



Public Service Commission

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

DATE: October 10, 2000
TO: Brenda Hawkins, Division of Regulatory Oversight
FROM: Pete Lester, Division of Economic Regulation
RE: Docket No. 001410-TX, Kissimmee Utility Authority, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

Handwritten initials: ALM

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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 Kissimmee Utility Authority (KUA) for the period ending September 30, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, KUA has adequate liquidity, sufficient capitalization, and reported a positive net income for the period.

In this matter, KUA 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.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it can issue debt with an insured AAA bond rating. 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)

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FPSC-RECORDS/REPORTING

DOCKET NO. 001410-T
KISSIMMEE UTILITY AUTHORITY
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

| | <u>AS OF</u> <u>09/30/1999</u> |
|--------------------------|-----------------------------------|
| CURRENT ASSETS | \$22,321,355 |
| CURRENT LIABILITIES | 10,553,786 |
| CURRENT RATIO | 2.12 |
| CASH | 2,206,237 |
| CAPITALIZATION | 132,089,541 |
| TOTAL DEBT | 197,099,433 |
| PREFERRED STOCK | 0 |
| TOTAL CAPITAL | 329,188,974 |
| CAPITALIZATION RATIO | 40% |
| NET INCOME | 1,957,473 |
| RETURN ON CAPITALIZATION | 1% |