



Public Service Commission

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

DATE: November 3, 1999
TO: Nancy Pruitt, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *ES*
RE: Docket No. 991577-TX, Easy Telephone Service, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ALM*
apc
[Signature]

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 Easy Telephone Service (ETS) for the period ending October 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ETS has adequate liquidity, but negative common equity and reported a net loss for the period.

In this matter, ETS 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 marginal.

Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service. ETS has available additional financing in the amount of \$10,000 through its line of credit with Citibank, and \$3,000 through its President's personal bank account. 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

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DOCKET NO. 991577-XX
EASY TELEPHONE SERVICE

ALEC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 10/31/99

CURRENT ASSETS	\$10,400
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	10,000
COMMON EQUITY	(1,700)
LONG-TERM DEBT	19,525
TOTAL INVESTOR CAPITAL	17,825
COMMON EQUITY RATIO	NMF
NET INCOME	(2,700)
RETURN ON EQUITY	NMF

NMF= Non-meaningful figure