



Public Service Commission

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

DATE: November 19, 1996
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis *ALM*
RE: Docket No. 961016-TI, America's Choice Communications, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *APC*

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 America's Choice Communications, Inc. (ACCI) for the period ending December 31, 1995. An audit could change one's opinion of the company's financial condition. The company has requested confidential treatment of its financial statements. Based on our review, ACCI has adequate liquidity but reports negative common equity and negative net income.

In this matter, ACCI is asking for a certificate to provide IXC 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. The applicant notes that it has adequate capital to provide the services it proposes. As a switchless reseller, the applicant operates with relatively low overhead. In addition to any revenue generated through the resale of telecommunications services, the applicant also has a \$150,000 line of credit with Fleet Bank, and the CEO carries an \$80,000 line of credit with Fleet Bank. Furthermore, as a switchless reseller, the applicant will not lease or own any facilities in the State of Florida. 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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