



Public Service Commission

ORIGINAL
FILE COPY

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

DATE: August 20, 1997
TO: Tom Williams, Division of Communications
FROM: David Draper, Division of Auditing and Financial Analysis *DB*
RE: Docket No. 971032-II, USBG, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM APC*

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 balance sheet statement of USBG, Inc. (USBG) as of April 28, 1997, and the unaudited financial statements of The Faulkner Group, Inc. (FGL) for the period ending December 31, 1996. An audit could change one's opinion of the companies' financial condition. USBG is a development stage company as defined in accounting Standards Board Statement No. 7, and currently has not produced revenue. As the attached schedule shows, FGL has adequate liquidity, sufficient common equity and reported a positive net income for the period. USBG has one-thousand dollars in accounts receivable (total assets) from the sale of common stock to FGL.

ACK _____
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 LEG _____

In this matter, USBG is asking for a certificate to provide IXC service. 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 by noting that USBG shall rely upon FGL to fund initial operations within the State of Florida. 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 (2) ✓

DOCUMENT NUMBER - DATE

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FPSC-RECORDS/REPORTING

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS OF

	USBG, INC. AS OF 04/28/97	FAULKNER GROUP, LTD AS OF 12/31/96
CURRENT ASSETS	\$1,000	\$1,922,356
CURRENT LIABILITIES	0	628,849
CURRENT RATIO	NMF	3.06
CASH	0	261,166
COMMON EQUITY	1,000	867,412
TOTAL DEBT	0	436,147
TOTAL INVESTOR CAPITAL	1,000	1,303,559
COMMON EQUITY RATIO	100%	67%
NET INCOME	0	866,442
RETURN ON EQUITY	0%	100%

NMF = No Meaningful Figure