



Public Service Commission

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

DATE: July 26, 1999
TO: Tommy Williams, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis
RE: Docket No. 990928-TI, MasterTel Communications Corporation, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

Section 364.337 (3), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide intrastate interexchange telecommunications 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 audited financial statements of Master Communications Corp., the parent company of MasterTel Communications Corp. (MTC) for the period ending December 31, 1998. As the attached schedule shows, MTC has adequate liquidity and sufficient common equity, but reported a net loss for the period.

In this matter, MTC is asking for a certificate to provide IXC 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 marginal.

Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service. MTC is currently in the process of an IPO and expects to raise \$3 to \$4 million, sufficient capital to fund future operations. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

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

DOCUMENT NUMBER-DATE

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REC-RECORDS/REPORTING

DOCKET NO. 990928-7
MASTER COMMUNICATIONS CORPORATION

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS AS OF 12/31/98

CURRENT ASSETS	\$11,135
CURRENT LIABILITIES	2,993
CURRENT RATIO	3.72
CASH	11,135
COMMON EQUITY	8,142
LONG-TERM DEBT	0
TOTAL INVESTOR CAPITAL	8,142
COMMON EQUITY RATIO	100%
NET INCOME	(11,111)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure

STATE OF FLORIDA

Commissioners:
JOE GARCIA, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
JULIA L. JOHNSON
E. LEON JACOBS, JR.



DIVISION OF RECORDS & REPORTING
BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770

Public Service Commission

July 19, 1999

Monique Byrnes
Technologies Management, Inc.
Post Office Drawer 200
Winter Park, Florida 32790-0200

Re: Docket No. 990928-TI

Dear Ms. Byrnes:

This will acknowledge receipt of an application for certificate to provide interexchange telecommunications by MasterTel Communications Corp., which was filed with this office on July 16, 1999 and assigned the above-referenced docket number. Appropriate staff members will be advised.

Mediation may be available to resolve any dispute in this docket. If mediation is conducted, it does not affect a substantially interested person's right to an administrative hearing. For more information, contact the Office of General Counsel at (850) 413-6078 or FAX (850) 413-6079.

Please make notes as well that Commission Rule 25-22.005(7), F.A.C., requires certificated companies to notify the Commission of any changes in name, telephone, address, or contact person. Should your application be granted by the Commission, you will be expected to comply with this rule by advising us of any changes as they occur.

Division of Records and Reporting
Florida Public Service Commission