



ORIGINAL
Public Service Commission

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

DATE: February 18, 2000
TO: Tommy Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis
RE: Docket No. 000162-TX, Telnet.com, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

Handwritten initials and signature:
DJD
ALM
[Signature]

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 balance sheet of Telnet.com, Inc. (TCI) for the period ending December 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, TCI has minimal liquidity, but shows sufficient common equity. TCI is a start-up company and currently does not report income.

In this matter, TCI is asking for a certificate to provide alternative local exchange telecommunications service. For purposes of granting a certificate based on the financial information provided, the financial capability appears minimal.

Although an analysis of the balance sheet reveals the applicant is in a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that TCI has obtained a five-hundred thousand dollar line of credit with a large investment institution. 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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DOCUMENT NUMBER - DATE
02929 MAR -68
FPSC-RECORDS/REPORTING

ALTERNATIVE LOCAL EXCHANGE
FINANCIAL ANALYSIS

FROM UNAUDITED BALANCE SHEET

	AS OF 12/31/1999
CURRENT ASSETS	\$42,248
CURRENT LIABILITIES	78,639
CURRENT RATIO	0.54
CASH	27,698
COMMON EQUITY	863,608
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	863,608
COMMON EQUITY RATIO	100%
NET INCOME	0
RETURN ON EQUITY	0%

NMF = No Meaningful Figure