



Public Service Commission

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

DATE: May 20, 1999
TO: Tommy Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis
RE: Docket No. 990615-TX, Tower Communications, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

Handwritten initials: ALM, APC, and other marks.

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 Tower Communications, Inc. (TCI) for the period ending December 31, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, TCI has adequate liquidity and positive net income, but reports marginal common equity.

In this matter, TCI is asking for a certificate to provide alternative local exchange telecommunications service. 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 in addition to strong revenue growth, TCI has an available line of credit in the amount of \$50,000. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

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

DOCUMENT NUMBER-DATE

06483 MAY 21 99

FPSC-RECORDS/REPORTING

DOCKET NO. 990615-T.
TOWER COMMUNICATIONS, INC.

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/98
CURRENT ASSETS	\$89,034
CURRENT LIABILITIES	47,106
CURRENT RATIO	1.89
CASH	5,513
COMMON EQUITY	52,372
TOTAL DEBT	350,047
TOTAL INVESTOR CAPITAL	402,419
COMMON EQUITY RATIO	13%
NET INCOME	52,617
RETURN ON EQUITY	100%

NMF = No Meaningful Figure