



# Public Service Commission

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

**DATE:** December 9, 1997  
**TO:** Tom Williams, Division of Communications  
**FROM:** Pete Lester, Division of Auditing and Financial Analysis *ALM*  
**RE:** Docket No. 971170-TI, Journey Telecom International, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *PL APC*

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 Journey Telecom International, Inc. (Journey) for the three-month period ending June 30, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Journey has adequate liquidity, ownership equity, and profitability.

In this matter, Journey 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.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it does not maintain facilities and, therefore, maintains a high level of profitability. The applicant notes its liquidity position and its lack of debt. It states that, if financing were required, its principals would provide the funds. 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

12756 DEC 12 97

FPSC-RECORDS/REPORTING

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
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- SEC 1 \_\_\_\_\_
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

DOCKET NO. 971170-TI  
JOURNEY TELECOM INTERNATIONAL, INC.  
IXG CERTIFICATE  
FINANCIAL ANALYSIS  
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS

	THREE MONTHS ENDING <u>JUNE 30, 1997</u>
CURRENT ASSETS	399,821
CURRENT LIABILITIES	209,600
CURRENT RATIO	1.91
CASH	228,197
COMMON EQUITY	134,721
TOTAL DEBT	74,000
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	208,721
COMMON EQUITY RATIO	65%
NET INCOME	301,028
RETURN ON EQUITY	223%