



Public Service Commission

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

DATE: May 14, 2001
TO: Tommy Williams, Division of Regulatory Oversight — ALM
FROM: Pete Lester, Division of Economic Regulation ? 2 PRL
RE: Docket No. 010347-TX, Dynegy CLEC Communications, 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 Dynegy CLEC Communications, Inc. (Dynegy) for the period ending December 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Dynegy has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, Dynegy 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 it will not have significant capital investment and that it can obtain funds from its parent company if necessary. 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

06205 MAY 17 2001

FPSC-RECORDS/REPORTING

DOCKET NO. 010347-TX
DYNEGY CLEC COMMUNICATIONS, INC.
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS
DYNEGY, INC., THE PARENT COMPANY

IN THOUSANDS	AS OF <u>12/31/1999</u>
CURRENT ASSETS	\$28,805,080
CURRENT LIABILITIES	2,346,792
CURRENT RATIO	12.27
CASH	45,230
COMMON EQUITY	1,234,064
TOTAL DEBT	1,812,316
PREFERRED STOCK	75,418
TOTAL INVESTOR CAPITAL	3,121,798
COMMON EQUITY RATIO	40%
NET INCOME	151,849
RETURN ON EQUITY	12%