



Public Service Commission

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

DATE: December 20, 2000
TO: Tommy Williams, Division of Regulatory Oversight
FROM: Pete Lester, Division of Economic Regulation
RE: Docket No. 001626-TX, Auglink Communications, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

ALM *SL*

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 Auglink Communications, Inc. (Auglink) for the period ending December 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Auglink has inadequate liquidity and insufficient common equity. The company reported a loss for the period.

In this matter, Auglink 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 minimal.

- APP _____
- CAF _____
- CRP _____
- COM _____
- CTR _____
- ECR _____
- LEG _____
- OPC _____
- PAI _____
- RGO _____
- SEC 1
- SER _____
- OTH _____

Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it can borrow funds from two banks, that it plans an IPO for long-term capital needs, and that it has strategic partnerships with major vendors. 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

16503 DEC 29 8

FPSC-RECORDS/REPORTING

DOCKET NO. 001626
AUGLINK COMMUNICATIONS, INC.
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM ACCOUNTANT'S COMPILATION

	<u>AS OF</u> <u>12/31/1999</u>
CURRENT ASSETS	\$304,465
CURRENT LIABILITIES	366,211
CURRENT RATIO	0.83
CASH	37,430
COMMON EQUITY	97,216
TOTAL DEBT	1,017,793
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	1,115,009
COMMON EQUITY RATIO	9%
NET INCOME	(50,724)
RETURN ON EQUITY	NEGATIVE