



Public Service Commission

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

DATE: February 4, 2000
TO: Nancy Pruitt, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *PL*
RE: Docket No. 991841-TI, The Basico Group, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

ALM
[Signature]

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

In this matter, Basico is asking for a certificate to provide IXC 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 it has obtained capital from its principals and it has access to private investment funds. 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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FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	SIX MONTHS AS OF 07/31/1999
CURRENT ASSETS	\$8,800
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	2,672
COMMON EQUITY	18,639
TOTAL DEBT	0
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	18,639
COMMON EQUITY RATIO	100%
NET INCOME	19,867
RETURN ON EQUITY	107%

NMF=NO MEANINGFUL FIGURE

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