



Public Service Commission

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

DATE: October 22, 1997
TO: Tom Williams, Division of Communications
FROM: David J. Draper, Division of Auditing and Financial Analysis *DD APC*
RE: Docket No. 971291-TX, EZ Talk Communications, L.L.C., Financial Analysis *ALM*
 Certificate Application for Alternative Local Exchange Telecommunications Service *APC*

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 unaudited financial statements of EZ Talk Communications, L.L.C. (EZC) for the seven month period ending July 31, 1997. An audit could change one's opinion of the company's financial condition. As the attached schedule shows, EZC has minimal liquidity, negative common equity and reported a negative net income for the period.

In this matter, EZC is asking for a certificate to provide alternative local exchange telecommunications service. For purposes of granting a certificate based on the financial information provided, the financial capability appears minimal.

Although an analysis of the financial statements reveals the applicant is in a minimal financial position, the applicant attests to its financial capability to provide and maintain the proposed telecommunications service. EZC's majority interest holder, James Brown, will provide any additional funds necessary to meet the capital and financial requirements of EZC. 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)

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DOCKET NO. : 971291-TX
EZ TALK COMMUNICATIONS, L.L.C.

ALTERNATIVE LOCAL EXCHANGE
FINANCIAL ANALYSIS

FROM UNAUDITED FINANCIAL STATEMENTS

	AS OF 07/31/97
CURRENT ASSETS	\$114,954
CURRENT LIABILITIES	261,124
CURRENT RATIO	0.44
CASH	0
COMMON EQUITY	(104,649)
TOTAL DEBT	43,823
TOTAL INVESTOR CAPITAL	(60,826)
COMMON EQUITY RATIO	NMF
NET INCOME	(300,075)
RETURN ON EQUITY	NMF

NMF = No Meaningful Figure