



Public Service Commission

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

DATE: June 23, 1999
TO: Tommy Williams, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis
RE: Docket No. 990560-TX, Metromedia Fiber Network Services, Inc., Financial Analysis for Certificate Application for Alternative Local Exchange Telecommunications Service

Section 364.337 (1), Florida Statutes, requires the following:

The commission shall grant a certificate of authority to provide alternative local exchange 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 Metromedia Fiber Network, Inc., the parent company of Metromedia Fiber Network Services, Inc. (MFNS), for the period ending December 31, 1998. As the attached schedule shows, MFNS' parent company has adequate liquidity and reported a positive net income for the period. With a 19% equity ratio, the parent company has an inadequate level of common equity.

In this matter, MFNS is asking for a certificate to provide alternative local exchange telecommunications service. Staff notes the limited nature of the application. For purposes of granting a certificate based on the financial information provided, the financial capability appears adequate.

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The applicant attests\* to its financial capability to provide and maintain the proposed telecommunications service by noting that its parent company has sizeable financial assets and will guarantee MFNS' financial obligations. The parent company has access to the public debt and equity markets. 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 (2)

DOCUMENT NUMBER-DATE

07800 JUN 28 99

FPSC-RECORDS/REPORTING

DOCKET NO. 990560-T  
DOCKET NO. 990556-TI  
METROMEDIA FIBER NETWORK SERVICES, INC.  
IXC AND ALEC CERTIFICATES

FINANCIAL ANALYSIS

FROM AUDITED FINANCIAL STATEMENTS  
OF METROMEDIA FIBER NETWORK, INC., THE PARENT  
COMPANY OF METROMEDIA FIBER NETWORK SERVICES, INC.

\$ IN THOUSANDS	AS OF <u>12/31/98</u>
CURRENT ASSETS	\$665,823
CURRENT LIABILITIES	110,773
CURRENT RATIO	6.01
CASH	569,319
COMMON EQUITY	157,514
TOTAL DEBT	672,675
TOTAL PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	830,189
COMMON EQUITY RATIO	19%
NET INCOME	4,023
RETURN ON EQUITY	3%