



Public Service Commission

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

DATE: August 4, 1998
TO: Lou Yambor, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *ED ALM*
RE: Docket No. 980909-TX, Network Plus, Inc. d/b/a Hale & Father, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *HFI*

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 Network Plus, Inc. d/b/a Hale & Father, Inc. (HFI) for the period ending March 31, 1998. An audit could change one's opinion of the company's financial condition.

As the attached schedule shows, HFI has minimal liquidity, negative ownership equity, but reported a positive net income for the period ending March 31, 1998.

In this matter, HFI is asking for a certificate to provide alternative local exchange telecommunications 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 minimal.

Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service. HFI is currently raising capital through a debt offering in order to finance its operations in the local exchange market. 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)

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**DOCKET NO. 980909-TX
NETWORK PLUS INC.**

**ALEC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS**

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 03/31/98

CURRENT ASSETS	\$21,472,643
CURRENT LIABILITIES	30,549,076
CURRENT RATIO	0.70
CASH	270,761
OWNERSHIP EQUITY	(5,531,507)
TOTAL DEBT	38,887,711
TOTAL INVESTOR CAPITAL	33,356,204
COMMON EQUITY RATIO	NMF
NET INCOME	93,053
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure