



Public Service Commission

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

DATE: April 2, 1998
 TO: Tommy Williams, Division of Communications
 FROM: David J. Draper, Division of Auditing and Financial Analysis *LL*
 RE: Docket No. 980368-TX, Palm Beach Telephone Company, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ALM AP*

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 projected financial statements of Palm Beach Telephone Company (PBT) for the period ending December 31, 1998. PBT is a newly incorporated entity and currently does not have a relevant balance sheet, income statement or statement of retained earnings. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, PBT forecasts a negative net income for the period, but projects adequate liquidity and sufficient common equity.

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~~In this matter, PBT 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 by noting that it has adequate liquid assets to provide and maintain the proposed telecommunications service. In addition, the company has the ability to issue stock and debt to raise additional capital if needed. 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 DATE
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 REPORTING

DOCKET NO. 980368-TX
PALM BEACH TELEPHONE COMPANY

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED PROJECTED FINANCIAL STATEMENTS

FOR A
12 MONTH
PERIOD ENDING
12/31/98

CURRENT ASSETS	\$300,308
CURRENT LIABILITIES	6,527
CURRENT RATIO	46.01
CASH	300,308
COMMON EQUITY	297,458
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	297,458
COMMON EQUITY RATIO	100%
NET INCOME	(144,467)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure