



Public Service Commission

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

DATE: March 18, 1997
TO: Tom Williams, Division of Communications
FROM: Sonja Jones, Division of Auditing and Financial Analysis, *ALM*
RE: Docket No. 961163-TI, Marathon Communications Corp. d/b/a Marathon Communications Corp. Atlanta Corp., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service

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 unaudited financial statements of Marathon Communications Corp. (MCC) for the period ending December 31, 1996. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, MCC has minimal liquidity and reports negative common equity and negative net income.

In this matter, MCC 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 minimal.

Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service. The applicant notes that it has sufficient cash reserves to support operations and expansion for the foreseeable future. Further, its stockholders and owners have pledged cash reserves to cover foreseeable operations. 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

DOCUMENT NUMBER DATE

02866 MAR 19 97

FPSC-RECORDS/REPORTING

DOCKET NO. 961163
MARATHON COMMUNICATIONS CORP.
d/b/a MARATHON COMMUNICATIONS CORP. ATLANTA CORP.
IXC CERTIFICATE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

**AS
OF
12/31/96**

CURRENT ASSETS	\$106,424
CURRENT LIABILITIES	435,641
CURRENT RATIO	0.24
COMMON EQUITY	(175,188)
TOTAL DEBT	86,612
TOTAL INVESTOR CAPITAL	(88,576)
COMMON EQUITY RATIO	NMF
NET INCOME	(288,324)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure