



# Public Service Commission

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

**DATE:** April 17, 1997  
**TO:** Tom Williams, Division of Communications  
**FROM:** Pete Lester, Division of Auditing and Financial Analysis *ALM*  
**RE:** Docket No. 970253-TX, U.S. Long Distance, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *APC* *MLP*

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 audited financial statements of U.S. Long Distance, Inc. (USLD) for the period ending September 30, 1996. As the attached schedule shows, USLD has adequate liquidity and ownership equity but reports a low return on equity.

ACK \_\_\_\_\_  
 AFA \_\_\_\_\_  
 AFP \_\_\_\_\_  
 CAF \_\_\_\_\_  
 CMU \_\_\_\_\_  
 CTR \_\_\_\_\_  
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 GFC \_\_\_\_\_  
 ROH \_\_\_\_\_  
 SEC \_\_\_\_\_  
 WAS \_\_\_\_\_  
 OTH \_\_\_\_\_

In this matter, USLD is asking for a certificate to provide alternative local exchange telecommunications 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.

The applicant attests that it has the financial capability to provide the proposed telecommunications services. 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

DOCUMENT NUMBER DATE

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FILED RECORDS/REPORTING

**DOCKET NO. 970253-TX  
U.S. LONG DISTANCE, INC.  
ALEC CERTIFICATE  
FINANCIAL ANALYSIS  
ATTESTATION DONE**

**FROM AUDITED FINANCIAL STATEMENTS**

**12 MONTHS ENDING  
SEPTEMBER 30, 1996**

<b>CURRENT ASSETS</b>	<b>50,711,000</b>
<b>CURRENT LIABILITIES</b>	<b>24,490,000</b>
<b>CURRENT RATIO</b>	<b>2.07</b>
<b>CASH</b>	<b>8,842,000</b>
<b>COMMON EQUITY</b>	<b>58,285,000</b>
<b>TOTAL DEBT</b>	<b>16,437,000</b>
<b>TOTAL INVESTOR CAPITAL</b>	<b>74,702,000</b>
<b>COMMON EQUITY RATIO</b>	<b>78%</b>
<b>NET INCOME</b>	<b>1,407,000</b>
<b>RETURN ON EQUITY</b>	<b>2%</b>