



Public Service Commission

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

DATE: September 4, 1997
TO: Brenda Hawkins, Division of Communications
FROM: Pete Lester, Division of Auditing and Financial Analysis *PZ*
RE: Docket No. 970777-TI, Z-Tel, Inc., Financial Analysis for Certificate Application for Intrastate Interexchange Telecommunications Service *ALM APC [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 unaudited balance sheet of Z-Tel, Inc. (Z-Tel) as of June 1, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, Z-Tel has adequate liquidity and ownership equity. As a start-up company, it has no net income.

- ACK _____
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- In this matter, Z-Tel is asking for a certificate to provide IXC 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.*
- The applicant attests to its financial capability to provide and maintain the proposed telecommunications service by noting its anticipated revenue should be adequate, it will have additional funding from its shareholder if needed, and as a switchless reseller it will not own or lease facilities. 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

08989 SEP-85

FPSC-RECORDS/REPORTING

DOCKET NO. 970777-TI
Z-TEL, INC.
IXC CERTIFICATE
FINANCIAL ANALYSIS
ATTESTATION DONE

FROM UNAUDITED BALANCE SHEET
START-UP COMPANY

AS OF
JUNE 1, 1997

CURRENT ASSETS	25,000
CURRENT LIABILITIES	0
CURRENT RATIO	NMF
CASH	25,000
COMMON EQUITY	58,832
TOTAL DEBT	0
PREFERRED STOCK	0
TOTAL INVESTOR CAPITAL	58,832
COMMON EQUITY RATIO	100%
NET INCOME	0 *
RETURN ON EQUITY	NMF

NMF=NO MEANINGFUL FIGURE

* BALANCE SHEET ONLY