



Public Service Commission

ORIGINAL

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

DATE: July 1, 1998  
 TO: Tommy Williams, Division of Communications  
 FROM: David J. Draper, Division of Auditing and Financial Analysis *DJ*  
 RE: Docket No. 980741-TX, World Telecommunications, Inc. d/b/a WTI, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ALM AP C*

Section 364.337 (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.

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 World Telecommunications, Inc. d/b/a WTI (WTI) for the period ending December 31, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, WTI has minimal liquidity, but reports sufficient common equity and positive net income for the period.

In this matter, WTI is asking for a certificate to provide alternative local exchange telecommunications service. 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 WTI has obtained lines of credit totaling \$250,000 from several commercial banks. In addition, WTI has \$2.6 million of additional capital available to it from capital investors. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
- LEG \_\_\_\_\_
- LIN \_\_\_\_\_
- OPC \_\_\_\_\_ cc: Division of Legal Services
- RCH \_\_\_\_\_ Division of Records and Reporting (2)
- SEC   1
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

DOCUMENT # \_\_\_\_\_ DATE

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FD-502 RECORDS/REPORTING

DOCKET NO. 98074 TX  
WORLD TELECOMMUNICATIONS, INC. d/b/a WTI

ALTERNATIVE LOCAL EXCHANGE SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

|                        | AS<br>OF<br>12/31/97 |
|------------------------|----------------------|
| CURRENT ASSETS         | \$189,916            |
| CURRENT LIABILITIES    | 674,395              |
| CURRENT RATIO          | 0.28                 |
| CASH                   | 54,687               |
| COMMON EQUITY          | 1,105,521            |
| TOTAL DEBT             | 0                    |
| TOTAL INVESTOR CAPITAL | 1,105,521            |
| COMMON EQUITY RATIO    | 100%                 |
| NET INCOME             | 885,521              |
| RETURN ON EQUITY       | 80%                  |

NMF = No Meaningful Figure