



Public Service Commission

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

DATE: January 28, 2000
TO: Tommy Williams, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis
RE: Docket No. 000055-TX, Southern Telecom, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

Section 364.337 (1), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide alternative local exchange 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 Southern Telecom, Inc. (STI) for the period ending October 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, STI has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, STI is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application and that no customer provided funds appear to be at risk. 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. With capitalization of over six million dollars and a net income of about two and a half million dollars in 1999, Southern Telecom claims to have sufficient capability to provide telecommunication services. 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)

DOCUMENT NUMBER-DATE

01365 FEB-18

FPSC RECORDS/REPORTING

Vertical list of initials: A, P, A, MU, TR, AG, EG, AS, PC, IRR, EC, WAW, JTH

DOCKET NO. 000055-TX  
SOUTHERN TELECOM, INC.

ALEC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 10/31/99

CURRENT ASSETS	\$29,545,992
CURRENT LIABILITIES	24,032,658
CURRENT RATIO	1.23
CASH	24,613,879
COMMON EQUITY	6,420,775
LONG-TERM DEBT	0
TOTAL INVESTOR CAPITAL	6,420,775
COMMON EQUITY RATIO	100%
NET INCOME	2,473,489
RETURN ON EQUITY	39%