



Public Service Commission

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

DATE: October 23, 1998
TO: Lou Yambor, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *ED* *ALM*
RE: Docket No. 981311-TX, North American Telephone Network, L.L.C., Financial *APC*
 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 North American Telephone Network, L.L.C. (NATN) for the period ending June 30, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, NATN has marginal common equity, but adequate liquidity, and reported a positive net income for the period.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC 1 _____
- WAS _____
- OTH _____

In this matter, NATN is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application and that no customer provided funds appear to be at risk. 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 it possesses cash and cash equivalents of \$189,000 and total assets of more than \$6 million to support its operations. 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

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FP50-RECORDS/REPORTING

DOCKET NO. 981311-TX
NORTH AMERICAN TELEPHONE NETWORK, L.L.C.

ALEC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 06/30/98

CURRENT ASSETS	\$4,011,311
CURRENT LIABILITIES	1,692,700
CURRENT RATIO	2.37
CASH	188,568
COMMON EQUITY	121,741
TOTAL DEBT	1,754,926
TOTAL INVESTOR CAPITAL	1,876,667
COMMON EQUITY RATIO	6%
NET INCOME	176,410
RETURN ON EQUITY	145%