



## Public Service Commission

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

DATE: April 30, 1999  
 TO: Tommy Williams, Division of Communications  
 FROM: Pete Lester, Division of Auditing and Financial Analysis *PL* *apl*  
 RE: Docket No. 990364-TX, Universal Telecom, Inc., Financial Analysis for Certificate  
 Application for Alternative Local Exchange Telecommunications Service *[Signature]*

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 financial statements of Universal Telecom, Inc. (Universal) for the period ending March 12, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Universal has adequate liquidity and sufficient common equity. The company projects positive net income for the period ending March 31, 2000.

In this matter, Universal is asking for a certificate to provide alternative local exchange telecommunications 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.

AFA \_\_\_\_\_  
 APP \_\_\_\_\_  
 CAF \_\_\_\_\_  
 CMU \_\_\_\_\_  
 CTR \_\_\_\_\_  
 EAG \_\_\_\_\_  
 LEG \_\_\_\_\_  
 MAS \_\_\_\_\_  
 OPC \_\_\_\_\_  
 RRR \_\_\_\_\_  
 SEC \_\_\_\_\_  
 WAW \_\_\_\_\_  
 OTH \_\_\_\_\_

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it will be a reseller with low capital needs and shareholders have committed to fund the company as needed. Also, Universal has several lines of credit. 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

05685 MAY-58

FPSC-RECORDS/REPORTING

DOCKET NO. 9903 TX  
UNIVERSAL TELECOM, INC.  
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

\$ IN MILLIONS	AS OF <u>03/12/99</u>
CURRENT ASSETS	\$120,000
CURRENT LIABILITIES	1,226
CURRENT RATIO	97.88
CASH	728
COMMON EQUITY	115,576
TOTAL DEBT	6,000
TOTAL PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	121,576
COMMON EQUITY RATIO	95%
NET INCOME	16,451 *
RETURN ON EQUITY	14%

\* Net income projected for 12 months ending March 31, 2000.