



Public Service Commission

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

DATE: September 25, 1996
 TO: Tom Williams, Division of Communications
 FROM: Sonja Jones, Division of Auditing and Financial Analysis *APC ALM*
 RE: Docket No. 960883-TI, Capital Services of South Florida, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *sonja*

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 Capital Services of South Florida, Inc. (CSSF) for the three-month period ending March 31, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, CSSF has adequate liquidity, ownership equity, and positive net income before taxes.

In this matter, CSSF is asking for a certificate to provide IXC 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.

- ACK _____
- AFA _____
- APP _____
- CAF _____ The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. The applicant notes that it holds lines of credit with its suppliers and certain financial institutions. As per its projected revenue and expense statement, the applicant anticipates more than sufficient revenue to cover the operational expenses incurred to provide service and meet its lease and ownership obligations. Further, the principals of the applicant are committed to investing additional capital into the company if such additional capital should become necessary.
- CMU _____
- CTR _____
- EAG _____
- LEG _____ Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.
- LIN _____
- OPC _____

cc: Division of Legal Services
 1 Division of Records and Reporting

WAS _____
 OTH _____

DOCUMENT NUMBER - DATE
 10331 SEP 26 1996
 FPSC-RECORDS/REPORTING

DOCKET NO. 960883-TI
CAPITAL SERVICES OF SOUTH FLORIDA, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

FOR THE THREE
MONTHS ENDING
3/31/96

CURRENT ASSETS	\$73,341
CURRENT LIABILITIES	0
CURRENT RATIO	N/A
CASH	3,177
COMMON EQUITY	96,197
TOTAL DEBT	4,319
TOTAL INVESTOR CAPITAL	100,516
COMMON EQUITY RATIO	96%
NET INCOME BEFORE TAX	3,170
RETURN ON EQUITY	3%