



Public Service Commission

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

DATE: June 1, 1998  
 TO: Nancy Pruitt, Division of Communications  
 FROM: David J. Draper, Division of Auditing and Financial Analysis *DD*  
 RE: Docket No. 980557-TI, NXLD Company, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ACM*

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 Nextel Communications, Inc. (NCI), parent company of NXLD Company (NXLD), for the three month period ending March 31, 1998. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, NCI reports minimal common equity and negative income, but has adequate liquidity.

ACK \_\_\_\_\_  
 AFA \_\_\_\_\_  
 APP \_\_\_\_\_ In this matter, NXLD is asking for a certificate to provide IXC service. For purposes of  
 CAF \_\_\_\_\_ granting a certificate based on the financial information provided, the financial capability appears  
 CMU \_\_\_\_\_ marginal.  
 CTR \_\_\_\_\_ Although an analysis of the financial statements reveals the NCI is in a marginal financial  
 EAG \_\_\_\_\_ position, the applicant, NXLD, attests to its financial capability to provide and maintain the  
 LEG \_\_\_\_\_ proposed telecommunications service by noting that the applicant can rely upon the financial  
 LIN \_\_\_\_\_ support of its parent company, if needed. Nextel Communications, Inc has over \$11 billion in  
 OPC \_\_\_\_\_ total assets and more than \$876 million in available working capital to support its subsidiary,  
 RCH \_\_\_\_\_ NXLD. Based on this showing, the applicant appears to meet the financial capability standard  
 of Section 364.337, Florida Statutes.

SEC 1  
 WAS \_\_\_\_\_ cc: Division of Legal Services  
 OTH \_\_\_\_\_ Division of Records and Reporting (2)

DOCUMENT NUMBER-DATE

05978 JUN-3 8

FPSC-RECORDS/REPORTING

DOCKET NO. 980557  
NEXTEL COMMUNICATIONS, INC. PARENT OF NXLD

IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 03/31/98 (,000)
CURRENT ASSETS	\$1,974,178
CURRENT LIABILITIES	808,185
CURRENT RATIO	2.44
CASH	1,505,289
COMMON EQUITY	1,522,713
TOTAL DEBT	6,396,799
TOTAL INVESTOR CAPITAL	7,919,512
COMMON EQUITY RATIO	19%
NET INCOME	(386,862)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure