



## Public Service Commission

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

**DATE:** January 14, 1997  
**TO:** Tom Williams, Division of Communications  
**FROM:** David Draper, Division of Auditing and Financial Analysis *ALM*  
**RE:** Docket No. 970025-TI, Global Telephone Corporation, d/b/a Global Telephone International, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ARC*

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 Global Telephone International, Inc. (GTI) for the ten month period ending October 31, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, GTI has a positive net income and adequate liquidity and common equity.

In this matter, GTI 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 adequate.

An analysis of the financial statements reveals the applicant has an adequate financial position. The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. 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

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DOCKET NO. : 97002 S  
GLOBAL TELEPHONE CORPORATION  
d/b/a GLOBAL TELEPHONE INTERNATIONAL  
IX TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

|                        | AS<br>OF<br>10/31/96 |
|------------------------|----------------------|
| CURRENT ASSETS         | \$818,000            |
| CURRENT LIABILITIES    | 898,000              |
| CURRENT RATIO          | 0.91                 |
| CASH                   | 48,000               |
| COMMON EQUITY          | 21,000               |
| TOTAL DEBT             | 0                    |
| TOTAL INVESTOR CAPITAL | 21,000               |
| COMMON EQUITY RATIO    | 100%                 |
| NET INCOME             | 128,000              |
| RETURN ON EQUITY       | 610%                 |