



Public Service Commission

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

DATE: December 20, 2000
 TO: Tommy Williams, Division of Regulatory Oversight *ALM*
 FROM: Pete Lester, Division of Economic Regulation *PL*
 RE: Docket No. 001607-TI, Gadjraj & Sons Import & Export, 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 unaudited financial statements of Gadjraj & Sons Import & Export, Inc. (Gadjraj) for the period ending December 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Gadjraj had low common equity but had adequate liquidity and reported a positive net income for the period.

In this matter, Gadjraj 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.

APP
 CAF
 CMP
 COM
 CTR
 ECR
 LEG
 OPC
 PAI
 RGO
 SEC
 SER
 OTH

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has two lines of credit totaling \$100,000 and it has access to additional bank credit. 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

16512 DEC 29 8

FPSC-RECORDS/REPORTING

DOCKET NO. 001607-TI
GADJRAJ & SONS IMPORT & EXPORT, INC.
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	<u>AS OF</u> <u>12/31/1999</u>
CURRENT ASSETS	\$432,313
CURRENT LIABILITIES	171,222
CURRENT RATIO	2.52
CASH	218,645
COMMON EQUITY	192,233
TOTAL DEBT	743,050
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	935,283
COMMON EQUITY RATIO	21%
NET INCOME	83,774
RETURN ON EQUITY	44%