



Public Service Commission

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

DATE: March 1, 2000
TO: Nancy Pruitt, Division of Communications
FROM: Eva P. Samaan, Division of Auditing and Financial Analysis
RE: Docket No. 991661-TX, Claricom Networks, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

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 unaudited financial statements of Staples, Inc. parent company of Claricom Networks, Inc. (CNI) for the period ending July 31, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, CNI has adequate liquidity, sufficient common equity and reported a positive net income for the period.

In this matter, CNI is asking for a certificate to provide alternative local exchange telecommunications 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. CNI has sufficient financial resources through it parent company, Staples, Inc., which is a publicly traded company with annual sales in excess of five billion dollars. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

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

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DOCKET NO. 991661-TX
STAPLES, INC.

ALEC TELECOMMUNICATION SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS AS OF 7/31/99

CURRENT ASSETS	\$2,029,231
CURRENT LIABILITIES	1,352,099
CURRENT RATIO	1.50
CASH	0
COMMON EQUITY	1,733,678
LONG-TERM DEBT	263,560
TOTAL INVESTOR CAPITAL	1,997,238
COMMON EQUITY RATIO	87%
NET INCOME	52,744
RETURN ON EQUITY	3%