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STAFF'S FIRST SET OF DATA REQUESTS FOR

PHONE1, INC.

DOCKET NO. T-04297A-04-0918

2005 JAN 20 A 9:51

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AZ CORP COMMISSION
DOCUMENT CONTROL

Please make sure each numbered item and each part of the item is answered completely. In order for Staff to continue with its review of this application, the following information must be submitted:

Arizona Corporation Commission
DOCKETED

JAN 20 2005

- 1-1 Please submit a non-PDF file of your responses to this data request to alebrecht@cc.state.az.us.

Sent 1/8/05 via email to the above address.

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- 1-2 Please explain how your company calculated the maximum and minimum rates for each of your proposed services.

Phone1, Inc. only offers and has tariffed operator services from aggregator locations such as pay telephones and hospitality sites. The maximum rate tariffed for operator services is equal to the rate cap in Arizona - AT&T rates.

For all other services, the company has calculated a maximum rate approximately 2 to 2.5 times the current rate to allow for fluctuations by competitors in the future. The maximum rates tariffed are the same in Arizona as in other states which allow for maximum rates to be tariffed.

- 1-3 Please indicate why you believe your proposed range of rates is just and reasonable using a competitive market analysis. Your analysis may contain publicly available examples of rates charged by the incumbent or other carriers for similar services or any other information that you believe demonstrates that your proposed rates are just and reasonable. Please include any supporting materials. For a list of telecommunications carriers certificated in Arizona, go to www.cc.state.az.us/utility/utility; for a list of Commission-approved telecommunications rates and tariffs, go to www.cc.state.az.us/utility/tariffs.

The company believes its proposed range of rates is reasonable because a) the proposed rates match the maximum rates allowed in Arizona for aggregator operator services and b) the proposed rates match the maximum rates filed elsewhere in the country for similar services.

- 1-4 Please indicate why you believe your proposed range of rates is just and reasonable using a fair value or cost basis. Please include economic justification or cost support data. Please include any supporting materials.

The company offers services in 28 states and is in the process of applying in all states with the exception of Alaska. The company has the same rate plans for all

operator services products in every state where the state does not cap such plans. The company has not prepared any cost justification for its rates but basis its rate plans on information from its aggregator customers and general market knowledge.

- 1-5 Please identify any other jurisdictions in which your company or an affiliate provides similar services. Please specify the rates that your company and/or affiliate charges for these similar services in these other jurisdictions. If there is a difference between the rates that your company is proposing for its Arizona operations and the rates that your company and/or affiliate charges in other jurisdictions for similar services, please identify and indicate the amount of the difference and explain why you are proposing different rates in Arizona.

The company only offers operator services from pay telephones and hospitality locations. In the states that cap operator services rates from such aggregator locations, the company has tariffed and charges the maximum rate allowed for intrastate services in those states. In the states that do not cap operator services, the company offers a range of rate plans from which aggregators may choose.

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- 1-6 Please identify any other jurisdictions in which your company or an affiliate is applying to provide similar services. Please specify the rates that your company and/or affiliate proposes to charge for those similar services in these other jurisdictions. If there is a difference between the rates that your company is proposing for its Arizona operations and the rates that your company and/or affiliate is proposing to charge in other jurisdictions for similar services, please identify and indicate the amount of the difference and explain why you are proposing different rates in Arizona.

Please see response to 1-5.

- 1-7 Please submit affidavits of publication indicating that PHone1 has published legal notice of the Application in all the counties in which the authority to provide service is requested.

Affidavits of publication will be submitted through the Docket Office, upon receipt from the applicable newspaper organizations.