



# Public Service Commission

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

DATE: October 1, 1997  
 TO: Tom Williams, Division of Communications  
 FROM: David J. Draper, Division of Auditing and Financial Analysis *DJ Draper ALM*  
 RE: Docket No. 971062-TI, American MetroComm Long Distance Corporation, 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 audited financial statements of American MetroComm Long Distance Corporation (AMC) for the period ending December 31, 1996. As the attached schedule shows, AMC has sufficient common equity, but reports minimal liquidity and negative net income for the period.

In this matter, AMC is asking for a certificate to provide IXC service. 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 Company notes its financial statements reflected that it was in a development stage of formation. During the current year the Company has raised an additional \$3 million dollars in debt and equity from outside investors. In addition, the Company is in the process of raising approximately \$15 to \$20 million in additional equity through their investment banking firm, Jefferies & Company. 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 (2) ✓

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FPSC-RECORDS/REPORTING

DOCKET NO. : 971062-  
AMERICAN METROCOMM LONG DISTANCE CORPORATION

IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

|                        | AS<br>OF<br>12/31/96 |
|------------------------|----------------------|
| CURRENT ASSETS         | \$59,713             |
| CURRENT LIABILITIES    | 2,457,295            |
| CURRENT RATIO          | 0.02                 |
| CASH                   | 28,722               |
| COMMON EQUITY          | 159,096              |
| TOTAL DEBT             | 15,076               |
| TOTAL INVESTOR CAPITAL | 174,172              |
| COMMON EQUITY RATIO    | 91%                  |
| NET INCOME             | (945,314)            |
| RETURN ON EQUITY       | NMF                  |

NMF = No Meaningful Figure