



Public Service Commission

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

DATE: November 6, 2000
TO: Brenda Hawkins, Division of Regulatory Oversight
FROM: Pete Lester, Division of Economic Regulation
RE: Docket No. 001176-TX, Alliance Tel-Com, 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 financial statements of L.K. Communications, LLC, the parent company of Alliance Tel-Com, Inc. (Alliance), for the period ending May 12, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Alliance's parent company has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, Alliance is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application. 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 it will receive support from its parent company if necessary and it anticipates no wage expense in its first phase of operation. 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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14466 NOV-88

FPSC-RECORDS/REPORTING

DOCKET NO. 001176-T.
ALLIANCE TEL-COM, INC.
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS
OF L K COMMUNICATIONS, LLC, THE PARENT
COMPANY

	AS OF <u>05/12/2000</u>
CURRENT ASSETS	\$367,378
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	22,593
COMMON EQUITY	689,972
TOTAL DEBT	0
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	689,972
COMMON EQUITY RATIO	100%
NET INCOME	147,750
RETURN ON EQUITY	21%

NMF=NO MEANINGFUL FIGURE