



Public Service Commission

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

DATE: September 22, 1999
TO: Nancy Pruitt, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis
RE: Docket No. 990989-TX, SandStream Communications and Entertainment, 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 SandStream Communications and Entertainment, Inc. (SandStream) for the projected period ending December 31, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, SandStream projects adequate liquidity and sufficient common equity. The company projects a loss for the period.

AFA In this matter, SandStream is asking for a certificate to provide alternative local exchange
APP telecommunications service. Staff notes the limited nature of the application. For purposes of
CAF granting a certificate based on the financial information provided, the financial capability appears
CMU adequate.
CTR
EAG
LEG
MAS The applicant attests to its financial capability to provide and maintain the proposed
OPC telecommunications service by noting that it recently received \$12.5 million from Nortel Networks
PAI Corporation, its affiliate. SandStream is currently negotiating to close an equity investment deal
SEC involving \$15 million. Based on this showing, the applicant appears to meet the financial
WAW capability standard of Section 364.337, Florida Statutes.
OTH

DOCUMENT NUMBER-DATE

11528 SEP 23 99

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

DOCKET NO. 990989-TX
SANDSTREAM COMMUNICATIONS, INC.
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED, PROJECTED FINANCIAL STATEMENTS

AS OF
12/31/2000

CURRENT ASSETS	\$2,316,000
CURRENT LIABILITIES	803,000
CURRENT RATIO	2.88
CASH	1,467,000
COMMON EQUITY	9,390,000
TOTAL DEBT	3,000,000
TOTAL PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	12,390,000
COMMON EQUITY RATIO	76%
NET INCOME	(12,004,000)
RETURN ON EQUITY	NEGATIVE

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 30, 1999

David Houston, Director of Telecommunications
SandStream Communications & Entertainment, Inc.
3740 N. Josey Lane, Suite 218
Carrollton, Texas 75007

Re: Docket No. 990989-TX

Dear Mr. Houston:

This will acknowledge receipt of an application for certificate to provide alternative local exchange telecommunications service by SandStream Communications & Entertainment, Inc., which was filed with this office on July 29, 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