



Public Service Commission

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

DATE: May 14, 2001
TO: Tommy Williams, Division of Regulatory Oversight *JD*
FROM: David J. Draper, Division of Economic Regulation *ALM*
RE: Docket No. 010188-TX, New Connects, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

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 New Connects, Inc. (NCI) for the period ending December 31, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, NCI has minimal liquidity, negative common equity and no reportable income for the period. NCI is a start-up company and have not yet began operations or produced measurable income.

In this matter, NCI 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 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 by noting that the company can rely on the financial support of its investors for any additional financing. 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

06211 MAY 17 2001

FPSC-RECORDS/REPORTING

DOCKET NO. 010188-TX
NEW CONNECTS, INC.

IXC APPLICATION
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/2000
CURRENT ASSETS	\$570
CURRENT LIABILITIES	159,202
CURRENT RATIO	NMF
CASH	570
COMMON EQUITY	(341,010)
TOTAL DEBT	451,960
TOTAL INVESTOR CAPITAL	110,950
COMMON EQUITY RATIO	NMF
NET INCOME	0
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure