



Public Service Commission

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

DATE: December 4, 1997

TO: Tom Williams, Division of Communications

FROM: Pete Lester, Division of Auditing and Financial Analysis

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PL APC
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RE: Docket No. 971525-TX, American MetroUtilities Corporation, 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 unaudited financial statements of American MetroComm Corporation, the parent company of American MetroUtilities Corporation (AMU), for the nine-month period ending September 30, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, the parent company has inadequate liquidity, ownership equity, and profitability.

In this matter, AMU is asking for a certificate to provide alternative local exchange telecommunications 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 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 by noting that it has negotiated a credit arrangement with its principal contractor for \$5 million, and it has placed \$10 million in long-term financing. It has raised \$5 million in debt and equity and anticipates that it will raise \$150 million in the future. 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 NUMBER-DATE

12702 DEC 11 97

FPSC-RECORDS/REPORTING

DOCKET NO. 971525-TX
AMERICAN METROCOMM CORPORATION
ALEC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM ACCOUNTANTS' COMPILATION

NINE MONTHS
ENDED
SEPTEMBER 30, 1997

CURRENT ASSETS	463,834
CURRENT LIABILITIES	6,265,280
CURRENT RATIO	0.07
CASH	199,343
COMMON EQUITY	(456,522)
TOTAL DEBT	7,808,918
PREFERRED STOCK	0
COMMON EQUITY RATIO	NMF
NET INCOME	(3,236,205)
RETURN ON EQUITY	NEGATIVE

NMF=NO MEANINGFUL FIGURE