



Public Service Commission

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

DATE: October 1, 1998  
 TO: Tommy Williams, Division of Communications  
 FROM: David J. Draper, Division of Auditing and Financial Analysis *DJD* *ALM*  
 RE: Docket No. 981215-TX, Pro Telecom, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ALC* *MD*

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 financial statements of Pro Telecom, Inc. (PTI) 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, PTI has minimal liquidity, negative common equity and reported negative net income for the period.

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_ In this matter, PTI 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.
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_ 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 PTI has recently received a one million dollar loan from Amresco Commercial Finance, Inc. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.
- LEG \_\_\_\_\_
- LIN \_\_\_\_\_
- OPC \_\_\_\_\_

RCH \_\_\_\_\_  
 SEC 1 cc: Division of Legal Services  
 Division of Records and Reporting (2)

DOCUMENT NUMBER DATE

~~1007~~ OCT-8 88

REGISTRATION REPORTING

DOCKET NO. 98121 TX  
PRO TELECOM, INC.

ALTERNATIVE LOCAL EXCHANGE SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/97
CURRENT ASSETS	\$9,692
CURRENT LIABILITIES	58,897
CURRENT RATIO	0.16
CASH	9,192
COMMON EQUITY	(60,337)
TOTAL DEBT	224,042
TOTAL INVESTOR CAPITAL	163,705
COMMON EQUITY RATIO	NMF
NET INCOME	(31,565)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure