



NEW APPLICATION
ORIGINAL



April 5, 2005

Arizona Corporation Commission
DOCKETED

APR - 6 2005

Nanisha Ross
Docket Control Examiner
Arizona Corporation Commission
Docket Control
1200 West Washington
Phoenix, AZ 85007

DOCKETED BY	<i>CAH</i>
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Re: Matrix Telecom, Inc.'s Application for Certificate of Convenience & Necessity

T-03228A-05-0244

Dear Ms. Ross:

Enclosed please find our revised Application. In regards to our telephone conversation of today, our physical address is:

Greg Taylor, General Counsel
Matrix Telecom, Inc.
300 N. Meridian, Ste. 200N
Oklahoma City, OK 73107
405/717-9612
Fax: 405/951-6312
gtaylor@matrixvalue.com

Our regulatory contact is:

Judith Riley
Telecom Professionals, Inc.
2912 Lakeside Dr.
Oklahoma City, OK 73120
405/755-8177
Fax: 405/755-8377
jriley@telecompliance.net

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AZ CORP COMMISSION
DOCUMENT CONTROL

In addition, we have removed the words "confidential" from the attachments.

Enclosed you will find a self-addressed FedEx shipping label & envelope for return of one (1) file-stamped copy of the application.

Please let me know if you need any further information. You may reach me at 405/717-9634, fax 405/951-6329 or email kharris@matrixvalue.com.

Thank you for your assistance to this matter.

Sincerely,

Karen Harris
Legal Assistant

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ARIZONA CORPORATION COMMISSION

**Application and Petition for Certificate of Convenience and Necessity to Provide
Intrastate Telecommunications Services**

2005 APR -6 P 3:51

Mail original plus 13 copies of completed application to:

For Docket Control Only:
(Please Stamp Here)

**AZ CORP COMMISSION
DOCUMENT CONTROL**

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

Please indicate 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: _____ Date Docketed: _____

Type of Service: _____

Docket No.: _____ Date: _____ Date Docketed: _____

A. COMPANY AND TELECOMMUNICATION SERVICE INFORMATION

(A-1) Please indicate the type of telecommunications services that you want to provide in Arizona and answer the appropriate numbered items:

- Resold Long Distance Telecommunications Services (Answer Sections A, B).
- Resold Local Exchange Telecommunications Services (Answer Sections A, B, C).
- Facilities-Based Long Distance Telecommunications Services (Answer Sections A, B, D).
- Facilities-Based Local Exchange Telecommunications Services (Answer Sections A, B, C, D, E)
- Alternative Operator Services Telecommunications Services (Answer Sections A, B)
- Other _____ (Please attach complete description)

(A-2) The name, address, telephone number (including area code), facsimile number (including area code), e-mail address, and World Wide Web address (if one is available for consumer access) of the Applicant:

Matrix Telecom, Inc.
300 N. Meridian
Suite 200-North
Oklahoma City, Oklahoma 73107
Telephone: (405) 717-9694
Facsimile: (405) 717-9659

Customer Service: team@matrixvalue.com

Regulatory Complaints: complaints@matrixvalue.com

Web Address: www.matrixvalue.com

(A-3) The d/b/a ("Doing Business As") name if the Applicant is doing business under a name different from that listed in Item (A-2):

Matrix Telecom

(A-4) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Management Contact:

Matrix Telecom, Inc.

Attn: Greg Taylor, Esq.

300 N. Meridian

Suite 200-North

Oklahoma City, Oklahoma 73107

Telephone: (405) 717-9612

Facsimile: (405) 951-6312

Email: gtaylor@matrixvalue.com

(A-5) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Attorney and/or Consultant:

Telecom Professionals, Inc.

Attn: Judith Riley, Esq.

2912 Lakeside Drive

Oklahoma City, Oklahoma 73120

Telephone: (405) 755-8177

Facsimile: (405) 755-8377

Email: jriley@telecompliance.net

(A-6) The name, address, telephone number (including area code), facsimile number (including area code), E-mail address of the Applicant's Complaint Contact Person:

Matrix Telecom, Inc.

Attn: Betty Smith

300 N. Meridian

Suite 200-North

Oklahoma City, Oklahoma 73107

Telephone: (405) 717-9472

Facsimile: (405) 717-9602

Email: bsmith@matrixvalue.com or complaints@matrixvalue.com

(A-7) What type of legal entity is the Applicant?

Sole proprietorship

Partnership: _____ Limited, _____ General, _____ Arizona, _____ Foreign

Limited Liability Company: _____ Arizona, _____ Foreign

Corporation: X "S", _____ "C", _____ Non-profit

Other, specify: _____

(A-8) Please include "Attachment A":

Attachment "A" must include the following information:

1. A copy of the Applicant's Certificate of Good Standing as a domestic or foreign corporation, LLC, or other entity in the State of Arizona.
2. A list of the names of all owners, partners, limited liability company managers (or if a member managed LLC, all members), or corporation officers and directors (specify). **Thomas T. Gores**
3. Indicate percentages of ownership of each person listed in A-8.2. **Thomas T. Gores, 100%**

(A-9) Include your Tariff as "Attachment B".

Your Tariff must include the following information:

1. Proposed Rates and Charges for each service offered (reference by Tariff page number).
2. Tariff Maximum Rate and Prices to be charged (reference by Tariff page number).
3. Terms and Conditions Applicable to provision of Service (reference by Tariff page number).
4. Deposits, Advances, and/or Prepayments Applicable to provision of Service (reference by Tariff page number).
5. The proposed fee that will be charged for returned checks (reference by Tariff page number).

(A-10) Indicate the geographic market to be served:

Statewide. (Applicant adopts statewide map of Arizona provided with this application).

Other. Describe and provide a detailed map depicting the area.

(A-11) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any formal or informal complaint proceedings pending before any state or federal regulatory

commission, administrative agency, or law enforcement agency.

N/A

Describe in detail any such involvement. Please make sure you provide the following information:

1. States in which the Applicant has been or is involved in proceedings.
2. Detailed explanations of the Substance of the Complaints.
3. Commission Orders that resolved any and all Complaints.
4. Actions taken by the Applicant to remedy and/or prevent the Complaints from re-occurring.

(A-12) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any civil or criminal investigation, or had judgments entered in any civil matter, judgments levied by any administrative or regulatory agency, or been convicted of any criminal acts within the last ten (10) years. N/A

Describe in detail any such judgments or convictions. Please make sure you provide the following information:

1. States involved in the judgments and/or convictions.
2. Reasons for the investigation and/or judgment.
3. Copy of the Court order, if applicable.

(A-13) Indicate if the Applicant's customers will be able to access alternative toll service providers or resellers via 1+101XXXX access.

Yes

No

(A-14) Is applicant willing to post a Performance Bond? Please check appropriate box(s).

For Long Distance Resellers, a \$10,000 bond will be recommended for those resellers who collect advances, prepayments or deposits.

Yes

No

If "No", continue to question (A-15).

For Local Exchange Resellers, a \$25,000 bond will be recommended.

Yes

No

If "No", continue to question (A-15).

For Facilities-Based Providers of Long Distance, a \$100,000 bond will be recommended.

Yes

No

If "No", continue to question (A-15).

For Facilities-Based Providers of Local Exchange, a \$100,000 bond will be recommended.

Yes

No

If "No", continue to question (A-15).

Note: Amounts are cumulative if the Applicant is applying for more than one type of service.

(A-15) If No to any of the above, provide the following information. Clarify and explain the Applicant's deposit policy (reference by tariff page number). Provide a detailed explanation of why the applicant's superior financial position limits any risk to Arizona consumers.

(A-16) Submit copies of affidavits of publication that the Applicant has, as required, published legal notice of the Application in all counties where the applicant is requesting authority to provide service.

Note: For Resellers, the Applicant must complete and submit an Affidavit of Publication Form as Attachment "C" before Staff prepares and issues its report. Refer to the Commission's website for Legal Notice Material (Newspaper Information, Sample Legal Notice and Affidavit of Publication). For Facilities-Based Service Providers, the Hearing Division will advise the Applicant of the date of the hearing and the publication of legal notice. Do not publish legal notice or file affidavits of publication until your are advised to do so by the Hearing Division.

(A-17) Indicate if the Applicant is a switchless reseller of the type of telecommunications services that the Applicant will or intends to resell in the State of Arizona:

Yes No

If "Yes", provide the name of the company or companies whose telecommunications services the Applicant resells.

Global Crossing

(A-18) List the States in which the Applicant has had an application approved or denied to offer telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona:

Note: If the Applicant is currently approved to provide telecommunications services that the Applicant intends to provide in Arizona in less than six states, excluding Arizona, list the Public Utility Commission ("PUC") of each state that granted the authorization. For each PUC listed provide the name of the contact person, their phone number, mailing address including zip code, and e-mail address.

See Attachment "E"

(A-19) List the States in which the Applicant currently offers telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona. **Texas**

Note: If the Applicant currently provides telecommunication services that the Applicant intends to provide in Arizona in six or more states, excluding Arizona, list the states. If the Applicant does not currently provide telecommunications services that the Applicant intends to provide in Arizona in five or less states, list the key personnel employed by the Applicant. Indicate each employee's name, title, position, description of their work experience, and years of service in the telecommunications services industry.

(A-20) List the names and addresses of any alternative providers of the service that are also affiliates of the telecommunications company, as defined in R14-2-801.

Not applicable.

B. FINANCIAL INFORMATION

(B-1) Indicate if the Applicant has financial statements for the two (2) most recent years.

Yes

No

If "No," explain why and give the date on which the Applicant began operations.

(B-2) Include "Attachment D".

Provide the Applicant's financial information for the two (2) most recent years.

1. A copy of the Applicant's balance sheet.
2. A copy of the Applicant's income statement.
3. A copy of the Applicant's audit report.
4. A copy of the Applicant's retained earnings balance.
5. A copy of all related notes to the financial statements and information.

Note: Make sure "most recent years" includes current calendar year or current year reporting period.

(B-3) Indicate if the Applicant will rely on the financial resources of its Parent Company, if applicable.

No

(B-4) The Applicant must provide the following information.

1. Provide the projected total revenue expected to be generated by the provision of telecommunications services to Arizona customers for the first twelve months following certification, adjusted to reflect the maximum rates for which the Applicant requested approval. Adjusted revenues may be calculated as the number of units sold times the maximum charge per unit. **\$400K**
2. Provide the operating expenses expected to be incurred during the first twelve months of providing telecommunications services to Arizona customers following certification. **\$280K**
3. Provide the net book value (original cost less accumulated depreciation) of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers at the end of the first twelve months of operation. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list. **\$0**
4. If the projected value of all assets is zero, please specifically state this in your response.
5. If the projected fair value of the assets is different than the projected net book value, also provide the corresponding projected fair value amounts.

