



Public Service Commission

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

DATE: September 13, 1999
TO: Tommy Williams, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis
RE: Docket No. 991154-TI, NEXTLINK Long Distance Services, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

Handwritten initials: ALM, APC, and others.

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 consolidated financial statements of NEXTLINK Communications, Inc., parent of NEXTLINK Long Distance Services, Inc. (NLK) 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, NLK has adequate liquidity, but negative common equity and reported a net loss for the period.

In this matter, NLK is asking for a certificate to provide IXC service. Staff notes the limited nature of the application and that no customer provided funds appear to be at risk. For purposes of granting a certificate based on the financial information provided, the financial capability appears marginal.

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. As a wholly owned subsidiary of NEXTLINK Communications, NLK will have available the financial resources of its parent company to support its operations. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

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

DOCUMENT NUMBER - DATE
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FILE RECORDS REPORTING

DOCKET NO. 991154-TI
NEXTLINK COMMUNICATIONS, INC.

IXC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM CONSOLIDATED FINANCIAL STATEMENTS AS OF 12/31/98

	IN 000s
CURRENT ASSETS	\$1,478,062
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	1,478,062
COMMON EQUITY	(246,463)
LONG-TERM DEBT	2,013,192
TOTAL INVESTOR CAPITAL	1,766,729
COMMON EQUITY RATIO	-14%
NET INCOME	(337,113)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure