



Public Service Commission

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

DATE: May 17, 1999

TO: Tommy Williams, Division of Communications

FROM: Eva P. Samaan, Division of Auditing and Financial Analysis

RE: Docket No. 990432-TX, @Xess Communications, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

Handwritten initials: ALM, APC, and other scribbles.

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 @Xess Communications, Inc. (@XC) for the period ending March 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, @XC has adequate liquidity, but insufficient common equity and reported a net loss for the period.

In this matter, @XC is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application and that no customer provided funds appear to be at risk. For purposes of granting a certificate based on the financial information provided, the financial capability appears minimal.

- AFA
APP
CAF
CMU
CTR
EAG
LEG
MAS
OPC
RRR
SEC
WAW
OTH

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. @XC has a line of credit with the Morgenthau Group in the amount of \$4,000,000 available to support its operations. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

ec: Division of Legal Services
Division of Records and Reporting (2)

DOCUMENT NUMBER-DATE

6122 MAY 20 99

FPSC-RECORDS/REPORTING