



Public Service Commission

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

DATE: April 16, 1998
 TO: Ray Kennedy, Division of Communications
 FROM: Pete Lester, Division of Auditing and Financial Analysis *PL APC*
 RE: Docket No. 980507-TX, Net-Tel Corporation, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *APC*

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 Net-Tel Corporation (Net-Tel) for the period ending February 28, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Net-Tel has adequate liquidity and ownership equity. For the period, the company reported a loss.

ACK _____
 AFA _____
 APP _____
 CAF _____
 CMU _____
 CTR _____
 E _____
 LET _____
 LIN _____
 OPC _____
 TCH _____

In this matter, Net-Tel 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 stating that it has good liquidity for the industry and it has minimal capital requirements. 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)

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DOCKET NO. 980507-TX
NET-TEL CORPORATION
ALEC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS

AS
OF
FEBRUARY 28, 1998

CURRENT ASSETS	792,807
CURRENT LIABILITIES	642,349
CURRENT RATIO	1.23
CASH	110,114
COMMON EQUITY	201,745
TOTAL DEBT	30,205
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	231,950
COMMON EQUITY RATIO	87%
NET INCOME	(354,062)
RETURN ON EQUITY	NEGATIVE