



Public Service Commission

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

DATE: May 25, 2001
TO: Toni McCoy, Division of Regulatory Oversight
FROM: Pete Lester, Division of Economic Regulation *PL*
RE: Docket No. 010374-TI, Telephone Associates, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM*

Section 364.337 (3), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide intrastate interexchange telecommunications 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 Telephone Associates, Inc. (TAI) for the period ending October 31, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, TAI has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, TAI is asking for a certificate to provide IXC 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 additional funds, if needed, can be provided by the firm's principals. 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

06661 MAY 29 2001

FPSC-RECORDS-REPORTING

DOCKET NO. 010374-TI
TELEPHONE ASSOCIATES, INC.
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

| | <u>AS OF</u> <u>10/31/2000</u> |
|------------------------|-----------------------------------|
| CURRENT ASSETS | \$1,225,926 |
| CURRENT LIABILITIES | 684,088 |
| CURRENT RATIO | 1.79 |
| CASH | 36,999 |
| COMMON EQUITY | 752,056 |
| TOTAL DEBT | 115,000 |
| PREFERRED STOCK | 0 |
| TOTAL INVESTOR CAPITAL | 867,056 |
| COMMON EQUITY RATIO | 87% |
| NET INCOME | 21,769 |
| RETURN ON EQUITY | 3% |