



Public Service Commission

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

DATE: September 27, 1999  
 TO: Tommy Williams, Division of Communications  
 FROM: David J. Draper, Division of Auditing and Financial Analysis *DD*  
 RE: Docket No. 991360-TI, P.D.S., Inc., d/b/a Phone Systems, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM*  
*HPC*  
*[Signature]*

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 P.D.S., Inc., d/b/a Phone Systems, Inc. (PSI) 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, PSI has adequate liquidity, sufficient common equity and reported a positive net income for the period.

AFA \_\_\_\_\_  
 APP \_\_\_\_\_  
 CAF \_\_\_\_\_ In this matter, PSI is asking for a certificate to provide IXC service. For purposes of granting a  
 CMU \_\_\_\_\_ certificate based on the financial information provided, the financial capability appears adequate.  
 CTR \_\_\_\_\_ The applicant attests to its financial capability by noting that it has adequate liquid assets to  
 EAG \_\_\_\_\_ provide and maintain the proposed telecommunications service. Based on this showing, the  
 LEG \_\_\_\_\_ applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.  
 MAS \_\_\_\_\_  
 OPC \_\_\_\_\_  
 PAI \_\_\_\_\_ cc: Division of Legal Services  
 SEC \_\_\_\_\_ I \_\_\_\_\_ Division of Records and Reporting (2)  
 WAW \_\_\_\_\_  
 OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

11767 SEP 29 99

FPSC-RECORDS/REPORTING

DOCKET NO. 991360-1,  
P.D.S., INC, d/b/a PHONE DEBT SYSTEMS, INC.

IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/98
CURRENT ASSETS	\$380,861
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	329,504
COMMON EQUITY	413,911
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	413,911
COMMON EQUITY RATIO	100%
NET INCOME	129,692
RETURN ON EQUITY	31%

NMF = No Meaningful Figure