



Public Service Commission

ORIGINAL
FILE COPY

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

DATE: September 9, 1997
TO: Nancy Pruitt, Division of Communications
FROM: David Draper, Division of Auditing and Financial Analysis *DD*
RE: Docket No. 970937-TT, IXnet, LTD. Co., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM*

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 IXnet, LTD. Co. (IXN) and audited financial statement of IPC Information Systems, Inc. (IPC) for the period ending September 30, 1996. An audit could change one's opinion of IXN's financial condition. As the attached schedule shows, IXN has minimal liquidity, negative common equity and had negative net income in 1996. IPC, the parent Company of IXN, reports adequate liquidity, sufficient common equity and posted a positive net income for the period.

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- RCH _____
- SEC 1
- WAS _____
- OTH _____

In this matter, IXN is asking for a certificate to provide IXC service. For purposes of granting a certificate based on the financial information provided, the financial capability appears minimal.

Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that the parent corporation will support the subsidiary if additional capital is needed. 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

09321 SEP 12 5

FPSC-RECORDS/REPORTING

DOCKET NO. : 970937-TI
IXNET, LTD. CO.

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FINANCIAL STATEMENTS OF:

	(UNAUDITED)	(AUDITED)
	IXNET, LTD CO.	IPC Information Systems
	AS OF 09/30/96 (,000)	AS OF 09/30/96 (,000)
CURRENT ASSETS	\$3,967	\$112,425
CURRENT LIABILITIES	9,879	62,157
CURRENT RATIO	0.40	1.81
CASH	1,515	2,306
COMMON EQUITY	(746)	140,957
TOTAL DEBT	3,429	7,085
TOTAL INVESTOR CAPITAL	2,683	148,042
COMMON EQUITY RATIO	NMF	95%
NET INCOME	(5,322)	12,129
RETURN ON EQUITY	NMF	9%

NMF = No Meaningful Figure