



Public Service Commission

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

DATE: April 3, 1996
 TO: Tom Williams, Division of Communications
 FROM: Pete Lester, Division of Auditing and Financial Analysis *APC ALM TP*
 RE: Docket No. 960072-TI, Startec, Inc., 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 Startec for 1993 and 1994 and the unaudited financial statements for 1995. An audit could change one's opinion of the company's financial condition. Although Startec's liquidity and ownership equity have improved from inadequate to marginal, its profitability has been very volatile.

- ACK _____
- AFA _____
- APP _____ For certification purposes, the financial capability appears marginal.
- CAF _____
- CMU _____
- CTR _____ cc: Division of Legal Services
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC 1 _____
- WAS _____
- OTH _____

DOCUMENT NUMBER-DATE
 03828 APR-3 1996
 FPSC-RECORDS/REPORTING

DOCKET NO. 960072-T1
STARTEC, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

	TWELVE MONTHS ENDING <u>12/31/94</u>	TWELVE MONTHS ENDING <u>12/31/93</u>
CURRENT ASSETS	\$1,409,059	\$656,049
CURRENT LIABILITIES	1,941,416	2,593,621
CURRENT RATIO	0.73	0.25
CASH	257,206	194,396
COMMON EQUITY	(492,555)	(1,707,126)
TOTAL DEBT	594,571	357,786
NET INVESTOR CAPITAL	102,016	(1,349,340)
COMMON EQUITY RATIO	NMF	NMF
NET INCOME	1,214,571	(1,550,079)
RETURN ON EQUITY	NMF	NMF