



ORIGINAL Public Service Commission

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

DATE: July 29, 1999
TO: Tommy Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis
RE: Docket No. 990725-TI, Interglobal Telephone Company, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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 Interglobal Telephone Company (ITC) for the period ending December 31, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ITC has inadequate liquidity and insufficient common equity. For the period, the company was profitable.

In this matter, ITC 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 marginal.

Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it has obtained debt from outside lenders and it has maintained strong cash flow. The applicant is in litigation with a former carrier and is in negotiations to resolve the dispute. 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

09110 AUG-2 99

FPSC-RECORDS/REPORTING

Vertical list of initials: AFA, AFP, DCF, JAW, DTR, BAG, JEG, WAS, DFC, RRR, SEC, NAW, JTH

DOCKET NO. 990725-...
INTERGLOBAL TELEPHONE COMPANY
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF <u>12/31/98</u>
CURRENT ASSETS	\$1,629,468
CURRENT LIABILITIES	2,907,520
CURRENT RATIO	0.56
CASH	505,826
COMMON EQUITY	(822,132)
TOTAL DEBT	289,508
TOTAL PREFERRED STOCK	0
COMMON EQUITY RATIO	NMF
NET INCOME	32,862
RETURN ON EQUITY	NMF

NMF=NO MEANINGFUL FIGURE