



ORIGINAL
Public Service Commission

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

DATE: December 9, 1998
TO: Nancy Pruitt, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *DD* *ALM*
RE: Docket No. 981406-TX, U2 Communications, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *APC*

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 balance sheet of U2 Communications, Inc. (U2C) for the period ending November 5, 1998, and the company's twelve month projected income statement for the period ending December 31, 1999. U2C is a new company and has not yet started operations. An audit could change one's

ACK _____ opinion of the company's financial condition. As the attached schedule shows, U2C has
AFA _____ adequate liquidity and sufficient common equity. The company has projected a positive net
APP _____ income for its 1999 fiscal year.

CAF _____
CM _____ In this matter, U2C is asking for a certificate to provide alternative local exchange
CTR _____ telecommunications service. For purposes of granting a certificate based on the financial
EAG _____ information provided, the financial capability appears adequate. The applicant attests to its
LEG _____ financial capability by noting that it has adequate liquid assets to provide and maintain the
LIN _____ proposed telecommunications service and will maintain capital from internally generated funds.
OPC _____ Furthermore, the applicant has additional funds available to finance operations, if needed. Based
_____ on this showing, the applicant appears to meet the financial capability standard of Section
_____ 364.337, Florida Statutes.

RCH _____
SEC _____ | cc: Division of Legal Services
WAS _____ | Division of Records and Reporting (2)

DOCUMENT NUMBER-DATE

13982 DEC 11 98

FPSC-RECORDS/REPORTING

DOCKET NO. 981400 X
U2 COMMUNICATIONS, INC.

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 11/05/98
CURRENT ASSETS	\$10,000
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	10,000
COMMON EQUITY	10,000
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	10,000
COMMON EQUITY RATIO	100%
PROJECTED NET INCOME FOR 1999	40,000
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure