



Public Service Commission

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

DATE: August 18, 1998
TO: Toni McCoy, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *PL*
RE: Docket No. 980732-TX, Emerson Communications Corporation, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ALM APC Bontz*

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 Emerson Communications Corporation (Emerson) 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, Emerson has adequate liquidity and sufficient common equity. For the period, the company reported a loss.

In this matter, Emerson is asking for a certificate to provide alternative local exchange telecommunications 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 adequate.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has no debt, that any debt issued will be guaranteed by the owner, and that the company can obtain additional funds from its investors. 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

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PRSD-RECORDS/REPORTING

DOCKET NO. 980732 , X
EMERSON COMMUNICATIONS CORPORATION
ALEC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF <u>12/31/97</u>
CURRENT ASSETS	\$4,699
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	4,599
COMMON EQUITY	4,699
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	4,699
COMMON EQUITY RATIO	100%
NET INCOME	(184)
RETURN ON EQUITY	NEGATIVE

NMF=NO MEANINGFUL FIGURE