

FLORIDA PUBLIC SERVICE COMMISSION
Capitol Circle Office Center - 2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

M E M O R A N D U M

APRIL 4, 1996

TO: DIVISION OF RECORDS AND REPORTING [BAYO]

FROM: DIVISION OF COMMUNICATIONS [WILLIAMS, AUDU] *EW*
DIVISION OF AUDITING & FINANCIAL ANALYSIS [JONES] *ALM*
DIVISION OF LEGAL SERVICES [LUGO] *APC* *TH* *100*

RE: DOCKET NO. 960010-TI; APPLICATION FOR CERTIFICATE TO
PROVIDE INTEREXCHANGE TELECOMMUNICATIONS SERVICE BY
AMERICAN BUSINESS ALLIANCE, INC.

AGENDA: 04/16/96 - REGULAR AGENDA - PROPOSED AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE

SPECIAL INSTRUCTIONS: I:PSC/CMU/WP/960010TI.RCM

CASE BACKGROUND

Pursuant to Section 364.337(3), Florida Statutes,
(effective July 1, 1995):

(3) 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.

STAFF DISCUSSION

ISSUE 1: Should the Commission grant AMERICAN BUSINESS ALLIANCE, INC. (ABA) a certificate to provide statewide interexchange telecommunications service within the State of Florida as provided by Section 364.337 (3), Florida Statutes?

DOCKET NO. 960010-TI
DATE: April 4, 1996

RECOMMENDATION: Yes, ABA should be granted:

Florida Public Service Commission Certificate No. 4417

STAFF ANALYSIS: ABA filed an application with this Commission on January 2, 1996, to offer telecommunications service as a switchless rebiller of long distance service in Florida.

ABA's exhibit of managerial qualifications exhibits satisfactory records in telecommunications sales, marketing and service (page 3). In regard to technical capability, ABA indicates that since the company will be operating as a switchless rebiller it will rely on the network ownership, operation and management of its underlying carrier(s). The Division of Auditing and Financial Analysis reviewed ABA's financial statement to determine the company's financial viability (pages 4-5). Based on the information provided by ABA, the financial capability of the company appears adequate.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, if no person whose substantial interests are affected by the Commission's Proposed Agency Action files a protest within 21 days of the issuance date of the order.

STAFF ANALYSIS: This docket should be closed, if no person whose substantial interests are affected by the Commission's Proposed Agency Action files a protest within 21 days of the issuance date of the order.

**AMERICAN BUSINESS ALLIANCE, INC.
MANAGERIAL QUALIFICATIONS**

Ralph Arch, Chief Executive Officer

Ralph Arch has been President of Arch Associates Corporation since 1974, and also served as CEO to Amcom Business Centers from 1992-1994. Mr. Arch studied electrical engineering at Drexel Institute of Technology, and pursued graduate studies in business administration at the Wharton School of Business Management. He started his career in business management in 1960 as sales engineer with H.B. Stallings, Inc. Mr. Arch served as regional sales manager for SCM Corporation from 1964-1967 and at Singer Business Machines from 1967-1974. Mr. Arch has served as CEO of ABA since 1993.

Sam Means, President

Sam Means has ten years' experience in creating and developing new businesses in a variety of fields. Mr. Means studied business administration at Boston University where he first entered into the computer hardware business. Mr. Means' most successful ventures have been in the computer and communications fields. Mr. Means' broad expertise in marketing and sales has been extremely valuable to ABA's phenomenal growth. Mr. Means is the founder of ABA. He has served as President of ABA since its inception in 1991. Mr. Means is responsible for the company's marketing efforts, and monitors the telecommunications industry to ensure that ABA is on the cutting edge of all new technologies and services, particularly the Internet.

Douglas K. Winslow, Vice President

Mr. Winslow has extensive experience operating successful start-up companies. Mr. Winslow and Mr. Means together operate several entrepreneurial ventures. Mr. Winslow formulates and implements all operational procedures for each venture. Mr. Winslow studied business administration and finance at Shippensburg University, and he regularly attends management seminars to refine his management skills. Mr. Winslow has served as Vice president of ABA since 1993. He is responsible for the overall administrative and technical operations of the company.



Public Service Commission

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

DATE: April 4, 1996
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis ^{ALM} _{SJS} _{4FC} _{10/2}
RE: Docket No. 960010-TI, American Business Alliance, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

This is a Revision of AFAD's memo of February 16, 1996.

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 unaudited financial statements of American Business Alliance (ABA) for the period of January 1 through November 20, 1995. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ABA has adequate liquidity and profitability but reports negative common equity.

It should be noted that ABA plans to offer prepaid travel cards and, as a result, customer funds could be at risk. In this matter, ABA is asking for a certificate to provide IXC service. For purposes of granting a certificate based on the financial information provided, the financial capability of the company appears adequate.

cc: Division of Legal Services
Division of Records and Reporting

DOCKET NO. 960010-TI
AMERICAN BUSINESS ALLIANCE, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS
Company offers pre-paid travel cards.
FROM UNAUDITED FINANCIAL STATEMENTS

For the
Period of
1/01/95 - 11/20/95

| | |
|----------------------|-----------|
| CURRENT ASSETS | \$401,526 |
| CURRENT LIABILITIES | 139,806 |
| CURRENT RATIO | 2.87 |
| CASH | 211,813 |
| COMMON EQUITY | (116,871) |
| TOTAL DEBT | 464,460 |
| NET INVESTOR CAPITAL | 347,589 |
| COMMON EQUITY RATIO | NMF |
| NET INCOME | 611,883 |
| RETURN ON EQUITY | NMF |

NMF = No Meaningful Figure