



Public Service Commission

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

DATE: January 8, 2001
TO: Toni McCoy, Division of Regulatory Oversight
FROM: David J. Draper, Division of Economic Regulation
RE: Docket No. 001757-TX, Kernan Associates, Ltd. d/b/a St. Johns Estates, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

ALM
cfr

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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. d/b/a St. Johns Estates (SJE) for the ten month period ending October 25, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, SJE has adequate liquidity and positive income, but reports minimal common equity.

In this matter, SJE 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 the company will maintain capital from internally generated funds. 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

00373 JAN-98

FPSC-RECORDS/REPORTING

DOCKET NO. 001757-TX
KERNAN ASSOCIATES, LTD. d/b/a ST. JOHNS ESTATES

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 10/25/2000
CURRENT ASSETS	\$11,354,661
CURRENT LIABILITIES	1,311,396
CURRENT RATIO	8.66
CASH	203,235
COMMON EQUITY	16,276
TOTAL DEBT	9,837,988
TOTAL INVESTOR CAPITAL	9,854,264
COMMON EQUITY RATIO	0%
NET INCOME	16,276
RETURN ON EQUITY	100%

NMF = No Meaningful Figure