



Public Service Commission

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

DATE: September 16, 1999
TO: Nancy Pruitt, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis
RE: Docket No. 991111-TX, Interactive Service network, Inc., d/b/a ISN Communications, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

Handwritten initials: ALM, APC, and other marks.

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 Interactive Service network, Inc., d/b/a ISN Communications (ISN) for the period ending December 31, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ISN has positive income, but minimal liquidity and negative common equity.

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In this matter, ISN is asking for a certificate to provide alternative local exchange telecommunications 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 the applicant can rely upon the financial support of its parent company, Olivia Management Corp., 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

11177 SEP 17 99

FPSC-RECORDS/REPORTING

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

| | AS OF 12/31/98 |
|------------------------|----------------------|
| CURRENT ASSETS | \$385,470 |
| CURRENT LIABILITIES | 528,108 |
| CURRENT RATIO | 0.73 |
| CASH | 115,783 |
| COMMON EQUITY | (73,883) |
| TOTAL DEBT | 0 |
| TOTAL INVESTOR CAPITAL | (73,883) |
| COMMON EQUITY RATIO | NMF |
| NET INCOME | 48,170 |
| RETURN ON EQUITY | NMF |

NMF = No Meaningful Figure