



Public Service Commission

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

DATE: May 20, 1999  
 TO: Nancy Pruitt, Division of Communications  
 FROM: David J. Draper, Division of Auditing and Financial Analysis *ALM DD APC*  
 RE: Docket No. 990576-TI, PT-1 Long Distance, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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 PT-1 Long Distance, Inc. (PT-1) for the period ending December 31, 1998. As the attached schedule shows, PT-1 has minimal liquidity, negative common equity and reported negative income for the period.

In this matter, PT-1 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 minimal.

AFA \_\_\_\_\_  
 APP \_\_\_\_\_  
 CAF \_\_\_\_\_  
 CMU \_\_\_\_\_  
 CTR \_\_\_\_\_  
 EAG \_\_\_\_\_  
 LEG \_\_\_\_\_  
 MAS \_\_\_\_\_  
 OPC \_\_\_\_\_  
 RRR \_\_\_\_\_  
 SEC \_\_\_\_\_  
 WAW \_\_\_\_\_  
 OTH \_\_\_\_\_

Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability by noting that it has a \$5 million revolving line of credit available if additional financing is necessary. 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

06481 MAY 21 99

FPSC-RECORDS/REPORTING

DOCKET NO. 990576-1  
PT-1 LONG DISTANCE, INC.

IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

	AS OF 12/31/98 (,000)
CURRENT ASSETS	\$75,494
CURRENT LIABILITIES	119,926
CURRENT RATIO	0.63
CASH	17,364
COMMON EQUITY	(3,093)
TOTAL DEBT	7,054
TOTAL INVESTOR CAPITAL	3,961
COMMON EQUITY RATIO	NMF
NET INCOME	(2,129)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure