

ORIGINAL

State of Florida



Public Service Commission

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

DATE: March 21, 2000
TO: Tommy Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *ALM*
RE: Docket No. 000189-TX, ET Telephone, 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 ET Telephone, Inc. (ETT) for the one month period ending January 31, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ETT has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, ETT is asking for a certificate to provide alternative local exchange telecommunications service. 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 by noting that in addition to strong revenue growth, it has a \$250,000 line of credit with Bank of America. 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)

- AFA _____
- APP _____
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DOCUMENT NUMBER-DATE

03715 MAR 25 2000

FPSC

DOCKET NO. 000189-1.
ET TELEPHONE, INC.

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

| | AS OF 01/31/2000 |
|------------------------|------------------------|
| CURRENT ASSETS | \$53,250 |
| CURRENT LIABILITIES | 27,173 |
| CURRENT RATIO | 1.96 |
| CASH | 52,570 |
| COMMON EQUITY | 148,212 |
| TOTAL DEBT | 51,510 |
| TOTAL INVESTOR CAPITAL | 199,722 |
| COMMON EQUITY RATIO | 74% |
| NET INCOME | 92,582 |
| RETURN ON EQUITY | 62% |

NMF = No Meaningful Figure