



Public Service Commission

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

DATE: July 20, 2001
TO: Toni McCoy, Division of Regulatory Oversight ALM
FROM: Pete Lester, Division of Economic Regulation PL
RE: Docket No. 010929-TX, Carilink, 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 V.G.M. International, Inc., the parent company of Carilink, Inc. (Carilink), 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, Carilink's parent company has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, Carilink is asking for a certificate to provide alternative local exchange telecommunications 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 adequate.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has a satisfactory banking relationship and it posted a bond with BellSouth. 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. 010929-TX
CARILINK INTERNATIONAL, INC.
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS
OF VGM INTERNATIONAL, INC., THE PARENT COMPANY

	AS OF <u>12/31/2000</u>
CURRENT ASSETS	\$655,483
CURRENT LIABILITIES	414,793
CURRENT RATIO	1.58
CASH	598,901
COMMON EQUITY	1,946,769
TOTAL DEBT	350,895
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	2,297,664
COMMON EQUITY RATIO	85%
NET INCOME	1,819,879
RETURN ON EQUITY	93%