



# Public Service Commission

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

DATE: November 20, 1997  
 TO: Tom Williams, Division of Communications  
 FROM: Pete Lester, Division of Auditing and Financial Analysis *ALM*  
 RE: Docket No. ~~971345-TX~~ and 971346-TI, Utilicore Corporation, *PL APC* Financial Analysis for Certificate Applications for Alternative Local Exchange Service and Intrastate Interexchange Telecommunications Service

Section 367.337 (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.

For IXC applications, 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 Utilicore Corporation (Utilicore) for the period ending September 30, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Utilicore has adequate liquidity, ownership equity, and profitability.

In this matter, Utilicore is asking for certificates to provide alternative local exchange and IXC service. Staff notes the limited nature of the applications. For purposes of granting certificates 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 services by noting that it will be able to support its operation with its existing capital, supplemented by retained earnings. The applicant projects that it will have the ability to acquire an additional \$50,000 to cover cash needs. Also, the company has a \$120,000 line of credit with Barnett Bank and it can obtain additional capital from its shareholder. Based

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 DOCUMENTS

FILED

DOCKET NO. 971345-TX  
DOCKET NO. 971346-TI  
UTILICORE CORPORATION  
ALEC AND IXC CERTIFICATE  
FINANCIAL ANALYSIS  
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS

	<u>ENDING</u> <u>SEPTEMBER 30, 1997</u>
CURRENT ASSETS	161,364
CURRENT LIABILITIES	8,724
CURRENT RATIO	18.50
CASH	9,863
COMMON EQUITY	134,747
TOTAL DEBT	30,000
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	164,747
COMMON EQUITY RATIO	82%
NET INCOME	13,516
RETURN ON EQUITY	10%