



# Public Service Commission

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

**DATE:** January 17, 1997  
**TO:** Tom Williams, Division of Communications  
**FROM:** Pete Lester, Division of Auditing and Financial Analysis *ALM*  
**RE:** Docket No. 961345-TI, International Telecom, Ltd., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *PLAFC 1/25*

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 International Telecom, Ltd. (ITL) for the period ending September 30, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ITL has inadequate liquidity but reports adequate common equity and adequate net income.

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_ In this matter, ITL 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.
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_ The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has the financial capability to provide IXC service.
- LEG \_\_\_\_\_ Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.
- LIN \_\_\_\_\_

cc: Division of Legal Services  
Division of Records and Reporting

- OPC \_\_\_\_\_
- RCH \_\_\_\_\_
- SEC   1
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

00691 JAN 21 5

FPSC-RECORDS/REPORTING

DOCKET NO. 961345-TI  
INTERNATIONAL TELECOM, LTD.  
INTEREXCHANGE CERTIFICATE  
FINANCIAL ANALYSIS  
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS

	TWELVE MONTHS ENDING <u>9/30/96</u>
CURRENT ASSETS	4,106,478
CURRENT LIABILITIES	7,287,384
CURRENT RATIO	0.56
CASH	1,233,982
COMMON EQUITY	1,392,029
TOTAL DEBT	203,630
TOTAL INVESTOR CAPITAL	1,595,659
COMMON EQUITY RATIO	87%
NET INCOME	1,937,814
RETURN ON EQUITY	139%

NOTE: The company also provided earlier audited financial statements.