

State of Florida



Public Service Commission

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

DATE: November 23, 1999
TO: Tommy Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis
RE: Docket No. 991466-TI, essential.com, inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

ALM [Signature]

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 essential.com, inc. (eci) for the period ending July 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, eci has adequate liquidity and sufficient common equity but reported a loss for the period.

In this matter, eci is asking for a certificate to provide IXC 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.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has a line of credit for \$5 million and it recently closed on capital financings exceeding \$17 million. 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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- APP _____
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DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

DOCKET NO. 991466-TI
ESSENTIAL.COM, INC.
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

AS OF
07/31/1999

CURRENT ASSETS	\$12,846,747
CURRENT LIABILITIES	1,141,434
CURRENT RATIO	11.25
CASH	12,740,263
COMMON EQUITY	11,966,027
TOTAL DEBT	248,560
TOTAL PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	12,214,587
COMMON EQUITY RATIO	98%
NET INCOME	(2,195,760)
RETURN ON EQUITY	NEGATIVE