



Public Service Commission

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

DATE: September 5, 2000
TO: Tony McCoy, Division of Regulatory Oversight
FROM: Christine G. Romig, Division of Economic Regulation *CR* *ALM*
RE: Docket No. 001117-TX, Suntel Metro, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *CR*

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 estimated financial statements of Suntel Metro, Inc. (Suntel) for the year ending 12/31/00, and the projected financial statements of Suntel for the years ending 12/31/01 and 12/31/02. As the attached schedule shows, Suntel estimates and projects adequate liquidity, adequate common equity, zero net income for year 2000 and positive net income for the years 2001 and 2002.

In this matter, Suntel 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.

Further, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has sufficient resources to meet ownership and lease obligations. It also states that it has been assured of financing for equipment through vendor financing and that outside capital investment is available to it. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

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

DOCUMENT NUMBER-DATE

11076 SEP-78

FPSC-RECORDS/REPORTING

DOCKET NO. 001117-TX
 SUNTEL METRO, INC.
 LOCAL EXCHANGE TELECOMMUNICATIONS SERVICE

FINANCIAL ANALYSIS

From unaudited estimated and projected financial statements for years 12/31/00, 12/31/01, 12/31/02

	Estimated <u>12/31/00</u>	Projected <u>12/31/01</u>	Projected <u>12/31/02</u>	
CURRENT ASSETS	\$700,000	\$2,800,000	\$3,200,000	
CURRENT LIABILITIES	100,000	600,000	850,000	
CURRENT RATIO (CA/CL)	7.0000	4.6667	3.7647	(a)
CASH & CASH EQUIVALENTS	100,000	1,500,000	1,500,000	
COMMON EQUITY	1,500,000	2,100,000	2,750,000	
TOTAL DEBT (SHORT-TERM & LONG TERM)	900,000	2,800,000	3,300,000	
PREFERRED STOCK	0	0	0	
TOTAL INVESTOR CAPITAL	2,400,000	4,900,000	6,050,000	
COMMON EQUITY RATIO	63%	43%	45%	(b)
NET INCOME/(LOSS)	0	100,000	250,000	
RETURN ON EQUITY (Net Income/Equity)	0%	5%	9%	

(a) .8 is marginal; .95 is adequate

(b) 35% is marginal

EQUITY RATIO:

EQUITY / INVESTOR CAPITAL

(Common Equity / (Common Equity + Pfd. Stk. + LT. Debt + Current LT. Debt + ST Debt))

NMF = NO MEANINGFUL FIGURE
 3/3 = ADEQUATE
 2/3 = ADEQUATE
 1/3 = MARGINAL
 0/3 = MINIMAL