



Public Service Commission

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

DATE: August 14, 1997
TO: Jim Strong, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *PL ALM*
RE: Docket No. 970759-TI, Protel Advantage, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ARC*

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 financial statements of Protel Advantage (Protel) for the year ending December 31, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Protel has adequate liquidity, somewhat low ownership equity, and adequate profitability.

In this matter, Protel 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 adequate.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has low overhead and capital costs and, therefore, has little need for large capital investment. The applicant further notes that its sole shareholder will invest further funds as needed. Also, Protel has access to credit through a telecommunications carrier. 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. 970759-TI
PROTEL ADVANTAGE, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS

YEAR
ENDED
DECEMBER 31, 1996

CURRENT ASSETS	51,929
CURRENT LIABILITIES	32,308
CURRENT RATIO	1.61
CASH	7,518
COMMON EQUITY	58,335
TOTAL DEBT	107,556
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	165,891
COMMON EQUITY RATIO	35%
NET INCOME	54,130
RETURN ON EQUITY	93%

DOCKET NO. 970759-TI

DECEMBER 31, 1996