



Public Service Commission

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

DATE: September 4, 1996
 TO: Tom Williams, Division of Communications
 FROM: Sonja Jones, Division of Auditing and Financial Analysis ⁵⁵ *ALM*
 RE: Docket No. 960729-TX, Cypress Telecommunications Corporation, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

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 Cypress Telecommunications Corporation (CPRS) for the period ending December 31, 1995. An audit could change one's opinion of the company's financial condition. The company has requested confidential treatment of its financial statements. Based on our review, CPRS has adequate liquidity and ownership equity but reports negative net income.

In this matter, CPRS 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.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has been providing service for 14 years, and all financial data reflects an established operation and resources necessary to insure that service is rendered.

Further, investors in Cypress Telecommunications Corporation are committed to insure sufficient resources to provide and maintain successful operations.

cc: Division of Legal Services
Division of Records and Reporting

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