



Public Service Commission

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

DATE: September 2, 1998
TO: Lou Yambor, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *ED*
RE: Docket No. 980985-TI, Convergent Communications, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM*

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 . . .

Convergent Communications requested and was granted confidentiality for its financial statements. Regarding the showing of financial capability, the Finance staff has analyzed the financial statements of Convergent Communications, Inc. (CCI) for the period ending June 30, 1998.

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In this matter, CCI is asking for a certificate to provide IXC service. Staff notes the limited nature of the application. For purposes of granting a certificate based on the financial information provided, the financial capability appears marginal.

Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has lines of credit with Comdisco of Chicago, Illinois, Hallmark, Inc. of Dallas, Texas, and Sun Financial, Inc. of San Francisco California in the amount of \$16.3 million. Additional sources of funding include vendor financing, bank loans, as well as public and private offerings of equity or debt. 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)

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