



Public Service Commission

ORIGINAL

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

DATE: April 13, 2000
TO: Nancy Pruitt, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *900*
RE: Docket No. 000322-TS, Cypress Communications of South Florida Inc., Financial Analysis for Certificate Application for Shared Tenant Service *ALM 192*

Section 364.339 (2), Florida Statutes, requires the following:

The commission shall grant certificates to telecommunications companies upon showings that the applicants have sufficient technical, financial, and managerial capabilities to provide shared tenant services.

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 Cypress Communications, Inc., parent of South Florida, Inc. (CCS) for the period ending September 30, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, CCS has sufficient common equity, but minimal liquidity and reported a net loss for the period.

In this matter, CCS is asking for a certificate to provide Shared Tenant service. Staff notes the limited nature of the application and that no customer provided funds are 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 a marginal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service. CCS has available additional funding through its parent account with Silicon Valley Bank in the amount of \$43,770,817. 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)

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FPSC-RECORDS/REPORTING

DOCKET NO. 000322-TS
 CYPRESS COMMUNICATIONS OF SOUTH FLORIDA, INC.

IXC TELECOMMUNICATION SERVICE
 FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 09/30/99

CURRENT ASSETS	\$1,996,855
CURRENT LIABILITIES	4,222,968
CURRENT RATIO	0.47
CASH	3,378
COMMON EQUITY	9,710,187
LONG-TERM DEBT	334,700
TOTAL INVESTOR CAPITAL	10,044,887
COMMON EQUITY RATIO	97%
NET INCOME	(7,974,207)
RETURN ON EQUITY	NMF

NMF= Non-meaningful figure

000322-TS
 09/30/99
 01/11/00

- AWA
- ATP
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Division of Records and Reporting (2)
 Division of Legal Services