



Public Service Commission

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

DATE: September 27, 1999
TO: Tommy Williams, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis
RE: Docket No. 991012-TI, StartComm Corp., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

Handwritten initials: ALM, ed, and other marks.

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 StartComm Corp. and Subsidiaries, parent of StartComm Corp. (SCC) for the period ending June 30, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, SCC has sufficient common equity, but minimal liquidity and reported a net loss for the period.

AFA
APP
CAF
CMU
CTR
EAG
LEG
MAS
OPC
PAI
SEC
WAW
OTH
In this matter, SCC is asking for a certificate to provide IXC 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 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. SCC has two lines of credit with IDS Long Distance and Business Technology Communications, Inc. for \$50,000 and \$80,000 respectively. In addition, SCC will be supported financially by major stockholders, who will provide the necessary funds for business operations. 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

11772 SEP 29 99

FPSC-RECORDS/REPORTING

DOCKET NO. 991012-T  
STARTCOMM CORP. AND SUBSIDIARIES

IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 06/30/99

CURRENT ASSETS	\$286,937
CURRENT LIABILITIES	3,952,388
CURRENT RATIO	0.07
CASH	19,385
COMMON EQUITY	368,628
LONG-TERM DEBT	478,217
TOTAL INVESTOR CAPITAL	846,845
COMMON EQUITY RATIO	44%
NET INCOME	(1,272,356)
RETURN ON EQUITY	NMF

NMF= Non-meaningful figure