



## Public Service Commission

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

**DATE:** October 2, 1997  
**TO:** Tom Williams, Division of Communications  
**FROM:** Pete Lester, Division of Auditing and Financial Analysis *PL* *ALM*  
**RE:** Docket No. 971057-TX, UCN-Clay, LP, 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 UCN-Clay, LP (UCN) for the year ending June 30, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, UCN has inadequate liquidity, adequate ownership equity, and negative net income.

In this matter, UCN is asking for a certificate to provide alternative local exchange telecommunications 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 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, upon obtaining a certificate, its bank is prepared to arrange all necessary equity and debt financing for the construction of its fiber optic network. It further notes that it has an excellent bank reference. 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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DOCKET NO. 971057-TX  
UCN-CLAY, LP  
ALEC CERTIFICATE  
FINANCIAL ANALYSIS  
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS

	YEAR ENDED <u>JUNE 30, 1997</u>
CURRENT ASSETS	0
CURRENT LIABILITIES	10,000
CURRENT RATIO	NMF
CASH	0
COMMON EQUITY	1,745
TOTAL DEBT	0
PREFERRED STOCK	0
TOTAL PARTNERS' CAPITAL	1,745
COMMON EQUITY RATIO	100%
NET INCOME	(166,303)
RETURN ON EQUITY	NEGATIVE

NMF=NO MEANINGFUL FIGURE