



Public Service Commission

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

DATE: September 13, 2000
TO: Tony McCoy, Division of Regulatory Oversight
FROM: Christine G. Romig, Division of Economic Regulation
RE: Docket No. 000849-TI, ORVEX/CSI Consortium, 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 projected financial statements of ORVEX/CSI Consortium, Inc. (ORVEX) for a one-year period commencing when certificated and operations begin. As the attached schedule shows, ORVEX forecasts positive net income for the period, but projects minimal liquidity and negative common equity.

In this matter, ORVEX is asking for a certificate to provide IXC service. For purposes of granting a certificate, the financial capability appears minimal based on the financial information provided.

Although its financial capability appears minimal, ORVEX attests to its financial capabilities to provide, maintain, and manage its inter-exchange telecommunications services. ORVEX states that it will accomplish the foregoing by establishing strong agency agreements, independent contractors, distributors, and investment groups who have committed a substantial investment pending a satisfactory outcome of this application.

Based on its representations, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

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CAF
CMP
COM
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cc: Division of Legal Services
Division of Records and Reporting (2)

DOCUMENT NUMBER-DATE

11661 SEP 18 00

FPSC-RECORDS/REPORTING

DOCKET NO. 000849-TI
 ORVEX/CSI Consortium, Inc.
 INTEREXCHANGE TELECOMMUNICATIONS SERVICE

FINANCIAL ANALYSIS

	PROJECTED YEAR ENDING 12-MOS. FR. INCEPTION
CURRENT ASSETS	\$1,689,969
CURRENT LIABILITIES	3,774,465
CURRENT RATIO (CA/CL)	0.4477 (a)
CASH & CASH EQUIVALENTS	19,836
COMMON EQUITY	(179,925)
TOTAL DEBT (SHORT-TERM & LONG TERM)	1,774,717
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	1,594,792
COMMON EQUITY RATIO	NMF (b)
NET INCOME/(LOSS)	577,460 (c)
RETURN ON EQUITY (Net Income/Equity)	NMF

(a) .8 is marginal; .95 is adequate

(b) 35% is marginal

EQUITY RATIO:

EQUITY / INVESTOR CAPITAL

(Common Equity / (Common Equity + Pfd. Stk. + LT. Debt + Current LT. Debt + ST Debt))

NMF = NO MEANINGFUL FIGURE
 3/3 = ADEQUATE
 2/3 = ADEQUATE
 1/3 = MARGINAL
 0/3 = MINIMAL

(c) From operations only