



Public Service Commission

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

DATE: July 11, 1996
 TO: Tom Williams, Division of Communications
 FROM: Sonja Jones, Division of Auditing and Financial Analysis ⁵⁻⁵
 RE: Docket No. 960580-TI, Innovative Telecom Corp., Financial Analyst for
 Certificate Application for Intrastate Interexchange Telecommunications Service

ALM
APC
172

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 audited financial statements of Innovative Telecom Corp. (ITC) for the period ending December 31, 1995. As the attached schedule shows, ITC has adequate profitability but marginal liquidity and reports negative common equity.

In this matter, ITC is asking for a certificate to provide IXC 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 marginal.

Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant has provided banking and trade references, a Dun and Bradstreet Business Information Report, and projected statements of operations which they claim attest to their financial capability to provide and maintain the proposed telecommunications service. 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

1

07325 JUL 12 1996
RECORDS AND REPORTING

DOCKET NO. 960580-T1
INNOVATIVE TELECOM CORPORATION
IXC CERTIFICATE
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

	AS OF 12/31/95
CURRENT ASSETS	\$2,492,024
CURRENT LIABILITIES	3,152,606
CURRENT RATIO	0.79
CASH	575,023
COMMON EQUITY	(249,750)
TOTAL DEBT	4,614,807
TOTAL INVESTOR CAPITAL	4,365,057
COMMON EQUITY RATIO	NMF
NET INCOME	341,087
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure