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VIA OVERNIGHT DELIVERY

August 28, 1998

Blanca S. Bayó  
Division of Records and Reporting  
Florida Public Service Commission  
Capital Circle Office Center  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Docket No. 980969-TI: Application for  
Certificate to Provide Interexchange  
Telecommunications Services by South Carolina  
Net, Inc.

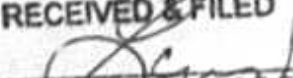
Dear Ms. Bayó:

South Carolina Net, Inc. ("SCNet"), by counsel, hereby files  
this letter and its attachments in response to the request for  
additional information made by Staff in a memorandum dated August  
12, 1998 (please see Attachment 1).

- ACK
- AFA
- APP
- CAF
- CMLP
- CTR
- EAG
- LEG
- EIN
- OPC
- RCH
- SEC
- WAS
- OTH

Attached please find a June 1998 Balance Sheet and a Year to  
Date Statement of Operations through June 1998 (please see  
Attachment 2). As July results are not yet complete, these figures  
represent the most current financial data available. Please note  
that the material contained in Attachment 2 is unaudited financial  
information.

Financing for future operations can be drawn from three  
primary sources, if necessary: (1) SCNet currently has an open line  
of credit with the Rural Telephone Financing Cooperative (RTFC) in  
the amount of \$500,000.00; (2) SCNet can solicit its shareholders  
for additional capital contributions; or (3) SCNet seek loans at

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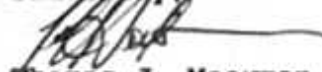
Blanca S. Bayó  
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current market interest rates when the need arises, as determined by the Board of Directors. SCNet is privately held, and there are no current plans to raise capital through any type of public offering.

Should you have any questions concerning this matter, please call us at (202) 296-8890.

Sincerely,



Thomas J. Moorman  
Joshua Seidemann

Att.

cc: Eva Samaan (via facsimile)

Re: Docket No. 980969-TI: Application for  
Certificate to Provide Interexchange  
Telecommunications Services by South  
Carolina Net, Inc.

ATTACHMENT 1

# STATE OF FLORIDA



## PUBLIC SERVICE COMMISSION

2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

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To: Mr. Mark Stokes

Date: 8-12-98

From: Eva P. Samaan

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Dear Mr. Stokes,

I am one of the analysts that have been assigned South Carolina Net's application for interexchange telecommunication service. I reviewed the company's statement of financial capability and it was rather general. Please provide a brief statement addressing specific sources of financing available for future operations (e.g. lines of credit, stockholder loans, or plans to raise debt).

Please fax me the above by next week together with any more recent financial information available, since the financial statements were as of December 31, 1997.

Thank you.

Re: Docket No. 980969-TI: Application for  
Certificate to Provide Interexchange  
Telecommunications Services by South  
Carolina Net, Inc.

ATTACHMENT 2

**SOUTH CAROLINA NET, INC. - BALANCE SHEET**

		Current Month June 1998
<b>Assets</b>		
<b>Current Assets:</b>		
1	Cash	\$ 31,250
2	Certificates of Deposits	-
3	Telecommunications Accounts Receivable	1,304,255
4	Due From Shareholder Traffic - Terminating	692,357
5	Prepaid Expenses and Deposits - From Limited Partner	1,233,491
6	Prepaid Expenses and Deposits - Other	186,718
7	Total Current Assets	3,448,091
<b>Fixed Assets:</b>		
8	Switch and related assets	1,319,674
9	Hardware	169,686
10	Software	84,703
11	Equipment	335,434
12	Furniture and fixtures	60,271
		1,969,768
13	Less, accumulated depreciation	(713,838)
14	Net Fixed Assets	1,255,930
18	Total Assets	\$ 4,704,021
<b>Liabilities and Stockholders Equity</b>		
<b>Liabilities:</b>		
19	Accounts payable and accrued expenses	\$ 1,428,286
20	Capital lease obligations	678,108
21	Notes payable	85,150
22	Total Liabilities	2,191,544
<b>Stockholders Equity:</b>		
23	Common stock (1,736,004 o/s)	1,736,004
24	APIC	2,899,962
25	Retained earnings prior year	(2,611,070)
26	Current year earnings	487,581
27	Total Stockholders Equity	2,512,477
28	Total Liabilities and Stockholders Equity	\$ 4,704,021

**SOUTH CAROLINA NET, INC.**

**YEAR TO DATE - AS OF JUNE 30, 1998**

<b>Revenue</b>	
Long distance services:	
1 Residential	\$ 114,959
2 Business	1,722,093
3 Shareholder carriers	2,376,869
4 Wholesale	581,182
Private line services:	
6 Governmental	770,470
7 Other	1,018,179
8 Interest, General Partner Fees and other	111,397
9 Total revenue	<u>6,695,149</u>
<b>Expenses</b>	
10 Access, term., network and operator costs	4,665,927
11 Switch interest	39,469
12 Switch depreciation	130,800
13 Salary, wage and contract labor	661,307
14 Marketing expenses	169,848
15 Occupancy and equipment expenses	210,965
16 Postage, shipping and office supplies	72,076
17 Professional fees	51,496
18 Interest (not including switch interest)	1,158
19 Depreciation (not including switch)	46,800
20 Bad debt expenses	1,194
21 Directors Fees	20,400
22 Other expenses	136,128
23 Total expenses	<u>6,207,568</u>
24 Net income	<u>\$ 487,581</u>
<b>Information concerning capital expenditures:</b>	
25 Capital Expenditures	<u>\$ 195,438</u>