



# Public Service Commission

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

DATE: January 19, 1999  
 TO: Nancy Pruitt, Division of Communications  
 FROM: Pete Lester, Division of Auditing and Financial Analysis *ALM*  
 RE: Docket No. 981874-TX, Ganoco, Inc., 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 personal financial statements of Stephen Klein, the owner of Ganoco, Inc (Ganoco), for the period ended November 30, 1998. Staff also analyzed Ganoco's projected income statement for 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Ganoco's owner has adequate liquidity and sufficient common equity. Ganoco projects positive net income for 1999.

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
- LEG \_\_\_\_\_
- LIN \_\_\_\_\_
- OPC \_\_\_\_\_
- RCH \_\_\_\_\_
- SEC \_\_\_\_\_
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

In this matter, Ganoco 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 its owner can provide financing to the company if necessary. Ganoco's owner has access to \$100,000 in additional capital in needed. If necessary, the owner can raise equity capital. 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

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