



Public Service Commission

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

DATE: August 6, 1997
TO: Tom Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *DD* *ALM*
RE: Docket No. ~~970866~~-TX, Diamond Communication International, 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 Diamond Communication International, Inc. (DCI) 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, DCI has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, DCI 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 by noting that it has established a \$250,000.00 open line of credit with Piano Bank & Trust. 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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 08067 AUG-85
 PSC-RECORDS/REPORTING

DOCKET NO. : 970866
DIAMOND COMMUNICATION INTERNATIONAL, INC.

ALTERNATIVE LOCAL EXCHANGE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/96
CURRENT ASSETS	\$85,500
CURRENT LIABILITIES	9,500
CURRENT RATIO	9.00
CASH	22,000
COMMON EQUITY	622,950
TOTAL DEBT	56,200
TOTAL INVESTOR CAPITAL	679,150
COMMON EQUITY RATIO	92%
NET INCOME	46,250
RETURN ON EQUITY	7%

NMF = No Meaningful Figure