



# Public Service Commission

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

**DATE:** August 25, 1998  
**TO:** Ray Kennedy, Division of Communications  
**FROM:** Pete Lester, Division of Auditing and Financial Analysis *PL*  
**RE:** Docket No. 980961-TI, FFA Systems, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM*

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 FFA Systems, Inc. (FFA) for the period ending March 31, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, FFA has adequate liquidity and sufficient common equity. For the period, FFA reported a loss.

ACK \_\_\_\_\_ In this matter, FFA is asking for a certificate to provide IXC service. Staff notes the limited  
AFA \_\_\_\_\_ nature of the application and that no customer provided funds appear to be at risk. For purposes  
APP \_\_\_\_\_ of granting a certificate based on the financial information provided, the financial capability  
CAF \_\_\_\_\_ appears adequate.

CMU \_\_\_\_\_ The applicant attests to its financial capability to provide and maintain the proposed  
CTR \_\_\_\_\_ telecommunications service by noting that it has an opinion from First Financial of Broward,  
EAG \_\_\_\_\_ Inc. that FFA is properly capitalized and can meet its obligations. Also, FFA provided credit  
LEG \_\_\_\_\_ references from AT&T and Republic Security Bank, among others. Based on this showing, the  
LIN \_\_\_\_\_ applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

OPC \_\_\_\_\_ cc: Division of Legal Services  
RCH \_\_\_\_\_ Division of Records and Reporting (2)

SEC 1  
WAS \_\_\_\_\_  
OTH \_\_\_\_\_

DOCUMENT NUMBER - DATE

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FILED RECORDS - MEMPHIS

DOCKET NO. 980961-11  
FFA SYSTEMS, INC.  
IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 03/31/98
CURRENT ASSETS	\$100,534
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	100,534
COMMON EQUITY	200,534
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	200,534
COMMON EQUITY RATIO	100%
NET INCOME	(49,466)
RETURN ON EQUITY	NEGATIVE

NMF=NO MEANINGFUL FIGURE