



Public Service Commission

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

DATE: January 7, 2000
TO: Nancy Pruitt, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis
RE: Docket No. 991994-TX, Concentric Carrier Service, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

Handwritten initials: ALM, DJ, and others.

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 Concentric Carrier Service, Inc. (CCS) for the nine month period ending September 30, 1999. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, CCS has adequate liquidity, but reports marginal common equity and negative income for the period.

In this matter, CCS is asking for a certificate to provide alternative local exchange telecommunications service. For purposes of granting a certificate based on the financial information provided, the financial capability appears marginal.

Although an analysis of the financial statements reveals the applicant is in a marginal financial position, the applicant attests to its financial capability by noting that it has adequate liquid assets to provide and maintain the proposed telecommunications service. Based on this showing, the applicant appears to meet the financial capability standard of Section 364.337, Florida Statutes.

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

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

DOCKET NO. 991994-TX
CONCENTRIC CARRIER SERVICE, INC.

ALTERNATIVE LOCAL EXCHANGE SERVICE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 09/30/1999 (,000)
CURRENT ASSETS	\$324,438
CURRENT LIABILITIES	52,808
CURRENT RATIO	6.14
CASH	82,982
COMMON EQUITY	38,086
TOTAL DEBT	153,142
TOTAL INVESTOR CAPITAL	191,228
COMMON EQUITY RATIO	20%
NET INCOME	(20,093)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure