



# Public Service Commission

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

DATE: July 13, 1998  
 TO: Nancy Pruitt, Division of Communications  
 FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *ed*  
 RE: Docket No. 980815-TI, U.S. Network Services Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM*

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 Balance Sheet of U.S. Network Services Inc. (USNS) for the period ending June 30, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, USNS has adequate liquidity, and sufficient common equity, but reported no income, since it has just started operations.

ACK \_\_\_\_\_ In this matter, USNS is asking for a certificate to provide interexchange telecommunications  
 AFA \_\_\_\_\_ service. Staff notes the limited nature of the application and that no customer provided funds  
 APP \_\_\_\_\_ appear to be at risk. For purposes of granting a certificate based on the financial information  
 CAF \_\_\_\_\_ provided, the financial capability appears adequate.

CMU \_\_\_\_\_ The applicant attests to its financial capability to provide and maintain the proposed  
 CTR \_\_\_\_\_ telecommunications service by noting that it intends to fund the provision of service through  
 EAG \_\_\_\_\_ internally generated cash flow and cash contributions from its principals. Based on this showing,  
 LEG \_\_\_\_\_ the applicant appears to meet the financial capability standard of Section 364.337, Florida  
 Statutes.

LIN \_\_\_\_\_  
 OPC \_\_\_\_\_ cc: Division of Legal Services  
 RCH \_\_\_\_\_ Division of Records and Reporting (2)

DOCUMENT NO.  
 07407-98  
 7/14

SEC   1    
 WAS \_\_\_\_\_  
 OTH \_\_\_\_\_

DOCKET NO. 980815-11  
COMPANY NAME

IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED BALANCE SHEET AS OF 06/30/98

CURRENT ASSETS	\$221,000
CURRENT LIABILITIES	0
CURRENT RATIO	
CASH	221,000
COMMON EQUITY	221,000
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	221,000
COMMON EQUITY RATIO	100%
NET INCOME	0
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure