

State of Florida



# Public Service Commission

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

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**DATE:** July 17, 2001  
**TO:** Nancy Pruitt, Division of Regulatory Oversight  
**FROM:** Pete Lester, Division of Economic Regulation *PL*  
**RE:** Docket No. 010790-TI, Optical Telephone Corporation, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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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 Optical Telephone Corporation (OTC) for the period ending March 31, 2001. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, OTC has adequate liquidity but insufficient common equity. The company is a start-up and does not have an income statement.

In this matter, OTC 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 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 is a switchless reseller. The company's debt is from a shareholder, who is committed to funding 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

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DOCKET NO. 010790-TI  
OPTICAL TELEPHONE CORPORATION  
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF <u>03/31/2001</u>	
CURRENT ASSETS	\$75,000	
CURRENT LIABILITIES	0	
CURRENT RATIO	NMF	
CASH	75,000	
COMMON EQUITY	0	
TOTAL DEBT	258,144	
PREFERRED STOCK	0	
TOTAL INVESTOR CAPITAL	258,144	
COMMON EQUITY RATIO	0%	
NET INCOME	-	*
RETURN ON EQUITY	-	*

NMF=NO MEANINGFUL FIGURE

\* START-UP COMPANY WITH INCOME STATEMENT