



# Public Service Commission

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

**DATE:** August 6, 1997  
**TO:** Nancy Pruitt, Division of Communications  
**FROM:** David J. Draper, Division of Auditing and Financial Analysis *DD*  
**RE:** Docket No. 970904-TX, IDS Long Distances, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ALM*

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 unaudited financial statements of IDS Long Distances, Inc. (IDS) for the period ending December 31, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, IDS has adequate liquidity, sufficient common equity and produced a positive net income for the period.

ACK \_\_\_\_\_  
AFA \_\_\_\_\_  
APP \_\_\_\_\_  
CAF \_\_\_\_\_  
CMU \_\_\_\_\_  
CTR \_\_\_\_\_  
EAG \_\_\_\_\_  
LEG \_\_\_\_\_  
LH \_\_\_\_\_

In this matter, IDS is asking for a certificate to provide alternative local exchange telecommunications 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 adequate. The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. The Company notes that in addition to strong revenue growth, IDS has available lines of credit in the amount of one-hundred-fifty thousand dollars. 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) ✓

WFS \_\_\_\_\_  
DTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

00066 AUG-87

FPSC-RECORDS/REPORTING

DOCKET NO. : 970904  
IDS LONG DISTANCES, INC.

ALTERNATIVE LOCAL EXCHANGE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/96
CURRENT ASSETS	\$769,799
CURRENT LIABILITIES	673,495
CURRENT RATIO	1.14
CASH	28,426
COMMON EQUITY	203,992
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	203,992
COMMON EQUITY RATIO	100%
NET INCOME	149,840
RETURN ON EQUITY	73%

NMF = No Meaningful Figure