



Public Service Commission

ORIGINAL

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

DATE: July 28, 1998
TO: Nancy Pruitt, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis
RE: Docket No. 980765-TI, Logix Communications Corporation, 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 . . .

Regarding the showing of financial capability, the Finance staff has analyzed the audited financial statements of Logix Communications Corporation (Logix) for the period ending December 31, 1997. As the attached schedule shows, Logix has adequate liquidity but negative common equity, i.e., a stockholder's deficit. For the period, the company reported a loss.

ACK _____ In this matter, Logix 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 marginal.

CAF _____
CMU _____ Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that, as an investor, it will not require an investment in infrastructure. The company's parent company has 60 years of experience in telecommunications. The company states that its retained deficit is due to acquisitions, depreciation, and amortization of cellular licenses. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

RCH _____ cc: Division of Legal Services
SEC _____ Division of Records and Reporting (2)

WAS _____
OTH _____

DOCUMENT NUMBER-DATE

08209 AUG-3 88

FPSC-RECORDS/REPORTING

DOCKET NO. 980765-TI
LOGIX COMMUNICATIONS CORPORATION
IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS
OF DOBSON COMMUNICATIONS CORPORATION, THE
PARENT COMPANY

	AS OF 12/31/97
CURRENT ASSETS	\$41,790,362
CURRENT LIABILITIES	24,327,200
CURRENT RATIO	1.72
CASH	3,006,668
COMMON EQUITY	(36,772,669)
TOTAL DEBT	364,209,418
TOTAL INVESTOR CAPITAL	NMF
COMMON EQUITY RATIO	NMF
NET INCOME	(16,734,085)
RETURN ON EQUITY	NEGATIVE

NMF=NO MEANINGFUL FIGURE