



Public Service Commission

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

DATE: February 26, 1997
 TO: Tom Williams, Division of Communications
 FROM: Sonja Jones, Division of Auditing and Financial Analysis *cut* *ALM* *1997*
 RE: Docket No. 970116-TX, Ameritech Communications International, Inc., Financial Analysis
 for Certificate Application for Alternative Local Exchange Telecommunications Service

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 unaudited financial statements of Ameritech Communications International, Inc. (ACI) for the nine-month period ending September 30, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, ACI has adequate liquidity, ownership equity, and profitability.

In this matter, ACI 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 has the capital support of its parent company, Ameritech Corporation, which has been in the telecommunications business since 1984. As a result, the parent company has sufficient operating revenues to provide the applicant with sufficient financial capability to provide and maintain its telecommunications service as well as to meet its ownership obligations. Furthermore, the applicant has been authorized to provide interexchange services in 43 states, including Florida (Docket No. 960563-TT). 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

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DOCKET NO. 970116
AMERITECH COMMUNICATIONS INTERNATIONAL, INC.
ALEC CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS
OF AMERITECH CORPORATION (PARENT)

FOR THE NINE
MONTHS ENDING
9/30/96

CURRENT ASSETS	\$3,903,000,000
CURRENT LIABILITIES	3,395,000,000
CURRENT RATIO	1.15
CASH	214,000,000
COMMON EQUITY	7,422,000,000
TOTAL DEBT	7,959,000,000
TOTAL INVESTOR CAPITAL	15,381,000,000
COMMON EQUITY RATIO	48%
NET INCOME	1,564,000,000
RETURN ON EQUITY	21%