



Public Service Commission

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

DATE: December 3, 1997
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis *ALM*
RE: Docket No. 971509-TX, ETI Communications, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ATC*

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 ETI Communications, Inc. (ETI) for the five-month period ending September 30, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ETI has adequate liquidity and ownership equity and shows a profit.

- ACK _____
 - AFA _____
 - APP _____
 - CAF _____
 - CMU _____
 - CTR _____
 - EAG _____
 - LEG _____
 - LIN _____
 - OPC _____
 - RCH _____
- In this matter, ETI 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. The applicant states that it is currently operating at a profit, and it is not in debt and manages its finances in a satisfactory manner. Also, the applicant has provided a letter from a vice president of SunTrust Bank. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

SEC 1 cc: Division of Legal Services
WAS _____ Division of Records and Reporting

DOCUMENT NUMBER-DATE

12439 DEC-4 5

FPSC-RECORDS/REPORTING

DOCKET NO. 971500-TX
ETI COMMUNICATIONS, INC.
ALEC CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

FOR THE FIVE
MONTHS ENDING
09/30/97

CURRENT ASSETS	\$66,630
CURRENT LIABILITIES	10,551
CURRENT RATIO	6.32
CASH	23,178
COMMON EQUITY	508,132
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	508,132
COMMON EQUITY RATIO	100%
NET INCOME	8,131
RETURN ON EQUITY	2%