



# Public Service Commission

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

**DATE:** June 25, 1997  
**TO:** Tom Williams, Division of Communications  
**FROM:** Pete Lester, Division of Auditing and Financial Analysis *ALM*  
**RE:** Docket No. 970572-TX, Connect USA, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *APC*

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 statements of net worth of the owners of Connect USA, Inc. (Connect). Connect requested and was granted confidentiality regarding its financial information.

In this matter, Connect is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application. Staff also notes that Connect's financial ratios will not be an impediment in determining its financial capability.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it will not own a switch and, therefore, has low capital needs. Also, the company states that it will offer prepaid local service, which it believes will reduce bad debt and fraud and will provide immediate cash flow. 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 ✓

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