



Public Service Commission

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

DATE: August 16, 2000
TO: Tommy Williams, Division of Regulatory Oversight
FROM: Christine G. Romig, Division of Economic Regulation
RE: Docket No. 000784-TX, Structus TeleSystems, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

ALM

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 Structus Technologies, Inc., the parent of Structus Systems, Inc. for the period, September 7, 1999 through March 31, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Structus Systems, Inc.'s parent has inadequate liquidity, negative common equity (which it reports as being caused by a deficit accumulated during the development stage) and a reported negative net income for the period.

In this matter, Structus Systems, Inc. is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application. For purposes of granting a certificate based on the financial information provided, the financial capability appears minimal.

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cc: Division of Legal Services
Division of Records and Reporting (2)

REGISTRATION REPORTING

DOCKET NO. 000784-TX
 STRUCTUS TELESYSTEMS, INC.
 LOCAL EXCHANGE TELECOMMUNICATIONS SERVICE

FINANCIAL ANALYSIS

FROM ACCOUNTANTS' COMPILATION REPORT

	ANNUALIZED (C)	
CURRENT ASSETS	\$3,619	
CURRENT LIABILITIES	1,997,202	
CURRENT RATIO (CA/CL)	0.0018	(a)
CASH & CASH EQUIVALENTS	0	
COMMON EQUITY	(358,556)	
TOTAL DEBT (SHORT-TERM & LONG TERM)	1,693,357	
PREFERRED STOCK	0	
TOTAL INVESTOR CAPITAL	1,334,801	
COMMON EQUITY RATIO	-27%	(b)
NET INCOME/(LOSS)	(1,047,714)	(c)
RETURN ON EQUITY (Net Income/Equity)	NMF	

This data is from Structus' parent, Structus Technologies, Inc.'s Accountants' Compilation Report

(a) .8 is marginal; .95 is adequate

(b) 35% is marginal

EQUITY RATIO:

EQUITY / INVESTOR CAPITAL

(Common Equity / (Common Equity + Pfd. Stk. + LT. Debt + Current LT. Debt + ST Debt))

NMF = NO MEANINGFUL FIGURE
 3/3 = ADEQUATE
 2/3 = ADEQUATE
 1/3 = MARGINAL
 0/3 = MINIMAL

(c) Per report, from inception (September 7, 1999 through 3/31/00 is \$(588,422). Annualized is \$1,047,714 ((-\$588,422/205 days)*365 days).