



Public Service Commission

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

DATE: August 20, 1998
 TO: Paula Isler, Division of Communications
 FROM: David J. Draper, Division of Auditing and Financial Analysis *DO*
 RE: Docket No. 981014-TX, Dial Tone, Inc. d/b/a Dial Tone of Alabama, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ALM*

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 Dial Tone, Inc. d/b/a Dial Tone of Alabama, Inc. (DTI) for the period ending December 31, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, DTI has adequate liquidity, but reports negative common equity and negative net income for the period.

- ACK _____
- AFA _____ In this matter, DTI is asking for a certificate to provide alternative local exchange
- APP _____ telecommunications service. For purposes of granting a certificate based on the financial
- CAF _____ information provided, the financial capability appears minimal.
- CMU _____ Although an analysis of the financial statements reveals the applicant is in a minimal financial
- CTR _____ position, the applicant attests to its financial capability to provide and maintain the proposed
- EAG _____ telecommunications service by noting that the applicant can rely upon the financial support of its
- LEG _____ principle shareholder, James L. Lane, for any additional capital requirements, if needed. Based
- LIN _____ on this showing, the applicant appears to meet the financial capability standard of Section
- OPC _____ 364.337, Florida Statutes.

cc: Division of Legal Services
 Division of Records and Reporting (2) ✓

DOCUMENT NUMBER-DATE

09028 AUG 21 98

REC-RECORDS/POSTING

DOCKET NO. 981014-TX
DIAL TONE, INC. d/b/a DIAL TONE OF ALABAMA, INC.

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/97
CURRENT ASSETS	\$10,222
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	6,537
COMMON EQUITY	(27,732)
TOTAL DEBT	50,300
TOTAL INVESTOR CAPITAL	22,568
COMMON EQUITY RATIO	NMF
NET INCOME	(28,732)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure