



Public Service Commission

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

DATE: August 16, 1996
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis *ALM*
RE: Docket No. 960522-TI, Telec, Inc., Financial Analysis for Certificate Application *J APC*
for Intrastate Interexchange Telecommunications Service *MS 199*

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 Telec, Inc. (TLC) for the month ending June 30, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, TLC has adequate liquidity but minimal ownership equity and reports no net income.

In this matter, TLC 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 of granting a certificate based on the financial information provided, the financial capability appears minimal.

Although an analysis of the financial statements reveals the applicant is in the start-up stage of this business, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that there are no additional capital requirements or expenses that will be incurred by the applicant when operations are expanded to the State of Florida. Further, Telec does not have any lease obligations with its underlying carrier.

cc: Division of Legal Services
Division of Records and Reporting

DOCUMENT NUMBER-DATE
08785 AUG 29 1996
FPSC-RECORDS REPORTING

DOCKET NO. 960522-T1
TELEC, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

AS OF
JUNE 30, 1996

CURRENT ASSETS	\$25,000
CURRENT LIABILITIES	0
CURRENT RATIO	N/A
CASH	25,000
COMMON EQUITY	42,483
TOTAL DEBT	155,000
TOTAL INVESTOR CAPITAL	197,483
COMMON EQUITY RATIO	22%
NET INCOME	Not Available
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure
Start-up Company