

State of Florida



Public Service Commission

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

**DATE:** August 22, 2000

**TO:** Tommy Williams , Division of Regulatory Oversight *ALM*

**FROM:** David J. Draper, Division of Economic Regulation *DD*

**RE:** Docket No. 001144-TI, Net Communications Corporations, 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 Net Communications Corporations (NCC) for the five month period ending May 31, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, NCC has adequate liquidity, but negative common equity and negative income.

In this matter, NCC 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 minimal.

Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that NCC's shareholders will provide additional funding, if needed. 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)

- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMP \_\_\_\_\_
- COM \_\_\_\_\_
- CTR \_\_\_\_\_
- ECR \_\_\_\_\_
- LEG \_\_\_\_\_
- OPC \_\_\_\_\_
- PAI \_\_\_\_\_
- RGO \_\_\_\_\_
- SEC   J
- SER \_\_\_\_\_
- OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

10296 AUG 22 8

FPSC-RECORDS/REPORTING

DOCKET NO. 001144-1  
NET COMMUNICATIONS CORPORATION

IXC APPLICATION  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 05/31/2000
CURRENT ASSETS	\$398,387
CURRENT LIABILITIES	119,107
CURRENT RATIO	3.34
CASH	3
COMMON EQUITY	(14,221)
TOTAL DEBT	300,000
TOTAL INVESTOR CAPITAL	285,779
COMMON EQUITY RATIO	NMF
NET INCOME	(25,901)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure