



Public Service Commission

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

DATE: June 24, 1996
 TO: Tom Williams, Division of Communications
 FROM: Sonja Jones, Division of Auditing and Financial Analysis *SJS APC 1/87*
 RE: Docket No. 960123-T1, PHONETIME, 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 PHONETIME, INC. (PHON) for the nine-month period ending March 31, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, PHON has minimal liquidity and reports negative common equity and negative net income.

In this matter, PHON 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 minimal.

Although an analysis of the financial statements reveals the applicant is in a weak financial position, the Chief Financial Officer of the applicant has provided banking, credit, and other references to attest to their financial capability to provide and maintain the proposed telecommunications service. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

- ACK _____
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cc: Division of Legal Services
Division of Records and Reporting

DOCUMENT NUMBER - DATE
06936 JUN 27 1996
FPSC-RECORDS/REPORTING

DOCKET NO. 960123-T1
PHONETIME, Inc.
IXC CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

FOR THE
PERIOD OF
7/14/95 - 3/31/96

CURRENT ASSETS	\$1,560,240
CURRENT LIABILITIES	3,977,887
CURRENT RATIO	0.39
CASH	520,187
COMMON EQUITY	(2,541,828)
TOTAL DEBT	210,000
TOTAL INVESTOR CAPITAL	(2,331,828)
COMMON EQUITY RATIO	NMF
NET INCOME	(2,542,028)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure