



# Public Service Commission

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

**DATE:** March 23, 1999  
**TO:** Nancy Pruitt, Division of Communications  
**FROM:** Eva P. Samaan, Division of Auditing and Financial Analysis *APC*  
**RE:** Docket No. 990258-TI, GTC Telecom, 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 GTC Telecom (GTC) for the period ending January 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, GTC has adequate liquidity and sufficient common equity, but reported a net loss for the period.

ACK \_\_\_\_\_ In this matter, GTC is asking for a certificate to provide IXC service. For purposes of granting  
 AFA \_\_\_\_\_ a certificate based on the financial information provided, the financial capability appears  
 APP \_\_\_\_\_ adequate.

CFE \_\_\_\_\_  
 CHU \_\_\_\_\_ The applicant attests to its financial capability to provide and maintain the proposed  
 CTR \_\_\_\_\_ telecommunications service. GTC is a publicly traded company and has available funds in the  
 EAG \_\_\_\_\_ amount of \$528,200 through an account with Merrill Lynch to support future operations. Based  
 LEG \_\_\_\_\_ on this showing, the applicant appears to meet the financial capability standard of Section  
 364.337, Florida Statutes.

LIN \_\_\_\_\_  
 OPC \_\_\_\_\_ cc: Division of Legal Services  
 Division of Records and Reporting (2)

RCH \_\_\_\_\_  
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DOCUMENT NUMBER-DATE  
 04135 MAR 31 99  
 FPSC-RECORDS/REPORTING

DOCKET NO. 990258-T  
GTC TELECOM

IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 01/31/99

CURRENT ASSETS	\$111,922
CURRENT LIABILITIES	85,023
CURRENT RATIO	1.32
CASH	105,607
COMMON EQUITY	180,506
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	180,506
COMMON EQUITY RATIO	100%
NET INCOME	(572,026)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure