



Public Service Commission

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

DATE: April 14, 1998
TO: Rick Moses, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *JD APC*
RE: Docket No. 980470-TX, Nextlink Florida, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *ym*

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 Nextlink Communications, Inc. (NXC), parent company of Nextlink Florida, Inc. (NXF), for the period ending December 31, 1997. NXF is a start-up company and does not have relevant financial statements. As the attached schedule shows, NXC has minimal common equity and negative net income for the period, but reports adequate liquidity.

In this matter, NXF 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 minimal.

Although an analysis of the financial statements reveals the applicant is in a minimal financial position, 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 its parent company. NXC has sufficient liquid assets to support its subsidiary and currently has \$1.22 million in total assets. 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)

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DOCKET NO. 980470-TX
NEXTLINK FLORIDA, INC.

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS OF NEXTLINK
COMMUNICATIONS, INC., PARENT COMPANY

	AS OF 12/31/97
CURRENT ASSETS	\$811,267
CURRENT LIABILITIES	69,582
CURRENT RATIO	11.66
CASH	389,074
COMMON EQUITY	68,460
TOTAL DEBT	760,819
TOTAL INVESTOR CAPITAL	829,279
COMMON EQUITY RATIO	8%
NET INCOME	(129,004)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure