



Public Service Commission

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

DATE: May 15, 1997
TO: Tom Williams, Division of Communications
FROM: David Draper, Division of Auditing and Financial Analysis *DD APC*
RE: Docket No. 970582-TI, Teleglobe USA, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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 consolidated financial statements of Teleglobe, Inc. (TGI) for the period ending December 31, 1995. As the attached schedule shows, TGI has adequate liquidity, sufficient common equity and produced a positive net income in 1995.

ACK _____
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 LEG _____

In this matter, TGI 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, the financial capability appears adequate. The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. In addition, the Company plans to meet its cash requirements through cash flow generated by operations, its revolving credit facility and TGI's commercial paper program. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

LIN _____ cc: Division of Legal Services
 Division of Records and Reporting

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 FPSC-RECORDS/REPORTING

DOCKET NO. : 970582-TI
TELEGLOBE USA, INC.

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS
REPORTED IN CANADIAN DOLLARS

	AS OF 12/31/95
CURRENT ASSETS	\$656,900,000
CURRENT LIABILITIES	407,200,000
CURRENT RATIO	1.61
CASH	81,300,000
COMMON EQUITY	944,000,000
TOTAL DEBT	604,900,000
TOTAL INVESTOR CAPITAL	1,548,900,000
COMMON EQUITY RATIO	61%
NET INCOME	95,700,000
RETURN ON EQUITY	10%

NMF = No Meaningful Figure