



# Public Service Commission

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

DATE: November 4, 1998  
 TO: Nancy Pruitt, Division of Communications  
 FROM: David J. Draper, Division of Auditing and Financial Analysis *ALM*  
 RE: Docket No. 981364-TI, Mercury Marketing Company, Ltd., 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 Mercury Marketing Company, Ltd. (MMC) for the period ending December 31, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, MMC has minimal liquidity, low common equity and reported a negative net income for the period.

ACK \_\_\_\_\_ In this matter, MMC is asking for a certificate to provide IXC service. For purposes of granting  
 AFA \_\_\_\_\_ a certificate based on the financial information provided, the financial capability appears  
 APP \_\_\_\_\_ minimal.  
 CAF \_\_\_\_\_  
 CMU \_\_\_\_\_ Although an analysis of the financial statements reveals the applicant is in a minimal financial  
 CTR \_\_\_\_\_ position, the applicant attests to its financial capability to provide and maintain the proposed  
 EAG \_\_\_\_\_ telecommunications service by noting that MMC proposes to operate as a reseller in the state  
 LEG \_\_\_\_\_ of Florida, and will incur minimal capital or operating expenses. In addition, MMC has the  
 LIR \_\_\_\_\_ ability to obtain additional financing through traditional commercial lending institutions. Based  
 OTH \_\_\_\_\_ 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)

DOCUMENT NUMBER-DATE  
 12650 NOV 12 8  
 FPSC-RECORDS/REPORTING

DOCKET NO. 98136  
MERCURY MARKETING COMPANY, LTD.

IXC TELECOMMUNICATION SERVICE  
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 12/31/97
CURRENT ASSETS	\$101,607
CURRENT LIABILITIES	125,076
CURRENT RATIO	0.81
CASH	0
COMMON EQUITY	10,004
TOTAL DEBT	44,336
TOTAL INVESTOR CAPITAL	54,340
COMMON EQUITY RATIO	18%
NET INCOME	(36,794)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure