

State of Florida



# Public Service Commission

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

DATE: February 7, 1997  
 TO: Tom Williams, Division of Communications  
 FROM: Pete Lester, Division of Auditing and Financial Analysis *PL*  
 RE: Docket No. 961264-TI, Crystol Communications International, Inc., Financial  
 Analysis for Certificate Application for Intrastate Interexchange Telecommunications  
 Service *ALM APC*

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 Crystol Communications International, Inc. (Crystol) for the period ended December 31, 1995. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Crystol has adequate liquidity but reports negative common equity and negative net income.

ACK \_\_\_\_\_  
 AFA \_\_\_\_\_  
 APP \_\_\_\_\_  
 GAF \_\_\_\_\_  
 CMU \_\_\_\_\_  
 CTR \_\_\_\_\_  
 EAG \_\_\_\_\_  
 LEG \_\_\_\_\_  
 LIN \_\_\_\_\_  
 OPC \_\_\_\_\_  
 RCH \_\_\_\_\_  
 SW \_\_\_\_\_  
 WAS \_\_\_\_\_  
 WTH \_\_\_\_\_

In this matter, Crystol is asking for a certificate to provide IXC service. Staff notes the limited nature of the application. 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 by noting that it has contracts for advance payments and deposits with its long distance provider which allows payment of its bill. Also, Crystol provided two of its partners as references and AMSOUTH as its bank reference. 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

DOCUMENT NUMBER-DATE  
 01633 FEB 13 1997  
 FPSC-RECORDS/REPORTING

DOCKET NO. 961264-TI  
CRYSTOL COMMUNICATIONS  
INTEREXCHANGE CERTIFICATE  
FINANCIAL ANALYSIS  
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS

TWELVE MONTHS  
ENDING  
12/31/95

CURRENT ASSETS	29,473
CURRENT LIABILITIES	1,702
CURRENT RATIO	17.32
CASH	19,130
COMMON EQUITY	(1,890)
TOTAL DEBT	41,737
NET INCOME	(1,179)
RETURN ON EQUITY	NMF

NMF=NO MEANINGFUL FIGURE