

State of Florida



Public Service Commission
-M-E-M-O-R-A-N-D-U-M-

DATE: December 13, 2002
TO: Nancy Pruitt, Division of Competitive Markets and Enforcement
FROM: Pete Lester, Division of Economic Regulation *PL*
RE: Docket No. 021198-TI - Petition of BellSouth Long Distance, Inc. for Waiver of Florida
Public Service Commission Surety Bond Requirement

ALM
D.M.

Rule 25-24.490 (3), F.A.C., states that a minor IXC:

. . . may require a deposit as a condition for 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.

On December 2, 2002, BellSouth Long Distance, Inc. (BSLD) filed a petition for waiver of the bond requirement. As part of its petition, BSLD filed the most recent SEC Form 10-K for its parent company, BellSouth Corporation (BellSouth). The 10-K included audited financial statements for the year ended December 31, 2001. Staff analyzed the financial statements and calculated financial ratios.

In its petition, BSLD states that it is a wholly-owned subsidiary of BellSouth. It also states that it has a significant and strong financial position and that it will retain a relatively small amount of customer deposits. As of October 2002, BellSouth has an A+ bond rating by Standard and Poor's.

Staff's analysis of the financial statements is attached and indicates that BellSouth has adequate liquidity, ownership equity, interest coverage, and profitability. Staff believes that BSLD has the financial means to guarantee the security of its customers' deposits.

cc: General Counsel
Division of the Commission Clerk and Administrative Services

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