



Public Service Commission

ORIGINAL

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

DATE: May 19, 1998
TO: Nancy Pruitt, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *DD*
RE: Docket No. 980484-TI, Payless Communications, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM 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 Payless Communications, Inc. (PCI) for the eleven month period ending November 30, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, PCI has marginal liquidity, negative common equity and reported negative net income for the period.

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

CAF _____
CMU _____ Although an analysis of the financial statements reveals the applicant is in a minimal financial
CTR _____ position, the applicant attests to its financial capability to provide and maintain the proposed
EAG _____ telecommunications service by noting that PCI has a two million dollar line of credit with
LEG _____ National Factoring Services. Based on this showing, the applicant appears to meet the financial
_____ capability standard of Section 364.337, Florida Statutes.

LIN _____
OPC _____ cc: Division of Legal Services
RCH _____ Division of Records and Reporting (2)

SEC _____
WAS _____
OTH _____

DOCUMENT NUMBER-DATE

05813 MAY 28 88

FPSC-RECORDS/REPORTING

DOCKET NO. 98048-PT1
PAYLESS COMMUNICATIONS, INC.

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 11/30/97
CURRENT ASSETS	\$2,591,918
CURRENT LIABILITIES	2,719,291
CURRENT RATIO	0.95
CASH	298,973
COMMON EQUITY	(35,530)
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	(35,530)
COMMON EQUITY RATIO	NMF
NET INCOME	(399,695)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure