



ORIGINAL
Public Service Commission

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

DATE: November 26, 1997
 TO: Tom Williams, Division of Communications
 FROM: Pete Lester, Division of Auditing and Financial Analysis *PL ALM*
 RE: Docket No. 971430-TI, Talton Invision, 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 Talton Holdings, Inc. (THI), the parent company of Talton Invision, Inc. (Talton), for the six-month period ended June 30, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, THI has adequate liquidity but reports very little common equity. For the period, the company reported a loss.

ACK _____
 AFA _____
 APP _____ In this matter, Talton is asking for a certificate to provide IXC service. Staff notes the limited
 CAF _____ nature of the application. For purposes of granting a certificate based on the financial
 CMU _____ information provided, the financial capability appears marginal.

CTR _____ Although an analysis of the financial statements reveals the applicant is in a marginal financial
 EAG _____ position, the applicant attests to its financial capability to provide and maintain the proposed
 LEG _____ telecommunications service by noting that it is a subsidiary of THI, which owns Ameritel and
 LIN _____ Talton STC. These companies are certificated in Florida. Various Talton affiliates do business
 OPC _____ in 34 states, and the applicant believes this management experience makes Talton financially
 RCH _____ capable. THI has incurred one-time charges due to acquisitions that caused a loss for the period.
 SEC _____ THI has a \$35 million revolving loan commitment. Based on this showing, the applicant appears
 to meet the financial capability standard of Section 364.337, Florida Statutes.

WAS _____
 OTH _____ cc: Division of Legal Services
 Division of Records and Reporting (2)

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