



# Public Service Commission

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

**DATE:** June 28, 1999  
**TO:** Toni McCoy, Division of Communications  
**FROM:** Pete Lester, Division of Auditing and Financial Analysis *PL*  
**RE:** Docket No. 990550-TX, YourTel Telecom Corporation, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ALM*

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 Telecom Corporation (YourTel) for the period ending March 31, 1999. Staff also analyzed YourTel's projected income statement ending December 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, YourTel has adequate liquidity and sufficient common equity. YourTel projects a loss for 1999.

In this matter, YourTel 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.

- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
- LEG \_\_\_\_\_
- MAS \_\_\_\_\_
- OPC \_\_\_\_\_
- RRR \_\_\_\_\_
- SEC   1
- WAW \_\_\_\_\_
- OTH \_\_\_\_\_

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it intends to raise \$50 million in capital from private sources and it is in discussions with venture capital funds and financial institutions regarding its capital requirements. Also, the company is planning for vendor financing. 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

07906 JUN 30 1999

FILED IN 3000-0000-0000

DOCKET NO. 990550-TX

YOURTEL TELECOM CORPORATION  
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	<u>AS OF</u> <u>3/31/99</u>
CURRENT ASSETS	\$430,000
CURRENT LIABILITIES	5,000
CURRENT RATIO	86.00
CASH	430,000
COMMON EQUITY	425,000
TOTAL DEBT	0
TOTAL PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	425,000
COMMON EQUITY RATIO	100%
NET INCOME	(300,000)*
RETURN ON EQUITY	NEGATIVE *

\* PROJECTED 1999