



Public Service Commission

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

DATE: February 24, 1999
TO: Tommy Williams, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis
RE: Docket No. 990113-TX, ComTel, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

ALM
 [Handwritten initials]

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 ComTel, Inc. (CTI) for the period ending December 31, 1998 . An audit could change one's opinion of the company's financial condition. As the attached schedule shows, CTI has minimal liquidity, but sufficient common equity and reported a positive net income for the period.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPR _____
- RCR _____
- SEC _____
- WAS _____
- OTH _____

In this matter, CTI 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 marginal.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has available \$200,000 through a line of credit with Carolina First Bank to support future operations. 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)

DOCUMENT NUMBER-DATE
 0-254-8 FEB 26 99
 FPC REPORTING

DOCKET NO. 990113-1
COMTEL, INC.

**ALEC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS**

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 12/31/98

CURRENT ASSETS	\$67,292
CURRENT LIABILITIES	82,901
CURRENT RATIO	0.81
CASH	5,321
COMMON EQUITY	72,130
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	72,130
COMMON EQUITY RATIO	100%
NET INCOME	245
RETURN ON EQUITY	0.34%

NMF = No Meaningful Figure