

State of Florida



Public Service Commission

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

DATE: May 25, 2001
TO: Toni McCoy, Division of Regulatory Oversight
FROM: Pete Lester, Division of Economic Regulation
RE: Docket No. 010216-TI, USA Telephone, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

ALM [signature]

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 USA Telephone, Inc. (USAT) for the period ending September 30, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, USAT has adequate liquidity, sufficient common equity, and reported positive net income for the period.

In this matter, USAT is asking for a certificate to provide IXC service. Staff notes the limited nature of the application. 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 has high revenue growth and high liquidity. 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)

DOCUMENT NUMBER-DATE

06665 MAY 29 2001

FPSC-RECORDS-REPORTING

DOCKET NO. 010216-TI
USA TELEPHONE, INC.
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	<u>AS OF</u> <u>9/30/00</u>
CURRENT ASSETS	\$302,273
CURRENT LIABILITIES	57,787
CURRENT RATIO	5.23
CASH	302,273
COMMON EQUITY	302,273
TOTAL DEBT	0
PREFERRED STOCK	11,210
TOTAL INVESTOR CAPITAL	313,483
COMMON EQUITY RATIO	96%
NET INCOME	58,174
RETURN ON EQUITY	19%