



Public Service Commission

MEMORANDUM

DATE: September 22, 1999
TO: Nancy Pruitt, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis
RE: Docket No. 990967-TX, Credit Loans, 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 Credit Loans, Inc. (Credit Loans) 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, Credit Loans has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, Credit Loans 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 has ready access to capital. Credit Loans can obtain credit from third parties and from its sole shareholder. 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. 990967-TX  
CREDIT LOANS, INC.  
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM ACCOUNTANT'S COMPILATION

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	<u>AS OF</u> <u>12/31/98</u>
CURRENT ASSETS	\$1,598,547
CURRENT LIABILITIES	129,166
CURRENT RATIO	12.38
CASH	756,177
COMMON EQUITY	1,720,994
TOTAL DEBT	40,183
TOTAL PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	1,761,177
COMMON EQUITY RATIO	98%
NET INCOME	95,278
RETURN ON EQUITY	6%

STATE OF FLORIDA

Commissioners:  
JOE GARCIA, CHAIRMAN  
J. TERRY DEASON  
SUSAN F. CLARK  
JULIA L. JOHNSON  
E. LEON JACOBS, JR.



DIVISION OF RECORDS & REPORTING  
BLANCA S. BAYÓ  
DIRECTOR  
(850) 413-6770

## Public Service Commission

July 28, 1999

Kyle L. Dickson  
Maxwell, Baker & McFatridge, P.C.  
2525 South Shore Boulevard, Suite 410  
League City, Texas 77573

Re: Docket No. 990967-TX

Dear Mr. Dickson:

This will acknowledge receipt of an application for certificate to provide interexchange telecommunications service by Credit Loans, Inc. d/b/a Lone Star State Telephone Co., which was filed with this office on July 27, 1999 and assigned the above-referenced docket number. Appropriate staff members will be advised.

Mediation may be available to resolve any dispute in this docket. If mediation is conducted, it does not affect a substantially interested person's right to an administrative hearing. For more information, contact the Office of General Counsel at (850) 413-6078 or FAX (850) 413-6079.

Please make notes as well that Commission Rule 25-22.005(7), F.A.C., requires certificated companies to notify the Commission of any changes in name, telephone, address, or contact person. Should your application be granted by the Commission, you will be expected to comply with this rule by advising us of any changes as they occur.

Division of Records and Reporting  
Florida Public Service Commission