



Public Service Commission

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

**DATE:** September 8, 1998  
**TO:** Nancy Pruitt, Division of Communications  
**FROM:** Eva P. Samaan, Division of Auditing and Financial Analysis *ES*  
**RE:** Docket No. 981028-TI, Southern States Telephone, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM*

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 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, but projects marginal ownership equity, and negative net income the first year of operations.

- ACK
- AFA
- APP
- CAF
- CMU
- CTR
- EAG
- EL
- EL
- OLC
- RCF
- SEC
- WAS
- GIB

In this matter, SST is asking for a certificate to provide Intrastate Interexchange 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 marginal.

Although an analysis of the financial statements reveals the applicant is in marginal financial position, 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 a working capital credit line secured by accounts receivable as sources of financing. 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 (2)

DOCUMENT NUMBER - DATE

10221 SEP 17 8

FPSC-RECORDS/REPORTING

DOCKET NO. 980826  
SOUTHERN STATES TELEPHONE INC.

**INTEREXCHANGE 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	359,548
COMMON EQUITY RATIO	6%
NET INCOME	(9,977)
RETURN ON EQUITY	NMF

NMF - No Meaningful Figure