



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 *ALM*
RE: Docket No. 991011-TX, StartComm Corp., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *apc*

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 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 _____
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In this matter, SCC 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 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

11771 SEP 29 99

FPSC-RECORDS/REPORTING

DOCKET NO. 991011-TA
STARTCOMM CORP. AND SUBSIDIARIES

ALEC 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

STATE OF FLORIDA

Commissioners:
JOE GARCIA, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
JULIA L. JOHNSON
E. LEON JACOBS, JR.



DIVISION OF RECORDS & REPORTING
BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770

Public Service Commission

August 3, 1999

Oswaldo Pirex, Exec. Vice Pres.
SmartComm Corp.
100 N. Biscayne Blvd., Suite 400
Miami, Florida 33132

Re: Docket No. 991011-TX

Dear Mr. Pirex:

This will acknowledge receipt of an application for certificate to provide alternative local exchange telecommunications service by SmartComm Corp., which was filed with this office on August 3, 1999 and assigned the above-referenced docket number. Appropriate staff members will be advised.

Mediation may be available to resolve any dispute in this docket. If mediation is conducted, it does not affect a substantially interested person's right to an administrative hearing. For more information, contact the Office of General Counsel at (850) 413-6078 or FAX (850) 413-6079.

Please make notes as well that Commission Rule 25-22.005(7), F.A.C., requires certificated companies to notify the Commission of any changes in name, telephone, address, or contact person. Should your application be granted by the Commission, you will be expected to comply with this rule by advising us of any changes as they occur.

Division of Records and Reporting
Florida Public Service Commission