



Public Service Commission

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

DATE: October 30, 1997
TO: Tom Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *ALM*
RE: Docket No. 971196-TX, Inter-Tel NetSolutions, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *MLK*

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 Inter-Tel NetSolutions, Inc. (Inter-Tel) for the 3 month period ending March 31, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Inter-Tel has adequate liquidity and ownership equity. The applicant reports positive, but somewhat low, profitability.

In this matter, Inter-Tel 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 has been a viable and profitable company since it began providing service in 1991. The applicant states that it has grown each year of its existence and it will fund its working capital needs through earnings. It further states that if it needs to borrow funds, its parent company will provide the necessary backing. 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. 971196-TX
INTERTEL NET SOLUTIONS, INC.
ALEC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS

IN THOUSANDS	THREE MONTHS ENDED <u>MARCH 31, 1997</u>
CURRENT ASSETS	109,287
CURRENT LIABILITIES	24,786
CURRENT RATIO	4.41
CASH	41,843
COMMON EQUITY	97,556
TOTAL DEBT	0
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	97,556
COMMON EQUITY RATIO	100%
NET INCOME	2,670
RETURN ON EQUITY	3%