



Public Service Commission

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

DATE: January 14, 2000
TO: Tommy Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *ALM*
RE: Docket No. 991704-TI, CTSI, Inc. d/b/a Commonwealth Telecom Services, Inc.,
 Financial Analysis for Certificate Application for Intrastate Interexchange
 Telecommunications Service *193*

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 Commonwealth Telephone Enterprises, Inc., parent company of CTSI, Inc. d/b/a Commonwealth Telecom Services, Inc. (CTSI) for the period ending December 31, 1998. As the attached schedule shows, CTSI's parent company has sufficient common equity and positive income, but reports marginal liquidity.

- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- MAS _____
- OPC _____
- RRR _____
- SEC 1
- VAW _____
- OTH _____

In this matter, CTSI is asking for a certificate to provide IXC 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 the applicant can rely upon the financial support of the parent company when needed. 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

00705 JAN 18 8

FPSC-RECORDS/REPORTING

DOCKET NO. 991704-TT
CTSI, INC. d/b/a COMMONWEALTH TELECOM SERVICES, INC.

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS OF THE PARENT COMPANY,
COMMONWEALTH TELEPHONE ENTERPRISES, INC.

	AS OF 12/31/1998 (,000)
CURRENT ASSETS	\$79,137
CURRENT LIABILITIES	85,557
CURRENT RATIO	0.92
CASH	16,968
COMMON EQUITY	124,736
TOTAL DEBT	168,838
TOTAL INVESTOR CAPITAL	293,574
COMMON EQUITY RATIO	42%
NET INCOME	8,090
RETURN ON EQUITY	6%

NMF = No Meaningful Figure