



Public Service Commission

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

DATE: September 28, 1998
 TO: Tommy Williams, Division of Communications
 FROM: David J. Draper, Division of Auditing & Financial Analysis *APC* *ALM*
 RE: Docket No. 981041-TI, Bond Waiver Request of Time Warner AxS of Florida, L.P., d/b/a Time Warner Telecom *[Signature]*

Section 25-24.490 (2), Florida Administrative Code, requires the following:

An interexchange company may require a deposit as a condition of service and may collect advance payments for more than one month of service if it maintains on file with the Commission a bond covering its current balance of deposits and advance payments (for more than one month's service). A company may apply to the Commission for a waiver of the bond requirement by demonstrating that it possesses the financial resources and income to provide assurance of continued operation under its certificate over the long term.

Regarding the showing of financial capability, the Finance staff has analyzed the unaudited financial statements of Time Warner AxS of Florida, L.P., d/b/a Time Warner Telecom (TWT) for the period ending June 30, 1998. In addition, staff has analyzed the audited financial statements of Time Warner, Inc. (TW), the parent company, for the period ending December 31, 1997. An audit could change one's opinion of TWT's financial condition. As the attached schedule shows, TWT has sufficient common equity, but has minimal liquidity and negative net income. Furthermore, as the attached schedule shows, TW has sufficient common equity, adequate liquidity, but reports negative net income.

ACK _____
 AFA _____
 APP _____ In this matter, TWT is requesting a waiver of the bond requirement as stated in Section 25-24.490 (2) of the Florida Administrative Code. TWT is in the process of issuing \$400 million in long-term debt to fund and support its expanding telecommunication operations. For purposes of granting a waiver based on the financial information provided, the applicant appears to meet the financial capability standard of Section 25-24.490 (2), Florida Administrative Code. Therefore, staff concludes that the request for a bond waiver be granted.
 CAF _____
 CMU _____
 CTR _____

EAG _____
 LEG _____

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

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REG. REP. DIV. REPORTING

DOCKET NO. 981041-
TIME WARNER AxS OF FLORIDA, L.P., d/b/a TIME
WARNER TELECOM

REQUEST FOR BOND WAIVER
FINANCIAL ANALYSIS

FINANCIAL STATEMENTS OF	TIME WARNER TELECOM UNAUDITED AS OF 06/30/98 (,000)	TIME WARNER AUDITED AS OF 12/31/97 (,000,000)
CURRENT ASSETS	\$15,792	\$5,011
CURRENT LIABILITIES	63,743	4,371
CURRENT RATIO	0.25	1.15
CASH	0	2,447
COMMON EQUITY	256,467	9,356
TOTAL DEBT	152,584	11,833
TOTAL INVESTOR CAPITAL	409,051	21,189
COMMON EQUITY RATIO	63%	44%
NET INCOME	(43,923)	(73)
RETURN ON EQUITY	NMF	NMF

NMF = No Meaningful Figure