



Public Service Commission

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

DATE:

January 8, 1998

ALM

TO:

Nancy Pruitt, Division of Communications

AD

FROM:

David J. Draper, Division of Auditing and Financial Analysis

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RE:

Docket No. 971583-TJ, Net 2000 Group, Inc., Financial Analysis for O

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 te' communications 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 audited financial statements of Net 2000 Group, Inc. (N2G) for the period ending December 31, 1996. As the attached schedule shows, N2G has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, N2G 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 by noting that the Company will maintain capital from internally generated funds. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

EAG -- cc

Division of Legal Services

Division of Records and Reporting (2)

Ob. Filt.

ACK -

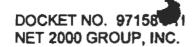
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IXC TELECOMMUNICATION SERVICE FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

	AS OF
	12/31/96
CURRENT ASSETS	\$448,095
CURRENT LIABILITIES	281,427
CURRENT RATIO	1.59
CASH	2,691
COMMO! EQUITY	259 ,004
TOTAL DEBT	63,033
TOTAL INVESTOR CAPITAL	322,037
COMMON EQUITY RATIO	80%
NET INCOME	67,670
RETURN ON EQUITY	26%
NMF = No Meaningful Figure	