



Public Service Commission

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

DATE: August 28, 1998
TO: Tommy Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *ALM APC*
RE: Docket No. 980921-TI, Tri-M Communications, Inc., Financial Analysts for Certificate Application for Intrastate Interexchange Telecommunications Service *PL*

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 Tri-M Communications, Inc. (Tri-M) for the period ending March 31, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Tri-M has adequate liquidity but has insufficient common equity and reported a loss for the period.

ACK _____ In this matter, Tri-M is asking for a certificate to provide IXC service. Staff notes the limited
 AFA _____ nature of the application and that no customer provided funds appear to be at risk. For purposes
 APP _____ of granting a certificate based on the financial information provided, the financial capability
 CAF _____ appears marginal.

CMU _____ Although an analysis of the financial statements reveals the applicant is in a marginal financial
 CTR _____ position, the applicant attests to its financial capability to provide and maintain the proposed
 EAG _____ telecommunications service by noting that it has a letter of credit from a bank for \$1 million and
 LEG _____ its owner, who has a net worth of \$15 million, will provide funds to the company. Based on
 LIN _____ this showing, the applicant appears to meet the financial capability standard of Section 364.337,
 QPC _____ Florida Statutes.

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

SEP 1 1998

DOCKET NO. 98092-1
TRI-M COMMUNICATIONS, INC.
IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF <u>03/31/98</u>
CURRENT ASSETS	\$297,344
CURRENT LIABILITIES	254,646
CURRENT RATIO	1.17
CASH	31,431
COMMON EQUITY	(148,560)
TOTAL DEBT	550,000
TOTAL INVESTOR CAPITAL	NMF
COMMON EQUITY RATIO	NMF
NET INCOME	(359,979)
RETURN ON EQUITY	NEGATIVE

NMF=NO MEANINGFUL FIGURE