

Public Service Commission

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

DATE: October 30, 1996

TO: Tom Williams, Division of Communications

FROM: Pete Lester, Division of Auditing and Financial Analysis () APC

Docket No. 961206-TX, Gainesville Regional Utilities, Financial Analysis for RE: Certificate Application for Local Exchange Telecommunications Service

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

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(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 Gainesville Regional Utilities. As the attached schedule shows, the applicant has adequate liquidity, ownership equity, and profitability. The applicant attests that it has sufficient financial capability to provide local exchange telecommunications service.

Based on this representation, 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

> DOCUMENT NUMBER-DATE 11726 NOV-18

FPSC-RECORDS/REPORTING

DOCKET NO. 961206-TX GAINESVILLE REGIONAL UTILITIES ALEC CERTIFICATE FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

TWELVE MONTHS ENDING SEPTEMBER 30, 1995

CURRENT ASSETS	51,258,498
CURRENT LIABILITIES	7,634,268
CURRENT RATIO	6.71
CASH	18,894,940
FUND EQUITY	281,010,463
TOTAL DEBT	393,658,020
FUND & INVESTOR CAPITAL	674,668,483
FUND EQUITY RATIO	58%
NET INCOME	27,515,482
RETURN ON EQUITY	10%