



Public Service Commission

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

DATE: February 9, 2000
TO: Tommy Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *PL*
RE: Docket No. 992035-TX, Net One International, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *PL*

Section 364.337 (1), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide alternative local exchange 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 One International, Inc. (Net One) for the period ending December 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Net One has adequate liquidity and sufficient common equity. The company reported a loss for the period.

In this matter, Net One is asking for a certificate to provide alternative local exchange telecommunications 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 adequate.

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The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has the ability to borrow funds if required. The principals of the company can provide an additional \$1 million in equity 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)

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

DOCKET NO. 992035-TX
NET ONE INTERNATIONAL, INC.
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	<u>AS OF</u> <u>12/31/1999</u>
CURRENT ASSETS	\$1,210,147
CURRENT LIABILITIES	1,181,056
CURRENT RATIO	1.02
CASH	54,449
COMMON EQUITY	51,361
TOTAL DEBT	42,459
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	93,820
COMMON EQUITY RATIO	55%
NET INCOME	(585,689)
RETURN ON EQUITY	NEGATIVE