

WIGGINS & VILLACORTA, P.A.

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ORIGINAL
FILE COPY

14

June 5, 1997

VIA HAND DELIVERY

Ms. Blanca Bayo
Director of Record and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

970643-TX

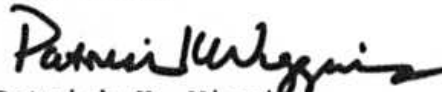
Re: Guarantel, Inc.

Dear Ms. Bayo:

Enclosed for filing are the original and five copies of Guarantel, Inc.'s Application for Authority to Provide Alternative Local Exchange Service Within the State of Florida, along with the \$250.00 filing fee.

Thank you for your assistance in this matter.

Sincerely,



Patrick K. Wiggins

PKW:plk
Enclosures

Check received with filing and
forwarded to Fiscal for deposit.
Fiscal to forward a copy of check
to RAIT with proof of deposit.

Initials of person who forwarded check:



DOCUMENT NUMBER-DATE

05596 JUN-56

FPSC-RECORDS/REPORTING

APPLICATION
FOR AUTHORITY TO PROVIDE
ALTERNATIVE LOCAL EXCHANGE SERVICE
WITHIN THE STATE OF FLORIDA

1. This is an application for (check one):

(x) Original authority (new company)

() Approval of transfer (to another certificated company)
Example: a certificated company purchases an existing company and desires to retain the original certificate of authority.

() Approval of assignment of existing certificate (to a non-certificated company)
Example: a non-certificated company purchases an existing company and desires to retain the certificate of authority rather than apply for a new certificate.

() Approval for transfer of control (to another certificated company)
Example: a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of applicant:

Guarantel, I.I.C.

3. Name under which the applicant will do business:

Guarantel, Inc.

4. If applicable, please provide proof of fictitious name registration.

Fictitious name registration number: _____.

Not applicable.

5. A. National and Florida mailing addresses including street name, number, post office box, city, state and zip code.

National: 7500 San Felipe
Suite 777
Houston, Texas 77063

Florida: N/A

B. Florida physical address including street name, number, post office box, city and zip code.

N/A

6. Structure of organization:

- | | |
|---|---|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Corporation |
| <input checked="" type="checkbox"/> Foreign Corporation | <input type="checkbox"/> Foreign Partnership |
| <input type="checkbox"/> General Partnership | <input type="checkbox"/> Limited Partnership |
| <input type="checkbox"/> Joint Venture | <input type="checkbox"/> Other, explain _____ |

7. If applicant is an individual, partnership or joint venture, please give name, title and address of each legal entity.

Not applicable.

8. State whether any of the officers, directors, or any of the ten largest stockholders have previously been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

No.

9. If incorporated, please provide proof from the Florida Secretary of State that the applicant has authority to operate in Florida.

Corporate charter number:

Pending. Will provide upon receipt.

10. Please provide the name, title, address, telephone number, internet address and facsimile number for the person serving as ongoing liaison with the Commission, and if different, the liaison responsible for this application.

Ongoing liaison: Ash Hug
Guarantel, Inc.
7500 San Felipe
Suite 777
Houston, Texas
(281) 333-2900 telephone
(281) 335-5659 fax

Application liaison: Patrick K. Wiggins
Wiggins & Villacorta, P.A.
501 East Tennessee Street
Suite B
Post Office Drawer 1657
Tallahassee, Florida 32302
(904) 222-1534 telephone
(904) 222-1689 fax

11. Please list other states in which the applicant is currently providing or has applied to provide local exchange or alternative local exchange service.

Texas.

12. Has the applicant been denied certification in any other state? If so, please list the state and reason for denial.

No.

13. Have penalties been imposed against the applicant in any other state? If so, please list the state and reason for penalty.

No.

14. Please indicate how a customer can file a service complaint with your company.

Customers can contact Customer Service by calling a toll-free number: 1-888-483-5888.

15. Please complete and file a price list in accordance with Commission Rule 25-24.825.

Guarantel will file its price list prior to offering services to the public.

16. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide alternative local exchange service in Florida.

A. Financial capability.

Attached as Exhibit 1.

B. Managerial capability.

Attached as Exhibit 2.

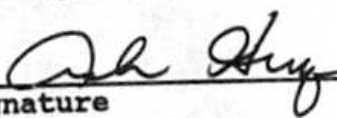
C. Technical capability.

(If you will be providing local intra-exchange switched telecommunications service, then state how you will provide access to 911 emergency services. If the nature of the emergency 911 service access and funding mechanism is not equivalent to that provided by the local exchange companies in the areas to be served, describe in detail the differences.)

Attached as Exhibit 3.

AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange service in the State of Florida. I have read the foregoing and declare that to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders. Further, I am aware that pursuant to Section 837.06, Florida Statutes, whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree.

Official: 
Signature

6/3/97
Date

Title: Vice President and Secretary

(713) 974-7974
Telephone Number

EXHIBIT 1

Guarantel, Inc.

Projected Income Statement for 1997

Quarter, Inc.
Pro Forma Income Statement
CONFIDENTIAL

	Mar-97	Apr-97	May-97	Jun-97	Jul-97	Aug-97	Sep-97	Oct-97	Nov-97	Dec-97	Total
Sales	24,000	45,000	67,000	171,000	339,000	504,000	677,000	698,000	1,077,000	1,304,000	5,098,000
Phone Cost	12,041	23,148	45,961	89,789	178,640	248,308	314,561	388,095	483,67	548,298	2,307,345
Sales Commission	3,340	6,000	11,720	22,990	44,640	68,640	84,720	123,680	158,520	190,240	720,760
Comms Mktg	8,719	15,682	30,119	58,882	115,720	187,954	287,889	398,255	488,123	587,802	2,087,895
Utilities	5,780	9,640	14,400	28,800	36,000	36,000	36,000	43,200	43,200	43,200	295,200
Contract		8,000	5,000	5,000	5,000	5,000	5,000				30,000
Management	15,000	15,000	15,000	15,000	20,000	25,000	28,000	28,000	28,000	28,000	206,000
Telephone	2,400	4,900	8,700	10,000	11,805	17,840	23,666	30,390	37,895	46,640	192,515
Travel	2,100	2,100	3,681	3,681	3,681	3,681	3,681	3,681	3,681	3,681	33,648
Advertisement	2,400	4,900	8,700	17,100	33,900	60,400	67,700	68,800	107,700	130,400	609,800
Printing	5,000		5,000		7,000		7,000		7,000		31,000
Travel	2,000	3,000	4,000	4,000	5,000	6,000	6,700	8,800	10,770	13,040	63,280
Office Supplies	720	1,360	2,610	5,130	10,170	15,120	20,310	21,000	21,000	21,000	148,410
License (Utilities)	5,000		5,000		5,000		5,000		5,000		25,000
Total Expenses	40,380	44,080	72,651	88,711	137,616	198,841	285,195	218,341	281,048	281,691	1,503,633
Net Income (Loss)	(31,681)	(28,258)	(41,972)	(83,059)	(21,888)	28,213	67,743	139,514	197,077	285,541	284,282
New Lines	180	300	600	1,300	2,400	3,000	3,400	3,800	4,200	4,600	
Existing Lines Rate of Adoption	180	300	640	1,020	1,880	4,080	6,740	9,780	13,140	16,880	
Total Lines	330	600	1,140	2,220	4,280	7,080	10,140	13,580	17,340	21,480	
No of Staff	4	6	10	20	25	25	25	30	30	30	
Statement of Cash Flow											
Source of Cash											
Net Income (Loss)						28,213	67,743	139,514	197,077	285,541	
Proceeds from loans	25,000	16,000	280,000	-	-	-	-	-	-	-	
Total Sources of Cash	25,000	16,000	280,000	-	-	28,213	67,743	139,514	197,077	285,541	
Uses of Cash											
Net Loans	31,681	28,258	41,972	83,059	21,888	-	-	-	-	-	
Net Payment Hardware Bank		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Cost Management hardware	31,681	28,258	13,000	28,680	23,500						
Total Uses of Cash	(6,681)	(12,258)	88,972	68,709	48,188	1,000	1,000	1,000	1,000	1,000	
Net Cash Flow	(6,681)	(12,258)	188,978	(88,709)	(48,188)	27,213	66,743	138,514	196,077	284,541	
Ending Cash Balance	(8,081)	(18,889)	179,079	118,370	72,174	88,387	188,130	324,644	520,721	785,282	

