



ORIGINAL Public Service Commission

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

DATE: April 29, 1998
TO: Paula Isler, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *PL*
RE: Docket No. 980302-TI, Buyers United International, Inc, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *PL*

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 Buyers United International, Inc (Buyers) for the period ended September 30, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Buyers has adequate liquidity but reports negative common equity and negative net income.

- ACK _____
- AFA _____
- APP _____ In this matter, Buyers 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 marginal.
- CAF _____
- CMU _____
- CTR _____ 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 it has profit-generating ability, that it will offer high-quality service, and that it has \$515,653 in current assets. Also, the company is a start-up company, having begun operations in January 1997. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____

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

DOCUMENT NUMBER-DATE

05010 MAY -4 98

FPSC-RECORDS/REPORTING

- SEC _____
- WAS _____
- OTH _____

DOCKET NO. 980302-T1
BUYERS UNITED INTERNATIONAL, INC.
INTEREXCHANGE CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	EIGHT MONTHS ENDED 9/30/97
CURRENT ASSETS	956,667
CURRENT LIABILITIES	212,141
CURRENT RATIO	4.51
CASH	185,587
COMMON EQUITY	(618,780)
TOTAL DEBT	1,289,514
COMMON EQUITY RATIO	NMF
NET INCOME	(530,510)
RETURN ON EQUITY	NEGATIVE

NMF=NO MEANINGFUL FIGURE