



Public Service Commission

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

DATE: October 15, 1997
TO: Tom Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *DD*
RE: Docket No. ~~971265-TI~~, Orlando Telephone Company, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM*

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 Orlando Business Telephone Systems, Inc. parent company of Orlando Telephone Company, Inc. (OTC) 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, OTC has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, OTC is asking for a certificate to provide IXC 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 increase available capital from continuing operations. 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)

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FPSC-RECORDS/REPORTING

DOCKET NO. : 971265
ORLANDO TELEPHONE COMPANY, INC.

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS OF ORLANDO
BUSINESS TELEPHONE SYSTEMS, INC.

	AS OF 12/31/96
CURRENT ASSETS	\$1,773,449
CURRENT LIABILITIES	829,229
CURRENT RATIO	2.14
CASH	269,932
COMMON EQUITY	1,403,498
TOTAL DEBT	43,001
TOTAL INVESTOR CAPITAL	1,446,499
COMMON EQUITY RATIO	97%
NET INCOME	787,652
RETURN ON EQUITY	56%

NMF = No Meaningful Figure