



Public Service Commission

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

DATE: March 9, 1998
TO: Tommy Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *PL*
RE: Docket No. 980240-TX, The Inside Edge Communications, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ALM APC [Signature]*

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 The Inside Edge Communications, Inc. (Inside) for the period ending December 31, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Inside has adequate liquidity and profitability. However, its 20% equity ratio is very low.

In this matter, Inside 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 adequate.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it will have minimal capital investment in Florida and that most of its costs involve marketing and customer service. 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)

CC: [unclear] F

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**DOCKET NO. 980240-TX and
DOCKET NO. 980241-TI
THE INSIDE EDGE COMMUNICATIONS, INC.
IXC AND ALEC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE**

FROM ACCOUNTANT'S COMPILATION

	YEAR ENDED DECEMBER 31, 1997
CURRENT ASSETS	693,073
CURRENT LIABILITIES	64,884
CURRENT RATIO	10.68
CASH	528,541
COMMON EQUITY	1,995,005
TOTAL DEBT	8,013,455
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	10,008,460
COMMON EQUITY RATIO	20%
NET INCOME	1,915,467
RETURN ON EQUITY	96%