



Public Service Commission

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

DATE: December 10, 1998
TO: Nancy Pruitt, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis
RE: Docket No. 981748-TI, Executive Telecard, Ltd. d/b/a eGlobe, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

ALM
DS AF

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 audited financial statements of Executive Telecard, Ltd. d/b/a eGlobe (ETE) for the three month period ending March 31, 1998. As the attached schedule shows, ETE has adequate liquidity and sufficient common equity, but reported a negative net income for the period.

- ACK _____
- AFA _____
- APP _____
- DAF _____
- DMU _____
- DPY _____
- DSJ _____
- EO _____
- EP _____
- FR _____
- GC _____
- REC _____
- VAS _____
- WTH _____

In this matter, ETE is asking for a certificate to provide IXC 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 ETE proposes to operate as a reseller in the state of Florida, and will incur minimal capital or operating expenses. In addition, ETE has the ability to obtain additional financing through traditional commercial lending institutions. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

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

DOCUMENT NUMBER-DATE

14085 DEC 15 98

FPSC-RECORDS/REPORTING

DOCKET NO. 981748
EXECUTIVE TELECARD, LTD. d/b/a EGLOBE

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

	AS OF 03/31/98 (,000)
CURRENT ASSETS	\$10,488
CURRENT LIABILITIES	8,044
CURRENT RATIO	1.30
CASH	2,391
COMMON EQUITY	7,121
TOTAL DEBT	7,736
TOTAL INVESTOR CAPITAL	14,856
COMMON EQUITY RATIO	48%
NET INCOME	(13,290)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure