



Public Service Commission

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

DATE: March 12, 1998
 TO: Ray Kennedy, Division of Communications
 FROM: David J. Draper, Division of Auditing and Financial Analysis *DJD*
 RE: Docket No. 980340-TI, NOW Communications, Inc., Financial Analysis *APC*
 Certificate Application for Intrastate Interexchange Telecommunications Service *APC*

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 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 _____ In this matter, NOW is asking for a certificate to provide IXC service. For purposes of granting
 APP _____ a certificate based on the financial information provided, the financial capability appears
 CAF _____ adequate. The applicant attests to its financial capability to provide and maintain the proposed
 CMU _____ telecommunications service. In addition, NOW has obtained a two-hundred thousand dollar line
 CTR _____ of credit with Merchants Bank. 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
 LEG _____ Division of Records and Reporting (2)

LIN _____
 OPC _____
 RCH _____
 SEC _____ 1
 WAS _____
 OTH _____

DOCUMENT NUMBER - DATE
 03317 MAR 18 98
 FPSC RECORDS/REPORTING

DOCKET NO. 980340-TI
NOW COMMUNICATIONS, INC.

IXC TELECOMMUNICATION 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