

State of Florida



Public Service Commission

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

DATE: May 14, 2001
TO: Tony McCoy, Division of Regulatory Oversight *JD*
FROM: David J. Draper, Division of Economic Regulation *ALM*
RE: Docket No. 010642-TI, Reduced Rate Long Distance, LLC, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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 Reduced Rate Long Distance, LLC (RRL) for the three month period ending March 31, 2001. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, RRL has adequate liquidity and sufficient common equity. The company is a start-up and has not reported income for the period.

In this matter, RRL is asking for a certificate to provide IXC service. For purposes of granting a certificate based on the financial information provided, the financial capability appears adequate. The applicant attests to its financial capability by noting that it has adequate liquid assets to provide and maintain the proposed telecommunications service. 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
06204 MAY 17 2001
FPSC-RECORDS/REPORTING

DOCKET NO. 010642-TI
REDUCED RATE LONG DISTANCE, LLC

IXC APPLICATION
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 03/31/2001
CURRENT ASSETS	\$900,000
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	900,000
COMMON EQUITY	900,000
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	900,000
COMMON EQUITY RATIO	100%
NET INCOME	0
RETURN ON EQUITY	0%

NMF = No Meaningful Figure