C. RESOLD AND/OR FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(C-1) Indicate if the Applicant has a resale agreement in operation,

Yes

No

If "Yes", please reference the resale agreement by Commission Docket Number or Commission Decision Number.

D. FACILITIES-BASED LONG DISTANCE AND/OR FACILITIES BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(D-1) Indicate if the Applicant is currently selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in the State of Arizona. This item applies to an Applicant requesting a geographic expansion of their CC&N:

Yes

No

If "Yes," provide the following information:

1. The date or approximate date that the Applicant began selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services for the State of Arizona.
2. Identify the types of facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services that the Applicant sells in the State of Arizona.

If "No," indicate the date when the Applicant will begin to sell facilities-based long distance telecommunications AND/OR facilities-based local exchange telecommunications services in the State of Arizona:

N/A

(D-2) Check here if you wish to adopt as your petition a statement that the service has already been classified as competitive by Commission Decision:

- Decision # 64178 Resold Long Distance
- Decision # 64178 Resold LEC
- Decision # 64178 Facilities Based Long Distance
- Decision # 64178 Facilities Based LEC

E. FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(E-1) Indicate whether the Applicant will abide by the quality of service standards that were approved by the Commission in Commission Decision Number 59421: **N/A**

- Yes
- No

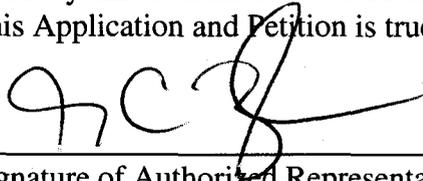
(E-2) Indicate whether the Applicant will provide all customers with 911 and E911 service, where available, and will coordinate with incumbent local exchange carriers ("ILECs") and emergency service providers to provide this service: **N/A**

- Yes
- No

(E-3) Indicate that the Applicant's switch is "fully equal access capable" (i.e., would provide equal access to facilities-based long distance companies) pursuant to A.A.C. R14-2-1111 (A): **N/A**

- Yes
- No

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. 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.



(Signature of Authorized Representative)

3/25/05

(Date)

Greg Taylor

(Print Name of Authorized Representative)

General Counsel

(Title)

SUBSCRIBED AND SWORN to before me this 25th day of March, 2005



NOTARY PUBLIC # 01005184

My Commission Expires 3/26/05

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

*****MATRIX TELECOM, INC.*****

a foreign corporation organized under the laws of Texas did obtain authority to transact business in the State of Arizona on the 11th day of June 1994.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation has not had its authority revoked for failure to comply with the provisions of the Arizona Business Corporation Act; that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed an Application for Withdrawal as of the date of this certificate.

This certificate relates only to the legal authority of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 23rd Day of February, 2005, A. D.



Brian C. McNeil
EXECUTIVE SECRETARY

BY: *Kayla Flaker*

Attachment "A"

RATES, TERMS AND CONDITIONS
RELATING TO THE PROVISION OF
LOCAL EXCHANGE SERVICES
IN THE STATE OF ARIZONA

Issued:

Effective:

Attachment "B"

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APPLICATION OF TARIFF

This tariff sets forth the service offerings, rates, terms and conditions applicable to the furnishing of local exchange service by Matrix Telecom, Inc ("the Company") in the serving areas defined herein.

The provision of local exchange services is subject to existing regulations and terms and conditions specified in this tariff and may be revised, added to or supplemented by superseding issues.

Issued:

Effective:

EXPLANATION OF SYMBOLS

The following symbols shall be used in this tariff for the purposes indicated below:

- C To indicate changed regulation.
- D To indicate discontinued rate or regulation.
- I To indicate increased rate.
- M To indicate a move in the location of text.
- N To indicate new rate or regulation.
- R To indicate reduced rate.
- T To indicate a change in text but no change in rate or regulation.

EXPLANATION OF TERMS

ADVANCE PAYMENT

Part or all of a payment required before the start of service.

AGENCY

For 911 or E911 service, the government agency(s) designated as having responsibility for the control and staffing of the emergency report center.

AUTHORIZED USER

A person, corporation or other entity who is authorized by the Company's customer to utilize service provided by the Company to the customer. The customer is responsible for all charges incurred by an Authorized User.

ATTENDANT

An operator of a PBX console or telephone switchboard.

BUILDING

A structure enclosed within exterior walls or fire walls, built, erected and framed of component structural parts and designed for permanent occupancy.

CALL INITIATION

The point in time when the exchange network facility is initially allocated for the establishment of a specific call.

CALL TERMINATION

The point in time when the exchange network facility allocated to a specific call is released for reuse by the network.

CENTRAL OFFICE

An operating office of the incumbent local exchange company where connections are made between telephone exchange lines.

CUSTOMER

A person, firm, partnership, limited liability company, corporation, municipality, cooperative association or organization, governmental agency, or other entity receiving telecommunications services.

EXPLANATION OF TERMS (cont'd)

EMERGENCY

A situation that appears to present immediate danger to person or property.

EMERGENCY SERVICE (ENHANCED 911)

Allows customers to reach appropriate emergency services, including police, fire and medical services. Enhanced 911 has the ability to selectively route an emergency call to the primary E911 provider so that it reaches the correct emergency service located closest to the caller. In addition, the Customer's address and telephone information will be provided to the primary E911 provider for display at the Public Safety Answering Point (PSAP).

E911 SERVICE AREA

The geographic area in which the government agency will respond to all E911 calls and dispatch appropriate emergency assistance.

E911 CUSTOMER

A governmental agency that is the customer of record and is responsible for all negotiations, operations and payment of bills in connection with the provision of E911 service.

ERROR

A discrepancy or unintentional deviation by the Company from what is correct or true. An "error" can also be an omission in records.

EXCHANGE

An area, consisting of one or more central office districts, within which a call between any two points is a local call.

EXCHANGE ACCESS LINE

A central office line furnished for direct or indirect access to the exchange system.

FINAL ACCOUNT

A customer's outstanding charges still owed to the Company.

EXPLANATION OF TERMS (cont'd)

INVESTIGATIVE OR LAW ENFORCEMENT OFFICER

An officer of the United States, a state or a political subdivision of the United States which is empowered by law to investigate or make arrests for crimes related to communications, or an attorney authorized by law to prosecute those crimes.

LAST NUMBER REDIAL

Enables a station line user to redial the last called number by use of an access code rather than dialing the entire number.

LATA

A Local Access and Transport Area established pursuant to the Modification of Final Judgment entered by the United States District Court for the District of Columbia in Civil Action No. 82-0192; or any other geographic area designated as a LATA in the National Exchange Carrier Association, Inc. Tariff F.C.C. No. 4.

LOCAL CALL

A call which is not rated as a long distance call.

LOCAL CALLING AREA

The area, consisting of one or more central office districts, within which a subscriber for exchange service may make telephone calls without a long distance charge.

LOCAL EXCHANGE CARRIER

A company that furnishes exchange telephone service.

LOCAL SERVICE

Telephone exchange service within a local calling area.

EXPLANATION OF TERMS (cont'd)

MOVE

The disconnection of existing service at one location and reconnection of the same service at a new location in the same building or in a different building on the same premises.

PBX

A private branch exchange.

PRESUBSCRIPTION

An arrangement whereby a Customer may select and designate to the Company an Exchange Carrier it wishes to access, without an access code, for completing intraLATA and interLATA toll calls. The selected Exchange Carrier is referred to as the End User's Primary Interexchange Carrier (PIC).

PRIVATE BRANCH EXCHANGE SERVICE

Service providing facilities for connecting central office trunks and tie lines to PBX stations, and for interconnecting PBX station lines by means of a switchboard or dial apparatus.

RATE CENTER

Company-designated service locations from which service is rendered or rated.

RECURRING CHARGES

The monthly charges to the Customer for services, facilities and equipment, which continue for the agreed upon duration of the service.

SERVICE COMMENCEMENT DATE

The first day following the date on which the Company notifies the customer that the requested service or facility is available for use, unless extended by the Customer's refusal to accept service which does not conform to standards set forth in the Service Order or this tariff, in which case the Service Commencement Date is the date of the Customer's acceptance. The Company and Customer may mutually agree on a substitute Service Commencement Date.

SERVICE ORDER

The written request for Services executed by the Customer and the Company in the format devised by the Company. The signing of a Service Order by the Customer and acceptance by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff, but the duration of the service is calculated from the Service Commencement Date.

EXPLANATION OF TERMS (cont'd)

SERVING CENTRAL OFFICE

The central office from which local service is furnished.

SPEED CALLING

Permits a station line user to dial selected numbers by using fewer digits than normally required. This is accomplished through the assignment of abbreviated codes to frequently called numbers. The speed calling list is customer-changeable.

TELECOMMUNICATIONS RELAY SERVICE (TRS)

Enables deaf, hard-of-hearing or speech-impaired persons who use a Text Telephone (TT) or similar devices to communicate freely with the hearing population not using TT or vice versa. A customer will be able to access the state provider to complete such calls.

TELEPHONE CALL

A voice connection between two or more telephone stations through the public switched exchange system.

TERMINATION OF SERVICE

Discontinuance of both incoming and outgoing service.

TOLL BLOCKING

Allows end users to block direct-dialed long distance calls from their telephones.

TOLL CALL

Any call extending beyond the local exchange of the originating caller which is rated on a toll schedule by the Company.

USER

A customer or any other person authorized by a Customer to use service provided under this Tariff.

1. Regulations

1.1 Undertaking of the Company

- A The Company undertakes to provide the services in this tariff on the terms and conditions and at the rates and charges set forth herein.
- B The Company is responsible under this tariff only for the services and facilities provided herein, and it assumes no responsibility for any service provided by any other entity. Customers may use services and facilities provided under this tariff to obtain access to services offered by other service providers.
- C The Company will provide a toll-free number giving Customers access to service personnel during regular business hours.
- D The Company will comply with any applicable quality of service requirements according to Arizona laws and rules.

1. Regulations (cont'd)

1.2 Terms and Conditions

- A Customers may be required to enter into written service orders which shall contain or reference a specific description of the service ordered, the rates to be charged, the duration of the services, and the terms and conditions in this tariff. The Customer will be required to execute any other documents as may be reasonably requested by the Company.
- B Service is provided for a minimum period of at least one month, 24 hours a day. A month is considered to have thirty days unless otherwise specified. At the expiration of the initial terms specified in each service order, or in any extension thereof, service shall continue on a month to month basis at the then current tariffed, month to month rates, unless terminated by the Customer. Any termination shall not relieve the Customer of its obligation to pay any charges incurred under the service order and this tariff prior to termination. The rights and obligations which by their nature extend beyond the termination of the term of the service order shall survive such termination.
- C This tariff shall be interpreted and governed by the laws of the State of Arizona without regard for the State's choice of laws provisions.
- D Another telephone company must not interfere with the right of any person or entity to obtain service directly from the Company.
- E The services the Company offers shall not be used for any unlawful purpose or for any use as to which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits.

1. Regulations (cont'd)

1.2 Terms and Conditions (cont'd)

F In response to a subpoena or investigation or other demand issued or authorized by a court or government agency, the Company shall provide customer records and related information without further notice.

G Customer shall not connect any equipment to the Company's network, except with at least ten (10) days prior written notice to the Company.

1. Regulations (cont'd)

1.3 Notification of Service Affecting Activities

- A The Company will provide the Customer reasonable notification of service-affecting activities that may occur in the normal operation of its business. Such activities may include, but are not limited to, equipment or facilities additions, removals or rearrangements and routine preventive maintenance. Generally, such activities are not specific to an individual Customer but affect many Customers' services. No specific advance notification period is applicable to all service-affecting activities. The Company will work cooperatively with the Customer to determine reasonable notification requirements. With some emergency or unplanned service affecting conditions, such as an outage resulting from cable damage, notification to the Customer may not be possible.

1. Regulations (cont'd)

1.4 Provision of Equipment and Facilities

- A The Company will make reasonable efforts to make services available to a Customer on or before a particular date, subject to the provisions of and compliance by the Customer with the regulations contained in this tariff. The Company does not guarantee availability by any such date and any liability of the Company will be limited by Section 1.5 of this tariff.
- B The Company shall use reasonable efforts to maintain the services that it furnishes to the Customer. The Customer may not rearrange, disconnect, remove, attempt to repair or otherwise interfere with any of the services provided by the Company, except upon the written consent of the Company. The Customer may not permit others to rearrange, disconnect, remove, attempt to repair or otherwise interfere with any of the services provided by the Company, except upon the written consent of the Company.
- C The furnishing of service under this tariff is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of the Company's facilities, as well as the facilities the Company may obtain from other carriers, from time to time, to furnish service as required at the sole discretion of the Company.
- D Customer bears all responsibility in the event they utilize equipment not approved or authorized by the Company. Customer shall supply all electrical power and other utilities necessary to operate or use the services provided.

1. Regulations (cont'd)

1.4 Provision of Equipment and Facilities (cont'd)

E The Company shall not be responsible for the installation, operation, or maintenance of any Customer provided communications equipment. Where such equipment is connected to the facilities furnished pursuant to this tariff, the responsibility of the Company shall be limited to the furnishing of services offered under this tariff and to the maintenance and operation of such facilities. Beyond this responsibility, the Company shall not be responsible for:

- (i) the transmission of signals by Customer provided equipment or for the quality of, or defects in such transmission; or
- (ii) the reception of signals by Customer provided equipment; or
- (iii) network control signaling where such signaling is performed by Customer provided network control signaling equipment.

F At the Customer's request, installation and/or maintenance may be performed outside the Company's regular business hours or in hazardous locations. In such cases, charges based on cost of the actual labor, material or other costs incurred by or charged to the Company will apply. If installation is started during regular business hours but at the Customer's request extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

1. Regulations (cont'd)

1.5 Liability of the Company

- A The liability of the Company for damages arising out of the furnishing of its services, including but not limited to mistakes, omissions, interruptions, delays or errors, other defects, or representations by the Company, or use of these services or damages arising out of the failure to furnish the service whether caused by acts or omission, shall be limited to the extension of allowances for interruption as set forth below. The extension of such allowances for interruption shall be the sole remedy of the Customer and the sole liability of the Company. The Company will not be liable for any direct, indirect, incidental, special, consequential, exemplary or punitive damages to Customer as a result of any Company service, equipment or facilities, or the acts or omissions or negligence of the Company's employees or agents.
- B The Company's liability for willful misconduct, if established as a result of judicial or administrative proceedings, is not limited by this tariff. The Company's liability, if any, with regard to delayed installation of the Company facilities or commencement of service, shall not exceed \$1,000. With respect to any other claim or suit, by a Customer or by any others, for damages associated with the ordering (including the reservation of any specific number for use with a service), installation (including delays thereof), provision, termination, maintenance, repair, interruption or restoration of any service or facilities offered under this tariff, and subject to the provisions of Section 1.7.2, the Company's liability, if any, shall be limited as provided herein.

1. Regulations (cont'd)

1.5 Liability of the Company (cont'd)

C The Company shall be indemnified, defended and held harmless against any claim, loss or damage arising from the use of service offered under this tariff, involving:

- (i) claims for libel, slander, invasions of privacy or infringement of copyright arising from any communication;
- (ii) claims for patent infringement arising from combining or using the service furnished by the Company in connection with facilities or equipment furnished by others; or
- (iii) claims for loss of profit; or
- (iv) all other claims arising out of any act or omission of others in the course of using services provided pursuant to this tariff.

D The Company's failure to provide or maintain services under this tariff shall be excused by labor difficulties, governmental orders, civil commissions, preemption of existing services to restore services in compliance with Part 64 , Subpart D, Appendix A, of the F.C.C.'s Rules and Regulations, acts of God and other circumstances beyond the Company's control.

1. Regulations (cont'd)

1.5 Liability of the Company (cont'd)

- E The Company shall not be liable for the Customer's failure to fulfill its obligations to take all necessary steps including, without limitation, obtaining, installing and maintaining all necessary equipment, materials and supplies for interconnecting the terminal equipment or communications system of the Customer, or any third party acting as its agent, to the Company's exchange access lines. If the Customer or its agent fails to maintain and operate its equipment and/or system or that of its agent properly, with resulting imminent harm to Company personnel, or the quality of service to other Customers, the Company may, upon written notice, require the use of protective equipment at the Customer's expense. If this fails to produce satisfactory quality and safety, the Company may, upon written notice, terminate the Customer's service without liability.

1. Regulations (cont'd)

1.5 Liability of the Company (cont'd)

1.5.1 With Respect to Emergency Number 911 Service

- A This service is offered solely as an aid in handling assistance calls in connection with fire, police and other emergencies. The Company is not responsible for any losses, claims, demands, suits or any liability whatsoever, whether suffered, made, instituted or asserted by the Customer or by any other party or person for any personal injury to or death of any person or persons and for any loss, damage or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused by: (1) mistakes, omissions, interruptions, delays, errors or defects in the provision of this service, or (2) installation, operation, failure to operate, maintenance, removal, presence, condition, location, or use of any equipment and facilities furnishing this service.

1. Regulations (cont'd)

1.5 Liability of the Company (cont'd)

1.5.2 With Respect to Directory Listings

- A In the absence of gross negligence or willful misconduct, and except for any allowances stated below, no liability for damages arising from errors or mistakes in or omissions of any directory listings, or errors or mistakes in or omissions of listings obtainable from the directory assistance operator, including errors in the reporting thereof, shall attach to the Company.
- B An allowance for errors or mistakes in or omissions of any published directory listings or for errors or mistakes in or omissions of listings obtainable from the directory assistance operator shall be given as follows:
- (i) **Free Listings:** For free or non-charged published directory listings credit shall be given at the rate of one times the monthly tariff rate for an additional or charge listing affected for the life of the directory or the charge period during which the error, mistake or omission occurs.
 - (ii) **Charge Listings:** For each additional or charge published directory listings, credit shall be given at the monthly tariff rate for each such listing for the life of the directory or the charge period during which the error, mistake or omission occurs
 - (iii) **Operator Records:** For free or charge listings obtainable from records used by the directory assistance operator, upon notification to the Company of the error, mistake or omission in such records by the subscriber, the Company shall be allowed a period of three business days to make a correction. If the correction is not made in that time, credit shall be given at the rate of 2/20ths of the basic monthly rate for the line or lines in question for each day thereafter that the records remain uncorrected.

1. Regulations (cont'd)

1.5 Liability of the Company (cont'd)

1.5.2 With Respect to Directory Listings (cont'd)

- (iv) Credit limitation: The total amount of the credit provided for the preceding paragraphs (i) and (ii) shall not exceed, on a monthly basis the total of the charges for each charge listing as specified in paragraph (ii), for the line or lines in question.
- (v) Definitions: As used in paragraphs (i), (ii) and (iii) above, the terms "error," "mistake," or "omission" shall refer to a discrepancy in the directory listing or directory assistance records which the Company has failed to correct and where the error affects the ability to locate a particular subscriber's correct telephone number. The terms shall refer to addresses only to the extent that an error, mistake or omission of an address places the subscriber on a street or a community different from the one provided to the Company.
- (vi) Notice: Such allowances or credits as specified in paragraphs (i) and (ii) above, shall be given upon notice to the Company by the subscriber that such error, mistake or omission has occurred; provided, however, that when it is administratively feasible for the Company to have knowledge of such error, mistake or omission, the Company shall give credit without the requirement of notification by the subscribers.

1. Regulations (cont'd)

1.5 Liability of the Company (cont'd)

1.5.3 With Respect to Caller ID Blocking

- A The Company shall have no liability for monetary damages (including without limitation claims for direct, indirect, special, incidental or consequential damages, whether or not the Company has been advised of the possibility of such damages), arising from any failures, errors, malfunctions or omissions of Caller ID Blocking, whether or not arising from or relating to any ordinary negligence by the Company.

1. Regulations (cont'd)

1.6 Directory Listings

- A The Company will, as a service to the Customer, arrange for listing of Customer's phone number in the local white pages telephone directories, such listing to consist of one line of standard type. The Company's liability with respect to directory listings is set forth in Section 1.5.2 preceding. Customer must contact its yellow pages representative concerning its advertising in yellow pages directories.
- B When a Customer with a non-published telephone number, as defined herein, places a call to Emergency 911 Service, the Company will release the name and address of the calling party, where such information can be determined, to the appropriate local governmental authority responsible for the Emergency 911 Service upon request of such governmental authority. By subscribing to service under this tariff, Customer acknowledges and agrees with the release of information as described above.
- C In conjunction with a non-published telephone number, the Company will not be liable for failure or refusal to complete any call to such telephone when the call is not placed by number. The Company will try to prevent the disclosure of such telephone number, but will not be liable should such number be divulged.
- D The Company shall not be liable for any act or omission concerning the implementation of presubscription as defined herein.

1. Regulations (cont'd)

1.7 Interruptions in Service

- A An interruption is deemed to have occurred when the phone lines of the underlying carrier are inoperative. If a Customer reports a facility, service or circuit to be inoperative but declines to release it for testing and repair, it is considered to be impaired, but not interrupted.

1.7.1 Temporary Suspension for Repairs

- A The Company's underlying provider shall have the right to make necessary repairs or changes in its facilities at any time and will have the right to suspend or interrupt service temporarily for the purpose of making the necessary repairs or changes in its system. When such suspension or interruption of service for any appreciable period is necessary, the Company will give the Customers who may be affected as reasonable notice thereof as circumstances will permit, and will perform the work with reasonable diligence, and if practicable at times that will cause the Customer the least inconvenience. When the Company's services are being repaired or changed, it shall take appropriate precautions to avoid unnecessary interruptions of Customer's service.

1.7.2 Credit Allowance for Interruptions

- A Interruptions of more than 24 hour periods which are reported to or detected by the Company, and which are not due to the negligence or willful act of the Customer are credited to the Customer at the pro rata monthly charge involved for each twenty-four hours or fraction thereof of interruption. Credit is not allowed for interruptions to service of less than 24 hours.
- B For calculating credit allowances, every month is considered to have 30 days. A credit allowance is applied on a pro rata basis against the monthly recurring charges specified thereunder for local line or local trunk service and is dependent upon the length of interruption. Only those facilities on the interrupted portion of circuit will receive a credit.

1. Regulations (cont'd)

1.7 Interruptions in Service (cont'd)

1.7.3 Limitations on Credit Allowances

A No credit allowances will be made for:

- (i) interruptions due to the negligence of, or non-compliance with the provisions of this Tariff by the Customer;
- (ii) interruptions which are restored on or before the day after the interruption is reported or discovered by the Company.

1. Regulations (cont'd)

1.8 Obligations of the Customer

A The Customer shall be responsible for:

- (i) the payment of all applicable charges pursuant to this Tariff;
- (ii) providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which Company employees and agents shall be installing or maintaining the Company's services.

1. Regulations (cont'd)

1.8 Obligations of the Customer (cont'd)

1.8.1 Claims

A With respect to any service provided by the Company, Customer shall indemnify, defend and hold the Company harmless from and against all claims, actions, damages, liabilities, costs and expenses, including reasonable attorney's fees for:

- (i) Any loss, destruction or damage to property of the Company or any third party, or the death or injury to persons, including, but not limited to employees or invitees of either party, to the extent caused by or resulting from the negligent or intentional act or omission of the Customer, its employees, agents, representatives or invitees; or
- (ii) Any claim, loss, damage, expense or liability for infringement of any copyright, patent, trade secret, or any proprietary or intellectual property right of any third party, arising from any act or omission by Customer, including, without limitation, use of the Company's services and facilities in a manner not contemplated by the agreement between the Customer and the Company.

1. Regulations (cont'd)

1.8 Obligations of the Customer (cont'd)

1.8.2 Station Equipment

- A The Customer is responsible for providing and maintaining any terminal equipment on the Customer premises. The electric power consumed by such equipment shall be provided by, and maintained at the expense of, the Customer. All such terminal equipment must be registered with the FCC under 47 C.F.R., Part 68 and all wiring must be installed and maintained in compliance with those regulations. The Company will, where practicable, notify the Customer that temporary discontinuance of the use of a service be required; however, where prior notice is not practicable, nothing contained herein shall be deemed to impair the Company's right to discontinue forthwith the use of a service temporarily if such action is reasonable under the circumstances. In case of such temporary discontinuance, the Customer will be promptly notified and afforded the opportunity to correct the condition which gave rise to the discontinuance, credit allowance for service interruptions as set forth in Section 1.7.2 is not applicable.

1. Regulations (cont'd)

1.8 Obligations of the Customer (cont'd)

1.8.3 Interconnection of Facilities

- A Any special interface equipment necessary to achieve compatibility between the facilities used by the Company for furnishing local exchange service and the channels, facilities, or the equipment of others may be provided at the Customer's expense. Customer shall be liable for damages resulting from Customer's use of non-compatible equipment.
- B Local services may be connected to the services or facilities of other communication carriers only when authorized by, and in accordance with, the terms and conditions of the tariffs of the other communication carriers which are applicable to such connections.
- C Services furnished under this tariff may be connected to Customer provided terminal equipment in accordance with the provisions of this tariff.

1. Regulations (cont'd)

1.8 Obligations of the Customer (cont'd)

1.8.4 Inspections

- A Upon reasonable notification to the Customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the Customer is complying with the requirements set forth in Section 1.10.2 for the installation, operation, and maintenance of Customer-provided facilities and equipment to Company-provided facilities. No credit will allowed for any interruptions occurring during such inspections.
- B If the protective requirements for the Customer-provided equipment are not being complied with, the Company may take such action as it deems necessary to protect its facilities, equipment, and personnel. The Company will notify the Customer promptly if there is any need for further corrective action. Within ten days of receiving this notice the customer must take this corrective action and notify the Company of the action taken. If the Customer fails to do this, the company may take whatever additional action is deemed necessary, including the suspension of service, to protect its facilities, equipment and personnel from harm. The Company will, upon request 24 hours in advance, provide the Customer with a statement of technical parameters that the Customer's equipment must meet.

1. Regulations (cont'd)

1.9 Payment Arrangements

- A The Customer is responsible for payment of all charges for services furnished by the Company to the Customer or its Authorized Users. Objections must be received by the Company within a reasonable period of time after receipt of bill, or all the charges shall be deemed correct and binding upon the Customer. If an entity other than the Company imposes charges of the Company, in addition to its own internal costs, in connection with a service for which a Company non-recurring charge is specified, those charges may be passed on to the customer.

1.9.1 Taxes and Surcharges

- A The Customer is responsible for the payment of any sales, use, excise, access or other local, state and federal taxes, charges or surcharges (however designated) excluding taxes on the Company's net income imposed on or based upon the provision of local exchange service, all of which shall be separately designated on the Company's invoices. Any taxes or surcharges imposed by a local jurisdiction (e.g. county and municipal taxes) will only be recovered from those Customers located in the affected jurisdictions. It shall be the responsibility of the Customer to pay any such taxes that subsequently become applicable retroactively.

1.9.2 (Reserved for Future Use)

1. Regulations (cont'd)

1.9 Payment Arrangements (cont'd)

1.9.3 Bills and Collection of Charges

- A Bills will be rendered monthly to Customer. Fixed monthly recurring charges are billed in advance. Usage charges and minimum charges for service are billed in arrears. Customer shall be liable for all accrued local charges, directory charges, long distance charges and other charges arising prior to the service commencement date, as defined herein, and shall pay the Company for any such charges which may be assessed against the Company in any manner.
- B All service, installation, monthly recurring charges and non-recurring charges are due and payable upon receipt.

1 Regulations (cont'd)

1.9 Payment Arrangements (cont'd)

1.9.3 Bills and Collection of Charges (cont'd)

- C For new customers or existing customers whose service is disconnected, the charge for the fraction of the month in which service was furnished will be calculated on a pro rata basis. For this purpose, every month is considered to have 30 days.
- D Amounts not paid within 30 days after the date of invoice are considered past due. A late payment charge of 1.5%, or lower if required by law, per month shall apply to amounts shown on a monthly bill which remain after the due date. The late payment charge does not apply to any taxes the Company is required by law to levy on a customer. In the event the Company incurs fees or expenses, including attorney's fees, in collecting or attempting to collect any charges owed the Company, the Customer will be liable to the Company for payment of all such fees and expenses reasonably incurred.
- E A \$15.00 charge will be assessed for checks with insufficient funds or non-existing accounts.
- F If Customer chooses to place information services provider (ISP) calls or receives calls via a non-Matrix Telecom affiliated carrier, customer will be liable for all charges related to such calls; including without limitation, charges billed to the Company or Customer by ISP or other carriers, plus an applicable 10 % rebilling charge.

1. Regulations (cont'd)

1.9 Bills and Collection of Charges (cont'd)

1.9.4 Disputed Bills

- A The Customer shall notify the Company of any disputed items on a bill within a reasonable period of time after receipt of the bill. The existence of a disputed amount does not relieve the customer of their obligation to pay current charges. If the Customer and the Company are unable to resolve the dispute to their mutual satisfaction, the Customer may file a complaint with the Commission in accordance with the Commission's rules of procedure.
- B The date of the dispute shall be the date the Company receives sufficient documentation to enable it to investigate the dispute.
- C The date of the resolution is the date the Company completes its investigation and notifies the Customer of the disposition of the dispute.

1. Regulations (cont'd)

1.10 Discontinuance of Service

- A. The discontinuance of service by the Company pursuant to this section does not relieve the Customer of any obligation to pay the Company for charges due and owing for service(s) furnished during the time of or up to discontinuance of service.
- B. Upon the Company's discontinuance of service to Customer pursuant to this section, all applicable charges, including termination charges, shall become due. This is in addition to all other remedies that may be available to the Company at law or in equity or under any other provision of this tariff.

1.10.1 Discontinuance of Service by the Company

- A The Company may discontinue or suspend service to Customer without prior written notice without incurring liability for the following reasons:
- (i) The existence of an obvious hazard to the safety or health of the consumer or the general population or the Company's personnel; or
 - (ii) The Company has evidence of tampering or evidence of fraud.

1. Regulations (cont'd)

1.10.1 Discontinuance of Service by the Company (cont'd)

B The Company may discontinue or suspend service to Customer upon no less than 5 days written notice without incurring liability for the following reasons:

- (i) Customer violation of any of the provisions of this tariff, and/or violation of the Commission's rules and regulations;
- (ii) Failure to pay a bill for service;
- (iii) Failure to meet or maintain the Company's credit and deposit requirements;
- (iv) Failure of the Customer to provide the Company reasonable access to its equipment and property;
- (v) Customer breach of contract for service between the Company and the customer;
- (vi) When necessary for the utility to comply with an order of any governmental agency having such jurisdiction;
- (vii) Unauthorized resale of service.

1. Regulations (cont'd)

1.10 Discontinuance of Service (cont'd)

1.10.2 Discontinuance of Service by Customer

- A If Customer cancels a service order or terminates service before the completion of the term for any reason whatsoever other than a service interruption (as defined in 1.7), Customer agrees to pay to Company the following sums which shall become due and owing as of the effective date of the cancellation or termination and be payable within the period set forth in 1.10.5, all costs, fees, and expenses incurred in connection with:
- (i) all non-recurring charges reasonably expended by Company to establish service to Customer, plus
 - (ii) any disconnection, early cancellation or termination charges reasonably incurred and paid to third parties by Company on behalf of Customer, plus
 - (iii) all recurring charges specified in the applicable service order tariff for the balance of the then current term.

1. Regulations (cont'd)

1.10 Discontinuance of Service (cont'd)

1.10.3 Cancellation of Application for Service

- A Where, prior to cancellation by Customer, the Company incurs any expenses in installing the service or in preparing to install the service that it otherwise would not have incurred, a charge equal to the costs the Company incurred, less net salvage, shall apply, but in no case shall this charge exceed the sum of the charge for the minimum period of services ordered, including installation charges, and all charges others levy against the Company that would have been chargeable to the Customer had service begun.
- B Applications for service may be cancelled prior to the start of service or prior to any special construction. No charges will be imposed except for those specified above.
- C The special charges described above will be calculated and applied on a case-by-case basis.

1. Regulations (cont'd)

1.11 Restoration of Service

- A When Customer's service has been disconnected in accordance with this tariff and the service has been terminated through the completion of a Company service order, service will be re-established only upon the basis of an application for new service.

1. Regulations (cont'd)

1.12 Transfers and Assignments

- A Neither the Company nor the Customer may assign or transfer its rights or duties in connection with the services and facilities provided by the Company without the written consent of the other party, except that the Company may assign its rights and duties (i) to any subsidiary, parent Company affiliate of the Company; (ii) pursuant to any sale or transfer of substantially all the assets of the Company; or (iii) pursuant to any financing, merger or reorganization of the Company.

1.13 Notices and Communications

- A The Customer shall designate on the Service Order an address to which the Company shall mail or deliver all notices and other communications, except that Customer may also designate a separate address to which the Company's bills for service shall be mailed.
- B The Company shall designate on the Service Order an address to which the Customer shall mail or deliver all notices and other communications, except that Company may designate an address on the bill for service to which the Customer shall mail payment for that bill.
- C All notices or other communications required to given pursuant to this tariff will be in writing. Notices and other communications of either party, and all bills mailed by the Company, shall have been presumed to have been delivered to the party on the third business day following the deposit of the notice, communication or bill with the U.S. Mail or a private delivery service, prepaid and properly addressed, or when actually received or refused by the addressee, whichever occurs first.
- D The Company or Customer shall advise the other party of any changes to the addresses designated for notices, other communications or billing, by following the procedures for giving notice set forth herein.

1. Regulations (cont'd)

1.14 Promotional Offers

- A The Company may, from time to time, make promotional offerings of its services. The promotional offerings may be limited as to the duration, the date and times of the offering and the locations where the offerings are made.

1.15 Individual Case Basis (ICB) Arrangements

- A Arrangements will be developed on a case-by-case basis in response to a bona fide request or prospective Customer to develop a competitive bid for a service not generally offered under this tariff. ICB rates will be offered to the Customers in writing and on a non-discriminatory basis.

1.16 Customer Service

- A Customer service personnel are available twenty-four (24) hours a day, seven days a week and may be reached toll-free.

2 Service Descriptions and Rates

2.1 Local Service

2.1.1 General

A Matrix Telecom, Inc.'s local service enables the Customer to:

- (i) receive calls from other stations on the public switched telephone network;
- (ii) place calls to other stations on the public switched telephone network;
- (iii) access the Company for service related assistance; access directory assistance for the local calling area; access toll free telecommunications services; access enhanced 911 services for emergency calling; access Telephone Relay Service; and
- (iv) access the interexchange network. A Customer may presubscribe to the carrier of their choice for interLATA and intraLATA calling, or Customer may access a provider on an *ad hoc* basis by dialing the provider's Carrier Identification Code (10XXX).

B The local calling area will be the same as that used by the incumbent local exchange company, a description of which can be found in the telephone directory published by the incumbent local exchange company.

C Service will be offered in the service areas in which the Company has been certified by the Arizona Public Utilities Commission.

2.1.2 Monthly Recurring Charges

\$76.50 maximum

2.1.3 Initial Service Conversion Charge

A The following charge applies when an existing local service line or trunk is converted to Matrix Telecom, Inc.'s local service. It is a one-time, non-recurring charge:

\$52.00 maximum¹

¹ PBX trunk customers who are converting from a rate stabilized service will incur an additional conversion charge. The above maximum rate applies.

2 Service Descriptions and Rates

2.1 Local Service

2.1.4 Installation Charge

- A The following charge applies per line when a new local service line or trunk is added to a new or existing account. It is a one-time, non-recurring charge:

\$105.00

2 Service Description and Rates (cont'd)

2.2 Features

2.2.1 General

- A The following features will be available on all lines. Not all features are compatible with certain key sets and PBX systems.

Call Return

Allows a customer to automatically redial the telephone number of the last incoming call to that line, regardless of whether the call was answered, unanswered, or busy. After the recall is activated, and unless the number is blocked as described below, an announcement of the number is provided to the customer, who then has the choice of either continuing the recall by entering a code, or terminating the recall by hanging up. If the redialed number is busy, a distinctive ring alerts the customer when the number becomes available. If the telephone number of the last incoming call has been blocked through the use of a service such as Caller ID Blocking, the number cannot be redialed.

Continuous Redial

Allows a customer to automatically redial the last telephone number dialed. If the called number is busy, the number is redialed for a limited period of time. A distinctive ring alerts the customer when the called number becomes available.

Caller ID

Allows for the automatic delivery of a calling party's number to the called customer. The telephone number is displayed on customer-provided equipment.

Call Forward

This optional feature allows all calls directed to a telephone number to be routed to a user defined telephone number. The user is charged any applicable usage charges for the re-routed call. The user can activate/deactivate Call Forward and define a telephone number where all calls will be forwarded. Calls cannot be forwarded to an International Direct Distance Dialing (IDDD) number.

Call Forward Busy Line

This optional feature forwards calls to a busy station to a predetermined number. Calls cannot be forwarded to an International Direct Distance Dialing (IDDD) number. The user is charged any applicable usage charges for the forwarded call.

2 Service Description and Rates (cont'd)

2.2 Features (cont'd)

2.2.1 General (cont'd)

Call Forward Don't Answer

This optional feature allows users to re-route a call to a predetermined station in the event that the call is not answered within a customer-specified number of rings. Users are charged for any applicable usage charges on the forwarded call.

Call Return

Allows a customer to automatically redial the telephone number of the last incoming call to that line, regardless of whether the call was answered, unanswered, or busy. After the recall is activated, and unless the number is blocked as described below, an announcement of the number is provided to the customer, who then has the choice of either continuing the recall by entering a code, or terminating the recall by hanging up. If the redialed number is busy, a distinctive ring alerts the customer when the number becomes available. If the telephone number of the last incoming call has been blocked through the use of a service such as Caller ID Blocking, the number cannot be redialed.

Call Trace

Call Tracing allows for the identification and recording of the telephone numbers of some or all of the incoming calls to the telephone line of a customer.

Call Transfer

Allows Customer to transfer an incoming call to a third party or to add a third party to an existing call, forming a three-party connection. The original party can then leave the call without disconnecting the other parties. Calls can be transferred to any number in the North American Dialing Plan (1-NPA-NXX-XXXX type numbers).

Call Waiting

Provides a tone to notify customer on an existing call that a second call is waiting.

Direct Connect Line

Allows a customer to automatically dial a pre-designated number whenever the originating telephone goes off-hook. This feature is assigned to a phone which is used only for this purpose.

2 Service Description and Rates (cont'd)

2.2 Features (cont'd)

2.2.1 General (cont'd)

Continuous Redial

Allows a customer to automatically redial the last telephone number dialed. If the called number is busy, the number is redialed for a limited period of time.

Hunting

This optional feature routes a call to an idle line in a prearranged group when the called telephone number is busy. Typically this feature is used with the customer's main telephone number and several subtending lines so that the customer can receive calls on several lines, although all calls are placed to the same number. Hunting will not work with Call Forward Busy and Don't Answer.

Remote Call Forward

Allows the Customer to automatically forward calls from one telephone number to another. The Customer is charged any applicable usage charges on the forwarded call.

Third Number/Collect Blocking

Allows a Customer to block calls from being billed to individual stations, either on a third-number basis, or on a collect basis.

Three Way Calling

Allows a user to add a third party to an existing conversation without expensive conferencing equipment. This feature also allows a user to place a call on hold in order to make a consultation call on the same line. When the consultation call is completed the user hangs-up or depresses the flash key on the telephone and is reconnected to the original conversation.

Toll Blocking

Allows the user to restrict long distance outgoing calls on each line equipped.

2 Service Descriptions and Rates (cont'd)

2.2 Features (cont'd)

2.2.2 Terms and Conditions

- A Per call blocking and unblocking shall be offered at no charge. Per line blocking shall be offered at no charge for the first request of each Customer. Domestic violence programs and law enforcement agencies shall always be offered per line blocking at no charge.
- B The results of a call trace will be furnished only to law enforcement agencies or authorities upon proper request by them.
- C Disclosure of telephone number may occur when caller subscribes to Caller Identification or Automatic Call Back. Call blocking, on either a per call or per line basis, prevents the delivery of this information.

2 Service Description and Rates (cont'd)

2.2 Features (cont'd)

2.2.3 Rates

All rates stated are maximum charges

	<u>Non Recurring Charge</u>	<u>Monthly Recurring Charge</u>	<u>Per Usage Charge</u>
Call Return	n/a	n/a	\$1.50
Continuous Redial	n/a	n/a	\$1.50
Call Trace			\$4.00
Call Transfer	\$24.50	\$11.60	
Caller ID	\$24.50	\$15.00	
Call Forward	\$24.50	\$9.00	
Call Forward Busy Line	\$24.50	\$15.00	
Call Forward Don't Answer	\$24.50	\$7.50	
Call Forward Busy Line/Don't Answer	\$24.50	\$13.00	
Call Waiting	\$24.50	\$14.00	
Direct Connect Line	\$24.50	\$4.50	
Hunting	\$24.50	\$15.00	
Remote Call Forward	\$60.00	\$38.00	
Speed Dial	\$24.50	\$5.50	
Speed Dial, Expanded	\$24.50	\$8.50	
Third Number/Collect Blocking	\$24.50	\$14.00	
Three Way Calling	\$24.50	\$7.50	\$4.00
Toll Blocking	\$52.00	\$9.50	

2 Service Description and Rates (cont'd)

2.3 Directory Listings

2.3.1 Description

Directory listings will be provided in accordance with Section 1.6 of this tariff. The following types of listings are available:

- (i) **Primary Listing.** A primary listing contains the name of the Customer, or the name under which business is regularly conducted, as well as the address and telephone number of the Customer. Primary listings are provided at no charge;
- (ii) **Additional Listings.** Additional listings are available only in the names of Authorized Users of the Customer's service, as defined herein;
- (iii) **Non-Published Listings.** Non-published listings are not printed in directories nor are they available from directory assistance. Non-published listings are subject to the provisions set forth in Sections 1.2 and 1.6;
- (iv) **Non-Listed Numbers.** Non-listed numbers are those which provide for the omission or deletion of the Customer's listing from the telephone directory. Such listings are available from directory assistance;
- (v) **Foreign Listings.** A foreign listing is one which is published in a directory not in the Customer's immediate calling area.
- (vi) **Extra Line Listings.** Provides additional information after a main or additional listings.
- (vii) **Cross Reference Listing.** This provides a reference to another listing in the same directory.

2.3.2 Rates

All rates stated are maximum charges.

	Non-Recurring Charge	Monthly Recurring Charge
Primary Listing	n/c	n/c
Additional Listing	\$41.50	\$5.50
Cross Reference Listing	\$41.50	\$5.50
Non-Published Listing	\$41.50	\$15.50
Non-Listed Number	\$41.50	\$15.50
Foreign Listing	\$41.50	\$15.50

2 Service Description and Rates (cont'd)

2.4 Directory Assistance

2.4.1 Description

A The Customer may access Directory Assistance for the purpose of determining phone numbers within its local calling area by calling the Directory Assistance Operator. A maximum of two number requests per call will be allowed.

2.4.2 Rates

\$1.10 per call maximum

A For all requests for Directory Assistance Call Completion, the following additional charge will apply:

\$.70 per call maximum

2.4.3 Directory Assistance Credits

A Credit will be given for calls to Directory Assistance as follows:

- (i) The Customer experiences poor transmission or is cut-off during the call; or
- (ii) The Customer is given the incorrect telephone number.

B To obtain credit, the Customer must contact their Customer Service representative.

2 Service Description and Rates (cont'd)

2.5 Operator Services

2.5.1 General

A The Customer has the option of contacting the incumbent local exchange company operator for general information, such as dialing instructions, country or city codes, area code information and Customer Service 800 numbers. The Customer may obtain the assistance of an incumbent local exchange operator to complete local exchange telephone calls in the following manner:

- (i) Third Party Billing. Provides the Customer with the ability to charge a local call to a third number which is different from the called or calling party. The party answering at the third number has the option to refuse acceptance of the charges in advance or when queried by the operator.
- (ii) Collect Calls. Provides the Customer with the capability to charge a call to the called party. On the operator announcement of a collect call, the called party has the option to refuse acceptance of charges in advance or when queried by the operator.
- (iii) Person to Person. Calls completed with the assistance of an operator to a particular Station and person specified by the caller. The call may be billed to the called party.
- (iv) Station to Station. Calls completed with the assistance of an operator to a particular Station. The call may be billed to the called party.
- (v) Busy Line Verification. Provides the customer with the verification that a line is busy and not otherwise disrupted.
- (vi) Busy Line Interrupt. Provides the customer with the option of interrupting a line that has been verified to be busy.

2 Service Description and Rates (cont'd)

2.5 Operator Services (cont'd)

2.5.2 Maximum Rates

	surcharge	per minute charge
Third Party Billing	\$2.60	\$.54
Collect	\$2.60	\$.54
Person to Person	\$7.00	\$.54
Station to Station	\$2.60	\$.54
Busy Line Verification	\$2.80	
Busy Line Verification w/Interrupt	\$5.50	

2.6 Presubscription

2.6.1 Description

A Customer may presubscribe to the intraLATA and/or interLATA carrier of their choice for long distance calling.

2.6.2 Rates

A Intra and/or interLATA carrier change

\$15.00 maximum per line, per occurrence

B A single occurrence can include a change of both the intraLATA and interLATA carriers.

2 Service Description and Rates (cont'd)

2.7 Service Restoration Charge

When service has been discontinued in accordance with the provisions of this tariff, and Customer wishes to restore service, the following service restoral charge will apply:

\$104.00 maximum

2.8 Vanity Number

When a customer requests a specific number (e.g. 555-TOYS), and the number is available, the following maximum charges will apply:

Nonrecurring charge:	\$430.00
Monthly recurring charge:	\$18.50

2.9 Private Branch Exchange (PBX) Service

The Company's PBX Service uses PBX Trunks to connect to a customer PBX system or other similar equipment. This service provides customers with unrestricted local calling and carrier access. The Company treats these trunks similar to individual exchange lines and supports multi-line hunting over a group of trunks. Installation and conversion charges as detailed in Sections 2.1.3 and 2.1.4 also apply. The monthly recurring charge covers all applicable state surcharges.

2.9.1 Rates

Monthly Recurring Charge:\$130.00 maximum per trunk

2.9.2 Rearrangement of PBX Service

A non-recurring per account charge will apply to effect changes to a PBX trunking arrangement. Such changes may include, but are not limited to, trunk hunting sequence, a change in signaling arrangement, etc.

2.9.2.1 Rates

The following maximum charge will apply per account, per occasion of change requested:

\$80.00

2 Service Description and Rates (cont'd)

2.10 Direct Inward Dial (DID) Service

DID Service is an optional feature which can be purchased in conjunction with Company-provided PBX trunks. DID Service transmits the dialed digits for all incoming calls allowing the Customer's PBX to route incoming calls directly to individual stations corresponding to each individual DID number. Charges for DID central Office termination and DID number blocks apply in addition to charges specified for PBX Trunks. One additional termination charge applies for each DID-equipped PBX Trunk. Telephone numbers are furnished in blocks of 20. Blocks of number groups will be determined at the sole discretion of the Company's resources. Whenever possible, the Company will attempt to provide telephone numbers arranged consecutively in a group, but will not guarantee nor accept responsibility for provision of such an arrangement within or between a block of numbers. In addition, the Company reserves the right to review vacant DID stations or stations not in use to determine efficient telephone number utilization. Should the Company determine, based on its own discretion, that there is inefficient number utilization, the Company may reassign the DID numbers.

Where all numbers in a group have not been connected for service, the Customer is responsible for providing interception of calls to vacant or non-working assigned station lines or telephone numbers by means of attendant intercept or recorded announcement service. The Company will not terminate these numbers to an intercept message on the Customer's behalf.

2.10.1 Rates

All rates stated are maximums:

Description	Non-Recurring <u>Charge</u>	Monthly Recurring <u>Charge</u>
DID Central Office Termination	\$104.00	\$101.00
DID Number Group	\$40.00	\$10.00

2 Service Description and Rates (cont'd)

2.11 Moves, Adds and Changes

- A Non-recurring Installation Charges as described in Sections 2.1 and 2.9 of this tariff will be applied per line when a Customer moves to a new address within the same local exchange.
- B Non-recurring charges as described in Sections 2.2, 2.3, 2.6 and 2.10 of this tariff will be applied per line when a Customer requests any changes or additions to an existing account.

2.12 I-Called

I-CALLED allows for callers who encounter a "ring no answer" condition to record their name and telephone number for future delivery to the called party. The service provides a voice prompt for the caller to enter a touch-tone command. Once callers record their name and number, *I-CALLED* will attempt to deliver the information to the called party by calling the called party periodically for a predetermined number of days, or until the called party answers, whichever comes first. When the called party answers the *I-CALLED* call, the recorded information will be played through twice to ensure the called party hears the information. The called party will also have the opportunity to replay the message if needed. This service is billed to the calling party on a per use basis.

Maximum Rate Per call Per Line \$2.00

SECTION 3 - PRICE LIST

3.1 Business Line Service Monthly Recurring Charge
\$38.23 per line

3.2 Initial Service Conversion Charge
\$26.00² per line or trunk converted

3.3 Line Installation Charge
\$52.50 per line or trunk

3.4 Features

	Non Recurring Charge	Monthly Recurring Charge	Per Usage Charge
Call Return	n/a	n/a	\$.75
Continuous Redial	n/a	n/a	\$.75
Call Trace	n/a	n/a	\$2.00
Call Transfer	\$12.25	\$5.80	
Caller ID	\$12.25	\$7.50	
Call Forward	\$12.25	\$4.50	
Call Forward Busy Line	\$12.25	\$7.50	
Call Forward Don't Answer	\$12.25	\$3.75	
Call Forward Busy Line/Don't Answer	\$12.25	\$6.50	
Call Waiting	\$12.25	\$7.00	
Direct Connect Line	\$12.25	\$2.25	
Hunting	\$12.25	\$7.50	
Remote Call Forwarding	\$30.00	19.00	
Speed Dial	\$12.25	\$2.75	
Speed Dial, Expanded	\$12.25	\$4.25	
Third Number/Collect Blocking	\$12.25	\$7.00	
Three Way Calling	\$12.25	\$3.75	\$2.00
Toll Blocking	\$26.00	\$4.75	

² PBX trunk customers who are converting from a rate stabilized service will incur an additional conversion charge of \$26.00 per trunk.

SECTION 3 - PRICE LIST

3.5 Directory Listings

	Non-Recurring Charge	Monthly Recurring Charge
Primary Listing	n/c	n/c
Additional Listing	\$20.75	\$2.75
Cross Reference Listing	\$20.75	\$2.75
Non-Published Listing	\$20.75	\$1.40
Non-Listed Number	\$20.75	\$1.40
Foreign Listing	\$20.75	\$2.75

3.6 Directory Assistance

\$.59 per call

3.7 Directory Assistance Call Completion

\$.35 per call

3.8 Operator Services

	surcharge	per minute charge
Third Party Billing	\$1.30	\$.27
Collect	\$1.30	\$.27
Person to Person	\$3.50	\$.27
Station to Station	\$1.30	\$.27
Busy Line Verification	\$1.40	
Busy Line Verification w/Interrupt	\$2.75	

3.9 Presubscription

A Customer may change their intra and/or interLATA long distance carrier. The Customer will incur a \$10.00 per line, per occurrence charge. A single occurrence can include a change of both the intraLATA and interLATA carriers.

