



Public Service Commission

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

DATE: October 22, 1997
 TO: Tom Williams, Division of Communications
 FROM: David J. Draper, Division of Auditing and Financial Analysis *DD* *ALM*
 RE: Docket No. 971363-TI, IAS Film Corporation d/b/a IAS Intercommunication American Systems, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *APC* *[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 . . .

Regarding the showing of financial capability, the Finance staff has analyzed the unaudited financial statements of IAS Film Corporation d/b/a IAS Intercommunication American Systems, Inc. (IAS) for the period ending December 31, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, IAS has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, IAS 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 adequate. The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that IAS proposes to operate as a reseller in the state of Florida, and will incur minimal capital or operating expenses. In addition, the company has structured its retail pricing so that its per minute rate covers its per minute cost, thus assuring an almost instantaneous positive cash flow. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

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

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FPSC-RECORDS/REPORTING

DOCKET NO. : 971363-TT
I.A.S. FILM CORPORATION
d/b/a IAS INTERCOMMUNICATION AMERICAN
SYSTEMS, INC.

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/96
CURRENT ASSETS	\$29,972
CURRENT LIABILITIES	9,411
CURRENT RATIO	3.18
CASH	14,945
COMMON EQUITY	108,818
TOTAL DEBT	182,875
TOTAL INVESTOR CAPITAL	291,693
COMMON EQUITY RATIO	37%
NET INCOME	106,815
RETURN ON EQUITY	98%

NMF = No Meaningful Figure