



Public Service Commission

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

DATE: May 27, 1997
TO: Tom Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *DS APC/MS*
RE: Docket No. 970564-TX, Annox, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

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 audited financial statements of Annox, Inc. (ANI) for the periods ending December 31, 1996 and 1995. As the attached schedule shows, ANI had minimal liquidity, adequate common equity and produced a positive net income in 1996.

ACK _____
 AFA _____
 APP _____
 CAF _____
 CMU _____
 CTR _____
 EAG _____
 LEG _____
 LIN _____

In this matter, ANI is asking for a certificate to provide alternative local exchange telecommunications service. For purposes of granting a certificate based on the financial information provided, the financial capability appears marginal. The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that all telephone services provided are prepaid; which assures sufficient funds available to pay Bell South for services rendered. In addition, ANI has net assets valued at \$1.695 million and a sufficient line of credit with Heritage Bank in Clarksville, TN for any contingencies. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

OPC _____
 RCH _____
 SEC _____
 WAS _____
 OTH _____

cc: Division of Legal Services
 Division of Records and Reporting

DOCUMENT NUMBER-DATE
 05280 MAY 28 97
 FPSC-RECORDS/REPORTING

DOCKET NO. : 97056 TX
ANNOX, INC.

ALTERNATIVE LOCAL EXCHANGE
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

	AS OF 12/31/96	AS OF 12/31/95
CURRENT ASSETS	\$27,080	\$78,897
CURRENT LIABILITIES	652,125	4,626,980
CURRENT RATIO	0.04	0.02
CASH	1,278	13,200
COMMON EQUITY	303,103	(1,135,011)
TOTAL DEBT	740,000	965
TOTAL INVESTOR CAPITAL	1,043,103	(1,134,046)
COMMON EQUITY RATIO	29%	NMF
NET INCOME	1,841,680	(814,899)
RETURN ON EQUITY	608%	NMF

NMF = No Meaningful Figure

State of Florida

Commissioners:
JULIA L. JOHNSON, CHAIRMAN
SUSAN F. CLARK
J. TERRY DEASON
JOE GARCIA
DIANE K. KIESLING



DIVISION OF RECORDS &
REPORTING
BLANCA S. BAYO
DIRECTOR
(904) 413-6770

Public Service Commission

May 12, 1997

Katherine Mauldin Hunter, Attorney
300 Norcross Street
Roswell, Georgia 30075

Re: Docket No. 970564-TX

Dear Ms. Hunter:

This will acknowledge receipt of an application for certificate to provide alternative local exchange telecommunications service by Annox, Inc., which was filed in this office on May 12, 1997 and assigned the above-referenced docket number. Appropriate staff members will be advised.

Mediation may be available to resolve any dispute in this docket. If mediation is conducted, it does not affect a substantially interested person's right to an administrative hearing. For more information, contact the Office of General Counsel at (904) 413-6078 or FAX (904) 413-6079.

Please make note as well that Commission Rule 25-22.005(7), F.A.C., requires certificated companies to notify the Commission of any changes in name, telephone, address, or contact person. Should your application be granted by the Commission, you will be expected to comply with this rule by advising us of any changes as they occur.

Division of Records and Reporting
Florida Public Service Commission