3.10 Service Restoration Charge

\$52.00 per occurrence

3.11 Vanity Number

Nonrecurring charge: \$230.00
Monthly recurring charge: \$9.25

SECTION 3 - PRICE LIST

3.12 PBX Service

Monthly Recurring Charge: \$54.04 per trunk

3.13 PBX Rearrangement of Service

\$40.00 per account, per request

3.14 DID Number Service

Description	Non-Recurring Charge	Monthly Recurring Charge
DID Central Office Termination	\$57.00	\$50.25
DID Number Group	\$18.75	\$2.75

3.15 Moves, Adds and Changes

Non-recurring charges as shown in this Section 3 - Price List, will be applied when Customer requests moves, adds and/or changes to existing service arrangements.

3.16 I - Called Service

Per Use \$0.95

Matrix Telecom, Inc.

Affidavit of Publication Form

Pending receipt of docket number

See Attached Notice of Application

Attachment "C"

Pending receipt of docket number

Before the
ARIZONA PUBLIC SERVICE COMMISSION

In the Matter of **MATRIX TELECOM, INC.**'s)
application for certificate of public convenience)
and necessity to provide intrastate)
telecommunications services within the State of) Case No. _____
Arizona.)

**NOTICE OF APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE COMPETITIVE RESOLD LOCAL EXCHANGE
TELECOMMUNICATIONS SERVICES BY MATRIX TELECOM, INC.**

Matrix Telecom, Inc. ("Applicant") has filed with the Arizona Corporation Commission ("Commission") an application for a Certificate of Convenience and Necessity ("Certificate") to provide competitive resold local exchange telecommunications services in the State of Arizona. Applicant will be required by the Commission to provide this service under the rates and charges and terms and conditions established by the Commission.

A.R.S. 5 40-282 provides that the Commission may act on an application for a Certificate to provide resold telecommunications services without a hearing, or with a hearing, if one is requested by any party. Applicant or any other party must request a hearing within twenty (20) days of the date of this notice, or the Commission will rule on the application without a hearing.

The application, report of the Commission's Utilities Division Staff, and any written exceptions to the Staff report prepared by the applicant are available for inspection during regular business hours at the offices of the Commission located at 1200 West Washington Street, Phoenix, Arizona, 85007, and at Applicant, 300 N. Meridian, Suite 200-North, Oklahoma City, Oklahoma, 73107.

Under appropriate circumstances, interested parties may intervene in the proceedings, and participate as a party. Intervention shall be in accordance with the A.A.C. R 14-3-105, except that all motions to intervene must be filed on or within twenty (20) days of the date of this notice. You may have the right to intervene in the proceedings, or you may make a statement for the record. If you have any comments, mail them to:

The Arizona Corporation Commission
Attention Docket Control
Re: Matrix Telecom, Inc.
(Enter Docket Number)

1200 West Washington Street
Phoenix, Arizona 85007

All Comments should be received within twenty (20) days of the date of this notice.

If you have any questions about this application or have any objections to its approval, you may contact Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007, or call 1-800-222-7000.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request reasonable accommodations such as sign language interpreter, as well as request this document in an alternative format, by contacting Shelley Hood, ADA Coordinator, voice phone number (602) 542-3931, E-Mail shood@cc.state.az.us. Requests should be made as early as possible to allow time to arrange the accommodation.

Matrix Telecom, Inc.

Financial Projections

By Quarter, For Years of 2005 to 2007

Attachment "D"



Matrix Telecom, Inc. (Consolidated)
 Proforma Balance Sheet - (Rounded to 000's of US\$)
 Years of 2002 through 2004 - by Calendar Quarter

	2005				2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
= ASSETS =												
Current Assets												
Cash	90	8	132	169	21	130	50	256	132	363	463	778
Accounts Receivable (Net of Allowance)	1488	1544	1757	1774	1,939	2,077	2,174	2,207	2,356	2,506	2,589	2,632
Prepaid & Other Current Assets	87	22	137	92	52	15	137	92	52	15	137	92
Total Current Assets	1665	1574	2026	2035	2012	2222	2361	2555	2,540	2,884	3,189	3,502
Fixed Assets												
Property and Equipment	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121	1,121
Less: Accumulated Depreciation	701	759	816	874	932	990	1,048	1,106	1,121	1,121	1,121	1,121
Net Fixed Assets	420	362	305	247	189	131	73	15				
Other Assets												
Goodwill	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486	1,486
Less: Accumulated Amortization	(25)	(50)	(75)	(99)	(124)	(149)	(174)	(199)	(223)	(248)	(273)	(298)
Total Other Assets	1,461	1,436	1,411	1,387	1,362	1,337	1,312	1,287	1,263	1,238	1,213	1,188
TOTAL ASSETS	3,546	3,372	3,742	3,669	3,563	3,690	3,746	3,857	3,803	4,122	4,402	4,690
= LIABILITIES & EQUITY =												
Current Liabilities												
Accounts & Accrued Payables	2,542	2,806	3,067	3,166	3,478	3,765	3,888	4,003	4,101	4,388	4,560	4,675
Structured Payout - A/P	183	183	183	183	183	183	183	183	183	183	183	183
Sales & Excise Tax Payable	759	727	686	555	449	486	502	517	530	567	589	604
Current Portion of Long-Term Debt												
Total Current Liabilities	3,484	3,516	3,936	3,904	4,110	4,434	4,573	4,703	4,814	5,138	5,332	5,462
Non-Current Liabilities												
Contingencies	1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348
Long-Term Debt	1,701	1,558	1,415	1,272	1,129	986	843	700	557	414	271	128
Subordinated Loan - Platinum Equity												
Total Non-Current Liabilities	3,049	2,906	2,763	2,620	2,477	2,334	2,191	2,048	1,905	1,762	1,619	1,476
Member/Stockholder Equity												
Paid in Capital	10,575	10,575	10,575	10,575	10,575	10,575	10,575	10,575	10,575	10,575	10,575	10,575
Retained Earnings	(14,898)	(14,898)	(14,898)	(14,898)	(13,432)	(13,432)	(13,432)	(13,432)	(13,470)	(13,470)	(13,470)	(13,470)
Current Period Income (Loss)	1,335	1,273	1,365	1,466	(168)	(224)	(163)	(39)	(22)	117	345	647
Total Member/Stockholder Equity	(2,988)	(3,050)	(2,958)	(2,857)	(3,025)	(3,081)	(3,020)	(2,896)	(2,917)	(2,778)	(2,550)	(2,248)
TOTAL LIABILITIES AND EQUITY	3,546	3,372	3,742	3,669	3,563	3,690	3,746	3,857	3,803	4,122	4,402	4,690

Matrix Telecom, Inc. (Consolidated)
 Proforma Statements of Income - (Rounded to 000's of US\$)
 For the Years ending December 31, 2005 through 2007 - by Quarter

	2005				2006				2007				TOTALS	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2005	2007
REVENUE	3,916	4,044	4,479	4,702	5,081	5,397	5,669	5,885	6,235	6,577	6,809	7,014	17,141	22,032
COST OF SALES	1,416	1,509	1,734	1,869	2,034	2,193	2,336	2,456	2,600	2,762	2,880	2,989	6,528	9,019
GROSS MARGIN	2,500	2,535	2,745	2,833	3,047	3,204	3,333	3,429	3,635	3,815	3,929	4,025	10,613	13,013
	63.8%	62.7%	61.3%	60.3%	60.0%	59.4%	58.8%	58.3%	58.3%	58.0%	57.7%	57.4%	61.9%	59.1%
OPERATING EXPENSES														
Salaries & Benefits	1,403	1,323	1,323	1,323	1,431	1,431	1,431	1,431	1,512	1,512	1,512	1,512	5,372	5,724
Back Office Services	311	243	269	282	305	324	340	353	374	395	409	421	1,105	1,322
Legal & Professional	106	120	105	105	90	90	75	75	75	75	75	75	436	330
Bad Debts	91	80	90	93	101	108	114	118	126	131	136	140	354	441
All Other	311	327	375	440	428	450	458	477	316	327	337	345	1,463	1,813
Total Operating Expenses	2,222	2,093	2,162	2,243	2,355	2,403	2,418	2,454	2,403	2,440	2,469	2,493	8,720	9,630
EBITDA	278	442	583	580	692	801	915	975	1,232	1,375	1,460	1,532	1,893	3,383
Amortization Expense	25	25	25	25	25	25	25	25	25	25	25	25	100	100
Depreciation Expense	56	58	58	58	58	58	58	58	14	-	-	-	230	232
OPERATING INCOME	197	359	500	507	609	718	832	892	1,193	1,350	1,435	1,507	1,563	3,051
OTHER INCOME (EXPENSE)														
Interest Income (Expense)	(34)	(37)	(34)	(31)	(28)	(24)	(21)	(18)	(15)	(11)	(8)	(5)	(136)	(91)
Retirement of Debt	1,729	-	-	-	-	-	-	-	-	-	-	-	1,729	-
Restructuring Expense	(182)	(10)	-	-	-	-	-	-	-	-	-	-	(192)	-
Total Other Income (Expense)	1,513	(47)	(34)	(31)	(28)	(24)	(21)	(18)	(15)	(11)	(8)	(5)	1,401	(91)
Net Income Before Tax	1,710	312	466	476	581	694	811	874	1,178	1,339	1,427	1,502	2,964	2,960
Provision for Income Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET INCOME (LOSS)	1,710	312	466	476	581	694	811	874	1,178	1,339	1,427	1,502	2,964	2,960
Distributions - Platinum	(375)	(375)	(375)	(375)	(750)	(750)	(750)	(750)	(1,200)	(1,200)	(1,200)	(1,200)	(1,500)	(3,000)
NET INCOME (LOSS) AFTER DISTRIBUTIONS	1,335	(63)	91	101	(169)	(56)	61	124	(22)	139	227	302	1,464	(40)

Matrix Telecom, Inc. (Consolidated)
 Proforma Statement of Cash Flows - (Rounded to 000's of US\$)
 Years of 2002 through 2004 - by Calendar Quarter

	2005				2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net income	1,335	(63)	91	101	(169)	(56)	61	124	(22)	139	227	302
Depreciation and amortization	81	83	83	83	83	83	83	83	39	25	25	25
Changes in working capital:												
Accounts receivable	22	(56)	(213)	(17)	(165)	(138)	(97)	(33)	(148)	(151)	(82)	(44)
Other current assets	33	65	(115)	45	40	38	(123)	45	40	38	(123)	45
Accounts payable	(1,892)	39	279	60	189	174	75	70	59	174	105	70
Structured payout - A/P	(1,211)	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses	144	25	182	39	123	113	49	45	38	113	68	45
Sales tax payable	205	(32)	(40)	(131)	(106)	37	16	15	13	37	22	15
Accrued taxes	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash From Operations	(1,283)	61	267	180	(5)	251	64	349	19	375	242	458
Investing activities:												
Capital expenditures	38	-	-	-	-	-	-	-	-	-	-	-
Financing activities:												
Disputed/contingent liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of debt	(518)	(143)	(143)	(143)	(143)	(143)	(143)	(143)	(143)	(143)	(143)	(143)
Borrowings	1,755	-	-	-	-	-	-	-	-	-	-	-
Capital lease obligations	-	-	-	-	-	-	-	-	-	-	-	-
Net change in cash	(8)	(82)	124	37	(148)	108	(79)	206	(124)	232	99	315
Cash at beginning of period	99	90	8	132	169	21	130	50	256	132	363	463
Cash at end of period	90	8	132	169	21	130	50	256	132	363	463	778

Matrix Telecom, Inc.

