



# Public Service Commission

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

DATE: November 12, 1996  
 TO: Tom Williams, Division of Communications  
 FROM: Pete Lester, Division of Auditing and Financial Analysis *ALM*  
 RE: Docket No. 961221-TI, BellSouth Telecommunications, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *1/97*

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 BellSouth Corporation, the parent of BellSouth Telecommunications, Inc., for Docket No. 960276-TX. The company has adequate liquidity and ownership equity but it reported a loss in 1995 due to extraordinary charges.

Based on this financial analysis and the fact that BellSouth Telecommunications, Inc., the principal subsidiary of BellSouth Corporation, has a AAA bond rating by Standard and Poor's, 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

12045 NOV 13 1996

FPSC-RECORDS/REPORTING

DOCKET NO. 960276-TX  
BELLSOUTH TELECOMMUNICATIONS, INC.  
LEC CERTIFICATE  
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

	AS OF 12/31/95
CURRENT ASSETS	\$4,653,000,000
CURRENT LIABILITIES	3,266,000,000
CURRENT RATIO	1.42
CASH	1,084,000,000
COMMON EQUITY	7,967,000,000
TOTAL DEBT	9,118,000,000
NET INVESTOR CAPITAL	17,085,000,000
COMMON EQUITY RATIO	47%
NET INCOME	(1,379,000,000)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure