



Public Service Commission

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

DATE: September 23, 1999
TO: Nancy Pruitt, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis
RE: Docket No. 991086-TI, Connect!LD, Inc., Financial Analysis for Certificate 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 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 Connect Holdings Corporation, parent of Connect!LD (CLD) for the period ending July 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, CLD has adequate liquidity, but negative common equity and reported a net loss for the period.

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

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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. Connect Communications Corporation, an affiliate of CLD, pledges to provide financial support of at least \$25,000. In addition, Ted L. Snider, Jr., the owner and President of Connect Communications Corporation, is committed to providing additional capital as necessary to support CLD's business operations. 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

11743 SEP 28 99

FPSC-RECORDS/REPORTING

DOCKET NO. 991086-TT  
CONNECT HOLDINGS CORPORATION

IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 12/31/98

CURRENT ASSETS	\$903,000
CURRENT LIABILITIES	734,000
CURRENT RATIO	1.23
CASH	65,000
COMMON EQUITY	(1,508,000)
LONG-TERM DEBT	5,711,000
TOTAL INVESTOR CAPITAL	4,203,000
COMMON EQUITY RATIO	NMF
NET INCOME	(229,000)
RETURN ON EQUITY	NMF

NMF= Non-meaningful figure