



Public Service Commission

U.JunhL

FRE COPY

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

LM

DATE: March 14, 1997

TO: Tom Williams, Division of Communications

FROM: Pete Lester, Division of Auditing and Financial Analysis (L) MC RE: Docket No. 070284-TX, Travelers Telecom Corporation, 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

ACK

1.30%

(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 National Electric & Telephone Co. (National), an affiliate of Travelers Telecom Corporation (Travelers) for the period ending July 31, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, National has adequate liquidity, ownership equity, and profitability.

In this matter, Travelers 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 that it has financial capability to provide and maintain the proposed telecommunications service. 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

DODUCTION TO CONTRACT DE CONTRACTOR DE COROS/REPORTING

۲



DOCKET NO. 970284-TX TRAVELERS TELECOM CORPORATION ALEC CERTIFICATE FINANCIAL ANALYSIS ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS OF NATIONAL ELECTRIC & TELEPHONE CO., AN AFFILIATED COMPANY

PERIOD ENDING

	JULY 31, 1995
CURRENT ASSETS	44,524
CURRENT LIABILITIES	22,454
CURRENT RATIO	1.98
CASH	12,167
COMMON EQUITY	83,464
TOTAL DEBT	72,494
TOTAL INVESTOR CAPITAL	155,958
COMMON EQUITY RATIO	54%
NET INCOME	11,030
RETURN ON EQUITY	13%