



Public Service Commission

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

DATE: December 14, 1999
TO: Nancy Pruitt, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis
RE: Docket No. 991735-TX, Asset Channels Telecom, Inc., Financial 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 Asset Channels, Inc., parent company of Asset Channels Telecom, Inc. (ACT) for the period ending September 30, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ACT has neither adequate liquidity, nor sufficient common equity and reported a net loss for the current period.

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In this matter, ACT 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 minimal.

Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service. Asset Channels, Inc. will support financially its wholly owned subsidiary, ACT, with the necessary funding, both debt and equity, to permit it to accomplish all necessary activities required of a certified telecommunications provider. 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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FPSC-RECORDS/REPORTING

DOCKET NO. 991735-T;  
ASSET CHANNELS, INC.

ALEC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 09/30/99

CURRENT ASSETS	\$11,890
CURRENT LIABILITIES	219,338
CURRENT RATIO	0.05
CASH	11,592
COMMON EQUITY	(652,743)
LONG-TERM DEBT	492,140
TOTAL INVESTOR CAPITAL	(160,603)
COMMON EQUITY RATIO	NMF
NET INCOME	(655,915)
RETURN ON EQUITY	NMF

NMF= Non-meaningful figure