

State of Florida



Public Service Commission

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

DATE: August 31, 1998
 TO: Nancy Pruitt, Division of Communications
 FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *EO*
 RE: Docket No. 980969-TI, South Carolina Net, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM APC*

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 South Carolina Net, Inc. (SCNet) for the period ending June 30, 1998. As the attached schedule shows, SCNet has adequate liquidity, sufficient common equity and reported a positive net income for the period.

ACK _____
 AFA _____ In this matter, SCNet is asking for a certificate to provide IXC service. Staff notes the limited
 APP _____ nature of the application and that no customer provided funds appear to be at risk. For purposes
 CAF _____ of granting a certificate based on the financial information provided, the financial capability
 CMU _____ appears adequate.
 CTR _____ The applicant attests to its financial capability to provide and maintain the proposed
 EAG _____ telecommunications service by noting that it has an open line of credit with the Rural Telephone
 LEG _____ Financing Cooperative in the amount of \$500,000 and available capital contributions from its
 LIN _____ shareholders. Based on this showing, the applicant appears to meet the financial capability
 standard of Section 364.337, Florida Statutes.
 OPR _____
 RCH _____ cc: Division of Legal Services
 SEC _____ Division of Records and Reporting (2)
 WAS _____
 OTH _____

DOCUMENT NUMBER-DATE

09957 SEP 11 88

FPSC-RECORDS/REPORTING

DOCKET NO. 980969-TI
SOUTH CAROLINA NET, INC.

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS AS OF 06/30/98

CURRENT ASSETS	\$2,027,862
CURRENT LIABILITIES	1,513,436
CURRENT RATIO	1.34
CASH	31,250
COMMON EQUITY	2,512,477
TOTAL DEBT	2,191,544
TOTAL INVESTOR CAPITAL	4,704,021
COMMON EQUITY RATIO	53%
NET INCOME	487,581
RETURN ON EQUITY	19%

NMF = No Meaningful Figure