



Public Service Commission

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

DATE: May 6, 1997
TO: Tom Williams, Division of Communications
FROM: David Draper, Division of Auditing and Financial Analysis *ALM*
RE: Docket No. 970471-TI, Quentel Communications, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *APC*

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 unaudited proforma financial statements of Quentel Communications, Inc. (QCI) for the period ending December 31, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, QCI has projected a negative net income for 1997, but has sufficient common equity and adequate liquidity.

ACK _____
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 LEG _____

In this matter, QCI is asking for a certificate to provide IXC service. Staff notes the limited nature of the application and that no customer provided funds appear to be at risk. 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. In addition, QCI intends to raise the additional capital by selling stock to private investors and by drawing on the companies established lines of credit. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

cc: Division of Legal Services

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FPSC-RECORDS/REPORTING

DOCKET NO. : 97047
QUENTEL COMMUNICATIONS, INC.

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED PROFORMA FINANCIAL STATEMENTS

	AS OF 12/31/97
CURRENT ASSETS	\$301,308
CURRENT LIABILITIES	6,527
CURRENT RATIO	46.16
CASH	301,306
COMMON EQUITY	297,459
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	297,459
COMMON EQUITY RATIO	100%
NET INCOME	(144,467)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure