



Public Service Commission

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

DATE: July 26, 2000
TO: Tommy Williams, Division of Regulatory Oversight
FROM: Pete Lester, Division of Economic Regulation
RE: Docket No. 000735-11, Pac-West Telecomm, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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 audited financial statements of Pac-West Telecomm, Inc. (Pac-West) for the period ending December 31, 1999. As the attached schedule shows, Pac-West has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, Pac-West is asking for a certificate to provide IXC 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 had an initial public offering for common stock of \$118 million, and it has had strong revenue and earnings growth. 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. 000735-TT
PAC-WEST TELECOMM, INC.
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

IN THOUSANDS

	AS OF <u>12/31/1999</u>
CURRENT ASSETS	\$176,692
CURRENT LIABILITIES	25,101
CURRENT RATIO	7.04
CASH	82,688
COMMON EQUITY	106,250
TOTAL DEBT	150,116
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	256,366
COMMON EQUITY RATIO	41%
NET INCOME	11,821
RETURN ON EQUITY	11%