



Public Service Commission

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

DATE: April 21, 1999
TO: Tommy Williams, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis
RE: Docket No. 990407-TI, Interpath Communications, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

Handwritten initials: ALM, APC

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 Interpath Communications, Inc. (ICI) for the period ending September 30, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ICI has sufficient common equity, but marginal liquidity, and reported a net loss for the period.

In this matter, ICI is asking for a certificate to provide IXC service. Staff notes the limited nature of the application and that no customer provided funds appear to be at risk. For purposes of granting a certificate based on the financial information provided, the financial capability appears adequate.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. ICI has an ongoing credit relationship with MLC Group, Inc., which provides \$1.5 million of credit for acquisition of computer equipment. In addition, the company has established a revolving account with First Union National Bank in the amount of \$225,000 per month for Interpath procurement cards and \$175,000 per month for corporate expenses. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

Vertical list of initials: AFA, APP, CAF, CMU, CTR, EAG, LEG, MAS, OPC, RRR, SEC, NAVV, DTH

cc: Division of Legal Services
Division of Records and Reporting (2)

DOCUMENT NUMBER-DATE

05513 APR 30 99

FPSC-RECORDS/REPORTING

DOCKET NO. 990407-T1
INTERPATH COMMUNICATIONS, INC.

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 09/30/98

CURRENT ASSETS	\$8,684,439
CURRENT LIABILITIES	10,233,683
CURRENT RATIO	0.85
CASH	1,617,309
COMMON EQUITY	65,123,112
LONG-TERM DEBT	490,136
TOTAL INVESTOR CAPITAL	65,613,248
COMMON EQUITY RATIO	99%
NET INCOME	(11,530,950)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure