



Public Service Commission

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

DATE: February 5, 1998
TO: Jim Strong, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *ALM APC*
RE: Docket No. 980038-TX, Adelphia Telecommunications of Florida, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *pmk*

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 Adelphia Communications Corporation, the parent company of Adelphia Telecommunications of Florida, Inc. (Adelphia), for the year ended March 31, 1997. As the attached schedule shows, Adelphia has adequate liquidity but reports negative common equity and negative net income.

In this matter, Adelphia is asking for a certificate to provide alternative local exchange telecommunications 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 marginal.

Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has access to its parent's capital and the parent currently has \$500 million in unused commitments for borrowing. 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)

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**DOCKET NO. 980038-TX
ADELPHIA TELECOMMUNICATIONS OF FLORIDA, INC
ALEC
FINANCIAL ANALYSIS
ATTESTATION DONE**

**FROM AUDITED FINANCIAL STATEMENTS
OF ADELPHIA COMMUNICATIONS CORPORATION**

IN THOUSANDS	YEAR ENDED MARCH 31, 1997
CURRENT ASSETS	284,582
CURRENT LIABILITIES	200,903
CURRENT RATIO	1.42
CASH	61,539
COMMON EQUITY	(1,253,881)
TOTAL DEBT	2,544,039
PREFERRED STOCK	0
COMMON EQUITY RATIO	NMF
NET INCOME	(130,642)
RETURN ON EQUITY	NEGATIVE

NMF=NO MEANINGFUL FIGURE