



Public Service Commission

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

DATE: December 10, 1996
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis *ALM APC [Signature]*
RE: Docket No. 961247-TI, Intelco, Global Information Services, Ltd., 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 Intelco, Global Information Services, Ltd. (IGIS) for the one-month period ending August 31, 1996; audited financial statements of International Telecommunications Group Ltd. (ITG), the parent company, for the period ending December 31, 1995; and audited financial statements of RSL Communications, Inc., the parent company of ITG, for the period ending December 31, 1995. An audit could change one's opinion of the applicant's financial condition. As the attached schedule shows, IGIS has adequate liquidity but reports negative common equity and negative net income.

ACK _____
 AFA _____
 APP _____ In this matter, IGIS is asking for a certificate to provide IXC service. Staff notes the limited nature
 CAF _____ of the application and that no customer provided funds appear to be at risk. For purposes of granting
 CMU _____ a certificate based on the financial information provided, the financial capability appears minimal.
 CTR _____ Although an analysis of the financial statements reveals the applicant is in a minimal financial
 EAG _____ position, the applicant attests to its financial capability to provide and maintain the proposed
 LEG _____ telecommunications service. The applicant notes that its parent company, ITG, controls 100% of
 LIN _____ the applicant's stock and has provided it with financial assistance to the extent required to fund its
 OFC _____ operations. Furthermore, RSL Communications, Ltd., ITG's parent, holds a majority ownership
 RCH _____ interest in ITG and has provided financial assistance to ITG and its subsidiaries to the extent required
 SEC _____ to fund operations. 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

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FPSC-RECORDS/REPORTING

DOCKET NO. 961247-TI
 INTELCO, GLOBAL INFORMATION SERVICES, INC.
 IXC CERTIFICATE
 FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS OF THE APPLICANT
 AND AUDITED FINANCIAL STATEMENTS OF:

INTELCO'S PARENT COMPANY, (INTERNATIONAL TELECOMMUNICATIONS GROUP LTD. (ITG) AND
 ITG'S PARENT COMPANY, RSL COMMUNICATIONS, LTD.

	INTELCO - FOR THE ONE MONTH ENDING 8/31/96	ITG (Parent) - FOR THE YEAR ENDING 12/31/95	RSL (ITG's Parent) FOR THE YEAR ENDING 12/31/95
CURRENT ASSETS	\$10,207,022	\$11,275,210	\$12,158,898
CURRENT LIABILITIES	9,569,909	24,770,596	31,487,290
CURRENT RATIO	1.07	0.46	0.39
COMMON EQUITY	(364,945)	(9,820,773)	5,704,852 *
TOTAL DEBT	0	9,154,095	6,918,128
TOTAL INVESTOR CAPITAL	(364,945)	(666,678)	12,622,980
COMMON EQUITY RATIO	NMF	NMF	45%
NET INCOME	(364,945)	(11,733,286)	(9,401,928)
RETURN ON EQUITY	NMF	NMF	NMF

NMF = No Meaningful Figure

* Common Equity of RSL includes Preferred Stock