



Public Service Commission

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

DATE: November 12, 1997
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis ^{ALM}
RE: Docket No. 97144-TI, US LEC of Florida, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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 audited financial statements of US LEC, LLC and Affiliates, the parent company of US LEC of Florida, Inc., (US LEC) for the five-month period ending May 31, 1997. As the attached schedule shows, US LEC has adequate liquidity and ownership equity but reports negative net income.

ACK _____
 AFA _____
 APP _____ In this matter, US LEC is asking for a certificate to provide IXC service. Staff notes the limited nature of the application and that no customer provided funds appear to be at risk. For purposes
 CAF _____ of granting a certificate based on the financial information provided, the financial capability
 CMU _____ appears adequate.

CTR _____
 EAG _____ The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. The applicant is a start-up company and is relying on the financial
 LEG _____ strength and support of its parent company in beginning operations in Florida. Based on this
 LIR _____ showing, the applicant appears to meet the financial capability standard of Section 364.337,
 OFC _____ Florida Statutes.

cc: Division of Legal Services
 Division of Records and Reporting

DOCUMENT NUMBER-DATE

11726 NOV 14 97

FPSC-RECORDS/REPORTING

WAS _____
 OTH _____

**DOCKET NO. 971454-T1
US LEC of Florida, Inc.
IXC CERTIFICATE
FINANCIAL ANALYSIS**

**FROM AUDITED FINANCIAL STATEMENTS
of US LEC, LLC and Affiliates (Parent Company)**

**FOR THE FIVE
MONTHS ENDING
05/31/97**

CURRENT ASSETS	\$4,283,812
CURRENT LIABILITIES	752,128
CURRENT RATIO	5.70
CASH	1,353,337
COMMON EQUITY	3,345,088
TOTAL DEBT	2,870,000
TOTAL INVESTOR CAPITAL	6,215,088
COMMON EQUITY RATIO	54%
NET INCOME	(2,427,181)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure