

Public Service Commission

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

DATE: February 20, 1998

TO: Tommy Williams, Division of Communications

FROM: David J. Draper, Division of Auditing and Financial Analysis DD APC

RE: Docket No. 980246-TX, Access Point, Inc., Financial Analysis for Cet 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

ACK _

AFA .

APP =

CMU =

CTR _

Like

(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 Access Point, Inc. (API) for the period ending December 31, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, API reports negative net income for the period, but has adequate liquidity and sufficient common equity.

In this matter, API 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 increase available capital from continuing operations. Furthermore, API's investors will provide any additional funding for the company. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

Division of Legal Services

Division of Records and Reporting (2)

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DOCKET NO. 980246-TX ACCESS POINT, INC.

ALTERNATIVE LOCAL EXCHANGE SERVICES FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

AS
OF
12/31/97

NMF

CURRENT ASSETS	\$312 ,596
CURRENT LIABILITIES	240,699
CURRENT RATIO	1.30
CASH	12,957
COMMON EQUITY	301,190
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	301,190
COMMON EQUITY RATIO	100%
NET INCOME	(622,444

NMF = No Meaningful Figure

RETURN ON EQUITY