



Public Service Commission

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

DATE: December 20, 2000
TO: Tony McCoy, Division of Communications
FROM: La'Ticca M. Iyamu, Division of Auditing and Financial Analysis
RE: Docket No. 001757-TX, Kernan Associates, Ltd, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

ALM

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 Kernan Associates, Ltd (Kernan) for the period ending October 25, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Kernan has minimal common equity; however the company demonstrates adequate liquidity and a positive net income for the period.

In this matter, Kernan is asking for a certificate to provide alternative local exchange telecommunications service. 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 has the ability to obtain additional financing through traditional commercial lending institutions. 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)

Vertical stamp: APP, DIV, SEC, CLK, OTH

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

DOCKET NO. 001757-~~3~~
Kernan Associates, Ltd.

ALEC APPLICATION
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 10/25/2000
CURRENT ASSETS	\$11,354,662
CURRENT LIABILITIES	597,374
CURRENT RATIO	19.01
CASH	7,407
COMMON EQUITY	16,276
TOTAL DEBT	9,851,989
TOTAL INVESTOR CAPITAL	9,868,265
COMMON EQUITY RATIO	0.16%
NET INCOME	2,788
RETURN ON EQUITY	17%

NMF = No Meaningful Figure