



# Public Service Commission

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

**DATE:** September 3, 1997  
**TO:** Tom Williams, Division of Communications  
**FROM:** David J. Draper, Division of Auditing and Financial Analysis *ALM APC*  
**RE:** Docket No. 971056-TX, BellSouth BSE, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *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 BellSouth Corporation, parent company of BellSouth BSE, Inc. (BSE) for the period ending December 31, 1996. As the attached schedule shows, the Company has minimal liquidity, sufficient common equity and produced a positive net income in 1996.

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 OTH \_\_\_\_\_

In this matter, BSE 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 adequate. The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that the applicant can rely upon the financial support of the parent company, if needed. 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  
 09154 SEP 10 6  
 FPSC-RECORDS/REPORTING

SOCKET NO. : 971056-TX  
BELLSOUTH BSE, INC.

LOCAL ALTERNATIVE EXCHANGE  
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS OF BELLSOUTH CORP.  
PARENT COMPANY OF BELLSOUTH BSE, INC.

	AS OF 12/31/96 (in millions)
CURRENT ASSETS	\$6,298
CURRENT LIABILITIES	6,441
CURRENT RATIO	0.98
CASH	1,178
COMMON EQUITY	13,249
TOTAL DEBT	12,878
TOTAL INVESTOR CAPITAL	26,127
COMMON EQUITY RATIO	51%
NET INCOME	2,863
RETURN ON EQUITY	22%

NMF = No Meaningful Figure