



Public Service Commission

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

DATE: October 8, 1999
TO: Tommy Williams, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis
RE: Docket No. 991418-TI, Sprawl.net, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

Handwritten initials: ALM, JPC, and others.

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 unaudited financial statements of Sprawl.net, Inc. (SNC) for the period ending May 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, SNC has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, SNC is asking for a certificate to provide LXC 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. SNC has additional financing in the amount of \$251,202 through its account with Commercial Bank of Florida to support its future operations. 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)

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FPSC-RECORDS/REPORTING

DOCKET NO. 991418-TI
SPRAWLNET.COM, INC.

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 05/31/99

CURRENT ASSETS	\$2,015,699
CURRENT LIABILITIES	42,588
CURRENT RATIO	47.33
CASH	69,820
COMMON EQUITY	3,027,454
LONG-TERM DEBT	45,000
TOTAL INVESTOR CAPITAL	3,072,454
COMMON EQUITY RATIO	99%
NET INCOME	57,418
RETURN ON EQUITY	2%