



ORIGINAL
Public Service Commission

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

DATE: April 27, 1999
 TO: Tony McCoy, Division of Communications
 FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *APC ALM*
 RE: Docket No. 990476-TX, Budget Phone, 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 Budget Phone, Inc. (BPI) for the period ending December 31, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, BPI has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, BPI is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application and that no customer provided funds appear to be at risk. 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. Mr. Smokey Hyde, the President, will provide up to one million dollars in additional funds, to Budget Phone, Inc. if needed. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

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 - APP _____
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- ec: Division of Legal Services
 Division of Records and Reporting (2)

DOCUMENT NUMBER-DATE

05461 APR 29 8

FPSC-RECORDS/REPORTING

DOCKET NO. 99047 X
BUDGET PHONE, INC.

ALEC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 12/31/98

CURRENT ASSETS	\$1,203,095
CURRENT LIABILITIES	940,515
CURRENT RATIO	1.28
CASH	404,248
COMMON EQUITY	311,565
LONG-TERM DEBT	250,000
TOTAL INVESTOR CAPITAL	561,565
COMMON EQUITY RATIO	55%
NET INCOME	502,622
RETURN ON EQUITY	161%

NMF = No Meaningful Figure