



Public Service Commission

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

DATE: April 1, 1997
TO: Tom Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *OS ALM APC*
RE: Docket No. 970129-TX, Indiantown Telephone System, Inc., 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 audited financial statements of Indiantown Telephone System, Inc. (ITS) for the period ending December 31, 1995. As the attached schedule shows, ITS has adequate liquidity, sufficient common equity and has a positive net income.

In this matter, ITS is asking for a certificate to provide alternative local exchange telecommunications 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. The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has been a local exchange service provider since 1901, and files annual financial statements with the Florida Public Service Commission. 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

HCK
 JFA
 APP
 JAF
 CMH
 STR
 EAG
 LES
 LHM
 OPC
 ROH
 SFC
 WAS
 OTH

DOCUMENT NUMBER-DATE
 03399 APR-26
 FPSC-RECORDS/REPORTING

DOCKET NO. : 970129-TX
INDIANTOWN TELEPHONE SYSTEM, INC.

ALTERNATIVE LOCAL EXCHANGE
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

	AS OF 12/31/95
CURRENT ASSETS	\$2,132,911
CURRENT LIABILITIES	497,855
CURRENT RATIO	4.28
CASH	297,723
COMMON EQUITY	4,492,285
TOTAL DEBT	3,971,520
TOTAL INVESTOR CAPITAL	8,463,805
COMMON EQUITY RATIO	53%
NET INCOME	274,213
RETURN ON EQUITY	6%

NMF = No Meaningful Figure