



Public Service Commission

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

DATE: July 14, 2000
TO: Nancy Pruitt, Division of Regulatory Oversight ALM *ALM*
FROM: Pete Lester, Division of Economic Regulation *PL*
RE: Docket No. 000599-TX, State Discount Telephone, LLC, 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 projected financial statements of State Discount Telephone, LLC (SDT) for the projected period ending December 31, 2001. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, SDT projects adequate liquidity, sufficient common equity and positive net income.

In this matter, SDT 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.

APP
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The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it is a reseller and will have minimal needs for capital equipment. The company is projecting adequate cash flow. 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
08610 JUL 17 8
FPSC-RECORDS/REPORTING

DOCKET NO. 000599-TX
STATE DISCOUNT TELEPHONE, LLC
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED PROJECTED FINANCIAL STATEMENTS

	PROJECTED <u>12/31/2001</u>
CURRENT ASSETS	\$276,008
CURRENT LIABILITIES	153
CURRENT RATIO	1,803.97
CASH	276,008
COMMON EQUITY	251,355
TOTAL DEBT	33,153
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	284,508
COMMON EQUITY RATIO	88%
NET INCOME	266,755
RETURN ON EQUITY	106%