

State of Florida



Public Service Commission

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

DATE: June 24, 1999
TO: Tommy Williams, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis
RE: Docket No. 990713-TX, Sun-Tel USA, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

Handwritten initials and signatures: ALM, etc.

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 balance sheet as of May 31, 1999 and projected income statement of Sun-Tel USA, Inc. (STU) for the year ending May 31, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, STU has adequate liquidity, sufficient common equity and although it's a new company, it projects a positive net income for the next year.

In this matter, STU is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application and that no customer provided funds appear to be at risk. For purposes of granting a certificate based on the financial information provided, the financial capability appears adequate.

AFA
APP
CAF
CMU
CTR
EAG
LEG
MAS
OPC
RRR
SEC
WAW
OTH
The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. Mr. Mike Shahouri, an investor in STU, is willing to supply additional capital in the amount of \$50,000, in order to meet the company's future financing needs. 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

07799 JUN 28 99

FPSC-RECORDS/REPORTING

DOCKET NO. 990713-T  
SUN-TEL USA, INC.

ALEC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 05/31/99

CURRENT ASSETS	\$71,736
CURRENT LIABILITIES	8,124
CURRENT RATIO	8.83
CASH	11,850
COMMON EQUITY	132,084
LONG-TERM DEBT	92,150
TOTAL INVESTOR CAPITAL	224,234
COMMON EQUITY RATIO	59%
PROJECTED NET INCOME	88,006
RETURN ON EQUITY	67%

NMF = No Meaningful Figure