



Public Service Commission

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

DATE: May 28, 1998
 TO: Rick Moses, Division of Communications
 FROM: David J. Draper, Division of Auditing and Financial Analysis *DD* *ALM*
 RE: Docket No. 980664-TX, Internet U, Inc., Financial Analysis for Certificate *APC*
 Application for Alternative Local Exchange Telecommunications Service *[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 financial statements of Internet U, Inc. (IUI) for the period ending December 31, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, IUI has marginal liquidity, but reports sufficient common equity and positive net income for the period.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- JPC _____
- RCH _____
- SEC 1
- WAS _____
- OTH _____

In this matter, IUI 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 adequate. The applicant attests to its financial capability by noting that it has sufficient cash on hand to provide and maintain the proposed telecommunications service and will maintain capital from internally generated funds. 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
05834 MAY 29 88
 FPSC-RECORDS/REPORTING

DOCKET NO. 98066-TX
INTERNET U, INC.

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/97
CURRENT ASSETS	\$206,206
CURRENT LIABILITIES	212,915
CURRENT RATIO	0.97
CASH	193,149
COMMON EQUITY	65,028
TOTAL DEBT	3,300
TOTAL INVESTOR CAPITAL	68,328
COMMON EQUITY RATIO	95%
NET INCOME	66,764
RETURN ON EQUITY	103%

NMF = No Meaningful Figure