



Public Service Commission

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

DATE: August 21, 1996
 TO: Tom Williams, Division of Communications
 FROM: Sonja Jones, Division of Auditing and Financial Analysis ^{A.L.M.} ST APC
 RE: Docket No. 960713-TS, Time Warner Connect, Financial Analysis for Certificate Application for Shared Tenant Service

Section 364.339 (2), Florida Statutes, requires the following:

The commission shall grant certificates to telecommunications companies upon showings that the applicants have sufficient technical, financial, and managerial capabilities to provide shared tenant services.

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 Time Warner, Inc., the parent company, (TWC) for the period ending December 31, 1995. As the attached schedule shows, TWC has adequate liquidity but marginal ownership equity and reports negative net income.

In this matter, TWC is asking for a certificate to provide Shared Tenant service. Staff notes the limited nature of the application and that no customer provided funds are at risk. 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 to provide and maintain the proposed telecommunications service by noting that Time Warner, Inc., the parent company, will make available such funds as may be necessary for its projected operation costs at the request of the applicant.

cc: Division of Legal Services
Division of Records and Reporting

DOCUMENT NUMBER-DATE

09508 SEP-6 96

FPSC-RECORDS/REPORTING

DOCKET NO. 960713-TS
TIME WARNER CONNECT
SHARED TENANT CERTIFICATE
FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS
OF TIME WARNER, INC. (PARENT COMPANY)

	AS OF 12/31/95
CURRENT ASSETS	\$3,720,000,000
CURRENT LIABILITIES	2,993,000,000
CURRENT RATIO	1.24
CASH	628,000,000
COMMON EQUITY	3,667,000,000
	<small>(INCLUDES PREFERRED STOCK)</small>
TOTAL DEBT	9,941,000,000
TOTAL INVESTOR CAPITAL	13,608,000,000
COMMON EQUITY RATIO	27%
NET INCOME (LOSS)	(166,000,000)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure

Time Warner's Loss is due mainly to various acquisitions