



## Public Service Commission

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

DATE: September 11, 1997  
 TO: Brenda Hawkins, Division of Communications  
 FROM: David J. Draper, Division of Auditing and Financial Analysis *ALM*  
 RE: Docket No. 971064-TX, ACSI Local Switched Service, 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 audited financial statements of ACSI Local Switched Service, Inc. (ACSI) for the 12 month period ending June 30, 1996. As the attached schedule shows, ACSI has a minimal equity ratio, and produced a negative net income for the period. However, ACSI maintains adequate liquidity and nearly nine million dollars of common equity.

ACK \_\_\_\_\_  
 AFA \_\_\_\_\_  
 APP \_\_\_\_\_  
 CAF \_\_\_\_\_  
 In this matter, ACSI 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 marginal.

CMU \_\_\_\_\_  
 CTR \_\_\_\_\_  
 EAG \_\_\_\_\_  
 LEG \_\_\_\_\_  
 LIN \_\_\_\_\_  
 Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that the Company can acquire additional capital through equity or debt financing. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

OPC \_\_\_\_\_ cc: Division of Legal Services  
 RCH \_\_\_\_\_ Division of Records and Reporting (2)

SEC \_\_\_\_\_

WAS \_\_\_\_\_

DOCUMENT NUMBER-DATE

09317 SEP 12 5

FPSC-RECORDS/REPORTING

DOCKET NO. : 971064-TX  
ACSI LOCAL SWITCHED SERVICES, INC.

ALTERNATIVE LOCAL EXCHANGE  
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

	AS OF 06/30/96
CURRENT ASSETS	\$138,196,858
CURRENT LIABILITIES	23,231,109
CURRENT RATIO	5.95
CASH	134,115,981
COMMON EQUITY	8,981,813
TOTAL DEBT	189,071,674
TOTAL INVESTOR CAPITAL	198,053,487
COMMON EQUITY RATIO	5%
NET INCOME	(30,653,372)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure