



# Public Service Commission

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

**DATE:** February 3, 1997  
**TO:** Tom Williams, Division of Communications  
**FROM:** Sonja Jones, Division of Auditing and Financial Analysis <sup>ALM</sup> <sup>APC</sup> <sup>1/10/97</sup>  
**RE:** Docket No. 970019-TI, American Telcom Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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 Telcom Inc. (ATI) for the period ending December 31, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ATI has adequate liquidity, ownership equity, and profitability.

In this matter, ATI 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 adequate.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. The applicant notes that it is a non-facilities based reseller of 1+, 800, and calling card telecommunications services. The applicant has provided a pro forma estimate of revenues and expenses for the first three years of operations as well as a letter from First of America Bank—Michigan, N.A. setting forth the established banking relationship between that institution and the applicant. 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

DOCUMENT NUMBER-DATE

01354 FEB-97

FPC-RECORDS/REPORTING

DOCKET NO. 970019  
AMERICAN TELCOM INC.  
IXC CERTIFICATE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/96
CURRENT ASSETS	\$715,593
CURRENT LIABILITIES	11,604
CURRENT RATIO	61.67
COMMON EQUITY	1,128,173
TOTAL DEBT	45,053
TOTAL INVESTOR CAPITAL	1,173,226
COMMON EQUITY RATIO	96%
NET INCOME	1,608,737
RETURN ON EQUITY	143%