



Public Service Commission

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

DATE: January 12, 1999  
 TO: Nancy Pruitt, Division of Communications  
 FROM: David J. Draper, Division of Auditing and Financial Analysis *DO*  
 RE: Docket No. 981856-TI, Korea Telecom America, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM APC*

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 Korea Telecom America, Inc. (KTA) 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, KTA has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, KTA 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 by noting that it has adequate liquid assets to provide and maintain the proposed telecommunications service. In addition, KTA is a wholly owned subsidiary of Korea Telecom and can count on the financial support of its parent company, if needed. 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)

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FPSC-RECORDS/REPORTING

DOCKET NO. 981856  
KOREA TELECOM AMERICA, INC.

IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/97
CURRENT ASSETS	\$3,495,441
CURRENT LIABILITIES	89,287
CURRENT RATIO	39.15
CASH	532,253
COMMON EQUITY	5,781,207
TOTAL DEBT	1,900,000
TOTAL INVESTOR CAPITAL	7,681,207
COMMON EQUITY RATIO	75%
NET INCOME	197,594
RETURN ON EQUITY	3%

NMF = No Meaningful Figure