



# Public Service Commission

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

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**DATE:** December 23, 1999  
**TO:** Tommy Williams, Division of Communications  
**FROM:** Pete Lester, Division of Auditing and Financial Analysis  
**RE:** Docket No. 991767-TX, essential.com, inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

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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 essential.com, inc. (ECI) for the period ending September 30, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ECI has adequate liquidity but has negative common equity and reported a loss for the period.

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

Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it recently closed on \$17 million in financing and has liquid funds exceeding \$9 million. ECI also has a \$5 million line of credit and access to venture capital. 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

15877 DEC 30 99

FPSC-RECORDS/REPORTING

DOCKET NO. 991767-TX  
ESSENTIAL.COM, INC.  
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

NINE MONTHS  
ENDING  
09/30/1999

CURRENT ASSETS	\$9,893,417
CURRENT LIABILITIES	1,730,984
CURRENT RATIO	5.72
CASH	9,821,656
COMMON EQUITY	(5,581,349)
TOTAL DEBT	0
TOTAL PREFERRED STOCK	15,032,764
COMMON EQUITY RATIO	NMF
NET INCOME	(3,176,422)
RETURN ON EQUITY	NEGATIVE

NMF=NO MEANINGFUL FIGURE