 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

03846 MAR 27 2001

FDSP-REGISTRATION

DOCKET NO. 010151-TI
NOVO NETWORKS METRO SERVICES, INC.
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	<u>AS OF</u> <u>09/30/2000</u>
CURRENT ASSETS	\$47,880,781
CURRENT LIABILITIES	15,520,741
CURRENT RATIO	3.08
CASH	35,908,828
COMMON EQUITY	176,285,259
TOTAL DEBT	15,466,593
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	191,751,852
COMMON EQUITY RATIO	92%
NET INCOME	(16,193,938)
RETURN ON EQUITY	NEGATIVE