



Public Service Commission

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

ORIGINAL
FREE COPY

DATE: January 22, 1997

TO: Tom Williams, Division of Communications

FROM: Sonia Jones, Division of Auditing and Financial Analysis *SJ*

APR 1997

RE: Docket No. 961908-TX, Atlantic Telecommunication Systems, 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 unaudited financial statements of Atlantic Telecommunication Systems, Inc. (ATS) for the period ending December 31, 1995. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ATS shows a profit but has marginal liquidity and reports negative common equity.

In this matter, ATS 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 marginal.

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. The applicant has provided unregulated telecommunications services for several years and anticipates it will be able to provide and maintain the requested service. Furthermore, the applicant has provided a letter assuring reasonable capital is available to it from First Union Bank, as well as a letter from the applicant's certified public accounting firm, Blakelyberg & Company, which assures that the applicant has substantial resources available to provide and maintain the requested service. 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

DOCUMENT NUMBER-DATE
00962 JAN 26 1997
FPSC-RECORDS/REPORTING

ICK
IFA
PP
AF
MU
TR
AG
EG
JIN
JPC
KCH
ECG
WAS
DTH

DOCKET NO. 961508
ATLANTIC TELECOMMUNICATION SYSTEMS, INC.
ALEC CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

**AS
OF
12/31/95**

CURRENT ASSETS	\$73,550
CURRENT LIABILITIES	101,585
CURRENT RATIO	0.72
CASH	1,605
COMMON EQUITY	(56,634)
TOTAL DEBT	200,076
TOTAL INVESTOR CAPITAL	143,442
COMMON EQUITY RATIO	NMF
NET INCOME	14,002
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure