

ORIGINAL

State of Florida



# Public Service Commission

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

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**DATE:** July 23, 1999  
**TO:** Nancy Pruitt, Division of Communications  
**FROM:** Eva P. Samaan, Division of Auditing and Financial Analysis *ed AKM*  
**RE:** Docket No. 990648-TX, DialTek, LLC, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *post*

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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 DialTek, LLC (DLT) for the period ending July 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, DLT has minimal liquidity, negative common equity and reported a net loss for the period.

In this matter, DLT is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application and that no customer provided funds appear to be at risk. 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. Charles Power and Peter Hannen, the majority owners of DialTek, LLC, have established several bank accounts with Key Bank of Washington and committed to provide capital contributions as needed to cover DLT's operating expenses. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

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

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

DOCUMENT NUMBER-DATE

09112 AUG -2 99

FPSC-RECORDS/REPORTING

ALEC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 7/31/99

CURRENT ASSETS	\$5,905
CURRENT LIABILITIES	41,293
CURRENT RATIO	0.14
CASH	4,134
COMMON EQUITY	(56,388)
LONG-TERM DEBT	21,000
TOTAL INVESTOR CAPITAL	(35,388)
COMMON EQUITY RATIO	NMF
NET INCOME	(47,859)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure