



Public Service Commission

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

DATE: August 8, 1997
TO: Tom Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *DD*
RE: Docket No. 970720-TX, The East American Group, Inc. *ALM* d/b/a DigiCell
Telecommunication, Financial Analysis for Certificate Application for Alternative
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
- (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 The East American Group, Inc. d/b/a DigiCell Telecommunication (DCT) for the period ending December 31, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, DCT has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, DCT is asking for a certificate to provide alternative local exchange telecommunications service. 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 the Company will maintain capital from internally generated funds. 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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FPSC-RECORDS/REPORTING

DOCKET NO. : 970720
THE EAST AMERICAN GROUP, INC.
d/b/a DIGICELL TELECOMMUNICATION

ALTERNATIVE LOCAL EXCHANGE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

| | AS OF 12/31/96 |
|------------------------|----------------------|
| CURRENT ASSETS | \$55,790 |
| CURRENT LIABILITIES | 3,678 |
| CURRENT RATIO | 15.17 |
| CASH | 9,503 |
| COMMON EQUITY | 98,024 |
| TOTAL DEBT | 0 |
| TOTAL INVESTOR CAPITAL | 98,024 |
| COMMON EQUITY RATIO | 100% |
| NET INCOME | 48,252 |
| RETURN ON EQUITY | 49% |

NMF = No Meaningful Figure