

State of Florida



Public Service Commission

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

DATE: March 1, 2001
TO: Nancy Pruitt, Division of Regulatory Oversight
FROM: Pete Lester, Division of Economic Regulation *PL*
RE: Docket No. 010217-TI, Gates Communications, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

ALM *ESR*

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.

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 Gates Communications, Inc. (Gates) for the period ending October 31, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Gates has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, Gates is asking for a certificate to provide IXC 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 will fund operations through internal cash flow and it can borrow funds if necessary. 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

02821 MAR-20

FPSC-RECORDS/REPORTING

DOCKET NO. 010217-TI
GATES COMMUNICATIONS, INC.
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF <u>10/31/2000</u>
CURRENT ASSETS	\$375,395
CURRENT LIABILITIES	385,065
CURRENT RATIO	0.97
CASH	68,596
COMMON EQUITY	105,361
TOTAL DEBT	28,223
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	133,584
COMMON EQUITY RATIO	79%
NET INCOME	128,267
RETURN ON EQUITY	122%