



Public Service Commission

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

DATE: June 28, 1999
TO: Nancy Pruitt, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis
RE: Docket No. 990508-TI, Columbia Telecommunications, 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 unaudited financial statements of Columbia Telecommunications, Inc. (Columbia) for the projected period ending September 30, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Columbia has adequate liquidity but has a low level of common equity and projects a loss for the period.

In this matter, Columbia is asking for a certificate to provide IXC service. Staff notes the limited nature of the application. For purposes of granting a certificate based on the financial information provided, the financial capability appears marginal.

AFA
APP Although an analysis of the financial statements reveals the applicant is in a marginal financial
CAF position, the applicant attests to its financial capability to provide and maintain the proposed
CMU telecommunications service by noting that it has raised an additional \$2.8 million in equity and
CTR has a \$5 million line of credit to finance build-out plans. Based on this showing, the applicant
EAG appears to meet the financial capability standard of Section 364.337, Florida Statutes.
LEG
MAS
OPC

RRR cc: Division of Legal Services
SEC Division of Records and Reporting (2)
WAW
OTH

DOCUMENT NUMBER-DATE

07861 JUN 29 99

STATE RECORDS SECTION

COLUMBIA TELECOMMUNICATIONS, INC.
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED, PROJECTED FINANCIAL STATEMENTS

	PROJECTED <u>9/30/99</u>
CURRENT ASSETS	\$736,244
CURRENT LIABILITIES	635,691
CURRENT RATIO	1.16
CASH	642,434
COMMON EQUITY	3,790,070
TOTAL DEBT	7,688,890
TOTAL PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	11,478,960
COMMON EQUITY RATIO	33%
NET INCOME	(2,197,269)
RETURN ON EQUITY	NEGATIVE