



Public Service Commission

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

DATE: February 8, 1999
 TO: Nancy Pruitt, Division of Communications
 FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *ED* **ALM**
 RE: Docket No. 990062-TI, Southern Telemanagement Group, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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 Southern Telemanagement Group, Inc. (STG) for the nine months ending

ACK September 30, 1998. An audit could change one's opinion of the company's financial condition.

AFA As the attached schedule shows, the applicant has minimal liquidity, but sufficient common

APP equity and reported a positive net income for the period.

CAF In this matter, STG is asking for a certificate to provide IXC service. Staff notes the limited

CMU nature of the application and that no customer provided funds appear to be at risk. For purposes

CTR of granting a certificate based on the financial information provided, the financial capability

EAG appears adequate.

LEG The applicant attests to its financial capability to provide and maintain the proposed

LIN telecommunications service by noting that it has available a line of credit in the amount of

OPC \$100,000 through Compass Bank of Pensacola, Florida, to support future operations. Based on

RCH this showing, the applicant appears to meet the financial capability standard of Section 364.337,

SEC Florida Statutes.

WAS cc: Division of Legal Services

OTH Division of Records and Reporting (2)

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS FOR THE NINE MONTH
ENDING 09/30/98

CURRENT ASSETS	\$142,913
CURRENT LIABILITIES	382,602
CURRENT RATIO	0.37
CASH	10,424
COMMON EQUITY	227,799
TOTAL DEBT	0
TOTAL INVESTOR CAPITAL	227,799
COMMON EQUITY RATIO	100%
NET INCOME	299,539
RETURN ON EQUITY	131%