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Public Service Commission

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

DATE: January 25, 1999

TO: Nancy Pruitt, Division of Communications

FROM: Eva P. Samaan, Division of Auditing and Financial Analysis

RE: Docket No. 990020-TI, ComScape Communications, Inc., Financial Grall sis for Certificate Application for Intrastate Interexchange Telecommunications Service

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

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(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 ComScape Holdings, Inc., parent of ComScape Communications, Inc., (CCI), for the period ending August 31, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, CCI has adequate liquidity and sufficient common equity, but reported a net loss for the period.

In this matter, CCI 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.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. CCI, a wholly-owned subsidiary of ComScape Holdings, Inc., has on-hand funds in excess of \$2 million from its parent company, to support future operations. 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)

DOCKET NO. 990020-TI COMSCAPE HOLDINGS, INC.

IXC TELECOMMUNICATION SERVICE FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 08/31/98

| CURRENT ASSETS | \$2,713,997 |
|----------------------------|-------------|
| CURRENT LIABILITIES | 398,083 |
| CURRENT RATIO | 6.82 |
| CASH | 2,704,250 |
| COMMON EQUITY | 2,859,032 |
| TOTAL DEBT | 4,169,336 |
| TOTAL INVESTOR CAPITAL | 7,028,368 |
| COMMON EQUITY RATIO | 41% |
| NET INCOME | (182,672) |
| RETURN ON EQUITY | NMF |
| NMF = No Meaningful Figure | |