



ORIGINAL
Public Service Commission

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

DATE: January 4, 2000
TO: Tommy Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *ALM*
RE: Docket No. 991325-TI, USA Digital Communications, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *apc*

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 USA Digital Communications, Inc. (UDC) for the nine month period ending September 30, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, UDC has adequate liquidity, sufficient common equity and reported income for the period.

In this matter, UDC 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 adequate. The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that UDC proposes to operate as a reseller in the state of Florida, and will incur minimal capital or operating expenses. In addition, the company has structured its retail pricing so that its per minute rate covers its per minute cost, thus assuring an almost instantaneous positive cash flow. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

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- APP
- CAF
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- OTH

cc: Division of Legal Services
Division of Records and Reporting (2)

DOCUMENT NUMBER-DATE

00327 JAN-78

FPSC-RECORDS/REPORTING

DOCKET NO. 99132
USA DIGITAL COMMUNICATIONS, INC.

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 09/30/99
CURRENT ASSETS	\$192,694
CURRENT LIABILITIES	121,254
CURRENT RATIO	1.59
CASH	25,252
COMMON EQUITY	86,334
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	86,334
COMMON EQUITY RATIO	100%
NET INCOME	7,522
RETURN ON EQUITY	9%

NMF = No Meaningful Figure