



Public Service Commission

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

DATE: April 22, 1997
TO: Tom Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *PL APC ALM*
RE: Docket No. 970425-TI, TOLY Digital Networks, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *WATK*

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 TOLY Digital Networks, Inc. (TOLY) 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, TOLY has adequate liquidity, ownership equity, and profitability.

In this matter, TOLY is asking for a certificate to provide IXC service. Staff notes the limited nature of the application. For purposes of granting a certificate based on the financial information provided, the financial capability appears adequate.

APP _____ The applicant attests to its financial capability to provide and maintain the proposed
CAF _____ telecommunications service by noting that it has low capital needs. The applicant also notes that
CMU _____ its customers, who are resellers, must be satisfied with its creditworthiness as it is the
CTR _____ intermediary between the facilities carrier and the reseller. Further, the applicant provides its
EAG _____ banking reference. Based on this showing, the applicant appears to meet the financial capability
LEG _____ standard of Section 364.337, Florida Statutes.

LIN _____ cc: Division of Legal Services
OPC _____ Division of Records and Reporting

RCH _____
SEC 1
WAS _____
OTH _____

DOCUMENT NUMBER - DATE
04214 APR 25 97
PSC-RECORDS/REPORTING

DOCKET NO. 970425-TI
TOLY DIGITAL NETWORKS, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS

12 MONTHS ENDING
DECEMBER 31, 1996

CURRENT ASSETS	332,500
CURRENT LIABILITIES	5,118
CURRENT RATIO	64.97
CASH	141,863
COMMON EQUITY	360,396
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	360,396
COMMON EQUITY RATIO	100%
NET INCOME	359,396
RETURN ON EQUITY	100%