



# Public Service Commission

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

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**DATE:** December 18, 2000  
**TO:** Nancy Pruitt, Division of Regulatory Oversight  
**FROM:** Pete Lester, Division of Economic Regulation *PL*  
**RE:** Docket No. 001683-TI, RapTel Communications, LLC, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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*ALM*

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 RapTel Communications, LLC (RapTel) for the period ending November 30, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, RapTel has inadequate liquidity, negative common equity, and reported a loss for the period.

In this matter, RapTel is asking for a certificate to provide IXC 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 minimal.

Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it is a start-up company that projects profitable operations within a year. The company has banking references and can receive factor financing for accounts receivable. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

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

DOCUMENT NUMBER-DATE

16504 DEC 29 8

FPSC-RECORDS/REPORTING

DOCKET NO. 001683-TI  
RAPTEL COMMUNICATIONS, LLC  
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF <u>11/30/2000</u>
CURRENT ASSETS	\$28,316
CURRENT LIABILITIES	56,803
CURRENT RATIO	0.50
CASH	27,147
COMMON EQUITY	(99,426)
TOTAL DEBT	108,000
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	NMF
COMMON EQUITY RATIO	NMF
NET INCOME	(276,431)
RETURN ON EQUITY	NEGATIVE

NMF=NO MEANINGFUL FIGURE