



## Public Service Commission

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

DATE: November 23, 1998  
 TO: Tony McCoy, Division of Communications  
 FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *ES*  
 RE: Docket No. 981595-TX, Appliance & TV Rentals, Inc. d/b/a Phones-4-All, 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 Phones-4-All (PFA) for the period ending September 30, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, PFA has adequate liquidity, sufficient common equity and reported a positive net income for the period.

ACK \_\_\_\_\_  
 AFA \_\_\_\_\_  
 APP \_\_\_\_\_ In this matter, PFA 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 adequate.  
 CAF \_\_\_\_\_  
 CMU \_\_\_\_\_  
 CTR \_\_\_\_\_  
 EAG \_\_\_\_\_ The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has a line of credit with Finova Capital in the amount of \$3,000,000. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.  
 LEG \_\_\_\_\_  
 LIN \_\_\_\_\_  
 OPC \_\_\_\_\_  
 RCH \_\_\_\_\_ cc: Division of Legal Services  
 SEC 1 \_\_\_\_\_ Division of Records and Reporting (2)  
 WAS \_\_\_\_\_  
 OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

13298 NOV 24 88

FPSC-RECORDS/REPORTING

DOCKET NO. 981595  
PHONES-4-ALL

ALEC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 09/30/98

CURRENT ASSETS	\$303,838
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	303,838
COMMON EQUITY	3,226,603
TOTAL DEBT	185,849
TOTAL INVESTOR CAPITAL	3,412,452
COMMON EQUITY RATIO	95%
NET INCOME	553,389
RETURN ON EQUITY	17%

NMF = No Meaningful Figure