



Public Service Commission

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

DATE: July 11, 2001
TO: Brenda Hawkins, Division of Regulatory Oversight *DS*
FROM: David J. Draper, Division of Economic Regulation *ALM*
RE: Docket No. 010885-TX, Cima Telecom, Inc., 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 Cima Telecom, Inc. (CTI) 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, CTI has minimal liquidity, negative common equity and negative income for the period.

In this matter, CTI 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 minimal.

Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting CTI has a line of credit in the amount of \$800,000. 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. 010885-TX
CIMA TELECOM, INC.

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/2000
CURRENT ASSETS	\$358,089
CURRENT LIABILITIES	508,796
CURRENT RATIO	0.70
CASH	4,901
COMMON EQUITY	(252,859)
TOTAL DEBT	298,119
TOTAL INVESTOR CAPITAL	45,260
COMMON EQUITY RATIO	NMF
NET INCOME	(287,495)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure