



Public Service Commission

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

DATE: April 2, 1997
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis *ALM*
RE: Docket No. 961472-TI, Clarity Telecom LD Network Services, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *APC*

Section 364.337 (3), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide intrastate interexchange telecommunications 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 combined financial statements of Executone Information Systems, Inc.'s Direct Sales and Services Offices, which reflect the assets and liabilities of Clarity Telecom LD Network Services, Inc., (Clarity) for the period ending December 31, 1995. The applicant has requested confidential treatment of its financial statements. Based on the review of the applicant's financial information, Clarity has adequate liquidity and ownership equity but reports negative net income.

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In this matter, Clarity is asking for a certificate to provide IXC 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. The applicant notes that it has sufficient operational revenues. Also, the applicant provided bank and loan references, credit references, and trade references. Finally, the applicant indicates that it has adequate access to the necessary capital to provide and maintain the requested service it proposes to offer in Florida through Clarity Telecom Holdings, Inc., the parent company. 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

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