



# Public Service Commission

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

**DATE:** November 24, 1998  
**TO:** Lou Yambor, Division of Communications  
**FROM:** Pete Lester, Division of Auditing and Financial Analysis *2*  
**RE:** Docket No. 981220-TX, Image Access, Inc. d/b/a NewPhone, *ALM* Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

Section 364.337 (1), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide alternative local exchange 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 Image Access, Inc. d/b/a NewPhone (Image) for the period ending August 31, 1998. An audit could change one's opinion of the company's financial condition.

**ACK** As the attached schedule shows, Image has adequate liquidity. However, the company has **AFA** negative common equity and reported a loss for the period.

**APP** In this matter, Image is asking for a certificate to provide alternative local exchange **CAF** telecommunications service. Staff notes the limited nature of the application. For purposes of **CMU** granting a certificate based on the financial information provided, the financial capability appears **CTR** marginal.

**EAG** Although an analysis of the financial statements reveals the applicant is in a marginal financial **LEG** position, the applicant attests to its financial capability to provide and maintain the proposed **LIN** telecommunications service by noting that it projects positive cash flow after March 1999, it has **OPC** a \$50,000 line of credit, and it can obtain venture capital funds. Based on this showing, the **RCH** applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

**SEC** Lee Division of Legal Services  
**WAS** \_\_\_\_\_ Division of Records and Reporting (2)  
**OTH** \_\_\_\_\_

DOCUMENT NUMBER-DATE

13460 DEC-1 88

REG-RECORDS/REPORTING

DOCKET NO. 981220  
IMAGE ACCESS, INC. D/B/A NEWPHONE  
ALEC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	EIGHT MONTHS ENDED <u>08/31/98</u>
CURRENT ASSETS	\$22,478
CURRENT LIABILITIES	21,053
CURRENT RATIO	1.07
CASH	4,618
COMMON EQUITY	(51,090)
TOTAL DEBT	64,414
TOTAL PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	NMF
COMMON EQUITY RATIO	NMF
NET INCOME	(49,310)
RETURN ON EQUITY	NEGATIVE

NMF=NO MEANINGFUL FIGURE