



Public Service Commission

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

DATE: December 2, 1997
 TO: Tom Williams, Division of Communications
 FROM: Pete Lester, Division of Auditing and Financial Analysis *PL ALM*
 RE: Docket No. 971255-TI, Teligent, L.L.C., Financial Analysis for Assignment of an Existing Certificate for Intrastate Interexchange Telecommunications Service

The applicant filed an application for a new certificate pursuant to Rule 25-24.473, Florida Administrative Code, which requires a new certificate application to be filed for the assignment of an existing certificate. I have proceeded with the financial analysis as though it were a new certificate and changed the standard wording where necessary.

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 . . .

- ACK _____
- AFA _____ The Finance staff has analyzed the unaudited financial statements of Teligent, L.L.C. (Teligent)
- APP _____ for the six-month period ending June 30, 1997. An audit could change one's opinion of the
- CAF _____ company's financial condition. As the attached schedule shows, Teligent has adequate ownership
- CMO _____ equity but reports negative net income. The company has inadequate liquidity.
- CPA _____ In this matter, Teligent is asking for a transfer of certificate to provide IXC service. Staff notes
- LAG _____ the limited nature of the application. For purposes of transferring the certificate based on the
- MA _____ financial information provided, the financial capability appears minimal.
- PLA _____ Although an analysis of the financial statements reveals the applicant is in a minimal financial
- POS _____ position, the applicant attests to its financial capability to provide and maintain the proposed
- SEC _____ telecommunications service by noting that it has secured a \$50 million line of credit from
- STC _____ Toronto Dominion Bank and its working capital needs will be met by this line of credit. It
- WAS _____
- OTH _____

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further notes that its direct owners, Microwave Services, Inc. and Digital Services Corporation, have proven their financial qualifications before the Commission, Dockets 970051-TI and 970079-TI, respectively. 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)

DOCKET NO. 971255-TI
TELEAGENT, L.L.C.
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS
OF THE ASSOCIATED GROUP, THE PARENT COMPANY
TELEAGENT, L.L.C.

IN THOUSANDS	SIX MONTHS ENDED <u>JUNE 30, 1997</u>
CURRENT ASSETS	15,572
CURRENT LIABILITIES	41,278
CURRENT RATIO	0.38
CASH	4,039
COMMON EQUITY	262,444
TOTAL DEBT	120,606
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	383,050
COMMON EQUITY RATIO	69%
NET INCOME	(48,124)
RETURN ON EQUITY	NEGATIVE