



Public Service Commission

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

DATE: December 12, 1997
TO: Jim Strong, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *PL ALM APC*
RE: Docket No. 971557-TI, W.T. Communications Services, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *WTC*

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 W.T. Communications Services, Inc. (WTC) for the year ended July 31, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, WTC has adequate liquidity and ownership equity. For the period, the company reported a loss.

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

In this matter, WTC 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 possesses the necessary assets and profit-generating potential to ensure that the company will offer high-quality service to the public. The applicant notes that it currently has \$900,413 in current assets, and it can receive financial backing from its parent company if needed. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

cc: Division of Legal Services



DOCUMENT NUMBER - DATE

12901 DEC 17 97

FPSC-RECORDS/REPORTING

**DOCKET NO. 971557-T1
W.T. COMMUNICATIONS SERVICES, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE**

FROM UNAUDITED FINANCIAL STATEMENTS

**TWELVE MONTHS
ENDED
JULY 31, 1997**

CURRENT ASSETS	79,215
CURRENT LIABILITIES	62,209
CURRENT RATIO	1.27
CASH	70,036
COMMON EQUITY	132,920
TOTAL DEBT	71,027
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	203,947
COMMON EQUITY RATIO	65%
NET INCOME	(227,079)
RETURN ON EQUITY	NEGATIVE