

State of Florida



Public Service Commission

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

DATE: June 7, 2001
TO: Nancy Pruitt, Division of Regulatory Oversight
FROM: David J. Draper, Division of Economic Regulation
RE: Docket No. 010786-TX, US Telecom Services, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

Section 364.337 (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 US Telecom Services, Inc. (UST) for the period ending June 6, 2001. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, UST has marginal liquidity and negative common equity. UST is not in operations at this time, therefore, has no relevant income statement.

In this matter, UST 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 marginal.

Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that the company's investors will provide financial support if additional capital is needed. 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

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FPSC RECORDS/REPORTING

DOCKET NO. 010786-TX
US TELECOM SERVICES, INC.

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 06/06/2001
CURRENT ASSETS	\$80,118
CURRENT LIABILITIES	81,852
CURRENT RATIO	0.98
CASH	80,118
COMMON EQUITY	(1,734)
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	(1,734)
COMMON EQUITY RATIO	NMF
NET INCOME	0
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure