



Public Service Commission

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

DATE: July 7, 1997
TO: Tom Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *DD ARC ALM*
RE: Docket No. ~~970789-TX~~, Teltrust Communications Services, Inc., 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 audited consolidated financial statements of Teltrust, Inc., parent company of Teltrust Communications Services, Inc. (TCS), for the period ending December 31, 1996. As the attached schedule shows, the Company has negative net income for the period, but has adequate liquidity and sufficient common equity.

In this matter, TCS is asking for a certificate to provide alternative local exchange telecommunications 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 that the applicant can rely upon the financial support of the parent company if needed. 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 (2) ✓

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FPSC RECORDS REPORTING

DOCKET NO. : 97078
TELTRUST, INC., PARENT COMPANY OF
TELTRUST COMMUNICATIONS SERVICE, INC.

ALTERNATIVE LOCAL EXCHANGE
FINANCIAL ANALYSIS

FROM AUDITED CONSOLIDATED FINANCIAL STATEMENTS

| | AS OF 12/31/96 |
|------------------------|----------------------|
| CURRENT ASSETS | \$14,642,420 |
| CURRENT LIABILITIES | 7,886,275 |
| CURRENT RATIO | 1.86 |
| CASH | 8,301,883 |
| COMMON EQUITY | 12,396,643 |
| TOTAL DEBT | 2,390,862 |
| TOTAL INVESTOR CAPITAL | 14,787,505 |
| COMMON EQUITY RATIO | 84% |
| NET INCOME | (975,538) |
| RETURN ON EQUITY | NMF |

NMF = No Meaningful Figure