



# Public Service Commission

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

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**DATE:** May 31, 2001  
**TO:** Tommy Williams, Division of Regulatory Oversight *Q*  
**FROM:** David J. Draper, Division of Economic Regulation *ALM es*  
**RE:** Docket No. 010739-TX, NationNet Communication Corporation, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

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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 NationNet Communication Corporation (NNC) 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, NNC has minimum liquidity, negative common equity and negative net income for the period. NNC is a start-up company and will commence operations on July 1, 2001.

In this matter, NNC 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 minimum financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that the company will maintain capital from internally generated funds. 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

07010 JUN-5 2001

FPSC-RECORDS/REPORTING

DOCKET NO. 010739-TX  
NATIONNET COMMUNICATION CORPORATION

ALTERNATIVE LOCAL EXCHANGE SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/2000
CURRENT ASSETS	\$163,351
CURRENT LIABILITIES	310,570
CURRENT RATIO	0.53
CASH	28,267
COMMON EQUITY	(26,501)
TOTAL DEBT	36,290
TOTAL INVESTOR CAPITAL	9,790
COMMON EQUITY RATIO	NMF
NET INCOME	(127,200)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure