



Public Service Commission

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

DATE: September 5, 1997
TO: Tom Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *DD*
RE: Docket No. 971136-TX, Group Long Distance, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ALM APC 9/10/97*

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 audited financial statements of Group Long Distance, Inc. (GLD) for the twelve month period ending April 30, 1997. As the attached schedule shows, GLD has sufficient common equity, but has marginal liquidity and reports negative net income for the period.

In this matter, GLD 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 marginal.

Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has established a \$150,000 line of credit. In addition, as a result of its good credit rating GLD is able to obtain additional financing through traditional commercial leading institutions. 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

09-153 SEP 10 97

FPC-RECORDS/REPORTING

DOCKET NO. : 97113
GROUP LONG DISTANCE, INC.

ALTERNATIVE LOCAL EXCHANGE
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

	AS OF 04/30/97
CURRENT ASSETS	\$6,378,594
CURRENT LIABILITIES	6,762,585
CURRENT RATIO	0.94
CASH	1,977,546
COMMON EQUITY	1,636,374
TOTAL DEBT	1,072,307
TOTAL INVESTOR CAPITAL	2,708,681
COMMON EQUITY RATIO	60%
NET INCOME	(4,634,722)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure