

## **State of Florida**



## Public Service Commission

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

| DATE: | June 8, 2000   |
|-------|--|
| TO:   | Tommy Williams, Division of Regulatory Oversight<br>David J. Draper, Division of Economic Regulation |
| FROM: | David J. Draper, Division of Economic Regulation   |
| RE:   | Docket No. 000464-TX, Quantum Phone Communications, L.L.C., 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.

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SER OTH (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 Quantum Phone Communications, L.L.C. (QPC) for the period ending December 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, QPC has adequate liquidity, sufficient common equity and positive income for the period.

In this matter, QPC 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 to provide and maintain the proposed telecommunications service by noting that in addition to strong revenue growth, QPC has available lines of credit in the amount of \$20,000. 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

07214 JUN 138

FPSC-RECORDS/REPORTING

DOCKET NO. 000464-TX QUANTUM PHONE COMMUNICATIONS, L.L.C.

ALTERNATIVE LOCAL EXCHANGE SERVICE FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

|                        | AS<br>OF<br>12/31/1999 |
|------------------------|------------------------|
| CURRENT ASSETS         | \$1,519                |
| CURRENT LIABILITIES    | 10,391                 |
| CURRENT RATIO          | 0.15                   |
| CASH                   | 1,519                  |
| COMMON EQUITY          | 2,605                  |
| TOTAL DEBT             | 0                      |
| TOTAL INVESTOR CAPITAL | 2,605                  |
| COMMON EQUITY RATIO    | 100%                   |
| NET INCOME             | 8,617                  |
| RETURN ON EQUITY       | 331%                   |
|                        |                        |

NMF = No Meaningful Figure