



Public Service Commission

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

DATE: December 3, 1997
TO: Tom Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *PL*
RE: Docket No. 971344-TI, AMG Communications Corporation, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM APC*

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 AMG Communications Corporation (AMG) for the projected first year of operation. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, AMG projects adequate liquidity, ownership equity, and profitability.

In this matter, AMG is asking for a certificate to provide IXC service. Staff notes the limited nature of the application. 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 by noting that, as a switchless rebiller, it will have low costs. The applicant anticipates significant growth, which it believes will allow it to increase capital quickly. The applicant states that, when it has proven itself in the marketplace, it will have backing from investors for expansion. 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)

DOCUMENT #1-#PER-DATE

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FD-30-REC'D/REPORTING

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DOCKET NO. 971344-TI
AMG COMMUNICATIONS CORPORATION
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM UNAUDITED, PROJECTED FINANCIAL STATEMENTS

IN THOUSANDS	FIRST YEAR OF <u>OPERATION</u>
CURRENT ASSETS	25,000
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	25,000
COMMON EQUITY	33,000
TOTAL DEBT	0
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	33,000
COMMON EQUITY RATIO	100%
NET INCOME	76,500
RETURN ON EQUITY	232%