



ORIGINAL

Public Service Commission

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

**DATE:** November 20, 1997  
**TO:** Nancy Pruitt, Division of Communications  
**FROM:** Pete Lester, Division of Auditing and Financial Analysis *PL*  
**RE:** Docket No. 971268-TI, FoxTel, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *CLM*  
*apl*

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 balance sheet of FoxTel, Inc. (FoxTel) for the period ending August 22, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Foxtel has adequate liquidity and ownership equity. As a start-up company, it does not have an income statement.

ACK \_\_\_\_\_  
 AFA \_\_\_\_\_  
 APP \_\_\_\_\_ In this matter, Foxtel is asking for a certificate to provide IXC service. Staff notes the limited  
 CAF \_\_\_\_\_ nature of the application. For purposes of granting a certificate based on the financial  
 CMU \_\_\_\_\_ information provided, the financial capability appears adequate.

CTR \_\_\_\_\_  
 EAG \_\_\_\_\_ The applicant attests to its financial capability to provide and maintain the proposed  
 LEG \_\_\_\_\_ telecommunications service by noting that it has good liquidity based on its current ratio and  
 LIN \_\_\_\_\_ cash position. It notes that it has positive equity, and it leases, rather than owns its switch,  
 \_\_\_\_\_ which frees working capital to attract customers. Based on this showing, the applicant appears  
 \_\_\_\_\_ to meet the financial capability standard of Section 364.337, Florida Statutes.

WGL \_\_\_\_\_ cc: Division of Legal Services  
 REC | \_\_\_\_\_ Division of Records and Reporting (2)

DOCUMENT NUMBER-DATE

12007 NOV 21 6

FPC-RECORDS/REPORTING

DOCKET NO. 971268-TI  
FOXTEL, INC.  
IXC CERTIFICATE  
FINANCIAL ANALYSIS  
ATTESTATION DONE

FROM UNAUDITED BALANCE SHEET

AS OF  
AUGUST 22, 1997

CURRENT ASSETS	26,942
CURRENT LIABILITIES	2,277
CURRENT RATIO	11.83
CASH	26,942
COMMON EQUITY	30,770
TOTAL DEBT	0
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	30,770
COMMON EQUITY RATIO	100%
NET INCOME	- *
RETURN ON EQUITY	- *

\*New company, no income statement.