



# Public Service Commission

ORIGINAL  
FILE COPY

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

DATE: January 21, 1997  
 TO: Tom Williams, Division of Communications  
 FROM: Pete Lester, Division of Auditing and Financial Analysis *ALM*  
 RE: Docket No. 961372-TI, TVMAX Telecommunications, Inc., Financial Analysis for  
 Certificate Application for Intrastate Interexchange Telecommunications Service *P2 APC 100*

Section 364.337 (3), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide intrastate interexchange telecommunications 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 audited financial statements of Optel, Inc., the parent company of TVMAX Telecommunications, Inc., for the eight month period ended August 31, 1995. As the attached schedule shows, Optel has adequate ownership equity but has inadequate liquidity and negative net income.

In this matter, TVMAX Telecommunications, Inc. is asking for a certificate to provide IXC 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.

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
- LEG \_\_\_\_\_
- LIN \_\_\_\_\_
- OPC \_\_\_\_\_
- RCH \_\_\_\_\_
- SEC
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

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. Based on this representation, 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

DOCUMENT NUMBER - DATE  
00957 JAN 24 97  
FPSC-RECORDS/REPORTING

DOCKET NO. 961372-TI  
TVMAX TELECOMMUNICATIONS, INC.  
OPTEL, INC. - PARENT COMPANY  
INTEREXCHANGE CERTIFICATE  
FINANCIAL ANALYSIS  
ATTESTATION DONE

FROM AUDITED FINANCIAL STATEMENTS

	EIGHT MONTHS ENDING <u>8/31/95</u>
CURRENT ASSETS	4,569,209
CURRENT LIABILITIES	12,554,105
CURRENT RATIO	0.36
CASH	2,035,980
COMMON EQUITY	68,544,563
TOTAL DEBT	26,973,408
TOTAL INVESTOR CAPITAL	95,517,971
COMMON EQUITY RATIO	72%
NET INCOME	(10,160,639)
RETURN ON EQUITY	NMF

NMF=NO MEANINGFUL FIGURE