

State of Florida



# Public Service Commission

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

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**DATE:** February 15, 2001  
**TO:** Toni McCoy, Division of Regulatory Oversight  
**FROM:** Pete Lester, Division of Economic Regulation *PL*  
**RE:** Docket No. 010092-TX, C.B. Telecom, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

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*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 unaudited financial statements of C.B. Telecom, Inc. (CB) for the period ending December 31, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, CB has low liquidity and reported a loss for the period. The company has sufficient common equity.

In this matter, CB 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 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 it has backing from three investors who have the financial capability to back the company. 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

02432 FEB 21 01

FPSC - RECORDS/REPORTING

DOCKET NO. 010092-TX  
C. B. TELECOM, INC.  
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	<u>AS OF</u> <u>12/31/2000</u>
CURRENT ASSETS	\$5,125
CURRENT LIABILITIES	5,810
CURRENT RATIO	0.88
CASH	3,025
COMMON EQUITY	8,856
TOTAL DEBT	0
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	8,856
COMMON EQUITY RATIO	100%
NET INCOME	(1,144)
RETURN ON EQUITY	NEGATIVE