



Public Service Commission

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

DATE: May 11, 1999
TO: Tommy Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *DD APC ALM*
RE: Docket No. 990364-TX, Universal Telecom, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *[Signature]*

Section 364.0137 (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 Universal Telecom, Inc. (UTI) for the three month period ending April 9, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, UTI has adequate liquidity but reports negative common equity and negative net income.

In this matter, UTI 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 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 by noting that the applicant can rely upon the financial support of its shareholders if needed. In addition, UTI 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)

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ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 04/09/99
CURRENT ASSETS	\$6,046
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	6,046
COMMON EQUITY	(14,088)
TOTAL DEBT	31,000
TOTAL INVESTOR CAPITAL	16,912
COMMON EQUITY RATIO	NMF
NET INCOME	(14,088)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure