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(1925-1992)

May 9, 1997

Mr. David Draper
Florida Public Service Commission
2540 Shumard Oak Boulevard
Capital Circle Office Center
Tallahassee, Florida 32399-0850

Re: EASTON TELECOM SERVICES, INC.
Docket No. 970303-TX

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
97 MAY 13 AM 10:47
AUDITING &
FINANCIAL ANALYSIS DIV

Dear Mr. Draper:

In further support of the Application filed in the above captioned matter, we provide the following:

1. Applicant has sufficient financial capability to provide the requested service in the geographic areas proposed to be served. As the financial statements attached hereto as Exhibit A demonstrate, Applicant's operating revenue provides Applicant with sufficient financial resources to provide services in the proposed areas. Applicant will require no additional funding to offer services contemplated within the Application. Notwithstanding, Applicant's sole shareholder shall provide the Applicant will additional funding should the need arise.
2. Applicant has sufficient financial capability to maintain the requested service in the geographic areas proposed to be served. As the financial statements attached hereto as Exhibit A demonstrate, Applicant's operating revenue provides Applicant with sufficient financial resources to maintain services in the proposed areas. Applicant will require no additional funding to maintain services contemplated within the Application. Notwithstanding, Applicant's sole shareholder shall provide the Applicant will additional funding should the need arise.
3. Applicant will operate as a switchless reseller. Applicant will not own or lease any facilities to provide the services proposed within the Application.

ACK _____
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APP _____
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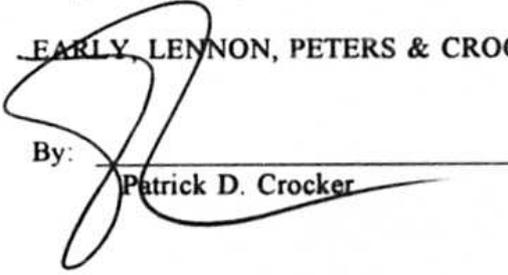
FPSC-RECORDS/REPORTING

Thank you for your patience in this matter. Please contact me with any questions or concerns.

Very truly yours,

~~EARLY, LENNON, PETERS & CROCKER, P.C.~~

By:



Patrick D. Crocker

EXHIBIT A

EASTON TELECOM SERVICES, INC

FINANCIAL STATEMENTS

DECEMBER 31, 1996

IVAN & D'AMICO INC.
Certified Public Accountants
 5661 PEARL ROAD, PARMA, OHIO 44129
 TELEPHONE: (216) 884-3420
 FAX NUMBER: (216) 884-7832

March 26, 1997

Easton Telecom Services, Inc.
 3046 Brecksville Road
 Richfield, OH 44286

To the Shareholder:

We have compiled the accompanying balance sheet of Easton Telecom Services, Inc., an S corporation, as of December 31, 1996, and the related statements of income and retained earnings for the twelve months ended December 31, 1996, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, and results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The Company, with the consent of its shareholder, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholder of an S corporation is taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements.

IVAN & D'AMICO, INC.

EASTON TELECOM SERVICES, INC
BALANCE SHEET
DECEMBER 31, 1996

ASSETS

CURRENT ASSETS

FIRST MERIT BANK- CHECKING ACCT	5,891.06
PETTY CASH	100.00
MONEY MARKET FUND- MC DONALD & CO	61,928.32
CASH MARINE MIDLAND BANK	134,289.53
INVESTMENTS @ CURRENT VALUES	16,898.37
ACCOUNTS RECEIVABLES	401,830.90
LESS: ALLOWANCE DOUBTFUL ACCTS	(20,091.54)
NOTES RECEIVABLE	75,000.00

TOTAL CURRENT ASSETS

\$ 675,846.64

PROPERTY & EQUIPMENT

OFFICE FURNITURE AND EQUIPMENT	54,501.08
LESS: ACCUMULATED DEPRECIATION	32,963.09

\$ 21,537.99

OTHER ASSETS

UNAMORTIZED ORGANIZATION COSTS	120.00
DEFERRED CERTIFICATION CHARGES	64,471.76
OFFICE SECURITY DEPOSIT	1,666.00

\$ 66,257.76

\$ 763,642.39

SEE ACCOUNTANT'S COMPILATION REPORT
DATE OF ISSUE MARCH 26, 1997

EASTON TELECOM SERVICES, INC
BALANCE SHEET
DECEMBER 31, 1996

LIABILITIES & STOCKHOLDER'S EQUITY

CURRENT LIABILITIES

ACCOUNTS PAYABLE	\$ 108,210.86	
ACCOUNT PAYABLE- FRONTIER COMMUN.	523,944.69	
ACC FICA	2,634.62	
ACC MEDICARE	930.29	
ACC FEDERAL WH	4,550.60	
ACC FUTA	26.40	
ACC SUI	72.00	
STATE WITHHOLDING	1,244.34	
ACC CITY TAX WH	641.57	
ACCRUED SALES TAX	16,328.09	
ACCRUED SALES/EXCISE TAX- OTHER STATES	66,267.35	
CURRENT PORTION NOTE PAYABLE	13,737.56	
	<hr/>	
TOTAL CURRENT LIABILITIES		\$ 738,588.37

LONG-TERM DEBT, NET OF CURRENT PORTION

LONG TERM PORTION NOTE PAYABLE	46,766.41	
	<hr/>	
		\$ 46,766.41

STOCKHOLDER'S EQUITY

COMMON STOCK	500.00	
PAID IN CAPITAL	16,500.00	
RETAINED EARNINGS	(4,712.39)	
	<hr/>	
TOTAL	12,287.61	
LESS: COST OF TREASURY STOCK	34,000.00	
	<hr/>	
TOTAL SHAREHOLDER'S EQUITY		(\$ 21,712.39)
		<hr/>
		\$ 763,642.39

SEE ACCOUNTANT'S COMPILATION REPORT
DATE OF ISSUE MARCH 26, 1997

EASTON TELECOM SERVICES, INC
STATEMENT OF RETAINED EARNINGS-INCOME TAX BASIS
DECEMBER 31, 1996

BEGINNING RETAINED EARNINGS:

ACCUMULATED ADJUSTMENTS ACCOUNT:

BALANCE, JANUARY 1, 1996	(23,631.70)
TOTAL INCOME FOR THE PERIOD		260,217.21
TOTAL		<u>236,585.51</u>
DIVIDENDS AND DISTRIBUTIONS FOR PERIOD		<u>241,297.90</u>
ENDING RETAINED EARNINGS	(\$	<u><u>4,712.39</u></u>)

SEE ACCOUNTANT'S COMPILATION REPORT
DATE OF ISSUE MARCH 26, 1997

EASTON TELECOM SERVICES, INC
STATEMENT OF INCOME
DECEMBER 31, 1996

	<u>YEAR TO DATE 12-31-96</u>	<u>PERCENT</u>
<u>INCOME</u>		
FRONTIER PAYMENTS REC	\$4,527,624.78	90.11%
MSVPP REVENUE	294,603.22	5.86
VTNS REVENUE	67,779.89	1.35
RVPP REVENUE	85,068.61	1.69
COI PAYMENTS	15,744.56	0.31
CYBERLINK COMMISSION	1,676.58	0.03
DEBIT CARD REVENUE	2,111.32	0.04
COI-PAYMENTS RECEIPTS	4,522.11	0.09
ITG PAYMENTS RECEIVED	11,402.20	0.23
SKYE TECH	403.70	0.01
SNUG COMMISSION	2,513.15	0.05
MISC INCOME	11,269.64	0.22
TOTAL INCOME	\$5,024,719.76	100.00%
<u>COST OF GOODS SOLD</u>		
FRONTIER USAGE	2,693,237.74	53.60
CIC USAGE	292,575.11	5.82
CALLING CARD USAGE	160,326.26	3.19
BILLING COSTS	136,553.30	2.72
COMMISSIONS	910,385.46	18.12
STATE SALES & EXCISE TAXES	123,791.05	2.46
TOTAL COST OF GOODS	\$4,316,868.92	85.91%
GROSS MARGIN	\$ 707,850.84	14.09%

SEE ACCOUNTANT'S COMPILATION REPORT
DATE OF ISSUE MARCH 26, 1997

EASTON TELECOM SERVICES, INC
STATEMENT OF INCOME
DECEMBER 31, 1996

	<u>YEAR TO DATE 12-31-96</u>	<u>PERCENT</u>
EXPENSES		
ACCESS CIRCUIT	23,499.44	0.47
ADVERTISING	8,862.18	0.18
ANNUAL REGISTRATION	125.00	0.00
ANNUAL REPORT/APPL FEES	7,146.41	0.14
AUTO EXPENSE	8,205.33	0.16
BAD DEBT EXPENSE	98,199.79	1.95
BANK CHARGES	4,347.37	0.09
CERTIFICATION-STATE	8,005.00	0.16
CHARITABLE DONATIONS	205.00	0.00
OFFICE CLEANING	2,706.38	0.05
STATE INCOME & FRANCHISE FEES	4,221.38	0.08
COI PAYMENT OTHER	1,990.55	0.04
CREDIT CHECKING FEES	5,193.12	0.10
DUES & SUBS	6,617.27	0.13
DEPRECIATION & AMORTIZATION EXPENSE	37,897.05	0.75
EQUIPMENT RENTAL/INSTALLATION	4,369.93	0.09
PAYROLL TAXES	24,813.44	0.49
FCC FILING FEES	2,065.00	0.04
INSURANCE-HOSPITALIZATION	11,800.95	0.23
INTERNET ACCESS FEES	2,100.25	0.04
LOAN FEES & INTEREST EXPENSE	6,539.77	0.13
SALES EXPENSES	2,935.10	0.06
OFFICE EXPENSES	14,071.86	0.28
POSTAGE-OVERNIGHT AIR	10,217.83	0.20
PAYROLL-SALARY	175,892.35	3.50
PAYROLL-HOURLY	32,808.94	0.65
PIC CHARGES-ERROR	247.96	0.00
PENALTY LATE-FEES	705.90	0.01
REIMBURSED EXPENSES	5,772.97	0.11
PRINTING	5,315.81	0.11
PROFESSIONAL FEES	24,040.50	0.48
REGISTRATION FEES	1,110.51	0.02
RENT	20,376.00	0.41
TAXES OTHER	8,336.89	0.17
TRAVEL & ENTERTAIN	17,929.20	0.36
TAXES-LOCAL BUSINESS	120.00	0.00
TRASH DISPOSAL	228.00	0.00
CONFERENCE CALL USAGE	22,214.31	0.44
TRAINING	2,250.00	0.04
USAGE OVERCHARGE REIMB	5,267.80	0.10
UTILITIES	3,917.04	0.08
TOTAL EXPENSES	<u>\$ 622,669.58</u>	<u>12.39%</u>
INCOME BEFORE OTHER INCOME	<u>\$ 85,181.26</u>	<u>1.70%</u>

SEE ACCOUNTANT'S COMPILATION REPORT
DATE OF ISSUE MARCH 26, 1997

EASTON TELECOM SERVICES, INC
 STATEMENT OF INCOME
 DECEMBER 31, 1996

	YEAR TO DATE 12-31-96	PERCENT
INCOME BEFORE OTHER INCOME	\$ 85,181.26	1.70%
<u>OTHER INCOME & EXPENSE</u>		
DIVIDEND INCOME	8,777.02	0.17
GAIN ON SALE OF ASSETS	276,920.94	5.51
TOTAL OTHER INCOME	<u>\$ 285,697.96</u>	<u>5.69%</u>
NET INCOME ON OPERATIONS	\$ 370,879.22	7.38%
LESS: OFFICERS SALARY	110,662.01	2.20
NET INCOME (LOSS) PERIOD	<u>\$ 260,217.21</u>	<u>5.18%</u>

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 DATE OF ISSUE MARCH 26, 1997