



Public Service Commission

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

DATE: May 5, 1997
TO: Tom Williams, Division of Communications
FROM: David Draper, Division of Auditing and Financial Analysis ^{ALM}
RE: Docket No. 970469-TI, FaxNet Corporation, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service _{APC}

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 FaxNet Corporation (FNC) for the twelve month period ending December 31, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, FNC has adequate liquidity and sufficient common equity but reported negative net income for the period.

ACK _____
 AFA _____
 APP _____
 CAF _____
 CMU _____
 CTR _____
 EAG _____
 LEG _____
 LIN _____

In this matter, FNC 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 adequate. The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. The Company proposes to operate as a switchless reseller in the state. As a result, there are no additional capital requirements or expenses that will be incurred by FNC when it expands operations to the State of Florida. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

OPC _____
 RCH _____
 SEC T
 WAS _____
 OTH _____

cc: Division of Legal Services
 Division of Records and Reporting

DOCUMENT NUMBER - DATE
 04469 MAY-65
 FPSC-RECORDS/REPORTING

DOCKET NO. : 97046 TI
FAXNET CORPORATION

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/96
CURRENT ASSETS	\$2,462,277
CURRENT LIABILITIES	645,068
CURRENT RATIO	3.82
CASH	2,285,317
COMMON EQUITY	2,124,469
TOTAL DEBT	133,757
TOTAL INVESTOR CAPITAL	2,258,226
COMMON EQUITY RATIO	94%
NET INCOME	(2,201,503)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure

State of Florida

Commissioners:

JULIA L. JOHNSON, CHAIRMAN
SUSAN F. CLARK
J. TERRY DEASON
JOE GARCIA
DIANE K. KIESLING



DIVISION OF RECORDS &
REPORTING
BLANCA S. BAYÓ
DIRECTOR
(904) 413-6770

Public Service Commission

April 18, 1997

Monique Byrnes
Technologies Management, Inc.
Post Office Drawer 200
Winter Park, Florida 32790-0200

Re: Docket No. 970469-TI

Dear Ms. Byrnes:

This will acknowledge receipt of an application for certificate to provide interexchange telecommunications service by FaxNet Corporation, which was filed in this office on April 17, 1997 and assigned the above-referenced docket number. Appropriate staff members will be advised.

Mediation may be available to resolve any dispute in this docket. If mediation is conducted, it does not affect a substantially interested person's right to an administrative hearing. For more information, contact the Office of General Counsel at (904) 413-6078 or FAX (904) 413-6079.

Please make note as well that Commission Rule 25-22.005(7), F.A.C., requires certificated companies to notify the Commission of any changes in name, telephone, address, or contact person. Should your application be granted by the Commission, you will be expected to comply with this rule by advising us of any changes as they occur.

Division of Records and Reporting
Florida Public Service Commission