



Public Service Commission

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

DATE: March 16, 1998
 TO: Nancy Pruitt, Division of Communications
 FROM: Pete Lester, Division of Auditing and Financial Analysis *PL*
 RE: Docket No. 980156-TX, Choctaw Communications, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ALM APC jny*

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 Choctaw Communications, Inc. (Choctaw) for the year ended September 30, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Choctaw has inadequate liquidity, ownership equity, and profitability.

ACK In this matter, Choctaw 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.

AFB
APP
CAF
CMU 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 company's owner, Jerry Cook, will provide any necessary funding. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

CTR
EAG
LEG
LIN
OPC cc: Division of Legal Services
RCH Division of Records and Reporting (2)

SEC I
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**DOCKET NO. 980156-TX
CHOCTAW COMMUNICATIONS, INC.
ALEC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE**

FROM UNAUDITED FINANCIAL STATEMENTS

	YEAR ENDED SEPTEMBER 30, 1997
CURRENT ASSETS	243,695
CURRENT LIABILITIES	997,244
CURRENT RATIO	0.24
CASH	120,043
COMMON EQUITY	(541,820)
TOTAL DEBT	0
PREFERRED STOCK	0
NET INCOME	(475,356)
RETURN ON EQUITY	NEGATIVE