



Public Service Commission

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

DATE: January 4, 2000
TO: Nancy Pruitt, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis
RE: Docket No. 991432-TX, Stormtel, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

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 Stormtel, Inc. (Stormtel) for the period ending September 30, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Stormtel has inadequate liquidity, negative common equity, and it reported a loss for the period.

In this matter, Stormtel 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 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 its parent company recently committed to provide Stormtel with \$625,000 in expansion funds for 1999 and \$775,000 for the year 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

00328 JAN-78

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DOCKET NO. 991432-1  
STORMTEL, INC.  
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

AS OF  
09/30/1999

CURRENT ASSETS	\$646,561
CURRENT LIABILITIES	1,158,836
CURRENT RATIO	0.56
CASH	13,354
COMMON EQUITY	(815,260)
TOTAL DEBT	0
TOTAL PREFERRED STOCK	0
COMMON EQUITY RATIO	NMF
NET INCOME (LOSS)	(77,960)
RETURN ON EQUITY	NEGATIVE

NMF=NO MEANINGFUL FIGURE