

State of Florida



Public Service Commission

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

DATE: February 28, 2000
 TO: Nancy Pruitt, Division of Communications
 FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *ED* *ALM*
 RE: Docket No. 991961-TI, FreedomStarr Communications, Inc. d/b/a/ Planet Earth Communications and d/b/a iPhonebill.com, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *MS*

Section 364.337 (3), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide intrastate interexchange telecommunications 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 FreedomStarr Communications, Inc. (FCI) 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, FCI has minimal liquidity and negative common equity, but reported a positive net income for the period.

In this matter, FCI is asking for a certificate to provide IXC 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.

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. FCI's officers have individual lines of credit of approximately \$500,000 that is available for corporate contributions, if needed. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

- AFA _____
- APP _____
- CAF _____
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- SEC _____
- WAW _____
- OTH _____

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

DOCUMENT NUMBER-DATE

02930 MAR-6 8

FPSC-RECORDS/REPORTING

DOCKET NO. 991961-TI
FREEDOMSTARR COMMUNICATIONS, INC.

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 09/30/99

CURRENT ASSETS	\$348,010
CURRENT LIABILITIES	784,775
CURRENT RATIO	0.44
CASH	259,254
COMMON EQUITY	(357,588)
LONG-TERM DEBT	0
TOTAL INVESTOR CAPITAL	(357,588)
COMMON EQUITY RATIO	NMF
NET INCOME	17,471
RETURN ON EQUITY	NMF

NMF= Non-meaningful figure