



Public Service Commission

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

DATE: March 16, 1998
TO: Ray Kennedy, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis
RE: Docket No. 980339-TX, NOW Communications, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

ALM
 APC

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 financial statements of NOW Communications, Inc. (NOW) for the period ending December 31, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, NOW has minimal liquidity, but reports sufficient common equity and positive net income for the period.

ACK _____
 AFA _____
 APP _____
 CAF _____
 CMU _____
 CTR _____
 EAG _____

In this matter, NOW is asking for a certificate to provide alternative local exchange telecommunications service. 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. In addition, NOW has obtained a two-hundred thousand dollar line of credit with Merchants Bank. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

LEG _____ cc: Division of Legal Services
 LIN _____ Division of Records and Reporting (2)
 OPC _____
 RCH _____
 SEC _____
 WAS _____
 OTH _____

DOCUMENT NUMBER-DATE

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FD-302 (REV. 11-15-83)

DOCKET NO. 980339-TX
NOW COMMUNICATIONS, INC.

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/97
CURRENT ASSETS	\$200,583
CURRENT LIABILITIES	367,613
CURRENT RATIO	0.55
CASH	80,915
COMMON EQUITY	602,669
TOTAL DEBT	84,250
TOTAL INVESTOR CAPITAL	686,919
COMMON EQUITY RATIO	88%
NET INCOME	40,402
RETURN ON EQUITY	7%

NMF = No Meaningful Figure