



Public Service Commission

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

DATE: September 13, 1996
 TO: Tom Williams, Division of Communications
 FROM: Sonja Jones, Division of Auditing and Financial Analysis *ST*
 RE: Docket No. 961050-TI, Electric Lightwave, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM APC*

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 Electric Lightwave, Inc. (ELI) for the period ending December 31, 1995. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ELI has minimal liquidity and reports negative common equity and negative net income.

In this matter, ELI 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 a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that its corporate parent, Citizens Utilities, has committed to arrange for all capital funding and other financial support necessary for the applicant to provide adequate service to its customers, to fund any losses sustained by the applicant, and to provide appropriate support to the management of the applicant to assure its financial and customer service obligations are met. 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

DOCUMENT NUMBER-DATE
09900 SEP 17 1996
FPSC-RECORDS/REPORTING

CK
FA
PP
AF
MI
TH

DOCKET NO. 961050-T1
ELECTRIC LIGHTWAVE, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/95
CURRENT ASSETS	\$5,656,861
CURRENT LIABILITIES	126,399,025
CURRENT RATIO	0.04
CASH	(1,774,325)
COMMON EQUITY	(12,278,583)
PREFERRED STOCK	17,500
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	(12,261,083)
COMMON EQUITY RATIO	NMF
NET INCOME	(16,439,984)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure