



ORIGINAL
Public Service Commission

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

DATE: April 14, 1999
TO: Nancy Pruitt, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *PE ALM APC*
RE: Docket No. 990112-TX, Kingtel, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *8*

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 Kingtel for the period ending April 13, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Kingtel has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, Kingtel is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application. 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 has backing from its owner in the form of \$45,000, it has no liabilities, and it has low capital equipment needs. For these reasons, staff believes the company meets 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. 990112-
KINGTEL
ALEC TELECOMMUNICATIONS SERVICE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF <u>04/13/99</u>
CURRENT ASSETS	\$45,000
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	45,000
COMMON EQUITY	86,100
TOTAL DEBT	0
TOTAL PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	86,100
COMMON EQUITY RATIO	100%
NET INCOME	24,820
RETURN ON EQUITY	29%

NMF=NO MEANINGFUL FIGURE