



Public Service Commission

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

DATE: February 9, 1999
 TO: Toni McCoy, Division of Communications
 FROM: David J. Draper, Division of Auditing and Financial Analysis *DD* *ALM*
 RE: Docket No. 981312-TX, Foxtel, Inc., Financial Analysis for Certificate Application *APC*
 for Alternative Local Exchange Telecommunications Service

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 Foxtel, Inc. (FOT) for the seven month period ending July 31, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, FOT has minimal liquidity, negative common equity and reported negative net income for the period.

ACK _____
 AFA _____
 APP _____ In this matter, FOT is asking for a certificate to provide alternative local exchange
 CAF _____ telecommunications service. For purposes of granting a certificate based on the financial
 CMU _____ information provided, the financial capability appears minimal.
 CTR _____ Although an analysis of the financial statements reveals the applicant is in a minimal financial
 EAG _____ position, the applicant attests to its financial capability to provide and maintain the proposed
 LEG _____ telecommunications service by noting that the company has available lines of credit from its
 LWN _____ affiliate, financial institutions and equipment vendors. The Company does not anticipate needing
 OPC _____ to draw from these available sources. Based on this showing, the applicant appears to meet the
 financial capability standard of Section 364.337, Florida Statutes.

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

DOCUMENT NUMBER-DATE

01839 FEB 11 8

Fpsc-RECORDS/REPORTING

DOCKET NO. 981312 X
FOXTEL, INC.

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 07/31/98
CURRENT ASSETS	\$7,478
CURRENT LIABILITIES	148,291
CURRENT RATIO	0.05
CASH	7,478
COMMON EQUITY	(569,367)
TOTAL DEBT	955,807
TOTAL INVESTOR CAPITAL	386,441
COMMON EQUITY RATIO	NMF
NET INCOME	(328,579)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure