

ORIGINAL



Public Service Commission

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

DATE: May 11, 1999
 TO: Toni McCoy, Division of Communications
 FROM: David J. Draper, Division of Auditing and Financial Analysis *APC*
 RE: Docket No. 990519-TX, Transtar Communications USA, L.C., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ALM*

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 financial statements of Transtar Communications USA, L.C. (TCU) for the period ending December 31, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, TCU has adequate liquidity, sufficient common equity and reported positive income for the period.

In this matter, TCU is asking for a certificate to provide alternative local exchange telecommunications 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. 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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- APP _____
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FPSC-RECORDS/REPORTING

DOCKET NO. 99051 TX
TRANSTAR COMMUNICATIONS USA, L.C.

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/98
CURRENT ASSETS	\$2,905,000
CURRENT LIABILITIES	976,976
CURRENT RATIO	2.97
CASH	17,500
COMMON EQUITY	4,018,740
TOTAL DEBT	1,043,664
TOTAL INVESTOR CAPITAL	5,062,404
COMMON EQUITY RATIO	79%
NET INCOME	1,958,037
RETURN ON EQUITY	49%

NMF = No Meaningful Figure