



Public Service Commission

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

DATE: April 6, 1998
TO: Tommy Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis
RE: Docket No. 980147-TI, Tricom USA, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

Handwritten initials: ALM, APC, JMS

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 Tricom USA, Inc. (TUSA) for the period ending December 31, 1997. The applicant requested confidential treatment of its financial statements. An audit could change one's opinion of the company's financial condition. Based on the review of the applicant's financial information, TUSA has minimal liquidity and negative common equity. The company is in the process of forming and has produced negative net income for the period.

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In this matter, TUSA is asking for a certificate to provide IXC service. Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that the parent corporation, Tricom S.A. (TSA), will support its subsidiary if additional capital is needed. TSA has received a substantial loan from a leading lending institution. In addition, TSA is offering for sale a considerable amount of Yankee bonds, with a portion of the proceeds going in part to support TUSA with additional capital funding. 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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