



# Public Service Commission

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

**DATE:** July 7, 1998  
**TO:** Ray Kennedy, Division of Communications  
**FROM:** Pete Lester, Division of Auditing and Financial Analysis *ALM*  
**RE:** Docket No. 980745-TI, Communitel, Inc., Financial Analysis for Certificate *AP*  
 Application for Intrastate Interexchange Telecommunications Service *AP*

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 Communitel, Inc. (Communitel) for the period ending December 31, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Communitel has adequate liquidity, a low level of ownership equity, and slight profitability.

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_ In this matter, Communitel is asking for a certificate to provide IXC service. Staff notes the
- APP \_\_\_\_\_ limited nature of the application. For purposes of granting a certificate based on the financial
- CAF \_\_\_\_\_ information provided, the financial capability appears adequate.
- CMU \_\_\_\_\_ The applicant attests to its financial capability to provide and maintain the proposed
- CTR \_\_\_\_\_ telecommunications service by noting that it has a strategic network agreement with
- EAG \_\_\_\_\_ Intercontinental Communications Group to provide the necessary facilities. Also, Communitel
- LEG \_\_\_\_\_ has a \$300,000 letter of credit with Eastern National Bank. Based on this showing, the applicant
- LIN \_\_\_\_\_ appears to meet the financial capability standard of Section 364.337, Florida Statutes.
- OPC \_\_\_\_\_ cc: Division of Legal Services
- RCH \_\_\_\_\_ Division of Records and Reporting (2)
- SEC   1
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

DOCUMENT NUMBER - DATE  
 07415 JUL 14 98  
 COMMUNICATIONS SECTION

DOCKET NO. 980745-TI  
COMMUNITEL, INC.  
IXC CERTIFICATE  
FINANCIAL ANALYSIS  
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS

AS  
OF  
DECEMBER 31, 1997

CURRENT ASSETS	330,828
CURRENT LIABILITIES	340,950
CURRENT RATIO	0.97
CASH	171,924
COMMON EQUITY	14,729
TOTAL DEBT	35,000
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	49,729
COMMON EQUITY RATIO	30%
NET INCOME	287
RETURN ON EQUITY	2%