



Public Service Commission

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

DATE: October 29, 1996  
 TO: Tom Williams, Division of Communications  
 FROM: Pete Lester, Division of Auditing and Financial Analysis *PL APC ALM*  
 RE: Docket No. 960636-TT, Touch Tone America, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *max*

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 Touch Tone America, Inc. The company's financial ratios show adequate liquidity and ownership equity. Regarding profitability, the company experienced a loss for the twelve months ending May 31, 1996. Citing losses from operations and significant sales volume commitments, the company's independent auditors state that there is substantial doubt about the company's ability to continue as a going concern.

ACK \_\_\_\_\_  
 AFA \_\_\_\_\_  
 APP \_\_\_\_\_  
 CAF \_\_\_\_\_  
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 SEC 1 \_\_\_\_\_  
 WAS \_\_\_\_\_  
 OTH \_\_\_\_\_

For the reasons stated above, Touch Tone America's financial capability should be considered inadequate. However, despite the concern raised by its auditors, the company attests that it has sufficient financial capability to provide IXC service. Based on the company's representations, the application for certification should be granted.

cc: Division of Legal Services  
Division of Records and Reporting

DOCUMENT NUMBER - DATE

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FPSC-RECORDS/REPORTING

DOCKET NO. 960636-TI  
TOUCH TONE AMERICA, INC.  
IXC CERTIFICATE  
FINANCIAL ANALYSIS  
ATTESTATION DONE

FROM AUDITED FINANCIAL STATEMENTS  
QUALIFIED OPINION ABOUT THE COMPANY CONTINUING AS A  
GOING CONCERN

TWELVE MONTHS  
ENDING  
MAY 31, 1996

CURRENT ASSETS	5,542,000
CURRENT LIABILITIES	1,723,000
CURRENT RATIO	3.22
CASH	5,278,000
COMMON EQUITY	4,592,000
TOTAL DEBT	588,000
TOTAL INVESTOR CAPITAL	5,180,000
COMMON EQUITY RATIO	89%
NET INCOME	(2,802,000)
RETURN ON EQUITY	NMF

NMF=NO MEANINGFUL FIGURE