



Public Service Commission

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

DATE: February 26, 1997
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis *ALM*
RE: Docket No. 970196-TI, American Telecommunications Systems, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *4/22/97 199*

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 Telecommunications Systems, Inc. (ATS) for the twenty-day period ending February 10, 1997. An audit could change one's opinion of the company's financial condition. The applicant is a start-up company, which incorporated January 21, 1997, and as the attached schedule shows, ATS has adequate liquidity and ownership equity but reports no income.

In this matter, ATS 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.

Although an analysis of the financial statements reveals the applicant is in a start-up financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service. As a switchless reseller, the applicant does not intend to make a capital investment to provide service in the State of Florida. It does, however, intend to fund the provision of service through internally generated cash flow. Furthermore, the applicant has the ability to borrow funds, if required, based upon its financial capabilities. 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. 970196
AMERICAN TELECOMMUNICATIONS SYSTEMS, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 2/10/97
CURRENT ASSETS	\$25,500
CURRENT LIABILITIES	0
CURRENT RATIO	NA
CASH	25,500
COMMON EQUITY	159,544
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	159,544
COMMON EQUITY RATIO	100%
NET INCOME	NA
RETURN ON EQUITY	NMF

The applicant is a start-up company, no income statement is available

NA = Not Available

NMF = No Meaningful Figure