



Public Service Commission

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

DATE: August 14, 1996
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis *SJS APC ALM*
RE: Docket No. 960812-TI, Security Telecom Corporation, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *mtx*

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 Security Telecom Corporation (STC) for the period ending December 31, 1995. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, STC has adequate profitability but marginal liquidity and ownership equity.

In this matter, STC 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 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 been a viable business entity since its incorporation in 1990. Further, the applicant attests to its financial capability as sufficient to provide the requested service as specified in its application and indicates that it possesses the necessary financial capability to meet its lease and ownership obligations.

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cc: Division of Legal Services
Division of Records and Reporting

DOCUMENT NUMBER-DATE
 08649 AUG 16 96
 FPSC-RECORDS/REPORTING

DOCKET NO. 960812-TI
SECURITY TELECOM CORPORATION
IXC CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

AS
OF
12/31/95

CURRENT ASSETS	\$1,535,833
CURRENT LIABILITIES	2,626,485
CURRENT RATIO	0.58
CASH	6,826
COMMON EQUITY	794,248
TOTAL DEBT	1,706,864
TOTAL INVESTOR CAPITAL	2,501,112
COMMON EQUITY RATIO	32%
NET INCOME	556,917
RETURN ON EQUITY	70%