



Public Service Commission

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

ORIGINAL
FILE COPY

DATE: December 2, 1996
 TO: Tom Williams, Division of Communications
 FROM: Sonja Jones, Division of Auditing and Financial Analysis *SJS*
 RE: Docket No. 961371-TI, GTE Card Services Incorporated, d/b/a GTE Long Distance Incorporated, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ALM PSX [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 . . .

ACK _____ Regarding the showing of financial capability, the Finance staff has analyzed the unaudited financial statements of GTE Card Services Incorporated, d/b/a GTE Long Distance Incorporated, (GTE) for the period ending December 31, 1995. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, GTE has adequate liquidity and ownership equity but negative net income.

CAF _____ In this matter, GTE is asking for a certificate to provide alternative local exchange telecommunications 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 adequate.

LEG _____ The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. The applicant notes that it is a start-up company; thus, the availability of historical audited financial information is limited. Even so, the applicant is a wholly-owned subsidiary of GTE Information Services, Incorporated, which is a wholly-owned subsidiary of GTE Corporation. The applicant is relying on the financial strength of GTE Corporation. 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

DOCUMENT NUMBER-DATE
12933 DEC -4 96
FPSC-RECORDS/REPORTING

DOCKET NO. 961371-TX
GTE CARD SERVICES INCORPORATED
d/b/a GTE LONG DISTANCE INCORPORATED
ALEC CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/95
CURRENT ASSETS	\$21,899,554
CURRENT LIABILITIES	21,458,312
CURRENT RATIO	1.02
COMMON EQUITY	3,035,744
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	3,035,744
COMMON EQUITY RATIO	100%
NET INCOME	(4,324,441)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure