

State of Florida



Public Service Commission

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

DATE: July 12, 2001
TO: Tommy Williams, Division of Regulatory Oversight
FROM: David J. Draper, Division of Economic Regulation *DD*
RE: Docket No. 010920-TX, HTG Services, L.L.C., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

ALM *or*

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 HTG Services, L.L.C. (HTG) for the three month period ending March 31, 2001. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, HTG has adequate liquidity, but reports negative equity and negative income for the period.

In this matter, HTG 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 minimal.

Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that the applicant can rely upon the financial support of the parent company if needed. 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

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DOCKET NO. 010920-TX
HTG SERVICES, L.L.C.

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 03/31/2001
CURRENT ASSETS	\$715,725
CURRENT LIABILITIES	32,939
CURRENT RATIO	21.73
CASH	715,725
COMMON EQUITY	(1,810,513)
TOTAL DEBT	3,738,340
TOTAL INVESTOR CAPITAL	1,927,827
COMMON EQUITY RATIO	NMF
NET INCOME	(429,917)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure