



Public Service Commission

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

DATE: November 6, 2000
 TO: Brenda Hawkins, Division of Regulatory Oversight *ALM*
 FROM: Pete Lester, Division of Economic Regulation *PL*
 RE: Docket No. 001221-TX, S.F.M. & T., 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 S.F.M. & T., Inc. (SFMT) for the period ending August 1, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, SFMT has adequate liquidity and sufficient common equity. The company is a start-up and does not have an income statement.

In this matter, SFMT 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.

APP _____
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The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it purchased a switch with no debt and can pledge \$300 thousand to activate its network. 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

14464 NOV-88

FPSC-RECORDS/REPORTING

DOCKET NO. 001221-TX
S.F.M. & T., INC.
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED BALANCE SHEET

	AS OF	
	<u>08/01/2000</u>	
CURRENT ASSETS	\$300,000	
CURRENT LIABILITIES	24,000	
CURRENT RATIO	12.50	
CASH	0	
COMMON EQUITY	779,139	
TOTAL DEBT	0	
PREFERRED STOCK	0	
TOTAL INVESTOR CAPITAL	779,139	
COMMON EQUITY RATIO	100%	
NET INCOME	--	*
RETURN ON EQUITY	--	*

* START-UP COMPANY, BALANCE SHEET ONLY