



Public Service Commission

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

DATE: April 26, 2000
TO: Tommy Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis
RE: Docket No. 000415-TX, an Alternative Local Exchange Company d/b/a Phone-Out/Phone-In, 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 Alternative Local Exchange Company d/b/a Phone-Out/Phone-In (POPI) for the three month period ending April 6, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, POPI has adequate liquidity and sufficient common equity. The company is not in operations, but projects \$60,000 of income for a twelve month period.

In this matter, POPI is asking for a certificate to provide alternative local exchange telecommunications service. 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 the company will maintain capital from internally generated funds. 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

ALTERNATIVE LOCAL EXCHANGE SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 04/06/2000
CURRENT ASSETS	\$1,500
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	1,500
COMMON EQUITY	6,750
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	6,750
COMMON EQUITY RATIO	100%
<b>PROJECTED ANNUAL INCOME</b>	<b>60,000</b>
RETURN ON EQUITY	889%

NMF = No Meaningful Figure