

State of Florida



Public Service Commission

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

DATE: July 18, 2001
TO: Nancy Pruitt, Division of Regulatory Oversight
FROM: Pete Lester, Division of Economic Regulation *PL*
RE: Docket No. 010924-TX, ReTel Communications, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

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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 ReTel Communications, Inc. (ReTel) for the projected period ending July 31, 2001. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ReTel projects adequate liquidity, sufficient common equity and positive net income for the period.

In this matter, ReTel 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 can obtain financial support from its owner and it projects profitability. 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
08793 JUL 19 2001
FPSC-COMMISSION CLERK

DOCKET NO. 010924-TX
RETEL COMMUNICATIONS, INC.
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED PROJECTED FINANCIAL STATEMENTS

| | PROJECTED AS OF <u>07/31/2001</u> |
|------------------------|---|
| CURRENT ASSETS | \$11,800 |
| CURRENT LIABILITIES | 1,120 |
| CURRENT RATIO | 10.54 |
| CASH | 11,800 |
| COMMON EQUITY | 10,680 |
| TOTAL DEBT | 0 |
| PREFERRED STOCK | 0 |
| TOTAL INVESTOR CAPITAL | 10,680 |
| COMMON EQUITY RATIO | 100% |
| NET INCOME | 680 |
| RETURN ON EQUITY | 6% |