



Public Service Commission ORIGINAL

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

DATE: March 4, 1998
TO: Paula Isler, Division of Communications *PI*
FROM: Pete Lester, Division of Auditing and Financial Analysis *ALM APC BWS*
RE: Docket No. 980118-TI, Empire Telecom, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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 . . .

ACK
WFL
S.D.

Regarding the showing of financial capability, the Finance staff has analyzed the unaudited financial statements of Empire Telecom, Inc. (Empire) for the projected period ending December 31, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Empire has adequate liquidity and profitability. The company reports a very low level of common equity.

In this matter, Empire is asking for a certificate to provide DXC 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.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has liquidity support from an affiliated company, that it has obtained vendor financing for its switch, and it projects profitability. 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)

DOCUMENT NUMBER DATE

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FLORIDA PUBLIC SERVICE COMMISSION

**DOCKET NO. 980118-TI
EMPIRE TELECOM, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE**

**FROM UNAUDITED BALANCE SHEET AND
PROJECTED INCOME STATEMENT**

**AS
OF
FEBRUARY 1, 1988**

CURRENT ASSETS	257,100
CURRENT LIABILITIES	257,100
CURRENT RATIO	1.00
CASH	257,100
COMMON EQUITY	10,000
TOTAL DEBT	249,000
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	259,000
COMMON EQUITY RATIO	4%
NET INCOME	220,000 *
RETURN ON EQUITY	2200% *

*** FIRST TWELVE MONTHS, INCOME BEFORE TAXES**