



Public Service Commission

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

DATE: May 27, 1997
 TO: Tom Williams, Division of Communications
 FROM: David Draper, Division of Auditing and Financial Analysis *DD*
 RE: Docket No. 970599-TL, Private Communication Corporation, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *DD*

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 Private Communication Corporation (PCC) for the four (4) month period ending April 30, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, PCC has adequate liquidity and sufficient common equity, but reports negative net income for the first quarter of 1997.

In this matter, PCC 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 by noting the Company has recently sold common stock in the amount of twenty-four thousand (\$240,000) dollars. In addition, PCC has established a line of credit with a private lender in the amount of eighty-four thousand (\$84,000) dollars. 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

DOCUMENT NUMBER-DATE

05279 MAY 28 97

FPSC-RECORDS/REPORTING

ACK _____
 AFA _____
 APP _____
 CAF _____
 CMU _____
 CTR _____
 EAG _____
 LEG _____
 LIN _____
 OPC _____
 RCH _____
 SEC 1
 WAS _____
 OTH _____

DOCKET NO. : 97059
PRIVATE COMMUNICATION CORPORATION

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 04/30/97
CURRENT ASSETS	\$236,178
CURRENT LIABILITIES	42,945
CURRENT RATIO	5.50
CASH	235,178
COMMON EQUITY	193,232
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	193,232
COMMON EQUITY RATIO	100%
NET INCOME	(46,868)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure