



Public Service Commission

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

DATE: October 22, 1997
TO: Tom Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *DD*
RE: Docket No. ~~971387-TI~~ AmericaTel Corporation, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM 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 audited financial statements of AmericaTel Corporation (ATC), a wholly owned subsidiary of Entel International B.V.I. Corp., for the period ending December 31, 1996. As the attached schedule shows, ATC has sufficient common equity but has minimal liquidity and reported a negative net income for the period.

In this matter, ATC is asking for a certificate to provide IXC service. For purposes of granting a certificate based on the financial information provided, the financial capability appears minimal.

Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that the parent corporation will support its subsidiary if additional capital or financing is needed. 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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DOCUMENT NUMBER-DATE
T0990 OCT 24 97
FPSC-RECORDS/REPORTING

DOCKET NO. : 971387-T1
AMERICA TEL CORPORATION

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

	AS OF 12/31/96
CURRENT ASSETS	\$991,080
CURRENT LIABILITIES	3,202,342
CURRENT RATIO	0.31
CASH	160,129
COMMON EQUITY	5,906,584
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	5,906,584
COMMON EQUITY RATIO	100%
NET INCOME	(4,714,903)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure

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