



NEW APPLICATION  
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AZ CORP COMMISSION  
DOCUMENT CONTROL

## LoTel, Inc.

d/b/a Coordinated Billing Services  
Sarah L. Oistad, Corporate Counsel  
8120 Penn Avenue South  
Suite 159  
Bloomington, Minnesota, 55431

Telephone: 612-881-9408  
Facsimile: 612-881-9302  
Email: sarahoistad@uswest.net

DOCKET NO. T-03846A-00-0143

February 28, 2000

Arizona Corporation Commission  
Docket Control Center  
1200 West Washington Street  
Phoenix, Arizona 85007-2996

**RE: LoTel, Inc. d/b/a Coordinated Billing Services' Application for Certificate of Convenience and Necessity to Provide Competitive Intrastate Telecommunications Services as a Reseller**

To Whom It May Concern:

Enclosed please find an original and ten copies of the Application of LoTel, Inc. d/b/a Coordinated Billing Services for authority to resell intrastate inbound and outbound long distance telecommunications service within and throughout the state of Arizona. The Company is applying for authority as a switchless reseller only, and will not provide operator services.

I have provided an additional application to be stamped as filed and returned to Sarah Oistad, LoTel, Inc., 8120 Penn Avenue South, Suite 159, Bloomington, Minnesota, 55431, in the enclosed self-addresses stamped envelope.

If you have any questions regarding this application, please feel free to call me at (612) 881-9408. Thank you.

Sincerely,

Sarah L. Oistad  
Corporate Counsel

Enc.

FORM B

ARIZONA CORPORATION COMMISSION

Application and Petition for Certificate of Convenience and Necessity to Provide  
Intrastate Telecommunication Services as an Interexchange Reseller

Mail original plus 10 copies of completed application to:

For Docket Control Only:  
(Please Stamp Here)

Docket Control Center  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007-2927

If you have current applications pending in Arizona as  
an Interexchange reseller, AOS provider, or as the  
provider of other telecommunication services.

Type of Service: \_\_\_\_\_  
Docket No.: \_\_\_\_\_ Date: \_\_\_\_\_

Docket No. \_\_\_\_\_

Type of Service: \_\_\_\_\_  
Docket No.: \_\_\_\_\_ Date: \_\_\_\_\_

Date Docketed \_\_\_\_\_

A. Company and Telecommunications Service Information

(A-1) The name, address, and telephone number (including area code) of the applicant(company):

LoTel, Inc. d/b/a Coordinated Billing Services  
8120 Penn Avenue South  
Suite 159  
Bloomington, MN 55431

Telephone: (612) 881-9408  
Facsimile: (612) 881-9302

(A-2) If doing business (dba) under a name other than the applicant (company) name listed above, specify:

Coordinated Billing Services

(A-3) The name, address, telephone number, facsimile number and email address of the management contact:  
Leon Oistad, President  
LoTel, Inc.  
8120 Penn Avenue South  
Suite 159  
Bloomington, MN 55431  
Telephone: 612-881-9408  
Facsimile: 612-881-9302

(A-4) The name, address, telephone number, facsimile number and email address of the Attorney, if any, representing the applicant:

(A-5) What type of legal entity is the applicant?

- Sole proprietorship
- Partnership: \_\_\_ limited, \_\_\_ general, \_\_\_ Arizona, \_\_\_ Foreign
- Limited liability company
- Corporation: X •S•, \_\_\_ •C•, \_\_\_ non-profit, \_\_\_ Arizona, X Foreign
- Other, specify:

(A-6) Include •Attachment A. Attachment A must list names of all owners, partners, limited liability company managers, or corporation officers and directors (specify), and indicate percentages of ownership.

(A-7) 1. Is your company currently reselling telecommunication services in Arizona? If yes, provide the date or the approximate date that you began reselling service in Arizona.

No.

2. If the answer to 1. is •yes•, identify the types of telecommunications services you resell; whether operator services are provided or resold and whether they are provided or resold to traffic aggregators (as defined in A.A.C. Rule R14-2-1001(3), a copy of which is attached); the number of customers in Arizona for each type of service; and the total number of intrastate minutes resold in the latest 12 month period for which data is available. Note: The Commission rules require that a separate CC&N, issued under Article 10, be obtained in order to provide operator services to traffic aggregators.

