



# Public Service Commission

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

**DATE:** February 5, 1997  
**TO:** Tom Williams, Division of Communications  
**FROM:** Pete Lester, Division of Auditing and Financial Analysis *ALM*  
**RE:** Docket No. ~~961421-TI~~, Strategic Telecom Systems, Inc., Financial *APC* Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *TPT*

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 unaudited financial statements of Strategic Telecom Systems, Inc. (Strategic) for the eight months ending December 31, 1995. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Strategic has adequate liquidity, common equity and net income.

ACK \_\_\_\_\_ In this matter, Strategic is asking for a certificate to provide IXC service. Staff notes the limited  
AFA \_\_\_\_\_ nature of the application. For purposes of granting a certificate based on the financial  
APP \_\_\_\_\_ information provided, the financial capability appears adequate.

CAF \_\_\_\_\_  
CMU \_\_\_\_\_ The applicant attests to its financial capability to provide and maintain the proposed  
CTR \_\_\_\_\_ telecommunications service by noting that it is financially capable and can meet all lease and  
EAG \_\_\_\_\_ ownership obligations. Based on this representation, the applicant appears to meet the financial  
\_\_\_\_\_ capability standard of Section 364.337, Florida Statutes.

LEG \_\_\_\_\_  
LIN \_\_\_\_\_ cc: Division of Legal Services  
\_\_\_\_\_ Division of Records and Reporting

OFC \_\_\_\_\_  
RCH \_\_\_\_\_  
SEC   1    
WAS \_\_\_\_\_  
OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

01540 FEB 11 6

FPSC-RECORDS/REPORTING

DOCKET NO. 961421-TI  
STRATEGIC TELECOM SYSTEMS, INC.  
INTEREXCHANGE CERTIFICATE  
FINANCIAL ANALYSIS  
ATTESTATION DONE

FROM ACCOUNTANT'S COMPILATION

EIGHT MONTHS  
ENDING  
12/31/95 \*

CURRENT ASSETS	672,844
CURRENT LIABILITIES	729,894
CURRENT RATIO	0.92
CASH	274,473
COMMON EQUITY	55,149
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	55,149
COMMON EQUITY RATIO	100%
NET INCOME	54,149
RETURN ON EQUITY	98%

\* FROM COMMENCEMENT OF OPERATIONS