



Public Service Commission

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

DATE: June 15, 1998
TO: Tommy Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *DJD*
RE: Docket No. 980548-TX, 2001 Telecommunications, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ALM*

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 audited financial statements of 2001 Telecommunications, Inc. (Tn1) for the company's fiscal year ending April 30, 1997. As the attached schedule shows, Tn1 has negative common equity and minimal liquidity, but reports positive net income for the period.

ACK _____ In this matter, Tn1 is asking for a certificate to provide alternative local exchange
AFA _____ telecommunications service. For purposes of granting a certificate based on the financial
APP _____ information provided, the financial capability appears minimal.

CAF _____
CMU _____ Although an analysis of the financial statements reveals the applicant is in a minimal financial
CTR _____ position, the applicant attests to its financial capability to provide and maintain the proposed
EAG _____ telecommunications service by noting that Tn1 maintains a revolving line of credit with two
LEG _____ banks in the amount of \$92,500. In addition, Tn1 has the ability to sell debt to outside private
LIN _____ investors to finance additional growth. Based on this showing, the applicant appears to meet the
financial capability standard of Section 364.337, Florida Statutes.

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

SEC I
WAS _____
OTH _____

DOCUMENT NUMBER DATE
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FROM RECORDS/REPORTING

DOCKET NO. 980546-1X
2001 TELECOMMUNICATIONS, INC.

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

	AS OF 04/30/97
CURRENT ASSETS	\$351,300
CURRENT LIABILITIES	989,102
CURRENT RATIO	0.36
CASH	91,610
COMMON EQUITY	(98,682)
TOTAL DEBT	1,351,853
TOTAL INVESTOR CAPITAL	1,253,171
COMMON EQUITY RATIO	NMF
NET INCOME	102,024
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure