



Public Service Commission

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

DATE: February 15, 1999
 TO: Tommy Williams, Division of Communications
 FROM: Eva P. Samaan, Division of Auditing & Financial Analysis *ED*
 RE: Docket No. 990027-TI, Bond Waiver Request of Allnet Communication Services, Inc., d/b/a Frontier Communications Services *ALM*

Section 25-24.490 (2), Florida Administrative Code, requires the following:

An interexchange company may require a deposit as a condition of service and may collect advance payments for more than one month of service if it maintains on file with the Commission a bond covering its current balance of deposits and advance payments (for more than one month's service). A company may apply to the Commission for a waiver of the bond requirement by demonstrating that it possesses the financial resources and income to provide assurance of continued operation under its certificate over the long term.

Regarding the showing of financial capability, the Finance staff has analyzed the unaudited financial statements of Frontier Corporation, the parent of Frontier Communications Services (FCS), for the periods ending December 31, 1997 and September 30, 1998. An audit could change one's opinion of the applicant's financial condition. As the attached schedule shows, FCS has minimal liquidity, but sufficient common equity and reported a positive net income for 1998.

In this matter, FCS is requesting a waiver of the bond requirement as stated in Section 25-24.490 (2) of the Florida Administrative Code. For purposes of granting a waiver based on the financial information provided, the applicant appears to meet the financial capability standard of Section 25-24.490 (2), Florida Administrative Code. In addition, Frontier Corporation, the parent company, assumes full and ultimate responsibility for all financial obligations of Frontier Communications Services within the State of Florida. Therefore, staff recommends that the request for a bond waiver be granted.

- ACK _____
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cc: Division of Legal Services
 Division of Records and Reporting (2)

DOCUMENT NUMBER-DATE

02546 FEB 26 99

REC'D-RECORDS REPORTING

DOCKET NO. 990027-TT
ALLNET COMMUNICATION SERVICES d/b/a FRONTIER
COMMUNICATIONS SERVICES

REQUEST FOR BOND WAIVER
FINANCIAL ANALYSIS

CONSOLIDATED FINANCIAL STATEMENTS OF FRONTIER CORPORATION

	FOR THE NINE MONTHS ENDED	FOR THE TWELVE MONTHS ENDED
	09/30/98	12/31/97
	(,000)	(,000)
CURRENT ASSETS	\$593,618	\$490,305
CURRENT LIABILITIES	564,036	492,978
CURRENT RATIO	1.05	0.99
CASH	85,143	26,302
COMMON EQUITY	1,012,314	974,369
TOTAL DEBT	1,108,919	934,681
TOTAL INVESTOR CAPITAL	2,121,233	1,909,050
COMMON EQUITY RATIO	48%	51%
NET INCOME	124,825	(24,337)
RETURN ON EQUITY	12%	NMF

NMF = No Meaningful Figure