



Public Service Commission

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

DATE: July 15, 1996
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis
RE: Docket No. 960735-TI, 360 Long Distance, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

APC
[Handwritten initials]

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 audited financial statements of 360 Communications Company, the parent company of 360 Long Distance, Inc., (360) for the period ending December 31, 1995. As the attached schedule shows, 360 has marginal liquidity, minimal ownership equity, and reports negative net income. However, the attached schedule also provides financial information for the three-month period ending March 31, 1996, which shows that 360 has adequate liquidity and profitability, but minimal ownership equity.

In this matter, 360 is asking for a certificate to provide IXC service. Staff notes the limited nature of the application and that no customer provided funds appear to be at risk. For purposes of granting a certificate based on the financial information provided for the twelve-month period ending December 31, 1995, the financial capability appears minimal.

Although an analysis of the financial statements reveals the parent company is in a minimal financial position and the applicant is in the start-up stage of this business, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that the CFO and Executive Vice President of the parent company, 360 Communications, will financially capitalize the applicant to enable it to adequately serve all of its Florida long-distance resale customers. As to meeting lease or ownership obligations, the new subsidiary will use the facilities currently serving the Florida cellular market by the parent company.

cc: Division of Legal Services
Division of Records and Reporting

DOCUMENT NUMBER-DATE

07587 JUL 18 96

FPSC-RECORDS/REPORTING

, DOCKET NO. 960735-TI
 360 LONG DISTANCE, INC.
 , IXC CERTIFICATE
 FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS
 OF PARENT COMPANY, 360 COMMUNICATIONS COMPANY

	AS OF 12/31/95	FOR THE THREE MONTHS ENDING 3/31/96
CURRENT ASSETS	\$156,457,000	\$202,539,000
CURRENT LIABILITIES	194,528,000	190,868,000
CURRENT RATIO	0.80	1.06
CASH	19,023,000	45,174,000
COMMON EQUITY	2,068,000	272,770,000
TOTAL DEBT	1,517,729,000	1,424,603,000
TOTAL INVESTOR CAPITAL	1,519,797,000	1,697,373,000
COMMON EQUITY RATIO	0%	16%
NET INCOME	(1,695,000)	6,980,000
RETURN ON EQUITY	NMF	3%

NMF = No Meaningful Figure