



Public Service Commission

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

DATE: February 20, 1998  
 TO: Jim Strong, Division of Communications AD  
 FROM: David J. Draper, Division of Auditing and Financial Analysis AAC ALM  
 RE: Docket No. 980020-TI, Starways Telecommunications, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service JMS

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 Starways Telecommunications, Inc. (STI) for the nine month period ending December 31, 1997. STI is a new company that began operations in February 1997.

An audit could change one's opinion of the company's financial condition. As the attached schedule shows, STI has sufficient liquidity, but reports negative common equity and negative net income for the period.

In this matter, STI 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 by noting that the applicant can rely upon the financial support of its sister company, Neways Inc., for financial support. 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)

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**DOCKET NO. 980020-TI  
STARWAYS TELECOMMUNICATIONS, INC.**

**IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS**

**FROM UNAUDITED FINANCIAL STATEMENTS**

|                               | <b>AS<br/>OF<br/>12/31/97</b> |
|-------------------------------|-------------------------------|
| <b>CURRENT ASSETS</b>         | <b>\$284,554</b>              |
| <b>CURRENT LIABILITIES</b>    | <b>140,383</b>                |
| <b>CURRENT RATIO</b>          | <b>2.03</b>                   |
| <b>CASH</b>                   | <b>19,073</b>                 |
| <b>COMMON EQUITY</b>          | <b>(4,420,132)</b>            |
| <b>TOTAL DEBT</b>             | <b>5,446,157</b>              |
| <b>TOTAL INVESTOR CAPITAL</b> | <b>1,026,025</b>              |
| <b>COMMON EQUITY RATIO</b>    | <b>NMF</b>                    |
| <b>NET INCOME</b>             | <b>(4,420,132)</b>            |
| <b>RETURN ON EQUITY</b>       | <b>NMF</b>                    |

**NMF = No Meaningful Figure**