



Public Service Commission

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

DATE: September 16, 1999
TO: Tommy Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis
RE: Docket No. 991093-TI, MediaTel Corporation, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

Section 364.337 (3), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide intrastate interexchange telecommunications 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 MediaTel Corporation (MTC) for the five month period ending May 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, MTC has adequate liquidity, but reports minimal common equity and negative income for the period.

In this matter, MTC is asking for a certificate to provide IXC service. For purposes of granting a certificate based on the financial information provided, the financial capability appears marginal.

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APP
CAF
CMU
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OTH

Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant attests to its financial capability by noting that it has adequate liquid assets to provide and maintain the proposed telecommunications service. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

ec: Division of Legal Services
Division of Records and Reporting (2)

DOCUMENT NUMBER-DATE

11175 SEP 17 99

FD-90 RECORDS/REPORTING

DOCKET NO. 991093
MEDIATEL CORPORATION

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 05/31/99
CURRENT ASSETS	\$1,515,663
CURRENT LIABILITIES	87,625
CURRENT RATIO	17.30
CASH	1,366,986
COMMON EQUITY	133,999
TOTAL DEBT	1,787,455
TOTAL INVESTOR CAPITAL	1,921,454
COMMON EQUITY RATIO	7%
NET INCOME	(584,311)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure