



Public Service Commission

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

DATE: August 3, 1999
TO: Toni McCoy, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *ED AC*
RE: Docket No. 990971-TX, CIO, 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 unaudited financial statements of CIO, Inc. (CIO) for the period ending July 30, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, CIO has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, CIO is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application and that no customer provided funds appear to be at risk. 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. The President of CIO, Mr. Rick Austin, will provide up to \$100,000 to support his company's future operations. 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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DIVISION OF RECORDS/REPORTING

DOCKET NO. 990971-TX
CIO, INC.

ALEC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 07/30/99

CURRENT ASSETS	\$361,082
CURRENT LIABILITIES	23,657
CURRENT RATIO	15.26
CASH	84,662
COMMON EQUITY	390,422
LONG-TERM DEBT	0
TOTAL INVESTOR CAPITAL	390,422
COMMON EQUITY RATIO	100%
NET INCOME	304,904
RETURN ON EQUITY	78%