



# Public Service Commission

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

**DATE:** December 2, 1996

**TO:** Tom Williams, Division of Communications

**FROM:** Sonja Jones, Division of Auditing and Financial Analysis *SVS*

**RE:** Docket No. 961162-TX, Sterling International Funding, Inc. d/b/a Reconex, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

*ALM*  
*psd*  
*[Signature]*

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 Ameritel Corporation, an affiliate of Sterling International Funding, Inc. (SIF) for the period ending December 31, 1995. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, SIF has adequate ownership equity and profitability but has minimal liquidity.

ACK \_\_\_\_\_ In this matter, SIF is asking for a certificate to provide alternative local exchange telecommunications

AFA \_\_\_\_\_ service. Staff notes the limited nature of the application and that no customer provided funds appear

APP \_\_\_\_\_ to be at risk. For purposes of granting a certificate based on the financial information provided, the

CAF \_\_\_\_\_ financial capability appears adequate.

CMU \_\_\_\_\_ The applicant attests to its financial capability to provide and maintain the proposed

CTR \_\_\_\_\_ telecommunications service. As previously mentioned, the applicant is affiliated with Ameritel

EAG \_\_\_\_\_ Corporation, which has been providing residential local exchange service to thousands of customers

LEG \_\_\_\_\_ on a resale basis for almost five years throughout eight western states. The applicant's ownership,

LIM \_\_\_\_\_ management, and personnel are the same as that of Ameritel Corporation. The applicant's initial

OP \_\_\_\_\_ working capital will come from its affiliate; however, the main source of on-going capital will be

RC \_\_\_\_\_ provided by customer advance payments and from net earnings. Furthermore, the applicant will

SE \_\_\_\_\_ have no additional lease of ownership obligations as it is a non-facilities-based reseller and, as such,

WAS \_\_\_\_\_ neither owns nor leases any facilities. Based on this showing, the applicant appears to meet the

OTH \_\_\_\_\_ financial capability standard of Section 364.337, Florida Statutes.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

cc: Division of Legal Services  
Division of Records and Reporting

• DOCKET NO. 961162-TX  
• STERLING INTERNATIONAL FUNDING, INC.  
d/b/a RECONEX  
ALEC CERTIFICATE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS  
OF AMERITEL CORPORATION (AFFILIATE)

AS  
OF  
12/31/95

CURRENT ASSETS	\$7,839
CURRENT LIABILITIES	56,200
CURRENT RATIO	0.14
CASH	5,389
COMMON EQUITY	75,738
TOTAL DEBT	17,575
TOTAL INVESTOR CAPITAL	93,313
COMMON EQUITY RATIO	81%
NET INCOME	42,900
RETURN ON EQUITY	57%