



# Public Service Commission

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

**DATE:** October 25, 1999  
**TO:** Tommy Williams, Division of Communications  
**FROM:** Eva P. Samaan, Division of Auditing and Financial Analysis *ALM*  
**RE:** Docket No. 991439-TX, Southern Reconnect, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ape*

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 Southern Reconnect, Inc. (SRI) for the period ending September 30, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, SRI has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, SRI is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application and that no customer provided funds appear to be at risk. For purposes of granting a certificate based on the financial information provided, the financial capability appears adequate.

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The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. Greg Smith, the principal stockholder, has financed SRI and is willing to provide any additional capital necessary to support the company's 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

13201 OCT 27 99

FPSC-REGISTRATION-REPORTING

DOCKET NO. 991439  
SOUTHERN RECONNECT, INC.

ALEC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 09/30/99

CURRENT ASSETS	\$242,992
CURRENT LIABILITIES	225,573
CURRENT RATIO	1.08
CASH	141,468
COMMON EQUITY	20,676
LONG-TERM DEBT	0
TOTAL INVESTOR CAPITAL	20,676
COMMON EQUITY RATIO	100%
NET INCOME	8,179
RETURN ON EQUITY	40%