



Public Service Commission

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

DATE: May 31, 2000

TO: Nancy Pruitt, Division of Regulatory Oversight

FROM: David J. Draper, Division of Economic Regulation *DD*

RE: Docket No. 000423-TI, Eastern Telephone Systems, Inc. d/b/a Eastern Tel Long Distance Service, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM*

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 Eastern Telephone Systems, Inc. d/b/a Eastern Tel Long Distance Service, Inc. (TLD) for the one month period ending January 1, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, TLD reports sufficient common equity and positive income, but has minimal liquidity.

In this matter, TLD is asking for a certificate to provide IXC 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 the company will increase available capital from continuing operations. In addition, TLD has the ability to obtain additional financing through traditional commercial lending institutions. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

- APP _____
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cc: Division of Legal Services
Division of Records and Reporting (2)

DOCUMENT NUMBER-DATE

06721 JUN-18

FPSC-RECORDS/REPORTING

IXC APPLICATION
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 01/01/2000
CURRENT ASSETS	\$1,563,191
CURRENT LIABILITIES	2,057,351
CURRENT RATIO	0.76
CASH	224,977
COMMON EQUITY	503,813
TOTAL DEBT	443,927
TOTAL INVESTOR CAPITAL	947,740
COMMON EQUITY RATIO	53%
NET INCOME	28,172
RETURN ON EQUITY	6%

NMF = No Meaningful Figure