



Public Service Commission

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

DATE: May 28, 1998
 TO: Louis Yambor, Division of Communications
 FROM: David J. Draper, Division of Auditing and Financial Analysis *DD*
 RE: Docket No. 980527-TX, Telecard Communications International, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ALM APC*

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 Telecard Communications International, Inc. (TCI) for the period ending December 31, 1997. An audit could change one's opinion of the company's financial condition.

As the attached schedule shows, TCI has minimal liquidity, but reports sufficient common equity and a positive net income for the period.

In this matter, TCI 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 adequate. The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it is in the process of obtaining a \$500,000 line of credit with a commercial lender. In addition, TCI is actively preparing a stock and debt offering in the amount of \$10 to \$20 million. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC 1
- WAS _____
- OTH _____

cc: Division of Legal Services
Division of Records and Reporting (2)

DOCUMENT NUMBER - DATE

05835 MAY 29 88

FFSC-RECORDS/REPORTING

DOCKET NO. 980527-TX
TELECARD COMMUNICATIONS INTERNATIONAL, INC.

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/97
CURRENT ASSETS	\$560,037
CURRENT LIABILITIES	1,947,747
CURRENT RATIO	0.29
CASH	38,998
COMMON EQUITY	2,764,370
TOTAL DEBT	1,979,865
TOTAL INVESTOR CAPITAL	4,744,235
COMMON EQUITY RATIO	58%
NET INCOME	137,434
RETURN ON EQUITY	5%

NMF = No Meaningful Figure