



Public Service Commission

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

DATE: August 10, 1999
TO: Tone McCoy, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis
RE: Docket No. 990769-TX, CI2, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

Handwritten initials: ALM, APC

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 CI2, Inc. (CI2) for the period ending December 31, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, CI2 has adequate liquidity, sufficient common equity and reported positive net income for the period.

In this matter, CI2 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.

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The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it is the exclusive agent for providing local telephone services to the U.S. Army Reserve Command. CI2 projects a 50% increase in revenue for 2000. 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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STATE OF FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 990769-TX  
CI2, INC.  
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

AS  
OF  
12/31/98

CURRENT ASSETS	\$2,942,576
CURRENT LIABILITIES	3,144,467
CURRENT RATIO	0.94
CASH	93,940
COMMON EQUITY	1,608,397
TOTAL DEBT	390,065
TOTAL PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	1,998,462
COMMON EQUITY RATIO	80%
NET INCOME	1,022,295
RETURN ON EQUITY	64%