

State of Florida



Public Service Commission

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

DATE: July 18, 2001
TO: Toni McCoy, Division of Regulatory Oversight *ALM*
FROM: Pete Lester, Division of Economic Regulation *PL*
RE: Docket No. 010959-TI, Dialaround Enterprises, Inc., 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 Dialaround Enterprises, Inc. (DEI) for the period ending June 30, 2001. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, DEI has adequate liquidity but insufficient common equity. The company reported a loss for the period.

In this matter, DEI 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 has access to bank loans and to funding from shareholders. 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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FPSC-COMMISSION CLERK

DOCKET NO. 010959-TI
DIALAROUND ENTERPRISES, INC.
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF <u>06/30/2001</u>
CURRENT ASSETS	\$149,166
CURRENT LIABILITIES	2,348
CURRENT RATIO	63.53
CASH	148,916
COMMON EQUITY	1,818
TOTAL DEBT	145,000
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	146,818
COMMON EQUITY RATIO	1%
NET INCOME	(3,182)
RETURN ON EQUITY	NEGATIVE