



Public Service Commission

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

DATE: September 18, 1998
TO: Nancy Pruitt, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis
RE: Docket No. 981106-TX, Daytona Telephone Company, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

Handwritten initials: ALM, AP, 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 Daytona Telephone Company, Inc. (DTC) for the period ending June 30, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, DTC has adequate liquidity, sufficient common equity and reported a positive net income for the period.

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In this matter, DTC 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 can obtain additional financing through First Tennessee Bank, Regions Bank, Trust One Bank and Mid American Communications Inc. 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

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RECORDS AND REPORTING

DOCKET NO. 981106-1  
DAYTONA TELEPHONE COMPANY, INC.

ALEC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 06/30/98

CURRENT ASSETS	\$1,059,761
CURRENT LIABILITIES	384,794
CURRENT RATIO	2.91
CASH	130,305
OWNERSHIP EQUITY	725,471
TOTAL DEBT	383,562
TOTAL INVESTOR CAPITAL	1,109,033
COMMON EQUITY RATIO	65%
NET INCOME	73,607
RETURN ON EQUITY	10%

NMF = No Meaningful Figure