



Public Service Commission

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

DATE: November 6, 1997
 TO: Tom Williams, Division of Communications
 FROM: Pete Lester, Division of Auditing and Financial Analysis *PL APC ALM*
 RE: Docket No. ~~971221-TI~~, United Services Telephone, LLC, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *MLK*

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 United Services Telephone, LLC (UST) for the four-month period ending April 30, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, UST has adequate liquidity, ownership equity, and profitability.

In this matter, UST is asking for a certificate to provide IXC service. Staff notes the limited nature of the application. 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 its liquidity position will allow it to grow and penetrate markets. It also notes that, as a switchless reseller, it will have low capital investment needs. 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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DOCKET NO. 971221-TI
UNITED SERVICES TELEPHONE, LLC
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS

FOUR MONTHS
ENDED
APRIL 30, 1997

CURRENT ASSETS	3,065,195
CURRENT LIABILITIES	858,454
CURRENT RATIO	3.57
CASH	615,058
COMMON EQUITY	1,652,091
TOTAL DEBT	1,012,000
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	2,664,091
COMMON EQUITY RATIO	62%
NET INCOME	1,319,969
RETURN ON EQUITY	80%