



ORIGINAL
Public Service Commission

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

DATE: December 3, 1997
 TO: Tom Williams, Division of Communications
 FROM: Pete Lester, Division of Auditing and Financial Analysis *ALM*
 RE: Docket No. 971392-TI, Digital Media Partners, Financial Analysis for Certificate *APC*
 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 . . .

ACK _____ Regarding the showing of financial capability, the Finance staff has analyzed the audited
 AFA _____ financial statements of Time Warner, Inc., the parent company of Digital Media Partners
 APP _____ (DMP), for the year ended December 31, 1996. As the attached schedule shows, Time Warner
 CAF _____ has adequate liquidity. The company reports low but adequate common equity, and it incurred
 CM I _____ a loss for the year.

CTI _____ In this matter, DMP is asking for a certificate to provide IXC service. Staff notes the limited
 E C _____ nature of the application. For purposes of granting a certificate based on the financial
 L _____ information provided, the financial capability appears adequate.

The applicant appears to have the financial capability to provide and maintain the proposed telecommunications service since Time Warner has an \$8.3 billion credit facility through the year 2000 and it is continually involved in the refinancing of debt. Time Warner's bond rating from S & P is BBB-. 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 NO. DATE

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DOCKET NO. 971392-TI
DIGITAL MEDIA PARTNERS
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM AUDITED FINANCIAL STATEMENTS OF TIME WARNER, THE
PARENT COMPANY

IN MILLIONS	TWELVE MONTH ENDED DECEMBER 31, 1996
CURRENT ASSETS	4,821
CURRENT LIABILITIES	4,001
CURRENT RATIO	1.20
CASH	452
COMMON EQUITY	9,498
TOTAL DEBT	15,833
PREFERRED STOCK	4
TOTAL INVESTOR CAPITAL	25,335
COMMON EQUITY RATIO	37%
NET INCOME	(191)
RETURN ON EQUITY	NEGATIVE