



Public Service Commission

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

DATE: January 29, 1999
TO: Tommy Williams, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis
RE: Docket No. 981958-TX, First Choice Local Communications, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

ALM

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 projected financial statements of First Choice Local Communications, Inc. (FCLC) for the period ending December 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, FCLC has minimal common equity, but adequate liquidity and projects a positive net income for 1999.

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In this matter, FCLC 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 minimal.

Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service. FCLC can obtain additional financing through its line of credit with First Union National Bank in the amount of \$25,000, to support future operations. 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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DOCKET NO. 981958-T  
FIRST CHOICE LOCAL COMMUNICATIONS, INC.

ALEC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM PROJECTED FINANCIAL STATEMENTS AS OF 01/31/99

CURRENT ASSETS	\$1,000
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	1,000
COMMON EQUITY	100
TOTAL DEBT	23,900
TOTAL INVESTOR CAPITAL	24,000
COMMON EQUITY RATIO	NMF
NET INCOME	18,134
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure