



## Public Service Commission

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

DATE: July 21, 1998  
 TO: Tone McCoy, Division of Communications  
 FROM: Pete Lester, Division of Auditing and Financial Analysis *PL*  
 RE: Docket No. 980558-TI, Preferred Voice, Inc., 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 Preferred Voice, Inc. (Preferred) for the period ending March 31, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Preferred has adequate liquidity but has negative common equity. For the period, the company reports a loss.

ACK \_\_\_\_\_ In this matter, Preferred is asking for a certificate to provide IXC service. Staff notes the  
 VFA \_\_\_\_\_ limited nature of the application and that no customer provided funds appear to be at risk. For  
 APP \_\_\_\_\_ purposes of granting a certificate based on the financial information provided, the financial  
 CAF \_\_\_\_\_ capability appears marginal.

CMU \_\_\_\_\_ Although an analysis of the financial statements reveals the applicant is in a marginal financial  
 CTR \_\_\_\_\_ position, the applicant attests to its financial capability to provide and maintain the proposed  
 EAG \_\_\_\_\_ telecommunications service by noting that it will receive continued capital infusions from its  
 LEG \_\_\_\_\_ investor group. Staff notes the company has raised a significant level of debt, and that it will  
 LIN \_\_\_\_\_ have audited financial statements. Based on this showing, the applicant appears to meet the  
 financial capability standard of Section 364.337, Florida Statutes.

OPC \_\_\_\_\_  
 RCH \_\_\_\_\_ cc: Division of Legal Services  
 SEC \_\_\_\_\_ 1 Division of Records and Reporting (2)  
 WPS \_\_\_\_\_  
 OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

DOCKET NO. 980558-11  
PREFERRED VOICE, INC.  
IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 03/31/98
CURRENT ASSETS	\$882,284
CURRENT LIABILITIES	457,916
CURRENT RATIO	1.93
CASH	82,284
COMMON EQUITY	(1,797,280)
TOTAL DEBT	2,310,112
NET INCOME	(253,945)
RETURN ON EQUITY	NEGATIVE