

State of Florida



Public Service Commission

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

DATE: March 26, 2001
TO: Tommy Williams, Division of Regulatory Oversight
FROM: Pete Lester, Division of Economic Regulation PL
RE: Docket No. 010199-TI, Local Telecom Holdings, LLC, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

ALM
CA

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 Local Telecom Holdings, LLC (LTH) for the period ending February 8, 2001. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, LTH has adequate liquidity and sufficient common equity. The company reported a loss for the period.

In this matter, LTH 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 have low capital investment since it is a switchless reseller. The applicant also notes its adequate liquidity. 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

03844 MAR 27 5

FPSC-RECORDS & REPORTING

DOCKET NO. 010199-TI
LOCAL TELECOM HOLDINGS, LLC
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	<u>AS OF</u> <u>02/08/2001</u>
CURRENT ASSETS	\$61,086
CURRENT LIABILITIES	21,355
CURRENT RATIO	2.86
CASH	57,923
COMMON EQUITY	39,731
TOTAL DEBT	0
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	39,731
COMMON EQUITY RATIO	100%
NET INCOME	(109,097)
RETURN ON EQUITY	NEGATIVE