



Public Service Commission

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

DATE: January 14, 1999  
 TO: Nancy Pruitt, Division of Communications  
 FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *ALM*  
 RE: Docket No. 981875-TI, Daytona Telephone Company, Financial Analysis *APC*  
 Certificate Application for Intrastate Interexchange Telecommunications Service *[Signature]*

Section 364.337 (3), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide intrastate interexchange telecommunications 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.

ACK \_\_\_\_\_  
 AFA \_\_\_\_\_ In this matter, DTC is asking for a certificate to provide IXC service. Staff notes the limited  
 APP \_\_\_\_\_ nature of the application and that no customer provided funds appear to be at risk. For purposes  
 CAF \_\_\_\_\_ of granting a certificate based on the financial information provided, the financial capability  
 appears adequate.

CMU \_\_\_\_\_  
 CTR \_\_\_\_\_ The applicant attests to its financial capability to provide and maintain the proposed  
 EAG \_\_\_\_\_ telecommunications service by noting that it can obtain additional financing through First  
 LEG \_\_\_\_\_ Tennessee Bank, Regions Bank, Trust One Bank and Mid American Communications, Inc.  
 LIN \_\_\_\_\_ Based on this showing, the applicant appears to meet the financial capability standard of Section  
 364.337, Florida Statutes.

OPC \_\_\_\_\_  
 RCH \_\_\_\_\_ cc: Division of Legal Services  
 Division of Records and Reporting (2)

SEC 1  
 WAS \_\_\_\_\_  
 OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE  
 00582 JAN 15 99  
 FPSC-RECORDS/REPORTING

DOCKET NO. 981875  
DAYTONA TELEPHONE COMPANY, INC.

IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 06/30/98

CURRENT ASSETS	\$1,059,761
CURRENT LIABILITIES	364,794
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