



Public Service Commission

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

DATE: February 20, 1997
TO: Tom Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *ALM*
RE: Docket No. 970200-TX, Alternative Phone, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *APC 1/18/97*

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 projected financial statements of Alternative Phone, Inc. (API) for the period ending March 31, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, API has minimal equity and a projected net loss.

In this matter, API 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. The company notes that it has lines of credit with the Bank of Newberry and other institutions sufficient to capitalize and sustain cash flows until such time as API can be self sufficient. Based on this representation, 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

DOCUMENT NUMBER-DATE
02176 FEB 20 1997
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DOCKET NO. : 97020 TX
ALTERNATIVE PHONE, INC.

TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED PROJECTED FINANCIAL STATEMENTS

	AS OF 03/31/98
CURRENT ASSETS	\$20,000
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	20,000
COMMON EQUITY	20,000
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	20,000
COMMON EQUITY RATIO	NMF
NET INCOME	(14,270)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure