



Public Service Commission

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

DATE: February 19, 1999
 TO: Toni McCoy, Division of Communications
 FROM: Pete Lester, Division of Auditing and Financial Analysis *ALM APC*
 RE: Docket No. 981532-TX, Everett L. Heard d/b/a ABC Connect, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ML*

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 Everett L. Heard d/b/a ABC Connect (ABC) for the period ending February 12, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ABC has adequate liquidity, sufficient common equity and projects positive net income for the period.

ACK _____
 AFA _____
 APP _____ In this matter, ABC is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application. For purposes of
 CAF _____ granting a certificate based on the financial information provided, the financial capability appears
 CMU _____ adequate.

CTR _____
 EAG _____ The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that Mr. Heard has a good credit standing with his local
 LEG _____ bank, he has personal wealth to back the business, and his financial capability has been found
 LIN _____ satisfactory by the Georgia Commission. Based on this showing, the applicant appears to meet
 OPC _____ the financial capability standard of Section 364.337, Florida Statutes.

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

DOCUMENT NUMBER-DATE

02379 FEB 23 99

FPSC-RECORDS/REPORTING

DOCKET NO. 981532-7
EVERETT L. HEARD D/B/A ABC CONNECT
ALEC TELECOMMUNICATIONS SERVICE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF <u>02/12/99</u>
CURRENT ASSETS	\$13,000
CURRENT LIABILITIES	2,000
CURRENT RATIO	6.50
CASH	12,000
COMMON EQUITY	131,890
TOTAL DEBT	82,000
TOTAL PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	213,890
COMMON EQUITY RATIO	62%
NET INCOME	15,500 *
RETURN ON EQUITY	12%

NMF=NO MEANINGFUL FIGURE

* Net income projected for calendar year 1999.