



Public Service Commission

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

DATE: September 22, 1998
 TO: Nancy Pruitt, Division of Communications
 FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *ED ALM APC*
 RE: Docket No. 981118-TI, Long Distance America, 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 Balance Sheet of Long Distance America, Inc. (LDA) for the period ending September 8, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, LDA has adequate liquidity, sufficient common equity, but as a new company has no income to report at the present time.

In this matter, LDA is asking for a certificate to provide IXC 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 by noting that if necessary, its shareholders will put up additional capital to keep the company in operation. 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)

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| DOCUMENT NO. |
| 10682-58 |
| 9-28-98 |

DOCKET NO. 981118-1
LONG DISTANCE AMERICA, INC.

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED BALANCE SHEET AS OF 09/08/98

| | |
|------------------------|-----------|
| CURRENT ASSETS | \$200,000 |
| CURRENT LIABILITIES | 0 |
| CURRENT RATIO | NMF |
| CASH | 200,000 |
| COMMON EQUITY | 200,000 |
| TOTAL DEBT | 0 |
| TOTAL INVESTOR CAPITAL | 200,000 |
| COMMON EQUITY RATIO | 100% |
| NET INCOME | 0 |
| RETURN ON EQUITY | NMF |

NMF = No Meaningful Figure