3. If the answer to 1. is •no•, when does your company plan to begin reselling service in Arizona?

The company plans to begin reselling service in Arizona as soon as authority is granted.

(A-8) Include •Attachment B• Attachment B, your proposed tariff, must include proposed rates and charges for each service to be provided, state the tariff (maximum) rate as well as the price to be charged, and state other terms and conditions, including deposits, that will apply to provision of the service(s) by your company.

The Commission provides pricing flexibility by allowing competitive telecommunications service companies to price their services at levels equal to or below the tariff (maximum) rates. The prices to be charged by the company are filed with the Commission in the form of price lists.

Note: Price list rate changes that result in rates that are lower than the tariff rate are effective upon concurrent notice to the Commission (See Rule R14-2-1109(B)(2)). See Rule R14-2-1110 for procedures to make price list changes that result in rates that are higher than the tariff rate.

(A-9) The geographic market to be served is:

- • • • Statewide- The company intends to resell its services within and throughout the entire state of Arizona.
- Other. Describe and provide a map depicting the area.

(A-10) List the states in which you currently resell services similar to those you intend to resell in Arizona. California, Idaho, Indiana, Iowa, Hawaii, Kentucky, Michigan, Montana, New Jersey, Oregon, Texas, Utah, Virginia, Wisconsin, Wyoming.

(A-11) Provide the name, address, and telephone number of the company's complaint contact person.  
Leon Oistad  
8120 Penn Avenue South, Suite 159, Bloomington, MN 55431  
612-881-9408

(A-12) Provide a list of states in which you have sought authority to resell telecommunications services and in which the state granted the authority with major changes and conditions or did not grant your application for those services. For each state listed, provide a copy of the Commission's decision modifying or denying your application for authority to provide telecommunications services.

Not applicable

(A-13) Has the company been granted authority to provide or resell telecommunications services in any state where subsequently the authority was revoked? If \*yes\*, provide copies of the State Regulatory Commission's decision revoking its authority.

No

(A-14) Has the company been or is the company currently involved in any formal complaint proceedings before any State or Federal Regulatory Commission? If \*yes\*, in which states is the company involved in proceedings and what is the substance of these complaints. Also, provide copies of Commission orders that have resolved any of these complaints. Yes. Michigan - two complaints. The first complaint alleged unauthorized conversion of telecommunication services. LoTel has defended itself against any alleged wrongdoing. ~~The decision is still pending. The second complaint was dismissed.~~ The order is attached.

(A-15) Has the applicant been involved in any civil or criminal investigations related to the delivery of telecommunications services within the last five years? If \*yes\*, in which states has the applicant been involved in investigations and why is the applicant being investigated?

No

(A-16) Has the applicant had judgment entered against it in any civil matter or been convicted of criminal acts related to the delivery of telecommunications services within the last five years? If yes, list the states where judgment or conviction was entered and provide a copy of the court order.

No

## B. Technical Information

(B-1) If your company is a switchless reseller, provide the name of the company or companies whose services you resell and skip to question (B-2). If you are not a switchless reseller, complete the remainder of this section.

Sprint

Include • Attachment C. • Attachment C should provide the following information: A diagram of the applicant's basic call network used to complete Arizona intrastate telecommunications traffic. This diagram should show how a typical call is routed in both its originating and terminating ends (i.e. show the access network and call completion network).

Also include on the diagram the carrier(s) used for each major network component and indicate if the carrier is facilities-based or not. If the carrier is not facilities-based, indicate who owns the facilities (within the State of Arizona) that are used to originate and terminate the applicant's intrastate

telecommunications traffic (i.e. provide a list of the Arizona facilities-based long distance carriers whose facilities are used to complete the applicant's intrastate traffic).

(B-2) Will your customers be able to access alternative toll service providers or resellers via 1+ or 101XXXX access, if your system becomes non-operational?

Yes.

### C. Financial Information

(C-1) Include • Attachment D•, Attachment D **must** include a copy of your Company's balance sheet, income statement, audit report (if audited) and all related notes to these financial statements for the two most recent years your Company has been in business.

(C-2) If your Company does not have financial statements for the two most recent years, please give the date your Company began operations.

July 13, 1998

(C-3) If the balance sheets you submit do not have retained earnings accounts, please provide this account information on a separate sheet.

Not applicable

(C-4) If your Company is a subsidiary, please provide your Parent Company's financial statements, in addition to your Company's financial statements.

Not applicable.

(C-5) If your Company intends to rely on the financial resources of its Parent Company, please provide a written statement from your Parent Company attesting that it will provide complete financial backing if your Company experiences a net loss or a business failure and that it will guarantee re-payment of customers; advances, prepayments or deposits held by your Company if, for some reason, your Company cannot provide service or repay the deposits.

Not applicable.

(C-6) Will your customers be required to (or have the option to) pay advances, prepayments, or deposits for any of your products or services. No.

YES \_\_\_\_ (If yes, provide an explanation of how and when these customer advances prepayments or deposits will be applied or reference the terms and conditions section of your Company's tariffs with this explanation. If this information is not explained in the tariff of this application, please provide it on a separate sheet.)

NO X (Note: If at a later date, your Company decides it wants to offer or require customer advances, prepayments or deposits, it must submit financial statements as part of the tariff amendment process.)

I certify that if the applicant is an Arizona corporation, a current copy of the Articles of Incorporation is on file with the Arizona Corporation Commission and the applicant holds a Certificate of Good Standing from the Commission. If the company is a foreign corporation or partnership, I certify that the company has authority to transact business in Arizona. I certify that all appropriate city, county and/or State agency approvals have been obtained. Upon signing of this application, I attest that I have read the Commission's rules and regulations relating to the regulations of telecommunications services (A.A.C. Title 14, Chapter 2, Article 11) and that the company will abide by Arizona State Law including the Arizona Corporation Commission Rules and Regulations. I agree that the Commission's rules apply in the event there is a conflict between those rules and the company's tariff, unless otherwise ordered by the Commission. I certify that to the best of my knowledge the information provided in this Application and Petition is true and correct.

Sarah L. Oistad  
(Signature of Authorized Representative)

2-29-00  
(Date)

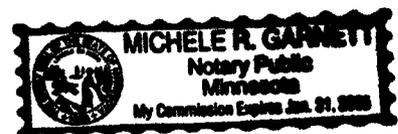
Sarah L. Oistad  
(Print Name of Authorized Representative)

Vice President  
(Title)

SUBSCRIBED AND SWORN to before me this 29<sup>th</sup> day of February 19 2000

[Signature]  
NOTARY PUBLIC

My Commission Expires 1/31/05



**ATTACHMENT A**

**PRESIDENT**

Leon Oistad  
8120 Penn Avenue South  
Suite 159  
Bloomington, Minnesota 55431

**VICE PRESIDENT**

Sarah Oistad  
8120 Penn Avenue South  
Suite 159  
Bloomington, Minnesota 55431

**DIRECTOR**

Leon Oistad  
8120 Penn Avenue South  
Suite 159  
Bloomington, Minnesota 55431

**SOLE SHAREHOLDER**

Leon Oistad  
8120 Penn Avenue South  
Suite 159  
Bloomington, Minnesota 55431

100% of percentage of ownership

**ATTACHMENT B – Tariff**

ARIZONA  
TELECOMMUNICATIONS TARIFF  
OF  
LOTEL, INC. D/BA COORDINATED BILLING SERVICES

8120 Penn Avenue South  
Suite 159  
Bloomington, Minnesota 55431

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of long distance telecommunications services within the state of Arizona by LoTel, Inc. d/b/a Coordinated Billing Services.

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Issued: February 16, 2000

Effective:

Issued by: Leon Oistad, President  
LoTel, Inc. d/b/a Coordinated Billing Services  
8120 Penn Avenue South  
Suite 159  
Bloomington, Minnesota 55431

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TARIFF CHECK SHEET

<u>SHEET NO.</u>	<u>REVISION</u>
Sheet 1	Original
Sheet 2	Original
Sheet 3	Original
Sheet 4	Original
Sheet 5	Original
Sheet 6	Original
Sheet 7	Original
Sheet 8	Original
Sheet 9	Original
Sheet 10	Original
Sheet 11	Original
Sheet 12	Original
Sheet 13	Original
Sheet 14	Original
Sheet 15	Original

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EXPLANATION OF SYMBOLS

- C- Changed Regulation
- D- Deleted or Discontinued rate or regulation
- I- Rate increase
- M- Matter moved or relocated without change
- N- New rate or regulation
- R- Rate reduction
- S- Reissued matter
- T- Change in text, but no change in rate or regulation
- Z- Correction

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TARIFF FORMAT SHEETS

A. Sheet numbering - Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. New sheets, however, are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.

B. Sheet revision numbers - Revision numbers also appear in the upper right hand corner of each page. These numbers are used to determine the most current sheet version on file with the Commission. For example, the 4th revised sheet 14 cancels the 3rd revised sheet 14. Because of various suspension periods, deferrals, and other factors beyond the Company's control, the most current sheet number on file with the Commission may not always be the tariff page in effect. Consult the Check Sheet for the sheets currently in effect.

C. Paragraph numbering sequence - There are nine levels of paragraph coding. Each level is subservient to its next higher level:

- 2.
- 2.1
- 2.1.1
- 2.1.1.A
- 2.1.1.A.1
- 2.1.1.A.1.(a)
- 2.1.1.A.1.(a).I
- 2.1.1.A.1.(a).I.(i)
- 2.1.1.A.1.(a).I.(i).1

D. Check sheets - When a tariff filing is made with the Commission, an updated check sheet accompanies the tariff filing. The check sheet lists the sheets contained in the tariff, with a cross reference to the current revision number. When new pages are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (\*). There will be no other symbols used on this page if these are the only changes made to it. The tariff user should refer to the latest check sheet to find out if a particular sheet is the most current on file with the Commission.

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## SECTION 1. TECHNICAL TERMS AND ABBREVIATIONS

**Access Line** - An arrangement which connects the customer's location to the underlying carrier's central office.

**Authorization Code** - A numerical code, one or more of which are available to a customer to enable him/her to access the carrier, and which are used by the carrier both to prevent unauthorized access to its facilities and to identify the customer for billing purposes.

**Commission**- The Arizona Corporation Commission

**Company or Carrier** - LoTel, Inc. d/b/a Coordinated Billing Services

**Customer** - The person, firm, corporation or other entity which orders service and is responsible for payment of charges due and compliance with the Company's tariff regulations.

**Customer Premise** - A Customer location from which calls are originated by Company.

**FCC or Commission** - Federal Communications Commission.

**Holidays** - The Company's recognized holidays are New Year's Day, July 4th, Labor Day, Thanksgiving Day, and Christmas Day.

**LEC** - Local Exchange Carrier.

**Service** - The communications offerings provided by the Company, i.e. resold long-distance voice and data service obtained by the Company from a facilities-based interexchange carrier.

**Underlying Carrier** - Facilities-based interexchange carrier providing the long-distance service being resold by the Company.

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## SECTION 2. REGULATIONS

### 2.1 Undertaking of the Company

#### 2.1.1 Scope

The Company undertakes to provide Long Distance Message Telecommunications Service within the state of Arizona in accordance with the terms and conditions set forth in this tariff. The Company does not own or operate long distance transmission facilities, but rather resells the facilities of underlying carriers.

#### 2.1.2 Shortage of Facilities

All service is subject to the availability of suitable facilities. The Company reserves the right to limit the length of communications or to discontinue furnishing services when necessary because of the lack of satellite or other transmission medium capacity or because of any causes beyond its control.

#### 2.1.3 Liability of the Company

(A) Except as stated in this Section 2.1.3, the Company shall have no liability for damages of any kind arising out of or related to events, acts, rights or privileges contemplated in this tariff. This tariff does not limit the liability of the Company for willful misconduct.

(B) The liability of the Company for damages resulting in whole or in part from or arising in connection with the furnishing of service under this tariff, including but not limited to mistakes, omissions, interruptions, delays, errors or other defects or misrepresentations shall not exceed an amount equal to five times the initial minute charge provided for under this tariff for the intrastate long distance call for the period during which the call was affected. No other liability in any event shall attach to the Company.

(C) The Company shall not be liable for any failure of performance hereunder due to causes beyond its control, including

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but not limited to acts of God, fires, flood or other catastrophes; any law, order, regulation, directive, action or request of the United States Government, or any other government, including state and local governments having jurisdiction over the Company, or of any department, agency, commission, bureau, corporation or other instrumentality of any one or more of said governments, or of any civil or military authority; or national emergencies, insurrections, riots, wars, or strikes or other labor difficulties.

(D) The Company shall not be liable for any act or omission of any other entity furnishing to the Customer facilities, equipment, or services used with the Company's Long Distance Message Telecommunications Service. Nor shall the Company be liable for any damages or losses due to the failure or negligence of the Customer or due to the failure of Customer-provided equipment, facilities or services.

#### 2.1.4 Claims

The Company shall be indemnified and saved harmless by the Customer from and against all loss, liability, damage and expense, including reasonable attorney's fees, due to claims for libel, slander, or infringement of copyright in connection with the material transmitted over the Company's facilities: and any other claim resulting from any act or omission of the Customer or patron(s) of the Customer relating to the use of the Company's facilities.

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2.2 Prohibited Uses

Long Distance Message Telecommunications Service shall not be used for any unlawful purpose.

2.3 Use of Service

Long Distance Message Telecommunications Service may be used to transmit communications of the Customer in a manner consistent with the terms of this tariff and the policies and regulations of the FCC.

Use of Long Distance message Telecommunications Service is considered an order for such service.

2.4 Payment Arrangements

2.4.1 Payment for Service

(A) The Customer is responsible for payment of all charges for facilities and services furnished by the Company. Federal, state and local sales, use and excise taxes, where applicable, shall be added to the charges contained herein. It shall be the responsibility of the Customer to pay these taxes and to accept the liability of any such unpaid taxes that may subsequently become applicable retroactively.

(B) Bills are due and payable upon receipt. If the Customer's net bill is not paid (payment received by the Company) within twenty-two (22) days after the invoice date listed on the bill it shall become a delinquent bill and interest at the lesser of (1) the rate of one and one-half percent (1.5%) per month or (2) the highest rate allowed by law per month shall accrue upon any unpaid amount. If the Company initiates legal proceedings to collect any amount due hereunder and the Company substantially prevails in such proceedings then the defendant Customer shall pay the reasonable attorney's fees and costs of the Company in prosecuting such proceedings and appeals therefrom.

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(C) The Customer will be assessed a charge of twenty dollars (\$20.00), or five percent (5%) for each check, whichever is greater, submitted by the Customer to the Company which a financial institution refuses to honor for insufficient funds or a non-existent account.

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2.4.2 Discontinuance of Service for Cause

Upon non-payment of any sum owing to the Company for more than 30 days beyond the date of rendition of the bill for service or upon violation of any of the terms or conditions governing the furnishing of service under this tariff, the Company may, after 24 hours advance notice in writing to the Customer, without incurring any liability, discontinue the furnishing of service under this tariff.

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3. SERVICE OFFERINGS

3.1 Intrastate Message Telecommunications Service

3.1.1 Description of Services

The Company offers switched and dedicated access MTS and 800 interexchange services by the resale of the services of Underlying Carriers, currently Sprint. Such service is available twenty-four (24) hours a day, seven (7) days a week. MTS and 800 Services are offered on a time and distance sensitive rate basis and an optional flat rate basis.

The company maintains its headquarters in Bloomington, Minnesota.

3.1.2 Timing of Calls

The Customer's long distance usage charge is based on the actual usage of the Company's services. Usage begins when the called party picks up the receiver, and ends when the calling party hangs up. Calls are measured by Underlying Carriers, whose services are resold by the Company, in accordance with its own Tariff.

3.1.3 Calculation of Distance

The Company uses the V&H coordinate system to calculate the distance of calls.

3.1.4 Minimum Call Completion Rate

A Customer can expect a call completion rate (number of calls completed/number of calls attempted) of not less than 99% during peak use periods.

3.1.5 Billing Increments

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Unless otherwise specified in this tariff, the minimum call duration for billing purposes is 1 minute for a connected call. Calls beyond 1 minute are billed in 1 minute increments.

SECTION 4. RATES AND CHARGES

4.1 Non-Recurring Charges

Validated Account Codes,  
per account install \$5.00

Validated Account Codes, \$5.00

4.2 Recurring Charges

Validated Account Codes,  
per account \$5.00

800 Charges \$5.00

Program Fees \$5.00

4.3 Rates Per Minute

Outbound and Inbound services carry an initial and incremental billing minimum of no greater than one minute.

Switched Access Outbound Service Per Minute  
Day, Evening and Night

Commercial \$0.25

Residential \$0.25

Switched Access Inbound Service Per Minute  
Day, Evening and Night

Commercial \$0.25

Residential \$0.25

Travel Card Service: Access charges are \$0.35 per access, in addition to a \$0.25 per minute charge for the duration of the call.

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Calls are billed in full minute increments with a one minute billing minimum.

4.4 Operator Assistance

The Company does not provide alternative operator services. Operator assisted calls are limited to live operator or automated operator functions provided by the Underlying Carriers for the processing of telephone services such as completion of person to person, operator assisted station to station calls, dialing instructions and emergency call handling.

4.5 Directory Assistance

<u>Switched 1+</u>	
Interstate	\$0.75
Intrastate	\$0.75
International	\$4.00
<u>Travel Card</u>	
Interstate	\$0.80
Intrastate	\$0.80
International	\$4.00

4.6 Monthly Service Fee

All customers may be charged a minimum monthly service fee for long distance usage not to exceed \$5.00.

4.7 Special Promotions

The Company may, from time to time, offer special promotions to its customers waiving certain charges. These promotions will be approved by the Commission with specific starting and ending dates and under no circumstances run for longer than 90 days in any twelve month period.

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ARTICLES OF INCORPORATION

3843

107-655

OF  
LOTEL, INC.

We, the undersigned incorporators, for the purpose of forming a corporation under and pursuant to the provisions of Minnesota Statutes Chapter 302A, as amended, do hereby adopt the following Articles of Incorporation.

ARTICLE I

Name

The name of this corporation shall be LoTel, Inc. &

ARTICLE II

Registered Office and Agent

The location and address of this corporation's registered office in this state shall be 8120 Penn Avenue South, Bloomington, Minnesota, 55431. The name of the initial registered agent of this corporation is Leon Oistad. Both the registered office and the registered agent may be changed as provided for by law.

ARTICLE III

Authorized Capital

The total authorized number of shares of this corporation is twenty-five thousand (25,000) shares. All common stock shall have the par value of one cent (\$0.01) per share. The Board of Directors has the authority to establish more than one class or series of shares and to fix the relative rights and preferences of any such different class or series.

**ARTICLE IV****Cumulative Voting Prohibition**

Shareholders shall have no rights of cumulative voting.

**ARTICLE V****Preemptive Rights Prohibition**

Shareholders shall have no rights, preemptive or otherwise, to acquire any part of any unissued shares or other securities of this corporation nor any rights to purchase shares or other securities of this corporation before the corporation may offer them to other persons.

**ARTICLE VI****Limitation of Director Liability**

A director of the corporation shall not be personally liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, except for (i) liability based on a breach of the duty of loyalty to the corporation or the shareholders; (ii) liability for acts or omissions not in good faith that involve intentional misconduct or a knowing violation of law; (iii) liability based on the payment of an improper dividend or an improper repurchase of the corporation's stock under Minnesota Statutes § 80A.23; or (iv) liability for any transaction from which the director derived an improper personal benefit. If Minnesota Statutes Chapter 302A hereafter is amended to authorize the further elimination or limitation of liability of directors, then the liability of a director of the corporation, in addition to the limitation on personal liability provided herein, shall be limited to the fullest extent permitted by Minnesota Statutes Chapter 302A, as amended. Any repeal or modification of this Article by the shareholders of the corporation shall be prospective only and shall not adversely affect

any limitation on the personal liability of a director of the corporation existing at the time of such repeal or modification.

### **ARTICLE VIII**

#### **Directors Action by Written Consent**

Any action required or permitted to be taken at a meeting of the Board of Directors may be taken by written action signed by all of the directors then in office, unless the action is one which need not be approved by the shareholders, in which case such action shall be effective if signed by the number of directors that would be required to take the same action at a meeting at which all directors were present.

### **ARTICLE IX**

#### **Incorporators**

The name and address of each incorporator of this corporation is:

<b>Name</b>	<b>Address</b>
Steven C. Clay	310 Fourth Venue South, Suite 900 Minneapolis, MN 55415

### **ARTICLE X**

#### **Purpose**

The purpose for which this corporation is formed is a general business purpose to so enable this corporation to carry on any business or activity which may be lawful and permitted by the laws of the state of Minnesota.

**ARTICLE XI****Board of Directors**

11.01 The initial board of directors of the corporation shall consist of one director. The name of each of the persons who shall serve as directors until the first annual meeting of shareholders or until his or her successors are elected and shall qualify is as follows:

**Name**

Leon Oistad

8120 Penn Avenue South  
Bloomington, Minnesota 55431

11.02 The number of directors of the corporation shall be fixed and may be altered from time to time as may be provided in the bylaws. In case of any increase in the number of directors, the additional directors may be elected by the directors or by the shareholders at the annual meeting as shall be provided in the bylaws.

11.03 The board shall take action by an affirmative vote of a majority of the directors present at a duly held meeting.

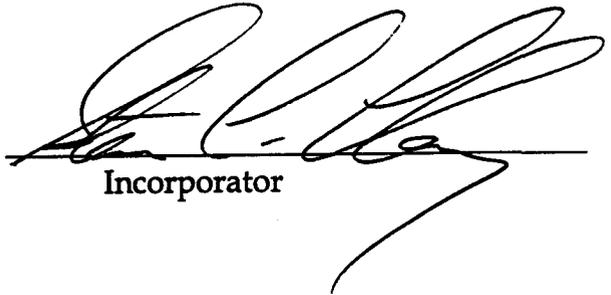
11.04 An action required or permitted to be taken by the board of directors of this corporation may be taken by written action signed by that number of directors that would be required to take the same action at a meeting of the board at which all directors are present, except as to those matters requiring shareholder approval, in which case the written action must be signed by all members of the board of directors then in office.

**ARTICLE XII**

**Bylaws**

The bylaws of this corporation shall not be amended, modified or altered except by the vote of the shareholders of the corporation at a meeting of the shareholders duly called, at which a quorum is present.

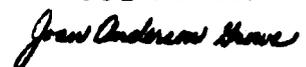
IN WITNESS WHEREOF, the above-named incorporators have signed these Articles of Incorporation on this 5<sup>th</sup> day of July, 1998.



Incorporator

STATE OF MINNESOTA  
DEPARTMENT OF STATE  
FILED

JUL 13 1998



Secretary of State

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**SECRETARY OF STATE**

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CERTIFICATE OF INCORPORATION

I, Joan Anderson Grove, Secretary of State of Minnesota, do certify that: Articles of Incorporation, duly signed and acknowledged under oath, have been filed on this date in the Office of the Secretary of State, for the incorporation of the following corporation, under and in accordance with the provisions of the chapter of Minnesota Statutes listed below.

This corporation is now legally organized under the laws of Minnesota.

Corporate Name: LoTel, Inc.

Corporate Charter Number: 10F-655

Chapter Formed Under: 302A

This certificate has been issued on 07/13/1998.



*Joan Anderson Grove*  
Secretary of State.

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

\* \* \* \* \*

In the matter of the complaint of )

**NATIONAL DOOR LITE** against **COORDINATED**) Case No. U-12255

**BILLING SERVICES.** )

)

At the February 9, 2000 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. John G. Strand, Chairman

Hon. David A. Svanda, Commissioner

Hon. Robert B. Nelson, Commissioner

**ORDER**

On December 21, 1999, National Door Lite filed a complaint against Coordinated Billing Services, alleging that its toll service had been switched in violation of the Michigan Telecommunications Act, MCL 484.2101 et seq.; MSA 22.1469(101) et seq. On January 19, 2000, the complainant filed a request to withdraw the complaint with prejudice.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1991 PA 179, as amended, MCL 484.2101 et seq.; MSA 22.1469(101) et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; MSA 3.560(101) et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACCS, R 460.17101 et seq.
- b. The complaint should be dismissed with prejudice.

THEREFORE, IT IS ORDERED that the complaint of National Door Lite against Coordinated Billing Services is dismissed with prejudice.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26; MSA 22.45.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ John G. Strand

Chairman

( S E A L )

/s/ David A. Svanda

Commissioner

/s/ Robert B. Nelson

Commissioner

By its action of February 9, 2000.

/s/ Dorothy Wideman

Its Executive Secretary

THEREFORE, IT IS ORDERED that the complaint of National Door Lite against Coordinated Billing Services is dismissed with prejudice.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26; MSA 22.45.

MICHIGAN PUBLIC SERVICE COMMISSION

Chairman

Commissioner

Commissioner

By its action of February 9, 2000.

Its Executive Secretary

In the matter of the complaint of )

**NATIONAL DOOR LITE** against **COORDINATED**)Case No. U-12255

**BILLING SERVICES.** )

)

Suggested Minute:

"Adopt and issue order dated February 9, 2000 dismissing the complaint of National Door Lite against Coordinated Billing Services, as set forth in the order."



**ATTACHMENT D – Financial Information**

**PROFIT AND LOSS STATEMENT**

LoTel, Inc.  
d/b/a Coordinated Billing Services  
1/1/99 through 9/30/99  
1<sup>st</sup> Three Quarters 1999

<u>Category/Description</u>	<u>1/1/99-9/30/99</u>
<b>GROSS INCOME:</b>	
Sales	\$ 2,959,812.10
Other income	1,104.37
	<hr/>
Gross Income	\$ 2,960,916.40
LESS: Cost of Sales—marketing and brokerage commissions	\$ 2,548,382.40
<b>GROSS PROFIT (before operating expenses)</b>	<hr/> <b>\$ 412,534.00</b>
<b>LESS: EXPENSES</b>	
Bank Charges	\$ 1,013.21
Rent	8,615.84
Secretarial Services	1,869.72
Insurance	1,230.54
Consulting	20,926.55
Business Entertainment Exp.	9,540.57
Publications	216.66
Taxes	1,505.66
Postage	101.75
Charitable	3,035.00
Travel	4,630.00
Supplies & Equipment	6,455.97
Customer Service	28,500.00
Medical Exp. & Insurance	4,320.53
Dues and Memberships	1,190.66
Interest Paid	457.48
Telephone	6,033.35
Fees and Tariffs	15,588.83
Legal Fees	17,500.90
Wages	9,950.64
Payroll taxes	5,853.36
Miscellaneous Exps.	-0-
	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 148,536.22</b>
<b>NET PROFIT/LOSS</b>	<hr/> <b>\$ 263,997.78</b> <hr/>

STATEMENT OF ASSETS, LIABILITIES, AND EQUITY  
 LOTEL, INC  
 DECEMBER 31, 1998 and SEPTEMBER 30, 1999

ASSETS	December	September
<b>CURRENT ASSETS</b>		
Cash in Bank	\$ 538.84	\$ 91,521.54
Savings—Certificates and Money Markets	-0-	75,000.00
Loans to Shareholders and Officers	-0-	10,987.70
<b>TOTAL CURRENT ASSETS</b>	<u>\$ 538.84</u>	<u>\$ 177,509.24</u>
<b>OTHER ASSETS</b>		
Real Estate	\$ -0-	\$ 12,000.00
Equipment, Furniture and Vehicle	5,050.00	61,406.45
<b>TOTAL OTHER ASSETS</b>	<u>5,050.00</u>	<u>73,406.15</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 5,588.84</u></u>	<u><u>\$ 250,915.39</u></u>
 <b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Note Payable—QAI—1 <sup>st</sup> line of credit	\$ 18,640.83	\$ -0-
Note Payable—QAI—regular line of credit	6,290.43	15,297.45
Note Payable—Shareholders	3,827.19	-0-
<b>TOTAL CURRENT LIABILITIES</b>	<u>\$ 28,758.45</u>	<u>15,297.45</u>
<b>LONG TERM LIABILITIES</b>	-0-	-0-
<b>EQUITY</b>		
Capital Stock	\$ 250.00	\$ 250.00
Retained Earnings	(23,419.61)	235,367.94
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>\$ 5,588.84</u></u>	<u><u>\$250,915.39</u></u>