



ORIGINAL  
Public Service Commission

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

DATE: January 11, 1999  
 TO: Lou Yambor, Division of Communications  
 FROM: Eva P. Samaan, Division of Auditing and Financial Analysis *AD*  
 RE: Docket No. 981377-TI, International Exchange Communications, Inc. d/b/a IE Com  
 Financial Analysis for Certificate Application for Intrastate Interexchange  
 Telecommunications Service

*ALM*  
*AA*  
*[Signature]*

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 . . .

- ACK \_\_\_\_\_ Regarding the showing of financial capability, the Finance staff has analyzed the unaudited
- AFA \_\_\_\_\_ financial statements of the parent company of International Exchange Communications, Inc. (IE
- APP \_\_\_\_\_ Com), Pacific Gateway Exchange, Inc.(PGE), for the period ending June 30, 1998. An audit
- CAF \_\_\_\_\_ could change one's opinion of the company's financial condition. As the attached schedule
- CMU \_\_\_\_\_ shows, IE Com has adequate liquidity, sufficient common equity and reported a positive net
- CTR \_\_\_\_\_ income for the period.
- EAG \_\_\_\_\_ In this matter, IE Com is asking for a certificate to provide IXC service. Staff notes the limited
- LEG \_\_\_\_\_ nature of the application and that no customer provided funds appear to be at risk. For purposes
- LIN \_\_\_\_\_ of granting a certificate based on the financial information provided, the financial capability
- OPC \_\_\_\_\_ appears adequate.
- RCH \_\_\_\_\_ The applicant attests to its financial capability to provide and maintain the proposed
- SEC \_\_\_\_\_ telecommunications service by noting that it has available \$1,000,000 from its parent company.
- WAS \_\_\_\_\_ IE Com may receive additional funding from PGE in the amount of \$5,000,000 to sustain future
- OTH \_\_\_\_\_ operations, 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 (2)

DOCUMENT NUMBER-DATE

00520 JAN 14 8

FPSC-RECORDS/REPORTING

DOCKET NO. 981377-TI  
PACIFIC GATEWAY EXCHANGE, INC.

IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 06/30/98

CURRENT ASSETS	\$114,374
CURRENT LIABILITIES	98,734
CURRENT RATIO	1.16
CASH	31,265
COMMON EQUITY	88,155
TOTAL DEBT	106,028
TOTAL INVESTOR CAPITAL	194,183
COMMON EQUITY RATIO	45%
NET INCOME	9,261
RETURN ON EQUITY	11%

NMF = No Meaningful Figure