



Public Service Commission

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

DATE: July 8, 1998  
 TO: Ray Kennedy, Division of Communications  
 FROM: Pete Lester, Division of Auditing and Financial Analysis *ALM*  
 RE: Docket No. 980691-TX, ACS Telcom, Inc., Financial Analysis for Certificate *APC*  
 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 ACS Telcom, Inc. (ACS) for the nine month period ending on September 30, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ACS has adequate liquidity, sufficient common equity and reported a positive net income for the period.

ACK \_\_\_\_\_  
 AFA \_\_\_\_\_ In this matter, ACS is asking for a certificate to provide alternative local exchange  
 APP \_\_\_\_\_ telecommunications service. Staff notes the limited nature of the application and that no  
 CAF \_\_\_\_\_ customer provided funds appear to be at risk. For purposes of granting a certificate based on  
 CMU \_\_\_\_\_ the financial information provided, the financial capability appears adequate.  
 CTR \_\_\_\_\_ The applicant attests to its financial capability to provide and maintain the proposed  
 EAG \_\_\_\_\_ telecommunications service by noting that it has positive cash flow and availability of investors  
 LEG \_\_\_\_\_ in the business. Based on this showing, the applicant appears to meet the financial capability  
 LIN \_\_\_\_\_ standard of Section 364.337, Florida Statutes.  
 OPC \_\_\_\_\_ cc: Division of Legal Services  
 RCH \_\_\_\_\_ Division of Records and Reporting (2)  
 SEC \_\_\_\_\_ |  
 WAS \_\_\_\_\_  
 OTH \_\_\_\_\_

DOCUMENT NUMBER - DATE  
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 330-RECORDS/REPORTING

DOCKET NO. 980691 TX  
ACS TELCOM, INC.

ALEC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	NINE MONTHS ENDED 09/30/97
CURRENT ASSETS	\$355,906
CURRENT LIABILITIES	41,400
CURRENT RATIO	8.60
CASH	264,528
COMMON EQUITY	277,506
TOTAL DEBT	82,450
TOTAL INVESTOR CAPITAL	359,956
COMMON EQUITY RATIO	77%
NET INCOME	267,506
RETURN ON EQUITY	96%