



Public Service Commission

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

DATE: June 4, 1997
TO: Tom Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *ALM*
RE: Docket No. 970630-TX, Metro Connection, Inc. d/b/a TransAmerican Telephone, *DD APC*
 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

(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 Metro Connection, Inc. d/b/a TransAmerican Telephone (TAT) for the period ending December 31, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, TAT has minimal liquidity, reports negative common equity and had negative net income in 1996.

In this matter, TAT is asking for a certificate to provide alternative local exchange telecommunications service. For purposes of granting a certificate based on the financial information provided, the financial capability appears minimal.

Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service. In addition, TAT notes that it has a one-hundred-fifty thousand dollar line of credit with DFW Direct, its sister company. The primary stock owner of both companies, Mr. Patrick Will, has obtained further lines of credit which will be available to TAT to the extent that any additional capital is required. 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

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FPSC-RECORDS/REPORTING

DOCKET NO. : 970630
METRO CONNECTION, INC.
d/b/a TRANSAMERICAN TELEPHONE

ALTERNATIVE LOCAL EXCHANGE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/96
CURRENT ASSETS	\$80
CURRENT LIABILITIES	3,672
CURRENT RATIO	0.02
CASH	80
COMMON EQUITY	(10,747)
TOTAL DEBT	7,736
TOTAL INVESTOR CAPITAL	(3,011)
COMMON EQUITY RATIO	NMF
NET INCOME	(3,658)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure