

State of Florida



Public Service Commission

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

DATE: June 5, 2000
TO: Nancy Pruitt, Division of Regulatory Oversight
FROM: David J. Draper, Division of Economic Regulation
RE: Docket No. 000573-TX, GTC Telecom Corporation, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

Section 364.337 (1), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide alternative local exchange 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 Corporation (GTC) for the three month period ending March 31, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, GTC has minimal liquidity, negative common equity and negative income for the period.

In this matter, GTC is asking for a certificate to provide alternative local exchange telecommunications service. For purposes of granting a certificate based on the financial information provided, the financial capability appears minimal.

Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that if additional capital is needed the company is prepared to issue stock and has the ability to borrow funds. 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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06899 JUN-68

FPSC-RECORDS/REPORTING

DOCKET NO. 000573-
GTC TELECOM CORP.

ALTERNATIVE LOCAL EXCHANGE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 03/31/2000
CURRENT ASSETS	\$1,649,312
CURRENT LIABILITIES	3,947,341
CURRENT RATIO	0.42
CASH	532,942
COMMON EQUITY	(1,389,326)
TOTAL DEBT	355,341
TOTAL INVESTOR CAPITAL	(1,033,985)
COMMON EQUITY RATIO	NMF
NET INCOME	(5,094,382)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure