



Public Service Commission

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

DATE: September 10, 1997
TO: Tom Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *PL*
RE: Docket No. 970887-TK, BudgeTel Systems, 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 BudgeTel Systems, Inc. (BudgeTel) for the period ending June 30, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, BudgeTel has adequate liquidity but reports a very low equity ratio. As a start-up company, it does not have net income to report.

In this matter, BudgeTel 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 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 by noting that it has access to capital, if needed, from two banks, a financial factor, and outside investors. 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)

DOCUMENT NUMBER-DATE

09318 SEP 12 6

FPSC-RECORDS/REPORTING,

DOCKET NO. 970887-TX
BUDGETEL SYSTEMS, INC.
ALEC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM UNAUDITED BALANCE SHEET
START-UP COMPANY

AS OF
JUNE 30, 1997

CURRENT ASSETS	108,000
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	10,000
COMMON EQUITY	1,000
TOTAL DEBT	129,000
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	130,000
COMMON EQUITY RATIO	1%
NET INCOME	- *
RETURN ON EQUITY	- *

NMF=NO MEANINGFUL FIGURE

* BALANCE SHEET ONLY