



Public Service Commission

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

DATE: April 29, 1999
 TO: Toni McCoy, Division of Communications
 FROM: Pete Lester, Division of Auditing and Financial Analysis *PL*
 RE: Docket No. 990491-TX, SBC National, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service *aj*

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 SBC Communications, Inc., the parent company of SBC National, Inc. (SBCN) for the period ending December 31, 1998. As the attached schedule shows, SBCN's parent company has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, SBCN is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application. 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 its parent company is the successor company to two regional Bell holding companies and has an A+ bond rating from Standard & Poor's. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
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- LEG _____
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- RRR _____
- SEC _____
- WAW _____
- OTH _____

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

DOCUMENT NUMBER-DATE

05514 APR 30 89

FPSC-RECORDS/REPORTING

DOCKET NO. 990491-TX
SBC NATIONAL, INC.
ALEC CERTIFICATE

FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS
OF SBC COMMUNICATIONS, INC., PARENT
COMPANY OF SBC NATIONAL, INC.

\$ IN MILLIONS	AS OF <u>12/31/98</u>
CURRENT ASSETS	\$7,538
CURRENT LIABILITIES	8,438
CURRENT RATIO	0.89
CASH	460
COMMON EQUITY	12,780
TOTAL DEBT	14,163
TOTAL PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	26,943
COMMON EQUITY RATIO	47%
NET INCOME	4,023
RETURN ON EQUITY	31%