



Public Service Commission

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

DATE: December 2, 1996
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis *SLJ*
RE: Docket No. 961288-TI, STA Telecommunications Corp., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM* *psd* *[Signature]*

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 STA Telecommunications Corp. (STA) for the six-month period ending June 30, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, STA has adequate liquidity and ownership equity but reports negative net income.

In this matter, STA 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 adequate.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. The applicant notes that it is receiving funds on an ongoing basis from the Chairman of the Board of Directors of STA and owner of STA's parent company, Alliance Telecommunications Corp., as well as Marcus Cable. Therefore, it is the opinion of the applicant that with the level of funding being received, as well as its sales and marketing approach, it will be able to meet the financial requirements necessary to provide and maintain service. 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

12934 DEC-4 96

FPSC-RECORDS/REPORTING

- ACK _____
- AFA _____
- AFP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RC4 _____
- SIC / _____
- WAS _____
- OTH _____

DOCKET NO. 961288-TI
STA TELECOMMUNICATIONS CORP.
IXC CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX
MONTHS ENDING
6/30/96

CURRENT ASSETS	\$1,389,402
CURRENT LIABILITIES	159,318
CURRENT RATIO	8.72
CASH	998,127
COMMON EQUITY	1,344,458
TOTAL DEBT	872,413
TOTAL INVESTOR CAPITAL	2,216,871
COMMON EQUITY RATIO	61%
NET INCOME	(998,884)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure