



Public Service Commission

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

DATE: August 20, 1998

TO: Tommy Williams, Division of Communications

FROM: David J. Draper, Division of Auditing and Financial Analysis *el*

RE: Docket No. 981027-TX, Ernest Communications, Inc., 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 balance sheet of Ernest Communications, Inc. (ECI) for the period ending July 31, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ECI has adequate liquidity and sufficient common equity. ECI is a newly created company with an initial \$25,000 in start-up capital. The company has not initiated operations and accordingly has no relevant income statement.

In this matter, ECI 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 by noting that it has adequate liquid assets to provide and maintain the proposed telecommunications 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 (2)

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DOCKET NO. 981027-TX
ERNEST COMMUNICATIONS, INC.

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 07/31/98
CURRENT ASSETS	\$25,000
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	25,000
COMMON EQUITY	25,000
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	25,000
COMMON EQUITY RATIO	100%
NET INCOME	0
RETURN ON EQUITY	0%

NMF = No Meaningful Figure