



Public Service Commission

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

DATE: September 14, 1999
TO: Tommy Williams, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis
RE: Docket No. 990949-TI, Resort Hospitality Services, Ltd., d/b/a TelSouth, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

Handwritten initials: ALM, APC, and a signature.

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 TelSouth (TLS) 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, TLS has adequate liquidity, sufficient common equity and reported a positive net income for the period.

Vertical list of initials (FA, PP, AF, MU, TR, AG, EG, AS, PC, AI, EC, VAW, TH) next to a paragraph of text: In this matter, TLS 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 adequate. The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. TLS has access to credit from First Union National Bank of South Carolina, Bank of America, BankFirst and Lincoln Bank in the amounts of \$250,000, \$650,000, \$200,000 and \$100,000 respectively. The company has adequate sources of financing to support its future operations. 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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PSC-RECORDS/REPORTING

DOCKET NO. 990949-
RESORT HOSPITALITY SERVICES, Ltd., d/b/a TELSOUTH

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 12/31/98

CURRENT ASSETS	\$202,397
CURRENT LIABILITIES	123,811
CURRENT RATIO	1.63
CASH	7,428
COMMON EQUITY	171,948
LONG-TERM DEBT	152,234
TOTAL INVESTOR CAPITAL	324,182
COMMON EQUITY RATIO	53%
NET INCOME	308,521
RETURN ON EQUITY	179%