



Public Service Commission

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

DATE: June 6, 2000
TO: Tommy Williams, Division of Regulatory Oversight
FROM: Pete Lester, Division of Economic Regulation *PL*
RE: Docket No. 000324-TX, Sandhills Telecommunications Group, 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 Sandhills Telecommunications Group, Inc. (STG) for the period ended April 1, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, STG has adequate liquidity, a low level of common equity, and zero profitability.

In this matter, STG is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application. For purposes of granting a certificate based on the financial information provided, the financial capability appears marginal.

- APP _____
- CAF _____
- CMP _____
- COM _____
- CTR _____
- ECR _____
- LEG _____
- OPC _____
- PAI _____
- RGO _____
- SEC _____
- SER _____
- OTH _____

Though the financial analysis indicates a marginal financial condition, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service. The applicant requested confidentiality for its statement of financial capability. 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

07017 JUN-88

FPSC-RECORDS/REPORTING

DOCKET NO. 0003214
SANDHILLS TELECOMMUNICATIONS GROUP, INC.
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

| | <u>AS OF</u> <u>04/01/2000</u> |
|------------------------|-----------------------------------|
| CURRENT ASSETS | \$30,043 |
| CURRENT LIABILITIES | 0 |
| CURRENT RATIO | NMF |
| CASH | 10,043 |
| COMMON EQUITY | 10,043 |
| TOTAL DEBT | 25,150 |
| PREFERRED STOCK | 0 |
| TOTAL INVESTOR CAPITAL | 35,193 |
| COMMON EQUITY RATIO | 29% |
| NET INCOME | 0 |
| RETURN ON EQUITY | NEGATIVE |

NMF=NO MEANINGFUL FIGURE