



Public Service Commission

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

DATE: September 14, 1995
TO: Tom Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis
RE: Docket No. 950866-TI, Bel-Save, Inc., Financial Analysis

PL *ALM* *APC* *1995*
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The Finance staff has analyzed the financial statements of Bel-Save, Inc. The company's financial ratios show that the company has adequate liquidity but is not profitable. The company's common equity balance is negative due to negative retained earnings. A significant amount of the company's debt is provided by shareholders. Revenue in 1994 is approximately 3 times that of 1993, and this growth apparently enhanced liquidity and almost made the company profitable.

Staff notes that the company's financial statements are only an accountant's compilation report and, as such, are unaudited and do not provide disclosures. Also, the financial statements reflect cash basis accounting. An audit and disclosures could change one's opinion of the company's financial position. Based on this financial analysis, staff could not recommend that Bel-Save collect deposits or rates subject to refund without posting a bond or letter of credit. Of course, in this matter, Bel-Save is only asking for a certificate to provide IXC service. Staff notes the limited nature of the application and the fact that no customer provided funds are at risk. Under the minimal requirements of the statute, the application appears adequate.

cc: Division of Legal Services
Division of Records and Reporting

DOCUMENT NUMBER - DATE

10070 OCT 11 85

FPSC-RECORDS/REPORTING

DOCKET NO. 950866-TI
BEL-SAVE, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS

FROM ACCOUNTANT'S COMPILATION REPORT
UNAUDITED, INCOME TAX DEPRECIATION, NO DISCLOSURES
CASH BASIS

	12 MONTHS ENDING <u>12/31/94</u>	12 MONTHS ENDING <u>12/31/93</u>
CURRENT ASSETS	\$80,832	\$62,258
CURRENT LIABILITIES	9,334	40,413
CURRENT RATIO	8.66	1.54
CASH	80,632	62,058
COMMON EQUITY	(304,682)	(298,635)
NET INVESTOR CAPITAL	82,801	29,199
TOTAL DEBT	387,483	327,834
TOTAL SHAREHOLDER DEBT	148,500	142,000
COMMON EQUITY RATIO	NMF	NMF
NET INCOME	(6,047)	(248,155)
RETURN ON EQUITY	NMF	NMF
REVENUE	2,002,025	728,986

NMF - No meaningful figure