



Public Service Commission

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

DATE: November 8, 2000
TO: Brenda Hawkins, Division of Regulatory Oversight
FROM: Pete Lester, Division of Economic Regulation
RE: Docket No. 001126-TX, Utility Board of the City of Key West, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

ALM

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 audited financial statements of Utility Board of the City of Key West (Key West) for the period ending September 30, 1999. As the attached schedule shows, Key West has adequate liquidity, a low level of equity, and reported a positive net income for the period.

In this matter, Key West 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 has insured bonds that have a S & P rating of AAA. 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. 001126-TX  
UTILITY BOARD OF THE CITY OF KEY WEST  
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

	<u>AS OF</u> <u>09/30/1999</u>
CURRENT ASSETS	\$12,223,078
CURRENT LIABILITIES	4,637,379
CURRENT RATIO	2.64
CASH	3,650,143
EQUITY	43,858,327
TOTAL DEBT	99,276,677
TOTAL CAPITAL	143,135,004
COMMON EQUITY RATIO	31%
NET INCOME	10,418,144
RETURN ON EQUITY	24%