



Public Service Commission

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

DATE: December 21, 2000
TO: Tony McCoy, Division of Regulatory Oversight
FROM: Christine G. Romig, Division of Economic Regulation
RE: Docket No. 001691-TX, Intelogistics Corp., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

ALM CR

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 financial statements of Intelogistics Corp. (Intelogistics) for the years ended 12/31/98, 12/31/99 and the nine--month period ended 09/30/00. As the attached schedule shows, at 12/31/98 and at 12/31/99, Intelogistics' liquidity was less than adequate, it had negative equity and it reported a net loss for the years 1998 and 1999. However, at 09/30/00, it reported adequate liquidity, an adequate equity ratio, and positive net income for the first nine months of year 2000.

In this matter, Intelogistics 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 adequate. Intelogistics states that it is in the final round of securing a private placement. This private placement along with internally generated cash flow will allow adequate funding for the provision of services. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

- APP _____
- CAF _____
- CMP _____
- COM _____
- CTR _____
- ECR _____
- LEG _____
- OPC _____
- PAI _____
- RGO _____
- SEC _____
- SER _____
- OTH _____

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

DOCUMENT NUMBER-DATE

16509 DEC 29 8

FPSC-RECORDS/REPORTING

DOCKET NO. 001691-TX
 INTELOGISTICS CORP.
 ALTERNATIVE LOCAL EXCHANGE TELECOMMUNICATIONS SERVICE

FINANCIAL ANALYSIS

	<u>09/30/ 2000</u>	<u>1999</u>	<u>1998</u>	
CURRENT ASSETS	674,919	\$446,247	\$73,201	
CURRENT LIABILITIES	701,690	1,083,419	448,496	
CURRENT RATIO (CA/CL)	0.9618	0.4119	0.1632	(a)
CASH & CASH EQUIVALENTS	163,055	23,966	8,061	
COMMON EQUITY	173,686	(492,573)	(241,677)	
TOTAL DEBT (SHORT-TERM & LONG TERM)	0	0		
PREFERRED STOCK	0	0		
TOTAL INVESTOR CAPITAL	173,686	(492,573)	(241,677)	
COMMON EQUITY RATIO	100%	NMF	NMF	(b)
NET INCOME/(LOSS)	288,268	(250,896) (c)	(241,677) (c)	
RETURN ON EQUITY (Net Income/Equity)	1.6597	NMF	NMF	

(a) .8 is marginal; .95 is adequate

(b) 35% is marginal

EQUITY RATIO:

EQUITY / INVESTOR CAPITAL

(Common Equity / (Common Equity + Pfd. Stk. + LT. Debt + Current LT. Debt + ST Debt))

NMF = NO MEANINGFUL FIGURE
 3/3 = ADEQUATE
 2/3 = ADEQUATE
 1/3 = MARGINAL
 0/3 = MINIMAL

(c) Annualized is \$288,267

(216,201/9*12)

288268