



# Public Service Commission

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

**DATE:** December 19, 1996  
**TO:** Tom Williams, Division of Communications  
**FROM:** Sonja Jones, Division of Auditing and Financial Analysis *APC ALM*  
**RE:** Docket No. 961351-TX, East Florida Communications, Inc., 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 East Florida Communications, Inc. (EFCI) for the period ending December 31, 1995. An audit could change one's opinion of the company's financial condition. The applicant has requested confidential treatment of its financial statements. Based on the review of the applicant's financial information, EFCI has adequate liquidity and profitability but marginal ownership equity.

In this matter, EFCI is asking for a certificate to provide alternative local exchange telecommunications 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 adequate.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. The applicant notes that its financial statements show a stable financial setting with increasing profits. Furthermore, since the applicant is seeking resale authority, it has no plans to construct or lease new facilities at this time. 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

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