



# Public Service Commission

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

**DATE:** August 20, 1998  
**TO:** Louis Yambor, Division of Communications  
**FROM:** David J. Draper, Division of Auditing and Financial Analysis *ALM*  
**RE:** Docket No. 980933-TI, Level 3 Communications, LLC, Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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 Level 3 Communications, LLC (L3C) for the period ending December 31, 1997. As the attached schedule shows, L3C has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, is asking for a certificate to provide IXC 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 by noting that the Company will increase available capital from continuing operations. In addition, L3C has the ability to obtain additional financing through traditional commercial lending institutions. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_
- APP \_\_\_\_\_
- CAI \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
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- LIN \_\_\_\_\_
- OLJ \_\_\_\_\_
- RCH \_\_\_\_\_
- SEC 1
- WAS \_\_\_\_\_
- OF \_\_\_\_\_

cc: Division of Legal Services  
Division of Records and Reporting (2) ✓

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DOCKET NO. 980935-11  
LEVEL 3 COMMUNICATIONS, LLC

**IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS**

FROM AUDITED FINANCIAL STATEMENTS

AS  
OF  
12/31/97  
(DOLLARS IN MILLIONS)

CURRENT ASSETS	\$1,494
CURRENT LIABILITIES	89
CURRENT RATIO	16.79
CASH	87
COMMON EQUITY	2,230
TOTAL DEBT	137
TOTAL INVESTOR CAPITAL	2,367
COMMON EQUITY RATIO	94%
NET INCOME	248
RETURN ON EQUITY	11%

NMF = No Meaningful Figure