



Public Service Commission

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

DATE: November 4, 1998
 TO: Tommy Williams, Division of Communications
 FROM: David J. Draper, Division of Auditing and Financial Analysis *OS*
 RE: Docket No. 981313-TX, Globalcom, Inc., d/b/a GCI Globalcom, Inc., *ALM* Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *[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 Globalcom, Inc., d/b/a GCI Globalcom, Inc. (GCI) 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, GCI has adequate liquidity, sufficient common equity and reported a positive net income for the period.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC 1
- WAS _____
- OTH _____

In this matter, GCI 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 adequate. The applicant attests to its financial capability by noting that it has adequate liquid assets to provide and maintain the proposed telecommunications service. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

Division of Legal Services
 Division of Records and Reporting (2)

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/97
CURRENT ASSETS	\$794,395
CURRENT LIABILITIES	573,735
CURRENT RATIO	1.38
CASH	30,759
COMMON EQUITY	317,360
TOTAL DEBT	32,245
TOTAL INVESTOR CAPITAL	349,605
COMMON EQUITY RATIO	91%
NET INCOME	260,293
RETURN ON EQUITY	82%

NMF = No Meaningful Figure