



Public Service Commission

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

DATE: May 19, 1998
 TO: Tommy Williams, Division of Communications
 FROM: Pete Lester, Division of Auditing and Financial Analysis *PL*
 RE: Docket No. 980472-TI, NEXTLINK Florida, Inc., Financial Analysis *ALM* for Certificate Application for Intrastate Interexchange Telecommunications Service

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 NEXTLINK Communications, Inc., the parent company of NEXTLINK Florida, Inc. (NEXTLINK), for the period ending September 30, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, NEXTLINK has adequate liquidity but reports negative common equity and negative net income.

ACK _____
 AFA _____
 APP _____ In this matter, NEXTLINK is asking for a certificate to provide IXC service. Staff notes the limited nature of the application. For purposes of granting a certificate based on the financial information provided, the financial capability appears marginal.
 CAF _____
 CMU _____
 CTR _____ Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that its parent company has unrestricted cash investments of \$220.6 million, and the company completed an initial public offering in October 1997 that increased its common equity position. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.
 EAG _____
 LEG _____
 LIN _____
 OFC _____

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

DOCUMENT NUMBER - DATE

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FD-302 (RECORDS & REPORTING)

RCV _____
SEC _____
WAS _____
OTH _____

DOCKET NO. 980472-TI
NEXTLINK FLORIDA, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM AUDITED FINANCIAL STATEMENTS
OF NEXTLINK COMMUNICATIONS, INC. THE
PARENT COMPANY OF NEXTLINK FLORIDA

IN THOUSANDS	AS OF SEPTEMBER 30, 1997
CURRENT ASSETS	273,432
CURRENT LIABILITIES	44,547
CURRENT RATIO	6.14
CASH	144,088
COMMON EQUITY	(119,615)
TOTAL DEBT	360,801
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	241,186
COMMON EQUITY RATIO	NMF
NET INCOME	(82,356)
RETURN ON EQUITY	NEGATIVE

NMF=NO MEANINGFUL FIGURE