



Public Service Commission

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

DATE: December 19, 1997
TO: Paula Isler, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis *ALM*
RE: Docket No. 971503-TI, American Nortel Communications, Inc., Financial Analysis *AFC* for Certificate Application for Intrastate Interexchange Telecommunications Service *ms*

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 Nortel Communications, Inc. (ANC) for the periods ending June 30, 1996 and June 30, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ANC has adequate ownership equity and profitability, but has minimal liquidity.

In this matter, ANC is asking for a certificate to provide IXC service. It should be noted that ANC plans to offer prepaid debit cards and, as a result, customer funds could be at risk. For purposes of granting a certificate based on the 1997 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 notes that it proposes to operate as a reseller in the state of Florida. Therefore, there are minimal capital requirements or expenses that the applicant will experience when starting its Florida operations. Further, all transmission will be provided by the underlying carrier. Finally, the applicant has structured its retail pricing so that its per minute rate covers its per minute cost, thereby assuring an almost instantaneous positive cash flow. 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

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DOCKET NO. 971503-1
AMERICAN NORTEL COMMUNICATIONS, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	FOR THE YEAR ENDING 06/30/97	FOR THE YEAR ENDING 06/30/96
CURRENT ASSETS	\$144,203	\$149,333
CURRENT LIABILITIES	1,548,680	1,329,751
CURRENT RATIO	0.09	0.11
CASH	18,561	116,353
COMMON EQUITY	3,636,260	1,373,695
TOTAL DEBT	705,000	4,067,020
TOTAL INVESTOR CAPITAL	4,341,260	5,440,715
COMMON EQUITY RATIO	84%	25%
NET INCOME	4,193,563	1,854,063
RETURN ON EQUITY	115%	135%