



Public Service Commission

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

DATE: June 15, 1998
TO: Louis Yambor, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *DJ*
RE: Docket No. 980609-TI, North American Telecommunications Corporation d/b/a Southeast Telephone Company, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM APC*

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 audited financial statements of North American Telecommunications Corporation d/b/a Southeast Telephone Company (STC) for the period June 30, 1997 and the unaudited income statement ending December 31, 1997. An audit could change one's opinion of the company's financial condition. The applicant requested confidential treatment of its financial statements. Based on the review of the applicant's financial information, STC has adequate liquidity and sufficient common equity. The company is in the process of forming and has not produced positive income for the period.

In this matter, STC is asking for a certificate to provide IXC service. For purposes of granting a certificate based on the financial information provided, the financial capability appears adequate. The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that the company has received a large influx of capital contribution which will be used in support of 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)

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