



Public Service Commission

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

DATE: August 30, 2000
TO: Tommy Williams, Division Regulatory Oversight *ALM*
FROM: David J. Draper, Division Economic Regulation *DD*
RE: Docket No. 001007-TI, Bond Waiver Request of Enron Broadband Services, Inc.

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 audited financial statements of Enron Corporation (EC) parent company of Enron Broadband Services, Inc. (EBS) for the periods ended December 31, 1997, 1998 and 1999. Although EC has had marginal liquidity, the attached schedule shows that EC has had sufficient common equity, positive net income and strong interest coverage for the three year period.

In this matter, EBS is requesting a waiver of the bond requirement as stated in Section 25-24.490 (2) of the Florida Administrative Code. EBS's can rely on the substantial financial resources of its parent company to guarantee the safety of any customer deposits. 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. Therefore, staff recommends that the request for a bond waiver be granted.

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

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DOCUMENT NUMBER-DATE

10849 SEP-18

FPSC-RECORDS/REPORTING

DOCKET NO. 001007-TI
 ENRON BROADBAND SERVICES, INC.
 REQUEST FOR BOND WAIVER
 FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

(in millions)

[Enron Corporation Financial Statements]	1999	1998	1997
Current Assets	7,255	5,933	4,113
Current Liabilities	6,759	6,107	3,856
Working Capital	\$496	(\$174)	\$257
Current Ratio	1.07	0.97	1.07
Equity	\$9,570	\$7,048	\$5,618
Investor Capital	7,151	7,357	6,254
Total Capital	16,721	14,405	11,872
Equity Ratio	57.2%	48.9%	47.3%
Interest	656	550	401
Income Taxes	104	175	90
Net Income	893	703	105
EBIT	1,653	1,428	596
Interest Coverage	2.52	2.60	1.49
Net Income (loss)	\$893	\$703	\$105
ROE	9.33%	9.97%	1.87%

Source: Enron Corporation's SEC Financial Filings for 1999, 1998 & 1997
 NMF = No Meaningful Figure