



Public Service Commission

-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 APC*
 RE: Docket No. 961370-TX, Optel, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *BMX 1/22*

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 audited financial statements of Optel, Inc. (Optel) for the eight month period ended August 31, 1995. As the attached schedule shows, Optel has adequate liquidity but reports negative common equity and negative net income.

ACK — In this matter, Optel is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application. For purposes of AFA — granting a certificate based on the financial information provided, the financial capability appears APP — marginal.

CAF — Although an analysis of the financial statements reveals the applicant is in a marginal financial CMU — position, the applicant attests to its financial capability to provide and maintain the proposed CTR — telecommunications service. Based on this representation, the applicant appears to meet the EAG — financial capability standard of Section 364.337, Florida Statutes.

LEG — cc: Division of Legal Services
LIN — Division of Records and Reporting

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RCH —
SEC — 1
WAS —
OTH —

DOCUMENT NUMBER-DATE
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FPSC-RECORDS/REPORTING

DOCKET NO. 961370-TX
OPTEL, INC
LOCAL EXCHANGE CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS

| | EIGHT MONTHS ENDING 8/31/95 |
|--------------------------|-----------------------------------|
| CURRENT ASSETS | |
| CURRENT LIABILITIES | 4,569,209 |
| CURRENT RATIO | 12,554,105 |
| CASH | 0.36 |
| COMMON EQUITY | 2,035,980 |
| TOTAL DEBT | 68,544,563 |
| TOTAL INVESTOR CAPITAL | 26,973,408 |
| COMMON EQUITY RATIO | 95,517,971 |
| NET INCOME | 72% |
| RETURN ON EQUITY | (10,160,639) |
| NMF=NO MEANINGFUL FIGURE | NMF |