



Public Service Commission

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

DATE: April 17, 1997
TO: Tom Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *PL*
RE: Docket No. ~~970444-TX~~ *ALM APC*, Castleton of St. Louis, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

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 financial statements, from an accountant's compilation, of Castleton of St. Louis, Inc. (Castleton) for the period ending December 31, 1995. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Castleton has adequate liquidity, ownership equity, and profitability.

ACK — In this matter, Castleton is asking for a certificate to provide alternative local exchange
AFA — telecommunications service. Staff notes the limited nature of the application. For purposes of
APP — granting a certificate based on the financial information provided, the financial capability appears
CAF — adequate.

CMU — The applicant attests to its financial capability to provide and maintain the proposed
CTR — telecommunications service by noting that it has been in business for 10 years and it has a
EAG — \$500,000 line of credit. Based on this showing, the applicant appears to meet the financial
LEG — capability standard of Section 364.337, Florida Statutes.

LIN — cc: Division of Legal Services
OPC — Division of Records and Reporting

RCH —
SEC —
WAS —
OTH —

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

DOCKET NO. 970444-TX
CASTLETON OF ST. LOUIS, INC.
ALEC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM ACCOUNTANT'S COMPILATION

12 MONTHS ENDING
DECEMBER 31, 1995

CURRENT ASSETS	633,682
CURRENT LIABILITIES	38,530
CURRENT RATIO	16.45
CASH	103,585
COMMON EQUITY	586,574
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	586,574
COMMON EQUITY RATIO	100%
NET INCOME	200,560
RETURN ON EQUITY	34%