



ORIGINAL

Public Service Commission

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

DATE: July 29, 1998
 TO: Rick Moses, Division of Communications
 FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *ES*
 RE: Docket No. 980916-TI, Pae Tec Communications, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *apc*

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 pro forma Balance Sheet of Pae Tec Communications, Inc. (PTC) for the period ending August 31, 1998. As the attached schedule shows, PTC has adequate liquidity, sufficient common equity, but as a new company it had no income to report at the present time.

In this matter, PTC is asking for a certificate to provide IXC service. Staff notes the limited nature of the application and that no customer provided funds appear to be at risk. For purposes of granting a certificate based on the financial information provided, the financial capability appears adequate.

- ACK _____
- AFA _____
- APP _____
- CAF _____ The applicant attests to its financial capability to provide and maintain the proposed
- CMU _____ telecommunications service by noting that it has the technological resources as well as substantial
- CTR _____ current assets and working capital necessary to conduct intrastate operations. Based on this
- EAG _____ showing, the applicant appears to meet the financial capability standard of Section 364.337,
- LEG _____ Florida Statutes.

LIN _____ cc: Division of Legal Services
Division of Records and Reporting (2)

OPC _____

RCH _____

SEC 1

WAS _____

DOCUMENT NUMBER-DATE

08212 AUG-3 88

FPSC-RECORDS/REPORTING

DOCKET NO. 980916-11
PAE TEC

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM PRO-FORMA BALANCE SHEET AS OF 08/31/98

CURRENT ASSETS	\$17,800,000
CURRENT LIABILITIES	160,000
CURRENT RATIO	111.25
CASH	17,700,000
COMMON EQUITY	18,940,000
TOTAL DEBT	160,000
TOTAL INVESTOR CAPITAL	19,100,000
COMMON EQUITY RATIO	99%
NET INCOME	0
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure