

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: January 18, 2022

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Curtis J. Williams, Office of Industry Development & Market Analysis *CW*

RE: Docket No. 20210186-TX – Data Request Response Document filing.

Please file the attached email and financial statements from Open Infra East Inc. in Docket No. 20210186-TX.

Please let me know if you have any questions.

Thank you

Attachment

Debra Betton

From: Curtis Williams
Sent: Tuesday, January 18, 2022 12:49 PM
To: Debra Betton
Subject: Docket No. 20210186-TX
Attachments: Open Infra Income Statement Pro Forma.pdf; Open Infra Balance Sheet Pro Forma.pdf
Importance: High

Please file the email below, along with the attached documents in Docket No. 20210186-TX.

Thank you

From: carl@kandutsch.com <carl@kandutsch.com>
Sent: Tuesday, January 18, 2022 10:03 AM
To: Curtis Williams <CJWillia@PSC.STATE.FL.US>
Cc: carl@kandutsch.com; Kristoffer Kääriä <kristoffer.kaaria@openinfra.com>
Subject: Docket No. 20210186-TX - Open Infra East Inc. CLEC Application
Importance: High

Dear Mr. Williams,

Below are answers, highlighted in **yellow and in CAPS**, of Open Infra East to questions posed in your email dated January 11, 2022.

There are several issues that must be addressed before staff can move forward with your application. Please respond to the items below:

1. Your company's official name filed with the Florida Division of Corporations is "Open Infra East Inc." However, your cover letter and application presents "Open Infra East, Inc." and "Open Infra East Inc. d/b/a Open Infra." I did not see an official Fictitious name filed with the Florida Division of Corporations. Per Section 1 of the application, the applicants company name must match identically with the name on file with the Florida Division of Corporations. **Please clarify the exact name of the company seeking certification.**

SUPPLEMENTARY ANSWER TO ITEM 1:

THE EXACT NAME OF THE COMPANY SEEKING CERTIFICATION IS –

OPEN INFRA EAST INC.

THIS IS THE NAME TO BE USED IN FLORIDA.

2. Section 9.(c) of the Florida Public Service Commission Application requires applicants to provide a balance sheet, income statement, and retained earnings statement for the most recent three years. If historical data is not available, the applicant can provide pro forma data. **Please provide three years of financial data as required by Section 9.(c).**

SUPPLEMENTARY ANSWER TO ITEM 9(C):

OPEN INFRA EAST INC. HAS PROVIDED A MULTI-YEAR FINANCIAL OVERVIEW FOR THE MAIN PARENT COMPANY (OPEN INFRA GROUP AB).

OPEN INFRA EAST INC. IS OWNED BY OPEN INFRA GROUP, A COMPANY THAT BUILDS FIBER OPTIC NETWORKS IN SWEDEN, GERMANY, NORWAY, ENGLAND AND THE UNITED STATES.

AN AFFILIATE, OPEN INFRA INC. (ALSO OWNED BY OPEN INFRA GROUP AB) OPERATES IN THE STATE OF TEXAS AND IS A CERTIFIED CLEC IN TEXAS.

BECAUSE IT IS A NEW ENTITY, OPEN INFRA EAST INC. DOES NOT HAVE ANY HISTORICAL DATA TO PROVIDE AN INCOME STATEMENT OR A RETAINED EARNINGS STATEMENT.

THEREFORE, WE PROVIDE PRO FORMA DATA ATTACHED TO THIS EMAIL:

--PRO FORMA BALANCE SHEET FOR OPEN INFRA EAST INC.; AND,
--PRO FORMA INCOME STATEMENT FOR OPEN INFRA INC.

OPEN INFRA EAST INC.'S BUSINESS MODEL IS TO INVEST IN AND MAINTAIN FIBER OPTIC INFRASTRUCTURE FOR A MONTHLY FEE. AVAILABLE REVENUE WILL BE RE-INVESTED IN EXISTING OR NEW FIBER OPTIC NETWORK ASSETS ON A FORWARD-LOOKING BASIS.

PLEASE LET ME KNOW AS SOON AS POSSIBLE IF THIS DATA IS SATISFACTORY.

We will need the information by January 18, 2022 to move forward with filing a recommendation on January 20, 2022 for Commission consideration at the February 1, 2022 Commission Conference.

Best regards,

Carl E. Kandutsch, Ph.D., J.D.
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Income Statement

PRO FORMA

open infra

Company: Open Infra East Inc.

Revenue		FY-2022	FY-2023	FY-2024
Sales comission		\$ 180 000	\$ 1 020 000	\$ 1 800 000
Monthly fees		\$ 450 000	\$ 4 500 000	\$ 16 000 000
Total Revenue		\$ 630 000	\$ 5 520 000	\$ 17 800 000
Expenses				
Fiber installations	(1)	\$ 8 250 000	\$ 42 500 000	\$ 67 500 000
Comission to Sales Vendors		\$ 1 650 000	\$ 6 720 000	\$ 9 920 000
Advertising, PR & Customer Service		\$ 60 000	\$ 246 000	\$ 369 000
Accounting and Bank Fees		\$ 20 000	\$ 82 000	\$ 123 000
Legal fees		\$ 15 000	\$ 61 500	\$ 92 250
Insurance		\$ 24 000	\$ 98 400	\$ 147 600
Employees		\$ 500 000	\$ 2 000 000	\$ 3 000 000
Software & IT		\$ 5 000	\$ 20 500	\$ 30 750
Office & warehouse		\$ 50 000	\$ 205 000	\$ 307 500
Vehicle Expenses		\$ 100 000	\$ 300 000	\$ 500 000
Total Expenses		\$ 10 674 000	\$ 52 233 400	\$ 81 990 100
Profit / Loss		\$ -10 044 000	\$ -46 713 400	\$ -64 190 100

(1) Includes directional drilling, installations, fiber work, and will all be done by sub-contractors.

2022	Amount		
Installations		3000	
Agreements		5500	
Comission		280	
Other sales costs		55	
	2022	2023	2024
sälj	5000	21000	32000
inst	3000	17000	30000

Balance Sheet

PRO FORMA

open infra

Company: Open Infra East Inc.

Asset type		FY-2022	FY-2023	FY-2024
Current Assets		\$ 200 000	\$ 1 400 000	\$ 2 500 000
Fixed Assets	(1)	\$ 10 500 000	\$ 70 000 000	\$ 175 000 000
Other Assets	(2)	\$ -	\$ -	\$ -
Current Liabilities		\$ 100 000	\$ 700 000	\$ 1 250 000
Long-term Liabilities	(2)	\$ -	\$ -	\$ -
Owner Equity		\$ 6 000 000	\$ 18 000 000	\$ 35 000 000
Total Assets		\$ 10 700 000	\$ 71 400 000	\$ 177 500 000
Total Liabilities & Owners Equity		\$ 6 100 000	\$ 18 700 000	\$ 36 250 000
Balance		\$ 4 600 000	\$ 52 700 000	\$ 141 250 000

(1) Fiber infrastructure. \$3000 per house connected and \$500 per prepared house.

(2) No planned "Other Assets" and "Long-term Liabilities" at the moment.

Office equipment, company-owned cars,
Long term value (i.e. fiber cables & customers)

Accounts payable, dividends, income tax owed, notes payable

Money invested from owner