



Public Service Commission

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

DATE: December 16, 1997
TO: Tom Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *DD* *ALM*
RE: Docket No. 971510-TX, Alternative Access Telephone Communications Corp. *ALM*
 AA Tele-Com., 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 balance sheet of Alternative Access Telephone Communications Corporation d/b/a AA Tele-Com. for the period ending November 10, 1996 and a projected twelve month income statement ending one year after the start of operations. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ATC has minimal common equity, but reports adequate liquidity and projects a positive net income for the period.

In this matter, ATC 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 adequate. The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that ATC has obtained a line of credit with Cash Can Unlimited, Inc. in the amount of \$100,000. In addition, the company has structured its retail pricing so that its per minute rate covers its per minute cost, thus assuring an almost instantaneous positive cash flow. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

ACK
AFA
APP
CAF
CMU
CTR
EAG
LEG
LIN
OPC
RCH
WAS

cc: Division of Legal Services
Division of Records and Reporting (2)

DOCUMENT NUMBER-DATE

13096 DEC 22 97

FPSC-RECORDS/REPORTING

DOCKET NO. 971510-1
ALTERNATIVE ACCESS TELEPHONE
COMMUNICATIONS CORP. d/b/a
AA TELE-COM.

ALTERNATIVE LOCAL EXCHANGE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 11/10/96
CURRENT ASSETS	\$10,000
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	10,000
COMMON EQUITY	500
TOTAL DEBT	9,500
TOTAL INVESTOR CAPITAL	10,000
COMMON EQUITY RATIO	5%
12 MONTH PROJECTED NET INCOME	7,550
RETURN ON EQUITY	1510%

NMF = No Meaningful Figure