



Public Service Commission

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

DATE: February 9, 2000
TO: Tommy Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *PL* *af*
RE: Docket No. 991945-TI, TRC Telecom, 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 unaudited financial statements of TRC Engineering Services, Inc., the parent company of TRC Telecom, Inc. (TRC) 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, TRC's parent company has adequate liquidity and sufficient common equity. The company reported a loss for the period.

In this matter, TRC is asking for a certificate to provide IXC service. Staff notes the limited nature of the application. For purposes of granting a certificate based on the financial information provided, the financial capability appears adequate.

AFA _____ The applicant attests to its financial capability to provide and maintain the proposed
APP _____ telecommunications service by noting that it is a start-up company and its debt is from its parent.
CAF _____
CMU _____ The parent company will provide financial resources to TRC. Based on this showing, the applicant
CTR _____ appears to meet the financial capability standard of Section 364.337, Florida Statutes.
EAG _____
LEG _____

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

MAS _____
OPC _____
RRR _____
SEC _____
WAW _____
OTH _____

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

DOCKET NO. 991945-TI
TRC TELECOM, INC.
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS OF
TRC ENGINEERING SERVICES, INC., THE PARENT COMPANY,
ACCOUNTANT'S COMPILATION

	AS OF <u>12/31/1998</u>
CURRENT ASSETS	\$1,042,634
CURRENT LIABILITIES	81,916
CURRENT RATIO	12.73
CASH	531,990
COMMON EQUITY	1,008,452
TOTAL DEBT	603,748
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	1,612,200
COMMON EQUITY RATIO	63%
NET INCOME	(183,826)
RETURN ON EQUITY	NEGATIVE