



Public Service Commission

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

DATE: October 9, 2000
TO: Nancy Pruitt, Division of Regulatory Oversight
FROM: David J. Draper, Division of Economic Regulation *DD*
RE: Docket No. 001536-TP, Joint petition by Vista-United Telecommunications (holder of LEC Certificate No. 1971 and IXC Certificate No. 2442) and Smart City Telecommunications L.L.C. for transfer of Certificate Nos. 1971 and 2442 to Smart City, and designating Smart City as the eligible telecommunications carrier within its certificated local exchange territory. *ALM est*

Section 25-4.005, Florida Statutes, requires the following:

(1) Request for approval by the Commission of transfer of any certificate of public convenience and necessity (or portion thereof) shall be made by joint petition of the certificate holder and transferee after reasonable notice has been given to all subscribers affected by the proposed transfer.

Also 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.

Regarding the showing of financial capability, the Finance staff has analyzed the audited financial statements of Smart City Telecommunications L.L.C. (SCT) for the period ending December 31, 1999. As the attached schedule shows, SCT has minimal common equity, marginal liquidity, and negative net income for the period. In this matter, SCT is asking for a transfer of Certificate Nos. 1971 and 2442. For purposes of granting a transfer based on the financial information provided, the financial capability appears marginal.

Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that the parent corporation will support its subsidiary if additional capital is needed. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

- APP _____
- CAF _____
- CMP _____
- COM _____
- CTR _____
- ECR _____
- LEQ _____
- OPC _____
- PAI _____
- RGO _____
- SEC _____
- SER _____
- OTH _____

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

DOCUMENT NUMBER-DATE
 12943 OCT 11 8
 FPSC-RECORDS/REPORTING

JOINT PETITION BY VISTA-UNITED TELECOMMUNICATIONS (HOLDER OF LEC CERTIFICATE NO. 1971 AND IXC CERTIFICATE NO. 2442) AND SMART CITY TELECOMMUNICATIONS L.L.C. FOR TRANSFER OF CERTIFICATE NOS. 1971 AND 2442 TO SMART CITY, AND DESIGNATING SMART CITY AS THE ELIGIBLE TELECOMMUNICATIONS CARRIER WITHIN ITS CERTIFICATED LOCAL EXCHANGE TERRITORY.

TRANSFER APPLICATION
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS OF SMART CITY NETWORKS L.P.
& SUBSIDIARIES

	AS OF 12/31/1999
CURRENT ASSETS	\$2,798,123
CURRENT LIABILITIES	2,851,704
CURRENT RATIO	0.98
CASH	1,272,689
COMMON EQUITY	803,862
TOTAL DEBT	5,105,000
TOTAL INVESTOR CAPITAL	5,908,862
COMMON EQUITY RATIO	14%
NET INCOME	(201,831)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure