



Public Service Commission

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

DATE: September 19, 1997
TO: Tom Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *PL ALM*
RE: Docket No. 971063-TI, NET-Tel Corporation, Financial Analysis for Certificate *AP C*
 Application for Intrastate Interexchange Telecommunications Service *M*

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 NET-Tel Corporation (NET-Tel) for the period ending June 19, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, NET-Tel has adequate liquidity and ownership equity but it reports negative net income.

In this matter, NET-Tel 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 stating that it has adequate liquidity, it will have minimal capital requirements as a reseller, and its price structure assures immediate cash flow. 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. 971063-TI
NET-TEL CORPORATION
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS

JANUARY 1, 1997
THRU
JUNE 19, 1997

| | |
|------------------------|-----------|
| CURRENT ASSETS | 543,354 |
| CURRENT LIABILITIES | 339,301 |
| CURRENT RATIO | 1.60 |
| CASH | 319,981 |
| COMMON EQUITY | 242,436 |
| TOTAL DEBT | 14,710 |
| PREFERRED STOCK | 0 |
| TOTAL INVESTOR CAPITAL | 257,146 |
| COMMON EQUITY RATIO | 94% |
| NET INCOME | (689,718) |
| RETURN ON EQUITY | NEGATIVE |