



Public Service Commission

ORIGINAL

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

DATE: October 13, 1997
 TO: Tom Williams, Division of Communications
 FROM: Pete Lester, Division of Auditing and Financial Analysis *PL APC 1LM DM 8*
 RE: Docket No. 971162-TI, S T Long Distance, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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 S T Long Distance, Inc. (ST) for the period ending March 30, 1997. Net income was projected for the year ending December 31, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ST has adequate liquidity and projected profitability. The company reports negative common equity.

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In this matter, ST 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 it has a \$200,000 capital commitment from its parent. The applicant projects financial stability soon after beginning operations. 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

DOCKET NO. 971162-TI
S T LONG DISTANCE, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS

BALANCE SHEET MARCH 30, 1997
PROJ. INCOME STATEMENT DECEMBER 31, 1997

CURRENT ASSETS	409,298
CURRENT LIABILITIES	315,984
CURRENT RATIO	1.30
CASH	19,202
COMMON EQUITY	(88,393)
TOTAL DEBT	200,000
PREFERRED STOCK	0
COMMON EQUITY RATIO	NMF
NET INCOME	80,685
RETURN ON EQUITY	NMF

NMF=NO MEANINGFUL FIGURE