



Public Service Commission

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

DATE: July 26, 1999

TO: Tone McCoy, Division of Communications

FROM: Pete Lester, Division of Auditing and Financial Analysis

RE: Docket No. 990174-TX, FreedomTel, 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 FreedomTel, Inc. (FTI) for the projected period end May 1, 1999. The income statement was projected through December 1, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, FTI has adequate liquidity, sufficient common equity and projected a positive net income for the period.

In this matter, FTI is asking for a certificate to provide alternative local exchange telecommunications 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.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that its owners have the necessary resources to provide capital to the company as necessary. In support of this, FTI's owners provided their personal financial statements. 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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DOCKET NO. 990174-TX
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FREEDOMTEL, INC.
ALEC & IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED, PROJECTED FINANCIAL STATEMENTS

	AS OF <u>05/01/99</u>
CURRENT ASSETS	\$100,000
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	100,000
COMMON EQUITY	100,000
TOTAL DEBT	0
TOTAL PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	100,000
COMMON EQUITY RATIO	100%
NET INCOME	23,320 *
RETURN ON EQUITY	23% *

NMF=NO MEANINGFUL FIGURE

Projected net income as of 12/1/99.