



Public Service Commission

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

DATE: October 1, 1997
 TO: Tom Williams, Division of Communications
 FROM: Pete Lester, Division of Auditing and Financial Analysis *PL* *ALM*
 RE: Docket No. 971019-TI, Legacy Long Distance International, Inc., Financial Analysis
 for Certificate Application for Intrastate Interexchange Telecommunications Service *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 financial statements of Legacy Long Distance International, Inc. (Legacy) for the period ending May 31, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Legacy has weak liquidity but reports adequate common equity and positive net income.

In this matter, Legacy is asking for a certificate to provide IXC service. Staff notes the limited nature of the application. 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, as a reseller, it has minimal capital requirements. The applicant also notes that its rate structure will assure immediate positive cash flow. 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

10225 OCT-65

FPSC-RECORDS/REPORTING

DOCKET NO. 971019-T1
LEGACY LONG DISTANCE INTERNATIONAL, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM ACCOUNTANT'S COMPILATION

FIVE MONTHS
ENDED
MAY 31, 1997

CURRENT ASSETS	108,800
CURRENT LIABILITIES	209,942
CURRENT RATIO	0.52
CASH	4,999
COMMON EQUITY	58,201
TOTAL DEBT	35,654
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	93,855
COMMON EQUITY RATIO	62%
NET INCOME	17,287
RETURN ON EQUITY	30%