



ORIGINAL  
Public Service Commission

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

DATE: October 8, 1999  
TO: Tommy Williams, Division of Communications  
FROM: David J. Draper, Division of Auditing and Financial Analysis  
RE: Docket No. 990659-TX, Intercept Communications Technologies, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

Handwritten initials: DD, ALM, and a 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 audited financial statements of Intercept Communications Technologies, Inc. (ICT) for the period ending December 31, 1998. As the attached schedule shows, ICT has adequate liquidity, sufficient common equity and reported a positive net income for the period.

- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
- LEG \_\_\_\_\_
- MAS \_\_\_\_\_
- OPC \_\_\_\_\_
- PAI \_\_\_\_\_
- SEC   I
- WAW \_\_\_\_\_
- OTH \_\_\_\_\_

In this matter, ICT is asking for a certificate to provide intrastate interexchange telecommunications 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 ICT 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.

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

DOCUMENT NUMBER-DATE  
12432 OCT 12 99  
PSC-RECORDS/REPORTING

DOCKET NO. 990659-  
INTERCEPT COMMUNICATIONS TECHNOLOGIES, INC.

IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

	AS OF 12/31/98 (,000)
CURRENT ASSETS	\$8,132
CURRENT LIABILITIES	3,937
CURRENT RATIO	2.07
CASH	3,251
COMMON EQUITY	15,883
TOTAL DEBT	584
TOTAL INVESTOR CAPITAL	16,467
COMMON EQUITY RATIO	96%
NET INCOME	930
RETURN ON EQUITY	6%

NMF = No Meaningful Figure