



Public Service Commission

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

DATE: May 23, 1996
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis, *ALM*
RE: Docket No. 960506-TS, TVMAX Telecommunications, Inc. d/b/a OpTel, *APC*
 Financial Analysis for Certificate Application for Shared Tenant Service *[Handwritten signatures]*

Section 364.339 (2), Florida Statutes, requires the following:

The commission shall grant certificates to telecommunications companies upon showings that the applicants have sufficient technical, financial, and managerial capabilities to provide shared tenant services.

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 audited financial statements of OpTel, Inc., the parent company of TVMAX Telecommunications, Inc. d/b/a OpTel (OPTL) for the eight-month period ending August 31, 1995. As the attached schedule shows, OPTL has adequate ownership equity but reports minimal liquidity and negative net income.

ACK — In this matter, OPTL is asking for a certificate to provide shared tenant service. Staff notes
AFA — the limited nature of the application and that no customer provided funds appear to be at
AFP — risk. For purposes of granting a certificate based on the financial information provided, the
CAF — financial capability appears minimal.

CML: _____
CTR — cc: Division of Legal Services
EAG — Division of Records and Reporting

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FPSC-RECORDS/REPORTING

DOCKET NO. 960506-TS
TVMAX TELECOMMUNICATIONS, INC. d/b/a OpTel
SHARED TENANT CERTIFICATE
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS
of OpTel, Inc. (Parent Company)

FOR THE
EIGHT MONTHS
ENDING
AUGUST 31, 1995

CURRENT ASSETS	\$4,569,209
CURRENT LIABILITIES	12,554,105
CURRENT RATIO	0.36
CASH	2,035,980
COMMON EQUITY	68,544,563
TOTAL DEBT	26,973,408
TOTAL INVESTOR CAPITAL	95,517,971
COMMON EQUITY RATIO	72%
NET INCOME	(10,160,639)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure