



Public Service Commission

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

**DATE:** April 24, 1998  
**TO:** Rick Moses, Division of Communications  
**FROM:** Pete Lester, Division of Auditing and Financial Analysis *PL*  
**RE:** Docket No. 980363-TI, Sophisticated Communications, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *APC*

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 Sophisticated Telecommunications, Inc. (Sophisticated) for the period ending December 31, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Sophisticated has adequate liquidity, ownership equity, and profitability.

ACK \_\_\_\_\_  
 AFA \_\_\_\_\_  
 APP \_\_\_\_\_ In this matter, Sophisticated is asking for a certificate to provide IXC service. Staff notes the  
 CAF \_\_\_\_\_ limited nature of the application. For purposes of granting a certificate based on the financial  
 CMU \_\_\_\_\_ information provided, the financial capability appears adequate.

CTR \_\_\_\_\_ The applicant attests to its financial capability to provide and maintain the proposed  
 EAG \_\_\_\_\_ telecommunications service by noting that it has \$25,000 certificate of deposit with its bank as  
 LEG \_\_\_\_\_ security of service. The applicant also notes that it has an excellent banking relationship. Based  
 LIN \_\_\_\_\_ on this showing, the applicant appears to meet the financial capability standard of Section  
 QPC \_\_\_\_\_ 364.337, Florida Statutes.

RCH \_\_\_\_\_ cc: Division of Legal Services  
 REC 1 \_\_\_\_\_ Division of Records and Reporting (2)

DOCUMENT NUMBER - DATE

04807 APR 29 88

FPSG-RECORDS/REPORTING

DOCKET NO. 980363-TI  
SOPHISTICATED COMMUNICATIONS, INC.  
IXC CERTIFICATE  
FINANCIAL ANALYSIS  
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS

12 MONTHS  
ENDED  
DECEMBER 31, 1997

CURRENT ASSETS	526,442
CURRENT LIABILITIES	1,916
CURRENT RATIO	274.76
CASH	59,821
COMMON EQUITY	542,634
TOTAL DEBT	13,236
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	555,870
COMMON EQUITY RATIO	98%
NET INCOME	522,876
RETURN ON EQUITY	96%