Quarrel, Inc.
Pro Forma Income Statement
CONFIDENTIAL

	Jan-98	Feb-98	Mar-98	Apr-98	May-98	Jun-98	Jul-98	Aug-98	Sep-98	Oct-98	Nov-98	Dec-98	Total
Sales	1,548,000	1,812,000	2,000,000	2,302,000	2,708,000	3,044,000	3,387,000	3,768,000	4,187,000	4,584,000	4,988,000	5,432,000	39,308,000
Phone Cost	834,788	728,887	628,615	603,961	1,044,888	1,161,488	1,283,613	1,411,385	1,544,785	1,683,794	1,828,382	1,978,558	15,082,885
Sales Commission	227,840	288,320	311,880	307,820	407,040	459,040	513,820	571,880	632,320	695,840	762,340	831,520	6,038,300
Direct Margin	686,382	814,793	959,705	1,100,139	1,257,084	1,423,510	1,590,487	1,784,835	1,972,915	2,184,406	2,398,408	2,621,821	18,803,645
Salaries	50,400	50,400	50,400	57,600	57,600	57,600	57,600	57,600	72,000	72,000	72,000	72,000	721,200
Contract	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	420,000
Management	54,215	53,420	73,285	63,720	84,815	105,540	118,885	131,880	148,485	159,740	174,615	190,120	1,588,710
Travel	3,651	3,681	3,681	3,681	3,688	3,688	3,688	3,688	3,688	3,688	3,688	3,688	48,628
Advertisement	154,500	81,200	208,300	238,200	270,800	304,400	338,700	378,800	415,700	468,400	498,800	543,200	3,880,800
Printing	15,480	18,120	20,680	23,620	27,080	30,440	33,870	37,680	41,570	45,840	49,880	54,320	398,080
Legal	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	481,000
Office Supplies	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	30,000
License (2 states)													
Total Expenses	383,686	387,821	482,388	488,121	548,503	583,888	651,633	688,948	778,783	818,768	858,503	944,628	7,612,188
Net Income(LOSS)	\$27,708	\$116,872	\$500,139	\$811,008	\$707,871	\$639,542	\$648,314	\$1,088,887	\$1,204,182	\$1,385,838	\$1,800,015	\$1,877,283	\$1,187,448
New Lines	5,000	5,400	5,800	6,200	6,600	7,000	7,400	7,800	8,200	8,600	9,000	9,400	
Existing Lines Net of Action	20,880	25,440	30,280	35,440	40,980	46,880	53,140	59,780	66,740	74,080	81,780	89,840	
Total Lines	25,880	30,840	35,080	41,640	47,580	53,880	60,540	67,580	74,940	82,680	90,780	99,240	
No. of Staff	35	35	35	40	40	40	40	40	50	50	50	50	

Statement of Cash Flow													
Source of Cash													
Net Income(LOSS)	\$27,708	\$116,872	\$500,139	\$811,008	\$707,871	\$639,542	\$648,314	\$1,088,887	\$1,204,182	\$1,385,838	\$1,800,015	\$1,877,283	
Proceeds from loan	25,000	18,000	250,000										
Total Sources of Cash	\$52,708	\$423,872	\$750,139	\$811,008	\$707,871	\$639,542	\$648,314	\$1,088,887	\$1,204,182	\$1,385,838	\$1,800,015	\$1,877,283	
Uses of Cash													
Net Loss	-	-	-	-	-	-	-	-	-	-	-	-	
Debt Payment/Interest	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Debt Payment/Dividend	142,828	168,018	188,880	188,880	213,877	213,877	213,877	213,877	213,877	213,877	213,877	213,877	
Debt Payment/Other	143,928	168,018	188,880	188,880	214,877	214,877	214,877	214,877	214,877	214,877	214,877	214,877	
Total Uses of Cash	\$347,708	\$423,872	\$608,238	\$444,880	\$518,111	\$628,016	\$644,048	\$1,084,887	\$1,204,182	\$1,384,838	\$1,801,015	\$1,878,283	
Net Cash Flow	\$185,000	\$1,000	\$141,901	\$366,128	\$189,760	\$111,526	\$104,266	\$104,000	\$129,990	\$120,000	\$198,998	\$199,000	
Ending Cash Balance	\$1,132,889	\$1,388,840	\$2,772,179	\$2,817,482	\$3,138,273	\$3,780,289	\$4,704,538	\$5,788,322	\$7,002,484	\$8,387,123	\$9,888,138	\$11,544,431	

EXHIBIT 2

Guarantel, Inc.

Managerial Capability

MANAGEMENT PROFILE

Mr. Daniel A. Jones has served as President and Chief Executive Officer since February 1997. Mr. Jones founded Metro-Link Telecom and From August 1984 to January 1997 served as Vice-President of Marketing for the company. From November 1982 to July 1984 Mr. Jones was President of the Telecommunications Division for Reynolds Business Services. From April 1971 to October 1982 Mr. Jones enjoyed a successful career in marketing and management with Southwestern Bell Telephone and AT&T. From September 1969 to May 1971 Mr. Jones served as Director of Recreation for the City of Galveston. From March 1966 to August 1969 Mr. Jones owned and operated the Windjammer Club on Stewart Beach in Galveston. Mr. Jones attended Sam Houston State University on an Athletic Scholarship majoring in Business Administration.

Mr. Ash Huq is currently the Chief Operating Officer and the Chief Financial officer. Prior to joining Guarantel, Inc., Mr. Huq was the President of Correc Corp, a software development and consulting company. Mr. Huq has held various management and consulting positions since 1987.

From 1981 through 1987 Mr. Huq worked in public accounting with the firms of Price Waterhouse and Arthur Andersen LLP. Mr. Huq received his Bachelors of Science in Accounting from Hillsdale College in 1980 and his MBA through the Executive MBA Program at the University of Houston in 1992. Mr. Huq is a Certified Public Accountant.

Mr. John Painter is Chairman of the Company. Mr. Painter has over thirty-four years of marketing and sales experience. He owned two highly successful mobile home franchises in Oklahoma and later owned Allii AMC Jeep dealership in Maui, Hawaii. During his ownership, the dealership broke sales records for a dealership of its size.

He later formed his own construction company, John W. Painter and Associates in 1975 and had a successful career as a general contractor. He sold his company in 1996. Mr. Painter is 50 years old.

EXHIBIT 3

Guarantel, Inc.

Technical Capability

As shown in Exhibit 2, Guarantel employs personnel which include over 25 years of business and technical experience in the telecommunications industry. Guarantel initially will provide service by reselling services purchased from local exchange companies or alternative local exchange companies, and therefore will enter into contractual and/or tariff relationships with one or more such companies in its service areas.

Guarantel will provide access to 911 emergency services over LEC or ALEC facilities. The nature of the emergency 911 service access and funding mechanism will therefore be equivalent to that provided by the local exchange companies in the areas to be served.

U
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DEPOSIT

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VIA HAND DELIVERY

Ms. Blanca Bayo
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Re: Guarantel, Inc.

Dear Ms. Bayo:

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Thank you for your assistance in this matter.

Sincerely,


Patrick K. Wiggins

PKW:plk
Enclosures

FOR SECURITY PURPOSES, THE BORDER OF THIS DOCUMENT CONTAINS MICROPRINTING.

WIGGINS & VILLACORTA, P.A.
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TALLAHASSEE, FL 32302-1657
PHONE (904) 222-1534



TALLAHASSEE,
FLORIDA

8295

6/4/97

PAY TO THE
ORDER OF

FL Public Service Commission

\$ **250.00

Two Hundred Fifty and 00/100

DOLLARS

U
FL Public Service Commission



MEMO

Guarantel/189

THE REVERSE SIDE OF THIS DOCUMENT INCLUDES AN ARTIFICIAL WATERMARK. HOLD AT AN ANGLE TO VIEW