



Public Service Commission

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

DATE: April 25, 1997
TO: Tom Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *DJ Draper*
RE: Docket No. 970207-TX, Supra Telecommunications & Information Systems, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ALM*

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 Supra Telecommunications & Information Systems (STIS) for the period ending December 31, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, STIS has marginal liquidity, sufficient common equity and produced a positive net income in 1996.

In this matter, STIS 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 adequate. The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. In addition, STIS notes that no network costs are incurred until the customer places a call. All calls are priced so that its per minute rate covers its per minute cost, thus assuring an almost instantaneous positive cash flow. 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

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DOCKET NO. : 970207 X
SUPRA TELECOMMUNICATIONS & INFORMATION SYSTEMS

LOCAL EXCHANGE CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/96
CURRENT ASSETS	\$331,680
CURRENT LIABILITIES	322,336
CURRENT RATIO	1.03
CASH	115,762
COMMON EQUITY	75,220
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	75,220
COMMON EQUITY RATIO	100%
NET INCOME	53,632
RETURN ON EQUITY	71%

NMF - No Meaningful Figure