Financial Statements

By Quarter, For Years 2002 – 2004



Matrix Telecom, Inc. (Consolidated)
Balance Sheet
Years of 2002 through 2004 - by Calendar Quarter

	2002				2003				2004			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
= ASSETS =												
Current Assets												
Cash	1,810	1,756	2,788	1,357	1,584	567	379	273	345	28	18	99
Accounts Receivable (Net of Allowance)	8,511	7,458	5,163	4,572	3,818	2,898	2,784	3,330	2,488	2,582	2,533	2,175
Prepaid & Other Current Assets	86	85	76	84	81	77	81	98	111	178	133	120
Total Current Assets	10,407	9,299	8,027	6,013	5,483	3,542	3,244	3,701	2,944	2,788	2,684	2,394
Fixed Assets												
Property and Equipment	332	368	406	529	627	662	698	642	655	899	1,142	1,159
Less: Accumulated Depreciation	(104)	(128)	(161)	(201)	(245)	(293)	(347)	(365)	(417)	(487)	(566)	(645)
Net Fixed Assets	228	240	245	328	382	369	351	277	238	412	576	514
Other Assets												
Due from Related Parties	8,091	5,909	2,085	1,309	882	486	319	133	94	36	26	13
Goodwill	10,746	10,746	10,746	-	32	32	32	32	32	32	32	1,485
Less: Accumulated Amortization	(4,809)	(5,140)	(5,671)	-	(539)	(1,079)	(1,785)	(6)	(8)	(10)	(11)	(13)
Total Other Assets	14,228	11,515	7,160	1,309	375	(561)	(1,434)	158	118	58	47	1,485
TOTAL ASSETS	24,863	21,054	15,432	7,650	6,250	3,350	2,161	4,136	3,300	3,258	3,307	4,393
= LIABILITIES & EQUITY =												
Current Liabilities												
Accounts & Accrued Payables	11,051	11,339	11,863	9,488	8,564	7,531	7,754	6,668	5,155	4,989	5,326	3,863
Due to Related Parties	9,433	5,997	1,050	863	950	863	951	323	237	387	433	641
Sales & Excise Taxes Payable	1,446	1,348	978	888	833	1,055	736	672	534	517	512	554
Deferred Revenue	601	919	762	512	839	319	318	957	319	610	602	664
Other Current Liabilities	(3)	-	-	-	-	10	10	10	-	-	-	807
Current Portion of Long-Term Debt	-	-	-	-	-	-	-	-	591	639	676	-
Total Current Liabilities	22,528	19,603	14,673	11,731	11,186	9,778	9,769	8,630	6,836	7,142	7,549	6,529
Non-Current Liabilities												
Contingencies	84	84	134	-	-	-	-	-	-	-	-	-
Long-Term Debt	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913	1,913
Subordinated Loan - Platinum Equity	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	1,997	1,997	2,047	1,913	1,913	1,913	1,913	1,913	2,881	2,792	2,837	2,311
Member/Stockholder Equity												
Paid in Capital	3,128	3,128	3,128	4,242	4,242	4,242	4,242	7,209	7,209	7,209	7,209	8,662
Retained Earnings	(852)	(852)	(852)	(852)	(10,237)	(10,237)	(10,237)	(10,237)	(13,616)	(13,616)	(13,616)	(13,616)
Current Period Income (Loss)	(1,938)	(2,822)	(3,564)	(9,384)	(854)	(2,346)	(3,526)	(3,379)	(10)	(289)	(672)	507
Total Member/Stockholder Equity	338	(546)	(1,288)	(5,994)	(6,849)	(8,341)	(9,521)	(6,406)	(6,417)	(6,676)	(7,079)	(4,447)
TOTAL LIABILITIES AND EQUITY	24,863	21,054	15,432	7,650	6,250	3,350	2,161	4,136	3,300	3,258	3,307	4,393

Matrix Telecom, Inc. (Consolidated)
 Statements of Income
 For the Years ending December 31, 2002 through 2004 - by Quarter

	2002				2003				2004				TOTALS		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2002	2003	2004
REVENUE	14,948	14,117	12,865	11,470	10,398	8,929	8,283	6,700	6,030	5,344	4,552	4,037	53,400	34,310	19,963
COST OF SALES	9,815	9,148	7,791	6,423	6,147	5,286	4,758	4,427	3,357	2,522	1,883	1,470	33,177	20,618	9,232
GROSS MARGIN	5,133	4,969	5,074	5,047	4,251	3,643	3,525	2,273	2,673	2,822	2,669	2,567	20,223	13,692	10,731
	34.3%	35.2%	39.4%	44.0%	40.9%	40.6%	42.6%	33.9%	44.3%	52.6%	58.6%	63.6%	37.8%	39.9%	53.8%
OPERATING EXPENSES															
Salaries & Benefits	1,752	1,901	1,666	1,713	1,586	1,493	1,359	1,492	1,299	1,381	1,479	1,567	7,032	5,930	5,726
Back Office Services	2,526	1,839	1,832	1,196	1,467	1,297	1,186	654	544	513	456	364	7,393	4,604	1,877
Legal & Professional	294	313	262	465	212	234	226	401	127	138	133	124	1,334	1,073	522
Bad Debts	825	478	386	244	240	281	179	199	175	172	170	114	1,933	899	631
All Other	589	456	119	554	536	570	477	543	391	385	356	421	1,718	2,126	1,553
Total Operating Expenses	5,986	4,987	4,265	4,172	4,041	3,875	3,427	3,289	2,536	2,589	2,564	2,590	19,410	14,632	10,309
EBITDA	(853)	(18)	809	875	210	(232)	98	(1,016)	137	233	75	(23)	813	(940)	422
Amortization Expense	531	531	531	558	540	540	706	(1,780)	3	3	3	3	2,151	6	12
Depreciation Expense	23	25	33	40	45	47	54	54	53	69	80	78	121	200	280
OPERATING INCOME	(1,407)	(574)	245	277	(375)	(819)	(662)	710	81	181	(8)	(104)	(1,459)	(1,146)	130
OTHER INCOME (EXPENSE)															
Interest Income (Expense)	(26)	(27)	(24)	(23)	(29)	(30)	(30)	(28)	(43)	(68)	(43)	(61)	(100)	(117)	(215)
Impairment of Goodwill	-	-	-	(5,631)	-	-	-	-	-	-	-	-	(5,631)	-	-
Extinguishment of Debt	-	-	-	-	-	-	-	-	-	-	-	-	1,789	-	1,789
Non-Op Payments to Affiliates	(1)	419	(389)	(175)	-	(171)	(60)	(53)	(48)	(52)	(52)	(70)	(146)	(284)	(222)
Gain (Loss) on Disposal of Assets	(54)	(97)	(47)	(49)	-	-	-	(31)	-	-	-	-	(247)	-	-
Purchase Royalties	(81)	295	(460)	(5,878)	(29)	(201)	(90)	(112)	(91)	(120)	(95)	1,658	(6,124)	(432)	1,352
Total Other Income (Expense)	(1,486)	(279)	(215)	(6,601)	(404)	(1,020)	(752)	598	(10)	41	(103)	1,554	(7,663)	(1,578)	1,482
Net Income Before Tax	(1,486)	(279)	(215)	(6,601)	(404)	(1,020)	(752)	598	(10)	41	(103)	1,554	(7,663)	(1,578)	1,482
Provision for Income Taxes	-	155	77	(231)	-	22	(22)	1	-	-	-	-	1	1	-
NET INCOME (LOSS)	(1,486)	(434)	(292)	(5,370)	(404)	(1,042)	(730)	597	(10)	41	(103)	1,554	(7,584)	(1,579)	1,482
Distributions - Platinum	(450)	(450)	(450)	(450)	(450)	(450)	(450)	(450)	-	(300)	(300)	(375)	(1,800)	(1,800)	(975)
NET INCOME (LOSS) AFTER DISTRIBUTIONS	(1,936)	(884)	(742)	(5,820)	(854)	(1,492)	(1,180)	147	(10)	(269)	(403)	1,179	(9,384)	(3,379)	507

**Status of Applications for Authority to Provide
Competitive Local Service (Resale) in Other Jurisdictions**

Alabama – Applied for
Alaska - Applied for
Arizona – Applied for
Arkansas – Applied for
California – Applied for
Colorado – Applied for
Connecticut – Applied for
Delaware – Applied for
District of Columbia – Applied for
Florida – Applied for
Georgia – Applied for
Hawaii – Applied for
Idaho – Applied for
Illinois – Applied for
Indiana – Applied for
Iowa – Applied for
Kansas – Applied for
Kentucky – Applied for
Louisiana – Applied for
Maine – Applied for
Maryland – Applied for
Massachusetts – Applied for
Michigan – Applied for
Minnesota – Applied for
Mississippi – Applied for
Missouri – Applied for
Montana – Applied for
Nebraska – Applied for
Nebraska – Applied for
Nevada – Applied for
New Hampshire – Applied for
New Jersey – Applied for
New Mexico – Applied for
New York – Applied for
North Carolina – Applied for
North Dakota – Applied for
Ohio – Applied for
Oklahoma – Applied for
Oregon – Applied for
Pennsylvania – Applied for
Rhode Island – Applied for

South Carolina – Applied for
South Dakota – Applied for
Tennessee – Applied for
Texas - Approved
Utah – Applied for
Vermont – Applied for
Virginia – Applied for
Washington – Applied for
West Virginia – Applied for
Wisconsin – Applied for
Wyoming – Applied for