



Public Service Commission

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

DATE: November 7, 1997
 TO: Tom Williams, Division of Communications
 FROM: Pete Lester, Division of Auditing and Financial Analysis *PL*
 RE: Docket No. 971178-TI, Insurance Information Exchange, LLC, 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 Insurance Information Exchange (IIE) for the three-month period ending March 31, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, IIE has adequate liquidity but reports a low common equity ratio. For the period, the company reported a loss.

ACK _____
 AFA _____ In this matter, IIE is asking for a certificate to provide IXC service. Staff notes the limited
 APP _____ nature of the application. For purposes of granting a certificate based on the financial
 DAF _____ information provided, the financial capability appears marginal.

GMW _____ Although an analysis of the financial statements reveals the applicant is in a marginal financial
 CTR _____ position, the applicant attests to its financial capability to provide and maintain the proposed
 EAG _____ telecommunications service by noting that any necessary funding during the applicant's start-up
 LES _____ period would be available from its parent corporation. The applicant also states that additional
 MN _____ funding would also be available from independent investors. 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

11588 NOV 12 5

FPSC-RECORDS/REPORTING

DOCKET NO. 971178-TI
INSURANCE INFORMATION EXCHANGE, LLC
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM UNAUDITED FINANCIAL STATEMENTS

	THREE MONTHS ENDING <u>MARCH 31, 1997</u>
CURRENT ASSETS	26,132,031
CURRENT LIABILITIES	9,016,213
CURRENT RATIO	2.90
CASH	428,357
COMMON EQUITY	11,319,878
TOTAL DEBT	29,975,246
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	41,295,124
COMMON EQUITY RATIO	27%
NET INCOME	(2,313,219)
RETURN ON EQUITY	NEGATIVE