

State of Florida



Public Service Commission

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

DATE: March 2, 2001
TO: Toni McCoy, Division of Regulatory Oversight
FROM: Pete Lester, Division of Economic Regulation *PL*
RE: Docket No. 010093-TI, Telmex USA, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

ALM

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 Telmex USA (Telmex) for the period ending March 31, 2000. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Telmex has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, Telmex 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 adequate.

The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting that it is backed by its parent company, Telefonos de Mexico, S.A., which has access to the public capital markets. 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

02865 MAR-5

FPSC-RECORDS/REPORTING

DOCKET NO. 010093-T1
TELMEX USA
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

IN MILLIONS OF MEXICAN PESOS	AS OF <u>03/31/2000</u>
CURRENT ASSETS	N\$51,526
CURRENT LIABILITIES	27,293
CURRENT RATIO	1.89
CASH	N/A
COMMON EQUITY	119,299
TOTAL DEBT	38,374
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	157,673
COMMON EQUITY RATIO	76%
NET INCOME	6,474
RETURN ON EQUITY	5%

NMF=NO MEANINGFUL FIGURE

N/A=NOT AVAILABLE