



Public Service Commission

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

DATE: December 11, 1997
TO: Tom Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis
RE: Docket No. 971569-TI, National Telecom, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

APC
ALM
md

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 a projected twelve month income statement and the unaudited balance sheet of National Telecom, Inc. (NTI) for the period ending November 20, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, NTI has adequate liquidity, sufficient common equity and projects a positive net income for a twelve month period.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC 1 _____
- WAS _____
- OTH _____

In this matter, NTI is asking for a certificate to provide IXC 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, the company states, "As a switchless reseller, NTI does not intend to make a capital investment to provide services in the State of Florida, however, NTI intends to fund the provision of service through internally generated cash flows, and to the extent necessary, from cash contributions from its principals." 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)

DOCUMENT NUMBER-DATE
12755 DEC 12 5
 FPSC-RECORDS/REPORTING

DOCKET NO. 9715-TI
NATIONAL TELECOM, INC.

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 11/20/97
CURRENT ASSETS	\$100,000
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	100,000
COMMON EQUITY	109,000
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	109,000
COMMON EQUITY RATIO	100%
PROJECTED NET INCOME FOR TWELVE MONTHS	66,609
RETURN ON EQUITY	61%

NMF = No Meaningful Figure