



Public Service Commission

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

DATE: February 25, 2000
TO: Tommy Williams, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis
RE: Docket No. 000120-TI, Siesta Telecom, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

Section 364.337 (3), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide intrastate interexchange telecommunications 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 Siesta Telecom, Inc. (STI) for the period ending December 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, STI has minimal liquidity, negative common equity and reported a net loss for the period.

In this matter, STI is asking for a certificate to provide IXC 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 minimal.

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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. STI maintains \$100,000 to \$500,000 in certificates of deposit to meet any short-term requirements and is in the process of establishing a line of credit of \$500,000 to \$1,000,000 that can be used in the event extraordinary circumstances arise. The placement of the line of credit is a precautionary strategy to insure operational continuity. 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

02620 FEB 28 8

FPSC-RECORDS/REPORTING

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 12/31/99

CURRENT ASSETS	\$3,372,084
CURRENT LIABILITIES	5,642,947
CURRENT RATIO	0.60
CASH	449,198
COMMON EQUITY	(1,726,869)
LONG-TERM DEBT	0
TOTAL INVESTOR CAPITAL	(1,726,869)
COMMON EQUITY RATIO	NMF
NET INCOME	(3,606,335)
RETURN ON EQUITY	NMF

NMF= Non-meaningful figure