



Public Service Commission

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

DATE: September 23, 1996
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis *ALM*
RE: Docket No. 960840-TI, Digital Cable, Inc., Financial Analysis for Certificate *APC*
 Application for Intrastate Interexchange Telecommunications Service *mmx*

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 Digital Cable, Inc. (DCI) for the five-month period ending May 31, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, DCI has adequate ownership equity but marginal liquidity and no net income.

In this matter, DCI is asking for a certificate to provide IXC 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 minimal.

Although an analysis of the financial statements reveals the applicant is in the development stage of this business, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service. The applicant notes that it is providing long distance services under the auspices of the MCI network. At present the applicant is financed by sources commonly known as "Friends and Family" as well as a line of credit from First Union Bank subject to personal guarantees of the principles of the company.

DOCUMENT NUMBER-DATE

10202 SEP 24 86

FPSC-RECORDS/REPORTING

cc: Division of Legal Services
Division of Records and Reporting

ACK _____
 AFA _____
 APP _____
 CAF _____
 CMU _____
 CTR _____
 EAG _____
 LEG _____
 LIN _____
 OPC _____
 RCH _____
 SEC _____
 WAS _____
 OTH _____

DOCKET NO. 960840-TI
DIGITAL CABLE, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

FOR THE FIVE
MONTHS ENDED
MAY 31, 1996

CURRENT ASSETS	\$4,807
CURRENT LIABILITIES	8,923
CURRENT RATIO	0.54
CASH	2,878
COMMON EQUITY	76,159
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	76,159
COMMON EQUITY RATIO	100%
NET INCOME	0
RETURN ON EQUITY	0%