



Public Service Commission

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

DATE: December 3, 1998
 TO: Lou Yambor, Division of Communications
 FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *ED* *afc* *ALM*
 RE: Docket No. 981400-TI, Allied Communications Group, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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 Allied Communications Group, Inc. (ACG) for the period ending September 30, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ACG has adequate liquidity, sufficient common equity and reported a positive net income for the period.

ACK _____ reported a positive net income for the period.
 AF _____
 AP _____ In this matter, ACG is asking for a certificate to provide IXC service. Staff notes the limited nature of the application and that no customer provided funds appear to be at risk. For purposes
 CAF _____ of granting a certificate based on the financial information provided, the financial capability
 CMU _____ appears adequate.
 CTR _____
 EAG _____ The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has available financing through a non-specific line
 LEG _____ of credit with Highland Bank. The company may borrow funds at the prime interest rate on a
 LIN _____ three year note. Based on this showing, the applicant appears to meet the financial capability
 OPC _____ standard of Section 364.337, Florida Statutes.

RCH _____ cc: Division of Legal Services
 SEC 1 _____ Division of Records and Reporting (2)
 WAS _____
 OTH _____

DOCUMENT NUMBER-DATE

13817 DEC-8 88

P2SC-RECORDS/REPORTING

DOCKET NO. 981400
ALLIED COMMUNICATIONS GROUP, INC.

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 09/30/98

CURRENT ASSETS	\$106,665
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	106,665
COMMON EQUITY	93,340
TOTAL DEBT	13,325
TOTAL INVESTOR CAPITAL	106,665
COMMON EQUITY RATIO	88%
NET INCOME	88,209
RETURN ON EQUITY	95%

NMF = No Meaningful Figure