



ORIGINAL

Public Service Commission

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

DATE: September 15, 1999
TO: Nancy Pruitt, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis
RE: Docket No. 991264-TX, Telefyne, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

Handwritten initials: ALM, APC, and a signature.

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 Telefyne, Inc. (TFI) for the seven month period ending July 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, TFI has adequate liquidity, sufficient common equity and reported a positive net income for the period.

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In this matter, TFI 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 the company will increase available capital from continuing operations. In addition, TFI has the ability to obtain additional financing through traditional commercial lending institutions. 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

11116 SEP 16 99

FPSC-RECORDS/REPORTING

DOCKET NO. 991264
TELEFYNE, INC.

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 07/31/99
CURRENT ASSETS	\$482,867
CURRENT LIABILITIES	15,348
CURRENT RATIO	31.46
CASH	333,187
COMMON EQUITY	259,884
TOTAL DEBT	169,781
TOTAL INVESTOR CAPITAL	429,665
COMMON EQUITY RATIO	60%
NET INCOME	198,309
RETURN ON EQUITY	76%

NMF = No Meaningful Figure