



# Public Service Commission

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

---

**DATE:** July 25, 2001  
**TO:** Nancy Pruitt, Division of Regulatory Oversight  
**FROM:** David J. Draper, Division of Economic Regulation *AlM*  
**RE:** Docket No. 010976-TX, R & D Network Services, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *RK 192*

---

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 R & D Network Services, Inc. (RDN) for the five month period ending June 6, 2001. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, RDN has minimal liquidity, marginal common equity and negative income for the period.

In this matter, RDN 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 it 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)

DOCUMENT NUMBER-DATE

09178 JUL 27 2001

FPSC-COMMISSION CLERK

DOCKET NO. 010976-TX  
R & D NETWORK SERVICES, INC.

ALTERNATIVE LOCAL EXCHANGE SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 06/06/2001
CURRENT ASSETS	\$90,644
CURRENT LIABILITIES	118,139
CURRENT RATIO	0.77
CASH	99,723
COMMON EQUITY	100,000
TOTAL DEBT	339,751
TOTAL INVESTOR CAPITAL	439,751
COMMON EQUITY RATIO	23%
NET INCOME	(100,783)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure