



Public Service Commission

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

DATE: July 17, 1998
TO: Tommy Williams, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *ES*
RE: Docket No. 980826-TX, Southern States Telephone, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *MS*

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 forecasted financial statements of Southern States Telephone Inc., (SST) for the period ending December 31, 1998. As the attached schedule shows, SST has adequate liquidity, and ownership equity, but projects negative net income the first year of operations.

ACK _____ In this matter, SST is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application and that no
AFA _____ customer provided funds appear to be at risk. For purposes of granting a certificate based on
APP _____ the financial information provided, the financial capability appears adequate.

CAF _____
CMU _____ The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that SST has available cash, loans from shareholders and
CTR _____ a working capital credit line secured by accounts receivable as sources of financing. Based on
EAG _____ this showing, the applicant appears to meet the financial capability standard of Section 364.337,
LEG _____ Florida Statutes.

LIN _____ cc: Division of Legal Services
OPC _____ Division of Records and Reporting (2)

RCH _____
SEC 1
WAS _____
OTH _____

DOCUMENT NUMBER-DATE

07628 JUL 20 88

FPSC-RECORDS/REPORTING

DOCKET NO. 980826-TX
SOUTHERN STATES TELEPHONE INC.

ALEC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM FORECASTED BALANCE SHEET AS OF 12/31/98

CURRENT ASSETS	\$350,046
CURRENT LIABILITIES	289,023
CURRENT RATIO	1.21
CASH	77,530
OWNERSHIP EQUITY	20,523
TOTAL DEBT	339,023
TOTAL INVESTOR CAPITAL	359,546
COMMON EQUITY RATIO	6%
NET INCOME	(9,977)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure