



# Public Service Commission

ORIGINAL

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

**DATE:** December 28, 1999

**TO:** Nancy Pruitt, Division of Communications

**FROM:** David J. Draper, Division of Auditing and Financial Analysis

DD ALM  
[Handwritten signatures]

**RE:** Docket No. 991768-TX, Compact Data Systems, 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 Compact Data Systems, Inc. (CDS) for the six month period ending June 30, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, CDS has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, CDS 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.

- AFA
- APP
- CAF
- CMU
- CTR
- EAG
- LEG
- MAS
- OPC
- RRR
- SEC
- WAW
- OTH

cc: Division of Legal Services  
Division of Records and Reporting (2)

DOCUMENT NUMBER-DATE

00087 JAN -48

FPSC-RECORDS/REPORTING

ALTERNATIVE LOCAL EXCHANGE SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 06/30/99
CURRENT ASSETS	\$84,638
CURRENT LIABILITIES	52,562
CURRENT RATIO	1.61
CASH	15,596
COMMON EQUITY	42,625
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	42,625
COMMON EQUITY RATIO	100%
NET INCOME	48,138
RETURN ON EQUITY	113%

NMF = No Meaningful Figure