



Public Service Commission

ORIGINAL

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

DATE: November 19, 1997
TO: Tom Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *DD*
RE: Docket No. 971434-TX, Flatel, Inc. d/b/a Florida Telephone Company, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ALM AAC*

Section 364.337 (1), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide alternative local exchange 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 . . .

- ACK _____ Regarding the showing of financial capability, the Finance staff has analyzed the unaudited financial statements of Flatel, Inc. d/b/a Florida Telephone Company (FTC) for the nine month period ending September 30, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, FTC has adequate liquidity but minimal common equity. FTC is a start-up company in the process of forming and has not produced income as of yet. The Company has projected \$869,570 in net income for its first twelve months of operations.
- EAG _____ In this matter, FTC is asking for a certificate to provide alternative local exchange telecommunications service. For purposes of granting a certificate based on the financial information provided, the financial capability appears minimal.
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC 1 _____ 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 Oscar Nodarse, CEO for Flatel, Inc., has pledged his personal assets should additional financing be needed. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.
- WAS _____
- JTH _____

cc: Division of Legal Services
Division of Records and Reporting (2)

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DOCKET NO. : 971434-TX
FLATEL , INC. d/b/a FLORIDA TELEPHONE COMPANY

ALTERNATIVE LOCAL EXCHANGE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 09/30/97
CURRENT ASSETS	\$7,500
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	7,500
COMMON EQUITY	100
TOTAL DEBT	12,400
TOTAL INVESTOR CAPITAL	12,500
COMMON EQUITY RATIO	1%
NET INCOME	0
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure