



Public Service Commission

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

DATE: March 14, 1997
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis *AS APC ALM JMS*
RE: Docket No. 961462-TI, TeleKey, L.L.C., 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 TeleKey, L.L.C. (TKEY) for the nine-month period ending September 30, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, TKEY has marginal liquidity and reports negative common equity and negative net income.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC 1
- WAS _____
- OTH _____

In this matter, TKEY is asking for a certificate to provide IXC service. It should be noted that TKEY plans to offer prepaid debit cards and, as a result, customer funds could 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 minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service. The applicant proposes to operate as a switchless reseller. As a result, there are no additional capital requirements or expenses that will be incurred when expanding operations to the State of Florida. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

cc: Division of Legal
Division of Records and Reporting

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

DOCKET NO. 961462
TELEKEY, L.L.C.
IXC CERTIFICATE
FINANCIAL ANALYSIS

Provides Pre-paid Credit Card Service.

FROM UNAUDITED FINANCIAL STATEMENTS

FOR THE NINE
MONTHS ENDING
9/30/96

CURRENT ASSETS	\$1,251,997
CURRENT LIABILITIES	1,880,727
CURRENT RATIO	0.67
CASH	619,782
COMMON EQUITY	(378,390)
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	(378,390)
COMMON EQUITY RATIO	NMF
NET INCOME	(379,916)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure