



# Public Service Commission

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

**DATE:** April 9, 1998  
**TO:** Rick Moses, Division of Communications  
**FROM:** Pete Lester, Division of Auditing and Financial Analysis *ALM*  
**RE:** Docket No. 980223-TI, State Communications, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *APC*

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 . . .

ACK \_\_\_\_\_  
 AFA \_\_\_\_\_ Regarding the showing of financial capability, the Finance staff has analyzed the unaudited  
 APP \_\_\_\_\_ balance sheet of State Communications, Inc. (State) as of December 31, 1997 and the projected  
 CAP \_\_\_\_\_ income statement for 1998. An audit could change one's opinion of the company's financial  
 COM \_\_\_\_\_ condition. As the attached schedule shows, State has adequate liquidity and ownership equity  
 but it projects a loss for 1998, its initial year of operation.

CTR \_\_\_\_\_  
 EMY \_\_\_\_\_ In this matter, State is asking for a certificate to provide IXC service. Staff notes the limited  
 ELL \_\_\_\_\_ nature of the application. For purposes of granting a certificate based on the financial  
 information provided, the financial capability appears adequate.

LEI \_\_\_\_\_  
 OVI \_\_\_\_\_ The applicant attests to its financial capability to provide and maintain the proposed  
 PFI \_\_\_\_\_ telecommunications service by noting that it will be a switchless reseller with low capital needs  
 SF / \_\_\_\_\_ and it has lines of credit and bank references. Based on this showing, the applicant appears to  
 meet the financial capability standard of Section 364.337, Florida Statutes.

WAL \_\_\_\_\_  
 OTM \_\_\_\_\_ cc: Division of Legal Services  
 Division of Records and Reporting (2)

DOCUMENT CONTROL UNIT  
 04171 APR 10 1998

DOCKET NO. 980223-TI  
DOCKET NO. 980230-TX  
STATE COMMUNICATIONS, INC.  
IXC AND ALEC CERTIFICATE  
FINANCIAL ANALYSIS  
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF DECEMBER 31, 1997
CURRENT ASSETS	800,000
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	800,000
COMMON EQUITY	800,000
TOTAL DEBT	0
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	800,000
COMMON EQUITY RATIO	100%
NET INCOME	(1,656,818)*
RETURN ON EQUITY	NEGATIVE

\* PROJECTED FIRST 12 MONTHS  
NMF=NO MEANINGFUL FIGURE