



# Public Service Commission

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

**DATE:** February 5, 1999  
**TO:** Tommy Williams, Division of Communications  
**FROM:** Eva P. Samaan, Division of Auditing and Financial Analysis *ALM*  
**RE:** Docket No. 990029-TI, U.S. Operators, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *MS*

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 U.S. Operators, Inc. (USO) for the period ending November 30, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, USO has minimal liquidity, negative common equity and reported a net loss for the period.

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

Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service. The President and the Vice President of USO, as well as a group of individual investors, will provide additional funds in excess of \$500,000 to support future operations, 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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