



# Public Service Commission

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

DATE: March 9, 1999  
 TO: Nancy Pruitt, Division of Communications  
 FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *APC*  
 RE: Docket No. 990185-TI, CTC Communications Corp., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM*

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 CTC Communications Corp. (CTC) 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, CTC has adequate liquidity and sufficient common equity, but reported a net loss for the period.

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_ In this matter, CTC 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.
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_ The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. CTC has entered into a loan and security agreement with Goldman Sachs Credit Partners L.P. and Fleet National Bank. The lenders have provided CTC with a three year senior secured credit facility consisting of revolving loans in the aggregate amount of up to \$75 million. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.
- LEG \_\_\_\_\_
- LIN \_\_\_\_\_
- OPC \_\_\_\_\_
- RCH \_\_\_\_\_

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

DOCUMENT NUMBER-DATE  
**03137 MAR 11 8**  
 FPSC-RECORDS/REPORTING

DOCKET NO. 990185  
CTC COMMUNICATIONS CORP.

IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS AS OF 03/31/98

CURRENT ASSETS	\$22,485,182
CURRENT LIABILITIES	11,142,831
CURRENT RATIO	2.02
CASH	2,167,930
COMMON EQUITY	11,579,575
TOTAL DEBT	8,244,948
TOTAL INVESTOR CAPITAL	19,824,523
COMMON EQUITY RATIO	58%
NET INCOME	(2,884,450)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure