



Public Service Commission

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

DATE: May 31, 2001
TO: Tommy Williams, Division of Regulatory Oversight *OW*
FROM: David J. Draper, Division of Economic Regulation *ALM*
RE: Docket No. 010744-TX, LPGA International Communications, LLC., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

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 LPGA International Communications, LLC. (LPGA) 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, LPGA has sufficient common equity, but reports minimum liquidity and negative net income.

In this matter, LPGA is asking for a certificate to provide alternative local exchange telecommunications service. 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 the company has the ability to obtain additional financing through traditional commercial lending institutions. 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

07011 JUN-5

FPSC-RECORDS/REPORTING

DOCKET NO. 010744-TX
LPGA INTERNATIONAL COMMUNICATIONS, LLC.

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/2000
CURRENT ASSETS	\$1,227,558
CURRENT LIABILITIES	1,615,311
CURRENT RATIO	0.76
CASH	1,031,517
COMMON EQUITY	5,058,532
TOTAL DEBT	4,481,093
TOTAL INVESTOR CAPITAL	9,539,625
COMMON EQUITY RATIO	53%
NET INCOME	(956,646)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure