



Public Service Commission

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

DATE: January 26, 2000
 TO: Tommy Williams, Division of Communications
 FROM: Pete Lester, Division of Auditing and Financial Analysis *PL ALM*
 RE: Docket No. 991811-TI, Metrocall, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *[Signature]*

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 financial statements of Metrocall, Inc. (Metrocall) for the period ending December 31, 1998. As the attached schedule shows, Metrocall has a low level of liquidity and insufficient common equity. The company reported a loss for the period.

AFA _____
 APP _____ In this matter, Metrocall is asking for a certificate to provide IXC service. Staff notes the limited
 CAF _____ nature of the application. For purposes of granting a certificate based on the financial information
 CMU _____ provided, the financial capability appears minimal.
 CTR _____
 EAG _____
 LEG _____ Although an analysis of the financial statements reveals the applicant is in a minimal financial
 MAS _____ position, the applicant attests to its financial capability to provide and maintain the proposed
 OPC _____ telecommunications service by noting that it has access to the public capital markets. The company
 RRR _____ has successfully issued preferred stock and long-term bonds. Based on this showing, the applicant
 SEC _____ appears to meet the financial capability standard of Section 364.337, Florida Statutes.
 VAW _____
 OTH _____

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

DOCUMENT NUMBER-DATE

0-1367 FEB-18

FPSC-RECORDS/REPORTING

DOCKET NO. 991811-TI
METROCALL, INC.
IXC CERTIFICATE

FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS

IN THOUSANDS

AS OF
12/31/1998

CURRENT ASSETS	\$75,925
CURRENT LIABILITIES	103,030
CURRENT RATIO	0.74
CASH	8,436
COMMON EQUITY	45,429
TOTAL DEBT	743,334
PREFERRED STOCK	160,742
TOTAL INVESTOR CAPITAL	949,505
COMMON EQUITY RATIO	5%
NET INCOME	(126,484)
RETURN ON EQUITY	NEGATIVE