



Public Service Commission

ORIGINAL

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

DATE: September 23, 1997
TO: Tom Williams, Division of Communications
FROM: David Draper, Division of Auditing and Financial Analysis
RE: Docket No. 971166-TI, Telstar International, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

Handwritten initials and names: ALM, DA, 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 Telstar International, Inc. (TSI) for the two month period ending February 28, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, TSI has minimal liquidity, negative common equity and reported a negative net income for the period.

Vertical list of initials on the left margin: ACK, AFA, AFE, CFE, CMM, CIP, L, M, U, G, R, W, OT

In this matter, TSI is asking for a certificate to provide IXC service. For purposes of granting a certificate based on the financial information provided, the financial capability appears minimal.

Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service. TSI states that it is currently in a start-up mode, but will maintain capital through future earnings. In addition, TSI currently has a \$150,000 dollar line of credit and the owners have private funds available to provide financing if needed. 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 (2)

DOCUMENT NUMBER-DATE

09958 SEP 29 97

FPSC-RECORDS/REPORTING

DOCKET NO. : 971186-1
TELSTAR INTERNATIONAL, INC.

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 02/28/97
CURRENT ASSETS	\$2,219
CURRENT LIABILITIES	37,430
CURRENT RATIO	0.06
CASH	1,607
COMMON EQUITY	(17,129)
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	(17,129)
COMMON EQUITY RATIO	NMF
NET INCOME	(16,999)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure