



Public Service Commission

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

DATE: March 18, 1997
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis *SJS APC ALM*
RE: Docket No. 970109-TI, KTNT Communications, Inc., Financial Analysis 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

(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 KTNT Communications, Inc. (KTNT) for the period ending December 31, 1995. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, KTNT has adequate liquidity, ownership equity, and profitability.

In this matter, KTNT 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. The applicant notes that to serve Florida it will cover operating overhead from current profits. As a switchless reseller, expenses are only incurred as revenue is produced. Further, profits from its other operations will be used to cover its lease obligations if necessary. 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

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DOCKET NO. 970109-TI
KTNT COMMUNICATIONS, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

AS
OF
12/31/96

CURRENT ASSETS	\$187,000
CURRENT LIABILITIES	31,000
CURRENT RATIO	6.03
CASH	7,000
COMMON EQUITY	147,000
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	147,000
COMMON EQUITY RATIO	100%
NET INCOME	29,000
RETURN ON EQUITY	20%