



Public Service Commission

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

DATE: April 14, 1997
TO: Tom Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *DD APC*
RE: Docket No. 970412-TX, U.S. Telco, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

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 . . .

Regarding the showing of financial capability, the Finance staff has analyzed the unaudited financial statements of U.S. Telco, Inc. (UST) for the period ending December 31, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, UST has minimal liquidity, reports negative common equity and negative net income.

In this matter, UST 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 minimal. The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. In addition, Mr. Ronald Jensen, a majority shareholder of both UST and Matrix Telecom, Inc. has guaranteed to provide no less than \$5,000,000 in addition capital if needed. 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

DOCKET NO. : 9704 X
U.S. TELCO, INC.

**ALTERNATIVE LOCAL EXCHANGE
FINANCIAL ANALYSIS**

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/88
CURRENT ASSETS	\$184,254
CURRENT LIABILITIES	297,987
CURRENT RATIO	0.62
CASH	12,297
COMMON EQUITY	(375,474)
TOTAL DEBT	309,613
TOTAL INVESTOR CAPITAL	(65,881)
COMMON EQUITY RATIO	NMF
NET INCOME	(375,474)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure