



Public Service Commission

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

DATE: July 19, 1999
TO: Nancy Pruitt, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis
RE: Docket No. 990882-TI, Allegiance Telecom of Florida, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

Handwritten initials: ALM, DW, JMD

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 Allegiance Telecom of Florida, Inc. (ATF) 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, ATF has adequate liquidity, but reports marginal common equity with negative net income for the period.

In this matter, ATF 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 marginal.

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Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant attests to its financial capability by noting that it has adequate liquid and fixed assets in which to provide and maintain the proposed telecommunications service. 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

08758 JUL 23 1999

FPSC-RECORDS/REPORTING

DOCKET NO. 990882-TI  
ALLEGIANCE TELECOM OF FLORIDA, INC.

IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

	AS OF 12/31/98 (,000)
CURRENT ASSETS	\$438,864
CURRENT LIABILITIES	47,159
CURRENT RATIO	9.31
CASH	262,502
COMMON EQUITY	110,430
TOTAL DEBT	471,653
TOTAL INVESTOR CAPITAL	582,082
COMMON EQUITY RATIO	19%
NET INCOME	(258,460)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure