



Public Service Commission ORIGINAL

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

DATE: September 22, 1998
 TO: Tommy Williams, Division of Communications
 FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *EO* *ALM*
 RE: Docket No. 981110-TX, YourTel, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *[Signature]*

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 . . .

Regarding the showing of financial capability, the Finance staff has analyzed the unaudited Balance Sheet of YourTel, Inc. (YTI) for the period ending July 21, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, YTI has adequate liquidity, sufficient common equity, but as a newly formed corporation it has no income to report at the present time.

In this matter, YTI is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application and that no customer provided funds appear to be at risk. 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 noting that it intends to raise an additional \$20 to \$30 million in equity, including venture capital funds. YTI may also obtain additional funds from Merrill Lynch Pierce Fenner & Smith. 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. 981110
YourTel, Inc.

ALEC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED BALANCE SHEET AS OF 07/21/98

CURRENT ASSETS	\$400,000
CURRENT LIABILITIES	15,000
CURRENT RATIO	26.67
CASH	0
COMMON EQUITY	385,000
TOTAL DEBT	15,000
TOTAL INVESTOR CAPITAL	400,000
COMMON EQUITY RATIO	96%
NET INCOME	0
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure