



Public Service Commission

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

DATE: October 15, 1996
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis *SLT APC ALM*
RE: Docket No. 960918-TI, Long Distance Network, 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 audited financial statements of SA Telecommunications, Inc., the parent company of Long Distance Network, Inc. (LDN), for the period ending December 31, 1995. As the attached schedule shows, LDN has adequate liquidity and ownership equity but reports negative net income.

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In this matter, LDN 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.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. The Vice President, Finance and Chief Financial Officer, J. David Darnell, certifies that the applicant is financially sound and capable of providing intrastate service on a continuous basis while meeting its lease obligations. 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

DOCUMENT NUMBER-DATE

11464 OCT 29 96

FPSC-RECORDS/REPORTING

DOCKET NO. 960918-TI
LONG DISTANCE NETWORK, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS
OF SA TELECOMMUNICATIONS, INC. (PARENT COMPANY)

	AS OF 12/31/95
CURRENT ASSETS	\$5,691,895
CURRENT LIABILITIES	4,262,903
CURRENT RATIO	1.34
CASH	823,738
COMMON EQUITY	8,403,665
PREFERRED STOCK	575,280
TOTAL DEBT	11,669,496
TOTAL INVESTOR CAPITAL	20,648,441
COMMON EQUITY RATIO	41%
NET INCOME	(6,465,963)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure