



Public Service Commission

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

DATE: February 25, 1997
 TO: Tom Williams, Division of Communications
 FROM: Sonja Jones, Division of Auditing and Financial Analysis *ALM*
 RE: Docket No. 961279-TI, Telecard Services International, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *199*

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 Telecard Services International, Inc. (TSI) for the period ending December 31, 1995. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, TSI has adequate liquidity, ownership equity, and profitability.

ACK _____
 AFA _____ In this matter, TSI is asking for a certificate to provide IXC service. Staff notes the limited
 APP _____ nature of the application and that no customer provided funds appear to be at risk. For purposes
 CAF _____ of granting a certificate based on the financial information provided, the financial capability
 CMU _____ appears adequate.

CTR _____ The applicant attests to its financial capability to provide and maintain the proposed
 EAG _____ telecommunications service. The applicant has recently been acquired by Electric Lightwave,
 LET _____ Inc. (ELI). As a result, ELI will arrange for all capital funding and other financial support as
 LIN _____ necessary and will provide appropriate support to the management of the applicant to ensure that
 OPQ _____ it meets its financial and customer service obligations. Based on this showing, the applicant
 appears to meet the financial capability standard of Section 364.337, Florida Statutes.

RCH _____ cc: Division of Legal Services
 SEC 1 _____ Division of Records and Reporting

DOCUMENT NUMBER-DATE

02408 MAR-56

FPSC-RECORDS/REPORTING

DOCKET NO. 961279
TELECARD SERVICES INTERNATIONAL, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

| | AS OF 12/31/95 |
|------------------------|----------------------|
| CURRENT ASSETS | \$170,681 |
| CURRENT LIABILITIES | 145,144 |
| CURRENT RATIO | 1.18 |
| CASH | 5,693 |
| COMMON EQUITY | 43,522 |
| TOTAL DEBT | 0 |
| TOTAL INVESTOR CAPITAL | 43,522 |
| COMMON EQUITY RATIO | 100% |
| NET INCOME | 32,147 |
| RETURN ON EQUITY | 74% |