



Public Service Commission

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

DATE: August 18, 1997
TO: Tom Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *DD*
RE: Docket No. 971003-TX, Communication Options Southern Region, Inc. d/b/a COI-SR, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ALM*
ATP
BN

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 Communication Options Southern Region, Inc. d/b/a COI-SR (COSR), for the three month period ending March 31, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, COSR reports a positive net income for the period, but has marginal liquidity and negative common equity.

ACK _____
 AFA _____
 APP _____
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 CTR _____
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In this matter, COSR is asking for a certificate to provide alternative local exchange telecommunications service. For purposes of granting a certificate based on the financial information provided, the financial capability appears marginal. The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has funding relationships in place, if additional financing becomes necessary. In addition, the Company will increase available capital from continuing 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
08445 AUG 21 5
 FPSC-RECORDS/REPORTING

DOCKET NO. : 97100 X
COMMUNICATION OPTIONS SOUTHERN REGION, INC
d/b/a COI-SR

ALTERNATIVE LOCAL EXCHANGE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 03/31/97
CURRENT ASSETS	\$1,551,308
CURRENT LIABILITIES	1,479,426
CURRENT RATIO	1.05
CASH	41,725
COMMON EQUITY	(698,799)
TOTAL DEBT	836,625
TOTAL INVESTOR CAPITAL	137,826
COMMON EQUITY RATIO	NMF
NET INCOME	168,462
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure