



# Public Service Commission

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

**DATE:** May 5, 1997  
**TO:** Tom Williams, Division of Communications  
**FROM:** David J. Draper, Division of Auditing and Financial Analysis *DS APC ALM*  
**RE:** Docket No. 970495-TX, Local Line America, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *jjm*

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 Local Line America, Inc. (LLA) 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, LLA has adequate liquidity and sufficient common equity but generated a negative net income.

ACK \_\_\_\_\_  
 AFA \_\_\_\_\_  
 APP \_\_\_\_\_  
 CAF \_\_\_\_\_  
 CMU \_\_\_\_\_  
 CTR \_\_\_\_\_  
 EAG \_\_\_\_\_  
 LEG \_\_\_\_\_  
 LIN \_\_\_\_\_

In this matter, LLA 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. The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. In addition, the company will be a switchless reseller that will incur few costs and will generate sufficient internal capital to provide and maintain the requested services offerings. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

OPC \_\_\_\_\_ cc: Division of Legal Services  
 RCH \_\_\_\_\_ Division of Records and Reporting  
 SEC 1  
 WAS \_\_\_\_\_  
 OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE  
**04468 MAY-65**  
 FPSC-RECORDS/REPORTING

DOCKET NO. : 970495 X  
LOCAL LINE AMERICA, INC.

LOCAL EXCHANGE TELECOMMUNICATION  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/96
CURRENT ASSETS	\$16,270
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	16,270
COMMON EQUITY	16,270
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	16,270
COMMON EQUITY RATIO	100%
NET INCOME	(8,730)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure