## State of Florida



## ORIGINAL

## Public Service Commission

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

DATE:

November 6, 1997

TO:

Tom Williams, Division of Communications

FROM:

Pete Lester, Division of Auditing and Financial Analysis

RE:

Docket No. 971242-TI, SBR, 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 SBR, Inc. (SBR) for the period ending September 23, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, SBR has adequate liquidity and ownership equity. The company reported a loss for the period.

In this matter, SBR 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 adequate.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that, as a switchless reseller, it has low capital investment needs. It intends to rely on internal funding and, if necessary, on cash contributions from its principals. The applicant states that is has the ability to borrow funds if necessary. 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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W.C

DOCKET NO. 971242-TI SBR, INC. IXC CERTIFICATE FINANCIAL ANALYSIS ATTESTATION DONE

## FROM UNAUDITED FINANCIAL STATEMENTS

AS	
OF	
SEPTEMBER 23.	1997

CURRENT ASSETS	280,500
CURRENT LIABILITIES	13,308
CURRENT RATIO	21.08
CASH	37,712
COMMON EQUITY	169,704
TOTAL DEBT	135,200
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	304,904
COMMON EQUITY RATIO	56%
NET INCOME	(82,095)
RETURN ON EQUITY	NEGATIVE