



# Public Service Commission

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

**DATE:** March 1, 1999  
**TO:** Tommy Williams, Division of Communications  
**FROM:** David J. Draper, Division of Auditing and Financial Analysis *DD*  
**RE:** Docket No. 981391-TI, Internet Telephone Company d/b/a ITC Communications Company, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *AJM*

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 balance sheet and income statement of Internet Telephone Company d/b/a ITC Communications Company (ITC) for the periods ending February 1, 1999, and January 19, 1999, respectively. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ITC reports negative common equity and negative net income, but has adequate liquidity.

In this matter, ITC is asking for a certificate to provide IXC service. 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 it has a \$750,000 line of credit available to it from First Bank & Trust, if needed. 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

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DOCKET NO. 981391  
INTERNET TELEPHONE COMPANY d/b/a ITC  
COMMUNICATIONS COMPANY

IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 02/01/99
CURRENT ASSETS	\$734,671
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	733,671
COMMON EQUITY	(91,328)
TOTAL DEBT	826,000
TOTAL INVESTOR CAPITAL	734,672
COMMON EQUITY RATIO	NMF
NET INCOME January 19, 1999	(49,023)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure