

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE APPLICATION OF Z-TEL COMMUNICATIONS, INC. FOR A CERTIFICATE OF AUTHORITY TO PROVIDE LOCAL EXCHANGE SERVICES IN SOUTH DAKOTA)	ORDER GRANTING AMENDED CERTIFICATE OF AUTHORITY TC00-196
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On November 29, 2000, the Public Utilities Commission (Commission) received an application for a certificate of authority from Z-Tel Communications, Inc. (Z-Tel).

Z-Tel proposed to offer local exchange service, custom calling and CLASS features, local operator assisted services and other services basic to local exchange service. Z-Tel intends to offer its services initially in the territory now served by Qwest Corporation. A proposed tariff was filed by Z-Tel.

On November 30, 2000, the Commission electronically transmitted notice of the filing and the intervention deadline of December 15, 2000, to interested individuals and entities. No petitions to intervene or comments were filed and at its regularly scheduled March 6, 2001, meeting, the Commission considered Z-Tel's request for a certificate of authority. Commission Staff recommended granting a certificate of authority, subject to a continuous \$25,000 surety bond, and subject to rural safeguards. Commission Staff further recommended a waiver of ARSD 20:10:32:03(11).

At its regularly scheduled March 6, 2001, meeting, the Commission found that it had jurisdiction over Z-Tel's application pursuant to SDCL Chapter 49-31, specifically 49-31-69 and ARSD 20:10:32:03. The Commission found that Z-Tel had met the legal requirements established for the granting of a certificate of authority. Z-Tel had, in accordance with SDCL 49-31-71, demonstrated sufficient technical, financial and managerial capabilities to offer telecommunications services in South Dakota. Further, the Commission found that there was good cause to waive subparagraph (11) of ARSD 20:10:32:03. The Commission granted Z-Tel's application for a certificate of authority to provide local exchange services subject, inter alia, to a continuous \$25,000 bond.

On February 4, 2002, Commission Staff received a Notice of Cancellation of Bond by Surety from Crum & Forster Insurance indicating that the surety, United States Fire Insurance Company, would cancel Bond. No. 610 230623 4, issued on or about January 29, 2001, on behalf of the Principal, Z-Tel Communications, Inc. On February 19, 2002, Staff filed a Motion For Reconsideration of the Terms and Conditions of Certificate of Authority and the Commission electronically transmitted notice of the filing and the meeting date of February 26, 2002, to Z-Tel.

At its regularly scheduled February 26, 2002, meeting, Staff recommended that the Commission reconsider the terms and conditions of Z-Tel's certificate of authority to

remove the requirement that the certificate of authority be subject to a continuous \$25,000 bond and impose a new restriction that Z-Tel not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission. No representative of Z-Tel appeared at the meeting.

On April 22, 2002, Commission Staff received a \$25,000 surety bond from Z-Tel and a letter requesting that its ability to obtain advance payments be reinstated.

At its regularly scheduled May 9, 2002, meeting, Staff recommended that the Commission reconsider the terms and conditions of Z-Tel's certificate of authority to permit Z-Tel to post a \$25,000 surety bond, and remove the restrictions with reference to Z-Tel not offering a prepaid calling card or requiring deposits or advance payments without prior approval of the Commission.

The Commission amends Z-Tel's certificate of authority, subject to a \$25,000 surety bond, and removes the restrictions with reference to Z-Tel not offering a prepaid calling card or requiring deposits or advance payments without prior approval of the Commission. It is therefore

ORDERED, that Z-Tel's certificate of authority to provide local exchange services is amended, subject to a \$25,000 surety bond, and without restrictions with reference to Z-Tel not offering a prepaid calling card or requiring deposits or advance payments without prior approval of the Commission.

Dated at Pierre, South Dakota, this 16th day of May, 2002.

CERTIFICATE OF SERVICE	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By:	<u>Helaine Kalbo</u>
Date:	<u>5/17/02</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Robert K. Sahr
ROBERT K. SAHR, Commissioner