



Public Service Commission

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

DATE: September 29, 1997
 TO: Tom Williams, Division of Communications
 FROM: David J. Draper, Division of Auditing and Financial Analysis *DD* *ALM*
 RE: Docket No. 970984-TX, USA Tele Corporation, 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 unaudited May 31, 1997 balance sheet of USA Tele Corporation (UTC), and their projected twelve month income statement ending December 31, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, UTC has projected a negative net income for the twelve month period, but has adequate liquidity and sufficient common equity.

In this matter, UTC 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 adequate. The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. The Company notes that in addition to having \$200,100 in available capital it also has the ability to borrow funds in the event further financing 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 (2) ✓

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

DOCKET NO. : 970984
USA TELE CORPORATION

ALTERNATIVE LOCAL EXCHANGE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 05/31/97
CURRENT ASSETS	\$200,100
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	200,100
COMMON EQUITY	100,100
TOTAL DEBT	232,000
TOTAL INVESTOR CAPITAL	332,100
COMMON EQUITY RATIO	30%
NET INCOME (PROJECTED)	(600,932)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure

** Net Income was projected for a twelve month period ending 12/31/97