



Public Service Commission

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

DATE: March 18, 1998
TO: Tommy Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *DA*
RE: Docket No. 980239-TX, First Touch, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ALM APC*

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 First Touch, Inc. (FTI) for the twelve month period ending December 31, 1997, and a one month period ending January 31, 1998. In addition, staff has analyzed the unaudited bank statement of FTI for a one month period ending January 31, 1998. FTI reported their financial statements on a cash basis. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, FTI has negative common equity, but reported a positive net income. Staff determined the company's liquidity by using the January bank statement. All credits were divided by all debits reported in January's bank statement. FTI shows marginal liquidity. In this matter, FTI 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.

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Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that the company will increase available capital from continuing operations. In addition, FTI is able to obtain additional financing through traditional commercial lending institutions. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

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

DOCL... DATE
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DOCKET NO. 980239-TX
FIRST TOUCH, INC.

ALTERNATIVE LOCAL EXCHANGE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS REPORTED ON A CASH BASIS

	AS OF 12/31/97 (12 Months)	AS OF 01/31/98 (1 Month)	BANK STATEMENT AS OF 01/31/98
CURRENT ASSETS PER B/S	(\$4,910)	(\$4,091)	
CURRENT LIABILITIES PER B/S	10,311	14,277	
CASH	271	0	2,242
COMMON EQUITY	(12,352)	(13,586)	
TOTAL DEBT	0	0	
TOTAL INVESTOR CAPITAL	(12,352)	(13,586)	
COMMON EQUITY RATIO	NMF	NMF	
NET INCOME	31,331	1,003	
RETURN ON EQUITY	NMF	NMF	
TOTAL JANUARY CREDITS			42,774
TOTAL JANUARY DEBITS			40,920
CURRENT RATIO			1.05

NMF = No Meaningful Figure