



Public Service Commission

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

DATE: July 12, 1996
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis *5/5*
RE: Docket No. 960634-TI, Compath Communications, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM APC*

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 Compath Communications, Inc. (CCI) for the period ending December 31, 1995. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, CCI has adequate liquidity but reports negative common equity and negative net income.

In this matter, CCI 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 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 there will be no additional capital requirements that will be incurred since Compath will operate as a switchless reseller, and ongoing expenses will be minimal. Further, the applicant has minimal lease or ownership obligations and has the strong support of its individual investors to continue providing funding to the company as necessary. 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

DOCUMENT NUMBER - DATE

07495 JUL 17 '96

FRS01-RECORDS/REPORTING

• DOCKET NO. 960634-T1
• COMPATH COMMUNICATIONS, INC.
• IXC CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/95
CURRENT ASSETS	\$87,336
CURRENT LIABILITIES	46,982
CURRENT RATIO	1.86
CASH	87,136
COMMON EQUITY	(90,572)
TOTAL DEBT	139,836
TOTAL INVESTOR CAPITAL	49,265
COMMON EQUITY RATIO	NMF
NET INCOME	(87,111)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure