



# Public Service Commission

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

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**DATE:** August 16, 1996  
**TO:** Tom Williams, Division of Communications  
**FROM:** Pete Lester, Division of Auditing and Financial Analysis *PL ALM*  
**RE:** Docket No. 960621-TI, Cincinnati Bell Long Distance, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *APC*

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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 audited financial statements of Cincinnati Bell Long Distance, Inc. The company has adequate liquidity and ownership equity but it has declining profitability due to extraordinary charges.

Based on this financial analysis and the fact that Cincinnati Bell has a AA- bond rating, 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

DOCUMENT NUMBER - DATE

08748 AUG 20 88

FPSC-RECORDS/REPORTING

DOCKET NO. 960621-T1  
CINCINNATI BELL LONG DISTANCE, INC.  
INTEREXCHANGE CERTIFICATE  
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

MILLIONS OF DOLLARS

|                        | TWELVE MONTHS<br>ENDING<br><u>12/31/95</u> | TWELVE MONTH<br>ENDING<br><u>12/31/94</u> |
|------------------------|--|---|
| CURRENT ASSETS         | 341  | 398                                       |
| CURRENT LIABILITIES    | 327  | 383                                       |
| CURRENT RATIO          | 1.04                                       | 1.04                                      |
| CASH                   | 3  | 78  |
| COMMON EQUITY          | 478  | 552                                       |
| PREFERRED STOCK        | 0  | 0   |
| TOTAL DEBT             | 274  | 597                                       |
| TOTAL INVESTOR CAPITAL | 752  | 1,149                                     |
| COMMON EQUITY RATIO    | 64%  | 48%                                       |
| NET INCOME             | (32)                                       | 73  |
| RETURN ON EQUITY       | NMF  | 13%                                       |

NMF = NO MEANINGFUL FIGURE