



ORIGINAL
Public Service Commission

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

DATE: September 27, 1999
TO: Nancy Pruitt, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *ALM*
RE: Docket No. 991219-TX, Xtel, Inc., d/b/a ACG, Financial Analysis for Certificate *HPC*
Application for Alternative Local Exchange Telecommunications Service *MS*

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 Xtel, Inc., d/b/a ACG (ACG) for the period ending July 31, 1999 and projected income statement for the year 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ACG has minimal liquidity and negative common equity, but projects a positive net income for the next year.

AFA _____ In this matter, ACG is asking for a certificate to provide alternative local exchange
APP _____ telecommunications service. Staff notes the limited nature of the application and that no customer
CAF _____ provided funds appear to be at risk. For purposes of granting a certificate based on the financial
CMUJ _____ information provided, the financial capability appears marginal.
CTR _____
EAG _____

LEG _____ Although an analysis of the financial statements reveals the applicant is in a marginal financial
MAS _____ position, the applicant attests to its financial capability to provide and maintain the proposed
OPC _____ telecommunications service. ACG's stockholders are willing to provide additional capital, if
PAI _____ necessary, to support the company's operations. Based on this showing, the applicant appears to
SEC _____ meet the financial capability standard of Section 364.337, Florida Statutes.
WAW _____
OTH _____

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

DOCUMENT NUMBER-DATE

11770 SEP 29 99

FPSC-RECORDS/REPORTING

DOCKET NO. 991219-TX
XTEL, INC. d/b/a ACG

ALEC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED BALANCE SHEET AS OF 07/31/99

CURRENT ASSETS	\$64,517
CURRENT LIABILITIES	99,100
CURRENT RATIO	0.65
CASH	64,517
COMMON EQUITY	(24,365)
LONG-TERM DEBT	0
TOTAL INVESTOR CAPITAL	(24,365)
COMMON EQUITY RATIO	NMF
PROJECTED NET INCOME	1,347,496
RETURN ON EQUITY	NMF

NMF= Non-meaningful figure