



ORIGINAL
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 *DA*
RE: Docket No. 990883-TX, Allegiance Telecom of Florida, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ALM*

Section 364.337 (1), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide alternative local exchange 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 Allegiance Telecom of Florida, Inc. (ATF) for the period ending December 31, 1998. 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 alternative local exchange telecommunications service. 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 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)

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DOCKET NO. 990883-
ALLEGIANCE TELECOM OF FLORIDA, INC.

ALTERNATIVE LOCAL EXCHANGE
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