



Public Service Commission

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

DATE: April 30, 2001
TO: Brenda Hawkins, Division of Regulatory Oversight *ALM*
FROM: David J. Draper, Division of Economic Regulation *JD*
RE: Docket No. 010387-TI, Telecom New Zealand Communications (USA) Limited, 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 Telecom New Zealand Communications (USA) Limited (NZC) for the twelve month period ending June 30, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, NZC has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, NZC 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 adequate. The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that the company will maintain capital from internally generated funds. 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

05368 MAY-16

PREPARED FOR FILEDATING

DOCKET NO. 010387-TI
TELECOM NEW ZEALAND COMMUNICATIONS (USA) LIMITED

IXC APPLICATION
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 06/30/2000 (million)
CURRENT ASSETS	\$3,743
CURRENT LIABILITIES	1,380
CURRENT RATIO	2.71
CASH	38
COMMON EQUITY	1,014
TOTAL DEBT	1,342
TOTAL INVESTOR CAPITAL	2,356
COMMON EQUITY RATIO	43%
NET INCOME	367
RETURN ON EQUITY	36%

NMF = No Meaningful Figure