



Public Service Commission

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

DATE: June 23, 2000
TO: Toni McCoy, Division of Regulatory Oversight
FROM: Pete Lester, Division of Economic Regulation *PL* *OK*
RE: Docket No. 000417-TX, Basicphone, 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 Basicphone, Inc. (Basicphone) for the period ending November 30, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Basicphone has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, Basicphone 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 adequate.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it is profitable and has access to funds from the company president if such funding is needed. 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)

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FPSC-RECORDS/REPORTING

DOCKET NO. 000417-TX
BASICPHONE, INC.
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF <u>11/30/1999</u>
CURRENT ASSETS	\$400,270
CURRENT LIABILITIES	57,011
CURRENT RATIO	7.02
CASH	43,194
COMMON EQUITY	403,912
TOTAL DEBT	33,134
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	437,046
COMMON EQUITY RATIO	92%
NET INCOME	397,402
RETURN ON EQUITY	98%