



Public Service Commission

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

DATE: July 21, 1998
TO: Nancy Pruitt, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis
RE: Docket No. 980756-TI, Discount Long Distance, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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 Discount Long Distance, Inc. (DLD) 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, DLD has adequate liquidity, sufficient common equity and reported a positive net income for the period.

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

CMU The applicant attests to its financial capability to provide and maintain the proposed
CTR telecommunications service by noting that, as a reseller, it will have minimal capital investment.

EAG The company also notes that it has sufficient liquidity. Based on this showing, the applicant
LEG appears to meet the financial capability standard of Section 364.337, Florida Statutes.

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

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

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DOCKET NO. 980756-11
DISCOUNTED LONG DISTANCE, INC.
IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/97
CURRENT ASSETS	\$505,391
CURRENT LIABILITIES	309,518
CURRENT RATIO	1.63
CASH	133,137
COMMON EQUITY	204,145
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	204,145
COMMON EQUITY RATIO	100%
NET INCOME	115,359
RETURN ON EQUITY	57%