



Public Service Commission

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

DATE: November 13, 1996
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis *SLS*
RE: Docket No. 961178-TX, GE Capital Communication Services Corporation, d/b/a GE Exchange, d/b/a GE Residential Communications, d/b/a GE Commercial Shopping Network, and d/b/a GE Capital Commercial Direct, Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

ALM
APC

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

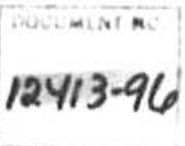
(4)(d) The Commission shall exercise its exclusive jurisdiction in order to: (d) Promote competition by encouraging new entrants into telecommunications markets . . .

Regarding the showing of financial capability, the Finance staff has analyzed the audited financial statements of General Electric Capital Corporation, the parent company of GE Capital Communication Services Corporation (GECC), for the period ending December 31, 1995. As the attached schedule shows, GECC has adequate liquidity and profitability but minimal ownership equity.

In this matter, GECC is asking for a certificate to provide alternative local exchange telecommunications 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 adequate.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service. The applicant notes that it is a wholly-owned subsidiary of General Electric Capital Corporation (GECC) which, in turn, is a wholly-owned subsidiary of General Electric Capital Services, Inc. (GECS). As a first-tier wholly-owned subsidiary of GECC and a second-tier wholly-owned subsidiary of GECS, the applicant has access to the financing and capital necessary to conduct telecommunications operations. The applicant will rely upon the financial resources of its parent companies, and no additional investment will be needed to offer the proposed services. 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



DOCKET NO. 961178-TX
GE CAPITAL COMMUNICATION SERVICES CORPORATION
d/b/a GE EXCHANGE, d/b/a GE RESIDENTIAL COMMUNICATIONS,
d/b/a GE COMMERCIAL SHOPPING NETWORK, and
d/b/a GE CAPITAL COMMERCIAL DIRECT
ALEC CERTIFICATE
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS (10-K)
OF GENERAL ELECTRIC CAPITAL CORPORATION
(PARENT COMPANY)

	AS OF 12/31/95
CURRENT ASSETS	\$127,987,000,000
CURRENT LIABILITIES	31,603,000,000
CURRENT RATIO	4.05
CASH	1,316,000,000
COMMON EQUITY	14,200,000,000
PREFERRED STOCK	2,000,000
TOTAL DEBT	107,755,000,000
TOTAL INVESTOR CAPITAL	121,957,000,000
COMMON EQUITY RATIO	12%
NET INCOME	2,261,000,000
RETURN ON EQUITY	16%