

ORIGINAL

NEW APPLICATION



0000019018

ValuTel Communications, Inc.
13809 N Highway 183, Suite 705
Austin, Texas 78750-1246

April 18, 2005

Arizona Corporation Commission
DOCKETED

APR 20 2005

Arizona Corporation Commission
Docket Control
1200 W. Washington Street
Phoenix, AZ 85007-2927

DOCKETED BY	<i>[Signature]</i>
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T-04312A-05-0295

Dear Sirs,

ValuTel Communications, Inc. is submitting the attached completed Application and Petition for Certificate of Convenience and Necessity to Provide Intrastate Telecommunications Services for the State of Arizona. An original and 13 copies are attached along with a copy of the Affidavit of Publication of the Application for Authority to Transact Business.

For additional information you may contact 1-800-753-3332.

Sincerely,

Melvin Reams
President

AZ CORP COMMISSION
DOCUMENT CONTROL

2005 APR 20 P 3:24

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AFFIDAVIT OF PUBLICATION

ValuTel Communications, Inc

Application for Authority to Transact Business
Reference/PO # D-1174221-9
06

Arizona BUSINESS The business resource Gazette

PO BOX 194
Phoenix, Arizona 85001-0194
(602) 444-7315 FAX (602) 444-7364

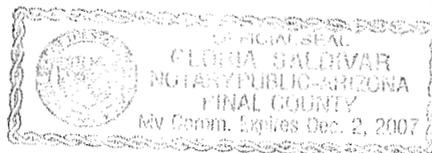
STATE OF ARIZONA
COUNTY OF MARICOPA

} SS.

Tom Bianco, being first duly sworn, upon oath deposes and says: That he is the advertising manager of the Arizona Business Gazette, a newspaper of general circulation in the county of Maricopa, State of Arizona, published weekly at Phoenix, Arizona, and that the copy hereto attached is a true copy of the advertisement published in the said paper on the dates indicated.

3/10/2005
3/17/2005
3/24/2005

Sworn to before me this
24TH day of
MARCH 2005



[Signature]

[Signature]

Notary Public

Corporate Inquiry

File Number: D-1174221-9

Corp. Name: VALUTEL COMMUNICATIONS, INC.

Domestic Address

VALUTEL COMMUNICATIONS, INC.

ATTN: MELVIN REAMS

9801 ANDERSON MILL RD., #209

AUSTIN, TX 78750

Additional Corporate Information

	Corporation Type: NAME REGISTRATION
Incorporation Date: 01/07/2005	Corporate Life Period:
Domicile: TEXAS	County:
Approval Date: 01/07/2005	Original Publish Date:
Expiration Date: 12/31/2005	Renewal Date:

Annual Reports

No Annual Reports on File

Scanned Documents

(Click on gray button to view document)

Document Number	Description	Date Received
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Microfilm

Location	Date Received	Description
1-1695-020-001	01/07/2005	APPLICATION TO REGISTER NAME

- [Corporate Name Search Instructions](#)
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NEW APPLICATION

RECEIVED

ARIZONA CORPORATION COMMISSION

Application and Petition for Certificate of Convenience and Necessity to ~~2005 APR~~ 20 P 3: 24
Intrastate Telecommunications Services

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.

T-04312A-05-0295

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:

ValuTel Communications, Inc. 13809 N Highway 183, Suite 705, Austin, Texas 78750-1246 1-512-249-7787, Fax 1-512-249-7774, customerservice@vcimail.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):

ValuTel Communications

(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:

Melvin Reams , President c/o ValuTel Communications, Inc., 13809 N Highway 183, Suite 705. Austin, Texas 78750-1246, Phone 1-512-249-7787, Fax 1-512-249-7774. melvin@vcimail.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:

Pat Ives, c/o Cuddy, Kennedy, Albeta, Ives, 1701 Old Pecos Trail, Santa Fe, New Mexico 87502, Phone 1-505-988-4476 Fax 1-505-954-7373 or pives@cuddylaw.com.

(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:

Anne Gilpin, 9301 Indian School Road NE, Suite 201, Albuquerque, NM 87112, Phone 1-505-271-9007, Fax 1-505-237-9230, Customerservice@vcimail.com

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

- Sole proprietorship
- Partnership: ___ Limited, ___ General, ___ Arizona, ___ Foreign
- Limited Liability Company: ___ Arizona, ___ Foreign
- Corporation: ___ "S", ___ X "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).
3. Indicate percentages of ownership of each person listed in A-8.2.

(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.

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.

N/A

(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.

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. N/A
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. Qwest Communications

(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.

Approved in New Mexico, and Texas

(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. New Mexico

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. N/A

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. *Attached*
2. A copy of the Applicant's income statement. *"*
3. A copy of the Applicant's audit report. *W/A*
4. A copy of the Applicant's retained earnings balance. *Attached (Balance Sheet)*
5. A copy of all related notes to the financial statements and information. *W/A*

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.

W/A

(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.
2. Provide the operating expenses expected to be incurred during the first twelve months of providing telecommunications services to Arizona customers following certification.
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.
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:

(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:

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:

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):

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.

Melvin Reams

(Signature of Authorized Representative)

April 18, 2005

(Date)

Melvin Reams

(Print Name of Authorized Representative)

President

(Title)

SUBSCRIBED AND SWORN to before me this 18th day of April, 2005

Jamie Samra

NOTARY PUBLIC

My Commission Expires 09-22-07

Attachment "A"

ValuTel Communications, Inc.
13809 N Highway 183, Suite 705
Austin, Texas 78750-1246



TEXAS COMPTROLLER OF PUBLIC ACCOUNTS
CAROLE KEETON STRAYHORN • COMPTROLLER • AUSTIN, TEXAS 78774

April 14, 2005

CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS
COUNTY OF TRAVIS

I, Carole Keeton Strayhorn, Comptroller of Public Accounts of the State of Texas, DO
HEREBY CERTIFY that according to the records of this office

VALUTEL COMMUNICATIONS INC

is, as of this date, in good standing with this office having no franchise tax
reports or payments due at this time. This certificate is valid through the date
that the next franchise tax report will be due May 16, 2005.

This certificate does not make a representation as to the status of the
corporation's Certificate of Authority, if any, with the Texas Secretary of State.

This certificate is valid for the purpose of conversion when the converted entity is
subject to franchise tax as required by law. This certificate is not valid for the
purpose of dissolution, merger, or withdrawal.

GIVEN UNDER MY HAND AND
SEAL OF OFFICE in the City of
Austin, this 14th day of
April, 2005 A.D.

A handwritten signature in cursive script that reads "Carole Keeton Strayhorn".

Carole Keeton Strayhorn
Texas Comptroller

Taxpayer number: 32003586198
File number: 0163705600

Attachment "A"

ValuTel Communications, Inc.
13809 N Highway 183, Suite 705
Austin, Texas 78750-1246

(A-8).

Corporations Officers

Chief Executive Officer:
Tim Keefer
10309 Chestnut Ridge
Austin, Texas 78726

President:
Melvin Reams
12 Wilderness Way
Round Rock, Texas 78750

Treasurer:
Tim Keefer

Secretary:
Melvin Reams

Percentage of Ownership:
Tim Keefer 50%
Melvin Reams 50%

(A-15).

ValuTel Communications, Inc. does not require the customer to make a deposit or advances for the month to month provisioning of local or long distance telephone service. ValuTel does not have a prepaid local and long distance product at this time. Section 2.5 of the tariff details the payment for services requirements. ValuTel Communication's target market is the small business customer with two to twenty lines and the ValuTel business practice is to conduct a credit check on each new customer signed up before provisioning service. This business practice eliminates the need for deposits or advances and limits the credit exposure for the company.

(D-1)

It is anticipated ValuTel Communications will began selling, Arizona Business Customers facility-based local and long distance telephone service, during the first six months of 2006.

“Attachment D”

ValuTel Communications, Inc.
13809 N Highway 183, Suite 705
Austin, Texas 78750-1246

ValuTel
Balance Sheet
 As of December 31, 2004

	Dec 31, 03	Dec 31, 04
ASSETS		
Current Assets		
Checking/Savings		
Checking	53,301.60	90,396.17
Petty Cash	0.00	-1,375.00
Total Checking/Savings	53,301.60	89,021.17
Accounts Receivable		
AR	29,552.03	50,560.30
Total Accounts Receivable	29,552.03	50,560.30
Total Current Assets	82,853.63	139,581.47
Fixed Assets		
Computer Assets	5,133.36	7,083.85
Furniture	2,653.21	2,653.21
Switching / Network Equipment	0.00	7,060.83
Total Fixed Assets	7,786.57	16,797.89
Other Assets		
Vendor/Lease Deposits	2,796.83	1,976.00
Total Other Assets	2,796.83	1,976.00
TOTAL ASSETS	93,437.03	158,355.36
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
AP	271.38	51,974.12
Total Accounts Payable	271.38	51,974.12
Other Current Liabilities		
Fees & Sur-Charge Liabilities		
911 Sur-Charges	240.74	1,415.39
NECA	14.11	36.81
USF	3,274.29	0.00
Total Fees & Sur-Charge Liabilities	3,529.14	1,452.20
Loans from Shareholders	148.95	148.95
Tax Liabilities		
720-Federal Excise Tax	-445.91	278.88
NM-Gross Receipts Tax	1,024.31	2,157.88
NM-TRS Surcharge	69.19	324.00
Total Tax Liabilities	647.59	2,760.76
Total Other Current Liabilities	4,325.68	4,361.91
Total Current Liabilities	4,597.06	56,336.03
Total Liabilities	4,597.06	56,336.03
Equity		
Capital Stock	101,000.00	101,000.00
Retained Earnings	-7,336.33	-12,160.03
Net Income	-4,823.70	13,179.36
Total Equity	88,839.97	102,019.33
TOTAL LIABILITIES & EQUITY	93,437.03	158,355.36

ValuTel
Profit & Loss
January 2003 through December 2004

	Jan - Dec 03	Jan - Dec 04	TOTAL
Ordinary Income/Expense			
Income			
Late & Finance Charges	1,032.31	3,271.66	4,303.97
Property Sub-Lease Services	14,145.81	0.00	14,145.81
Sur-Charges	0.00	340.05	340.05
Access Charges	27,502.00	78,791.90	106,293.90
Franchise Charge	3,378.00	10,079.43	13,457.43
Misc. Fees	650.05	12,001.77	12,651.82
PICC Fees	8,924.19	24,560.60	33,484.79
Portability Charge	1,312.79	854.84	2,167.63
Total Sur-Charges	41,767.03	126,288.54	168,055.57
Telecommunications			
Adjustments	-55.63	0.00	-55.63
CABS	884.75	20,004.97	20,889.72
Conferencing	348.83	35.86	384.69
Local Service	113,228.93	342,234.69	455,463.62
Long Distance Service	17,458.79	39,642.93	57,101.72
Maintenance Agreements	0.00	1,447.45	1,447.45
Promotional Deduction	0.00	-219.47	-219.47
Refunds & Returns	0.00	-181.33	-181.33
Total Telecommunications	131,865.67	402,965.10	534,830.77
Total Income	188,810.82	532,865.35	721,676.17
Cost of Goods Sold			
ISP Costs			
DSL Equipment Cost	0.00	3,034.56	3,034.56
ISP Registration Cost	0.00	19.00	19.00
Total ISP Costs	0.00	3,053.56	3,053.56
Leased Property for Sub-Lease Service & Sur-Charge Cost	13,014.19	0.00	13,014.19
Local (Resell)	4,522.42	3,984.64	8,507.06
Local (UNE)	68,304.73	211,253.77	279,558.50
Long Distance Cost	21,265.34	55,278.82	76,544.16
Total Service & Sur-Charge Cost	94,092.49	270,517.23	364,609.72
Service Repairs	798.57	323.98	1,122.55
Voice Mail Cost	1,278.36	4,677.82	5,956.18
Total COGS	109,183.61	278,572.59	387,756.20
Gross Profit	79,627.21	254,292.76	333,919.97
Expense			
Advertising	21,542.80	10,309.22	31,852.02
Bank & Late Charges	609.35	1,826.16	2,435.51
Commissions	0.00	19,621.88	19,621.88
Data & Internet	1,998.85	3,612.48	5,611.33
Equipment Rental	26.82	380.77	407.59
Interest Expense			
Finance Charge	0.00	36.01	36.01
Total Interest Expense	0.00	36.01	36.01
ISP Supplies	687.61	0.00	687.61
Licenses, Permits & Surcharges	810.26	1,971.07	2,781.33
Management Fees	34,000.00	150,000.00	184,000.00
Miscellaneous	510.81	0.00	510.81
Office Rent	9,942.49	24,249.96	34,192.45
Office Supplies	3,773.55	2,657.33	6,430.88
Postage and Delivery	497.59	418.24	915.83
Professional Development	0.00	2,217.94	2,217.94
Professional Fees			
Legal Fees	769.95	1,831.55	2,601.50

ValuTel
Profit & Loss
 January 2003 through December 2004

	Jan - Dec 03	Jan - Dec 04	TOTAL
Total Professional Fees	769.95	1,831.55	2,601.50
Repairs			
Computer Repairs	705.83	381.00	1,086.83
Total Repairs	705.83	381.00	1,086.83
Support Services	0.00	2,306.30	2,306.30
Taxes			
Property	0.00	622.41	622.41
State	-232.81	0.00	-232.81
Total Taxes	-232.81	622.41	389.60
Telephone / Cellular / Pager	359.15	1,393.46	1,752.61
Travel & Lodging			
Entertainment	1,525.96	0.00	1,525.96
Meals	2,148.07	372.69	2,520.76
Travel / Lodging / Mileage	2,303.17	2,881.01	5,184.18
Travel & Lodging - Other	0.00	32.37	32.37
Total Travel & Lodging	5,977.20	3,286.07	9,263.27
Utilities	1,542.30	3,385.91	4,928.21
Write-Off	1,520.16	10,605.64	12,125.80
Total Expense	85,041.91	241,113.40	326,155.31
Net Ordinary Income	-5,414.70	13,179.36	7,764.66
Other Income/Expense			
Other Income			
Interest Income	591.00	0.00	591.00
Total Other Income	591.00	0.00	591.00
Net Other Income	591.00	0.00	591.00
Net Income	<u>-4,823.70</u>	<u>13,179.36</u>	<u>8,355.66</u>

Filing No.

ValuTel Communications, Inc.

ARIZONA Tariff No. 1

Original Page No. 1

TITLE SHEET
ARIZONA

REGULATIONS AND SCHEDULE OF INTRASTATE CHARGES
APPLYING TO LOCAL AND INTEREXCHANGE SERVICES
WITHIN THE STATE OF ARIZONA

OF

ValuTel Communications, Inc.
13809 N Highway 183, Suite 705
Austin, TX 78750-1246
(512) 249-7787

Issued:

Issued by:

ValuTel Communications, Inc.
13809 N Highway 183, Suite 705
Austin, TX 78750-1246
(512) 249-7787

Effective _____

Authorized Agent Initials _____

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Issued:

Effective _____

Issued by:

ValuTel Communications, Inc.
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**EXPLANATION OF SYMBOLS, REFERENCE MARKS, AND
ABBREVIATIONS OF TECHNICAL TERMS USED IN THIS TARIFF**

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

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

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Filing No.

ValuTel Communications, Inc.

ARIZONA Tariff No. 1

Original Page No. 4

APPLICATION OF TARIFF

This Tariff sets forth the services, offerings, rates, terms and conditions applicable to the furnishing of intrastate communications services by ValuTel Communications, Inc., (hereinafter "Company") with principal offices at 13809 N Highway 183, Suite 705, Austin, Texas 78750-1246. This tariff applies to services furnished in the State of Arizona. This Tariff is on file with the Arizona State Corporation Commission ("Commission"), and copies can be inspected during normal business hours at Company's principal place of business.

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SECTION 1 – DEFINITIONS

Certain terms used throughout this tariff are defined below.

Account Number – Customer’s telephone number is his/her account number.

Advance Payment – Payment of all or part of a charge required before the start of service.

Authorized User – A person that either is authorized by the Customer to use local exchange telephone service at Customer’s residence or other location, or is placed in a position by the Customer, either through acts or omissions, to use local exchange telephone service.

Call Forwarding – Permit calls directed to a Customer’s line to be routed to a user-defined line inside or outside the Customers telephone system.

Class of Service (COS) – Used to prevent a Station from dialing certain codes and numbers.

Company – ValuTel Communications, Inc., which is the issuer of this tariff.

Conference/Three-Way – The User can sequentially call up to two other people and add them together to make a three-way call.

Customer – The person or entity which orders service and is responsible for the payment of charges and for compliance with the Company tariff regulations.

Exchange Carrier – Any individual, partnership, association, joint-stock company, trust, governmental entity or corporation engaged in the provision of local exchange telephone service.

Incumbent Local Exchange Carrier (ILEC) – Means a local exchange company that has a certificate of convenience and necessity, as defined by the Arizona Corporation Commission.

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Individual Case Basis – A service arrangement in which the regulations, rates and charges are developed based on the specific circumstances of the customer's situation.

LATA – A local access and transport area established pursuant to the Modification of Final Judgement entered by the United States District court for the District of Columbia in Civil Action No. 82-0192 for the provision and administration of communications services.

Local Calling – A completed call or telephone communication between a calling Station and any other Station within the local service area of the calling Station.

Local Exchange Carrier – A company which furnishes exchange telephone service.

Non-Recurring Charges – The one-time initial charges for services or facilities, including but not limited to charges for processing and installation, for which the customer becomes liable at the time the Service Order is executed.

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 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 of service. The parties may mutually agree on a substitute Service Commencement Date.

Service Order – The written request for local exchange services executed by the Customer and the Company in a format specified by the Company. The signing of a Service Order by the Customer and acceptance thereof 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. Service Order may also be referred to as Customer Service Agreement.

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Services – The Company’s local telecommunications services offered to the Customer. Such services consist of basic and optional elements.

Speed Dial – Provides a User with the option to call selected directory numbers by dialing a one or two digit code.

Station – Telephone equipment from or to which calls are placed.

Trunk – A communications path connecting two switching systems in a network, used in the establishment of an end-to-end connection.

User – A Customer or any other person authorized by the Customer to use service provided under this tariff.

SECTION 2 – REGULATIONS

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2.1 Undertaking of the Company

2.1.1 Scope

The Company undertakes to furnish intrastate telecommunications services within the State of Arizona under the terms of this tariff as a reseller. Service is available 24 hours a day, seven days a week.

The Company is responsible under this tariff only for the services and facilities provided herein. Should Customers use such services and facilities to obtain access to services offered by other providers, the Company assumes no responsibility for such other service.

2.1.2 Shortage of Equipment or Facilities

2.1.2.1 The Company reserves the right to limit or allocate the use of existing facilities, or of additional facilities offered by the Company when necessary because of a lack of facilities or due to some other cause beyond the Company's control.

2.1.2.2 The furnishing of service under this tariff is subject to availability on a continuing basis of all necessary facilities from the Incumbent Local Exchange Carrier of other providers to the Company for resale.

2.1.3 Terms and Conditions

2.1.3.1 Except as otherwise provided herein, the minimum period of service is one month (30 days). All payments are due in advance of the fifteenth (15) of each month for the following month's service. Service will be discontinued if a customer's account is not paid in full within fifteen (15) days of the due date. All calculations of dates set forth in this tariff shall be based on calendar days. Should the applicable date fall on a

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2.1 Undertaking of the Company (continued)

2.1.3 Terms and Conditions (continued)

Sunday or Federal holiday, the Customer will be permitted to make payment on the next regular business day.

2.1.3.2 At the expiration of any term specified in a Customer Service Agreement, or in any extension thereof, service shall continue on a month to month basis at the then current rates unless terminated by either party upon 30 days written notice. Any termination shall not relieve Customer of its obligation to pay any charges incurred under the Agreement and this tariff prior to termination. The rights and obligations which by their nature extend beyond the termination of the term of the Agreement shall survive such termination.

2.1.3.3 This tariff shall be interpreted and governed by the laws of the State of Arizona.

2.1.3.4 Another telephone company must not interfere with the right of any person or entity to obtain service directly from the Company.

2.1.3.5 The Customer has no property to the telephone number or any other call number designation associated with services furnished by the Company. The Company reserves the right to change such numbers, or the central office designation associated with such numbers, or both, assigned to the Customer, whenever the Company deems it necessary to do so in the conduct of its business.

2.1.4 Liability of the Company

2.1.4.1 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 defect, or representations by the

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2.1 Undertaking of the Company (continued)

2.1.4 Liability of the Company (continued)

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 and shall be the sole remedy of the Customer and the sole liability of the Company. The Company will not be liable for any direct, or 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.

2.1.4.2 The Company's liability for willful misconduct, if established as a result of judicial or administrative proceedings, is not limited by this tariff. With respect to any other claim or suit, by a Customer or by 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 2.6, the Company's liability, if any, shall be limited as provided herein.

2.1.4.3 The Company shall not be liable for any delay or failure of performance or equipment due to causes beyond its control, including but not limited to: acts of God, fire, flood, explosion or other catastrophes; and law, order, regulation, direction, action or request of the United States Government or of any other government, including state and local governments having or claiming jurisdiction over the Company, or of any department, agency, commission, bureau, corporation or other instrumentality of any one or more of these federal, state, or local governments, or of any military authority; preemption of existing service in compliance with national emergencies; insurrections;

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2.1 Undertaking of the Company (continued)

2.1.4 Liability of the Company (continued)

riots; wars; unavailability of rights-of-way or materials, or strikes, lockouts, work stoppages, or other labor difficulties.

2.1.4.4 The Company shall not be liable for: (a) any act or omission of any entity furnishing the Company or the Company's Customers facilities or equipment used for or with the services the Company offers: or (b) for the acts or omissions of other common carriers or warehousemen.

2.1.4.5 The Company shall not be liable for any damages or losses due to the fault or negligence of, or any omission by, the Customer or due to the failure or malfunction of Customer-provided equipment or facilities.

2.1.4.6 The Customer shall indemnify and hold the Company harmless from any and all loss, claims, demands, suits or other action, or any liability whatsoever, whether suffered, made, instituted, or asserted by any other party or person(s), and for any loss, damage, or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, condition, location or use of any installation provided by the Company. The Company reserves the right to require each Customer to sign an agreement acknowledging acceptance of the provisions of this section as a condition precedent to such installation.

2.1.4.7 The Company shall not be liable for any defacement of or damage to Customer premises resulting from the furnishing of services or equipment on such premises or the installation or removal thereof, unless such defacement or damage is caused by gross negligence or willful misconduct of the Company's agents or employees. No agents or

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2.1 Undertaking of the Company (continued)

2.1.4 Liability of the Company (continued)

employees of other participating carriers shall be deemed to be agents or employees of the Company.

2.1.4.8 Notwithstanding the Customer's obligations as set forth in Section 2.3.2, the Company shall be indemnified, defended, and held harmless by the Customer or by others authorized by it to use the service against any claim, loss or damage arising from Customer's use of services furnished under this tariff, including:

1. Claims for defamation, libel, slander, invasion of privacy, infringement of copyright, unauthorized use of trademark, trade name, or service mark, unfair competition, interference with or misappropriation, or violation of any contract, proprietary or creative right, or any other injury to any proprietary or creative right, or any other injury to any person, property, or entity arising from the material, data, information, or content, revealed to, transmitted, processed, handled, or used by the Company under this tariff;
2. Patent infringement claims arising from combining or connection of the service offered by the Company with apparatus and systems of the Customer or others; and
3. All other claims arising out of any act or omission of the Customer or others, in connection with any service provided by the Company pursuant to this tariff.

2.1.4.9 The entire liability of the Company for any claims of loss, damage or expense from any cause whatsoever shall in no event exceed sums actually paid to the Company by the Customer for the specific services

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2.1 Undertaking of the Company (continued)

2.1.4 Liability of the Company (continued)

giving rise to the claim, and no action or proceeding against the Company shall be commenced more than one year after the service is rendered.

2.1.4.10 THE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

2.1.4.11 The Company shall not be liable for any act or omission of any other company or companies furnishing a portion of the service, or for damages associated with service, channels, or equipment which it does not furnish, or for damages which result from the operation of Customer-provided systems, equipment, facilities or services which are interconnected with Company Services.

2.1.4.12 No agent or employee of any other carrier shall be deemed to be an agent or employee of the Company.

2.1.4.13 With respect to Emergency Number 911 Service:

1. This service is offered 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 property, whether owned by the Customer or others, caused or claimed to have been caused by: (1) mistakes, omissions, interruptions, delays, errors or other defects

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2.1 Undertaking of the Company (continued)

2.1.4 Liability of the Company (continued)

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.

2. Neither is the Company responsible for any infringement or invasion of the right of privacy of any person or persons, caused or claimed to have been caused, directly or indirectly, by the installation, operation, failure to operate, maintenance, removal, presence, condition, occasion or use of emergency 911 service features and the equipment associated therewith, or by any services furnished by the Company including, but not limited to, the identification of the telephone number, address or name associated with the telephone used by the party or parties accessing Emergency 911 Service, and which arise out of the negligence or other wrongful act of the Company, the Customer, its Users, agencies or municipalities, or the employees, agents, or individuals of any one of them.

- 2.1.4.14 The Company's liability arising from errors or omissions in Directory Listings, other than charged listings, shall be limited to the amount of actual impairment to the Customer's service and in no event shall exceed one-half of the fixed monthly charges applicable to exchange service affected during the period covered by the directory in which the error or omission occurs. In cases of charged Directory Listings, the liability of the Company shall be limited to an amount not exceeding the amount of charges for the charged listings involved during the period covered by the directory in which the error or omission occurs.

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2.1 Undertaking of the Company (continued)

2.1.4 Liability of the Company (continued)

2.1.4.15 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 call is not placed by the number. The Company will try to prevent the disclosure of the number of such telephone, but will not be liable should such number be divulged or published.

2.1.4.16 When a Customer with a non-published telephone number places a call to the 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. By subscribing to service under this tariff, Customer acknowledges and agrees with the release of information as described above.

2.1.5 Notification of Service-Affecting Activities

The Company will provide the Customer reasonable notification of service-affecting activities that may occur in normal operation of its business. Such activities may include, but are not limited to, equipment or facilities additions, removals or rearrangements and routing 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 activities. The Company will work cooperatively with the Customer to determine the reasonable notifications requirements. With some emergency or unplanned service-affecting conditions, such as outage resulting from cable damage, notification to the Customer may not be possible.

2.1.6 Provision of Equipment and Facilities

2.1.6.1 The Company shall use reasonable efforts to make service available to a Customer on or before a particular date, subject to the provisions of and

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2.1 Undertaking of the Company (continued)

2.1.6 Provision of Equipment and Facilities (continued)

compliance by the Customer with the regulations contained in this tariff. The Company does not guarantee availability by any such date and shall not be liable for any delays in commencing service to any Customer.

2.1.6.2 The Company shall use reasonable efforts to maintain facilities that it furnishes to the Customer. The Customer may not, nor may the Customer permit others except the Incumbent Local Exchange Carrier to, rearrange, disconnect, remove, attempt to repair or otherwise interfere with any of the facilities installed by the Company, except upon written consent of the Company.

2.1.6.3 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 facilities offered under this tariff and to the maintenance and operation of such facilities. Beyond this responsibility, the Company shall not be responsible for:

1. The transmission of signals by Customer provided equipment or for the quality of, or defects in, such transmission; or
2. The reception of signals by Customer provided equipment; or
3. Network control signaling where such signaling is performed by Customer-provided network control signaling equipment.

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2.1 Undertaking of the Company (continued)

2.1.7 Non-routine Installation

At the Customer's request, installation and/or maintenance may be performed outside Company's regular business hours or in hazardous locations. In such cases, charges based on the 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 into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

2.1.8 Ownership of Facilities

Title to all facilities provided in accordance with this tariff remains in the Company, its agents or contractors or the Incumbent Local Exchange Carrier.

2.2 Prohibited Uses

2.2.1 The services the Company offers shall not be used for any unlawful purposes or for any use as to which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits. Services also may not be used for any purpose for which any payment or other compensation is received by the Customer except when the Customer is a duly authorized regulated common carrier. This provision does not prohibit an arrangement between the customer, authorized user, or joint user to share the cost of the service as long as the arrangement generates no profit for any participant in the arrangement.

2.2.2 The Company may require a Customer to immediately shut down its transmission of signals if said transmission is causing interference to others. Company may temporarily interrupt Customer's service until transmission of signals causing interference is corrected.

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2.3 Obligations of the Customer

2.3.1 General

The Customer shall be responsible for:

1. Placing orders for service;

When placing an order for service, Customer must provide:

- a. The name(s) and address(es), social security number(s), drivers license number(s) and place of employment of the persons responsible for the payment of service charges; and
 - b. The name(s), telephone number(s), and address(es) and place of employment of the Customer contact person(s).
 - c. The name(s), telephone number(s), address(es), social security number(s), drivers license number(s) and place of employment of the person(s) guaranteeing payment of service charges.
2. The payment of all applicable charges pursuant to this tariff;
 3. Reimbursing the Company for damage to, or loss of, the Company's facilities or equipment caused by the acts or omissions of the Customer; or the non-compliance of the Customer with these regulations; or by fire or theft or other casualty on the Customer's premises, unless caused by the negligence or willful misconduct of the employees of the Company. The Company will, upon reimbursement for damages, cooperate with the Customer in prosecuting a claim against the person causing such damage and

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2.3 Obligations of the Customer (continued)

2.3.1 General (continued)

the Customer shall be subrogated to the Company's right of recovery of damages to the extent of such payment;

4. Providing at no charge, as specified from time to time by the Company, any needed personnel, equipment, space and power to operate Company facilities and equipment installed on the premises of the Customer, and the level of heating and air conditioning necessary to maintain the operating environment on such premises;
5. Obtaining, maintaining, and otherwise having full responsibility for all rights-of-way and conduit necessary for installation of fiber optic cable and associated equipment used to provide local exchange service to the Customer from the cable building entrance or property line to the location of the equipment space described in 2.3.1.4. Any costs associated with obtaining and maintaining the rights-of-way described herein, including the costs of altering the structure to permit installation of the Company-provided facilities, shall be borne entirely by, or may be charged by the Company to, the Customer. The Company may require the Customer to demonstrate its compliance with this section prior to accepting an order for service;
6. 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 facilities and equipment. The Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company's opinion, injury or damage to the Company's employees or property might result from installation or maintenance by the Company. The Customer shall be responsible

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2.3 Obligations of the Customer (continued)

2.3.1 General (continued)

for identifying, monitoring, removing and disposing of any hazardous material (e.g. friable asbestos) prior to any construction or installation work;

7. Complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of Company facilities and equipment in any Customer premises or the rights-of-way for which Customer at any time for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of the Company;
8. Not creating or allowing to be placed or maintained any liens or other encumbrances on the Company's equipment or facilities; and
9. Making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance for interruptions in service will be made for the period during which service is interrupted for such purposes.

2.3.2 Claims

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

1. Any loss, destruction or damage to property of the Company or any third party, or the death of or injury to persons, including, but

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2.3 Obligations of the Customer (continued)

2.3.1 Claims (continued)

not limited to, employees or invitees of either the Company or the Customer, to the extent caused by or resulting from negligent or intentional act or omission of the Customer, its employees, agents, representatives or invitees; or

2. 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 the Customer, including, with limitation, use of the company's services and facilities in a manner not contemplated by the agreement between the Customer and the Company.

2.4 Customer Equipment and Channels

2.4.1 Interconnection of Facilities

- 2.4.1.1 Services furnished by the Company may be connected to the services or facilities of other authorized communications carriers only when authorized by, and in accordance with, the terms and conditions of the tariffs of the other communications carriers which are applicable to such connections. Service furnished by the Company is not part of a joint undertaking with such other carriers.
- 2.4.1.2 Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the Company used for furnishing local exchange service and the channels, facilities, or equipment of others may be provided at the Customer's expense.

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2.4 Customer Equipment and Channels (continued)

2.4.1 Interconnection of Facilities (continued)

2.4.1.3 Facilities furnished under this tariff may be connected to Customer provided terminal equipment in accordance with the provisions of this tariff.

2.4.1.4 The Customer is responsible for taking all necessary legal steps for interconnecting his or her Customer-provided equipment or communications systems with the Company's facilities.

2.4.2 Inspections

2.4.2.1 Upon reasonable notification of 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 herein for the installation, operation, and maintenance of any Customer-provided facilities and equipment to any Company-owned facilities and equipment. No credit will be allowed for any interruptions occurring during such inspections.

2.4.2.2 If the protective requirements of 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,

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2.4 Customer Equipment and Channels (continued)

2.4.2 Inspections (continued)

provide the Customer with a statement of technical parameters that the Customer's equipment must meet.

2.5 Payment Arrangements

2.5.1 Payment for Service

The Customer is responsible for payment of all charges for services and facilities furnished by the Company to the Customer or authorized Users. Objections must be received by the Company within 10 days after the due date, or the charges shall be deemed correct. Should the Customer pay the charges under protest, he may have an additional 30 days to dispute the same in writing or the charges will become binding upon Customer. If an entity other than the Company imposes charges on 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.

2.5.1.1 Taxes

The Customer is responsible for the payment of any sales, use, gross receipts, excise, access or other local, state and federal taxes, charges or surcharges (however designated) excluding taxes on the Company's net income assessed in conjunction with service used. Any taxes imposed by a local jurisdiction (e.g. County and municipal taxes) will only be recovered from those Customers residing in the affected jurisdictions. It shall be the responsibility of the Customer to pay any such taxes that subsequently become applicable retroactively.

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2.5 Payment Arrangements (continued)

2.5.2 Billing and Collection of Charges

- 2.5.2.1 All payments are due on the fifteenth (15) of each month for the following month's service and shall be delinquent on the 25th day (or the following day if the 25th falls on a Sunday or Federal Holiday). A \$5.00 fee will be imposed on Customers who pay after the 25th of the month.
- 2.5.2.2 For 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.
- 2.5.2.3 Customers may pay for service by credit card, an authorized payment agent, or check.
- 2.5.2.4 Company will bill Customer a one-time charge of \$25.00 if Customer's check for payment of service is returned for insufficient or uncollected funds, closed accounts, or any other insufficiency or discrepancy necessitating return of the check at the discretion of the drawee bank or other financial institution.

2.5.3 Disputed Bills

The Customer shall notify the Company of any disputed items on a bill within 10 days. If the Customer and the Company are unable to resolve the dispute to their mutual satisfaction, the Customer may file a complaint with the Arizona State Corporation Commission in accordance with the Commission's rules of procedure.

- 2.5.3.1 The date of the dispute shall be the date the Company receives sufficient documentation to enable it to investigate the dispute.

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2.5 Payment Arrangements (continued)

2.5.4 Discontinuance of Service

The Company may discontinue service or cancel an application for service without incurring any liability for any of the following:

- 2.5.4.1 Upon non-payment of any amounts owing to the Company, and 15 days after the due date, the company may discontinue service without incurring any liability.
- 2.5.4.2 Upon violation of any of the other material terms or conditions for furnishing service, the Company may, by giving 15 days' prior notice in writing to the Customer, discontinue or suspend service without incurring any liability if such violation continues during that period.
- 2.5.4.3 Upon condemnation of any material portion of the facilities used by the Company to provide service to a Customer or if a casualty renders all or any material portion of such facilities inoperable beyond feasible repair, the Company, by notice to the Customer, may discontinue or suspend service without incurring any liability.
- 2.5.4.4 Upon the Customer's insolvency, assignment for the benefit of creditors, filing for bankruptcy or reorganization, failing to discharge an involuntary petition within the time permitted by law, or abandonment of service, the Company may, with prior notice to the Customer, immediately discontinue or suspend service without incurring any liability.
- 2.5.4.5 Upon any governmental prohibition, or required alteration of the services to be provided or any violation of any applicable law or regulation, the Company may immediately discontinue or suspend service without incurring any liability.

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2.5 Payment Arrangements (continued)

2.5.4 Discontinuance of Service (continued)

2.5.4.6 The Company may discontinue the furnishing of any and/or all service(s) to a Customer, without incurring any liability:

A. Immediately and without notice if the Company deems that such action is necessary to prevent or to protect against fraud or to otherwise protect its personnel, agents facilities or services. The Company may discontinue service pursuant to this subsection 2.5.4.6.A (1-5) if:

1. The Customer refuses to furnish information to the Company regarding the Customer's credit-worthiness, its past or current use of common carrier communications service(s); or
2. The Customer provides false information to the Company regarding the Customer's identity, address, credit-worthiness, past or current use of common carrier communications service(s); or
3. The Customer uses, or attempts to use, service with intent to avoid the payment, either in whole or in part, of the tariffed charges for the service by:
 - a. Using or attempting to use service by rearranging, tampering with, or making connections to the Company's service not authorized this tariff; or
 - b. Using tricks, schemes, false or invalid numbers, false credit devices, electronic devices; or
 - c. Any other fraudulent means or devices; or

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2.5 Payment Arrangements (continued)

2.5.4 Discontinuance of Service (continued)

d. Use of service in such a manner as to interfere with the service of other users; or

e. Use of services for unlawful purposes.

4. A Customer has failed to pay any sum within fifteen (15) days of the date when payment was due; or

5. Fifteen (15) days after sending the Customer written notice of non-compliance with any provision of this tariff, the non-compliance is not corrected within that 15 day period.

2.5.4.7 The suspension or discontinuance of service(s) 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 suspension or discontinuance.

2.5.4.8 Upon the Company's discontinuance of service to the Customer under Section 2.5.4.1 or 2.5.4.2, 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.

2.6 Allowances for Interruptions of Service

When the use of service or facilities furnished by the Company are interrupted due to any cause other than the negligence or willful act of the Customer, or the operation or failure

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2.6 Allowances for Interruptions of Service (continued)

of the facilities or equipment provided by the Customer, a pro rata adjustment of the monthly charges subject to interruption will be allowed for the services and facilities rendered useless and inoperative by reason of the interruption whenever said interruption continues for a period of 8 hours or more during a continuous 24-hour period from the time the interruption is reported to or known to exist by the Company, except as otherwise specified in the Company's tariffs.

It shall be the obligation of the Customer to notify Company immediately of any interruption in service for which a credit allowance is desired by Customer. Before giving such notice, the Customer should ascertain that the trouble is not being caused by any action or omission of the Customer within his or her control, or is not in wiring or equipment, if any, furnished by the Customer and connected to Company's terminal. If the Customer reports a service, facility or circuit to be inoperative but declines to release it for testing and repair, it is considered to be impaired, but not interrupted.

2.6.1 Credit Allowances

- 2.6.1.1 Credit for failure of service or equipment will be allowed only when failure is caused by or occurs in facilities or equipment owned, provided and billed for, by Company.
- 2.6.1.2 Credit allowances for failure of service or equipment starts when the Customer notifies Company of the failure or when Company becomes aware of the failure and ceases when the operation has been restored and an attempt has been made to notify Customer.
- 2.6.1.3 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 charges specified hereunder and is dependent upon the length of the interruption. Only those facilities on the interrupted portion of the circuit will receive a credit. Credit allowances for service outages that exceed 48 hours in duration will be rounded up to the next whole 48 hours.

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2.6 Allowances for Interruptions of Service (continued)

2.6.2 Limitations on Allowances

No credit will be made for:

- 2.6.2.1 Interruptions due to the negligence of, or noncompliance with the provisions of this tariff by, the Customer;
- 2.6.2.2 Interruptions due to the negligence of any person using the Company's facilities with the Customer's permission;
- 2.6.2.3 Interruptions due to the failure or malfunction of non-Company equipment;
- 2.6.2.4 Interruptions of service during any period in which the Company is not given full and free access to its facilities and equipment for the purpose of investigating and correcting interruptions;
- 2.6.2.5 Interruptions of service during any period in which the Customer continues to use the service on an impaired basis;
- 2.6.2.6 Interruptions of service during any period when the Customer has released service to the Company for maintenance purposes or for implementation of a Customer order for a change in service arrangements;
- 2.6.2.7 Interruption of service due to circumstances or causes beyond the control of the Company.

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2.7 Cancellation of Service

2.7.1 Cancellation of Application for Service

2.7.1.1 Applications for service are non-cancelable unless the Company otherwise agrees. Where the Company permits Customer to cancel an application for service prior to the start of service or prior to any special constructions, no charges will be imposed except for those specified below.

2.7.1.2 Where, prior to cancellation by the 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 service ordered, including installation charges, and all charges others levy against the Company that would have been chargeable to the Customer had service begun.

2.7.1.3 The special charges described in 2.7.1.1 and 2.7.1.2 will be calculated and applied on a case-by-case basis.

2.7.2 Cancellation of Service by a Customer

2.7.2.1 To cancel or terminate service, a customer must provide the Company with 30 days notice.

2.7.2.2 If a Customer cancels a Service Order or terminates services before the completion of the term for any reason other than a service interruption (as defined in 2.6 above), 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 2.5.2, all costs, fees and expenses incurred in connection with:

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2.7 Cancellation of Service (continued)

2.7.2 Cancellation of Service by a Customer (continued)

1. All Non-Recurring Charges reasonably expended by Company to establish service to Customer, plus;
2. Any disconnection, early cancellation or termination charges reasonably incurred and paid to third parties by Company on behalf of Customer, plus;
3. All Recurring Charges for the applicable notice period.

2.8 Transfers and Assignments

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 (a) to any subsidiary, parent company or affiliate of the Company; (b) pursuant to any sale or transfer of substantially all the assets of the Company; or (c) pursuant to any financing, merger or reorganization of the Company.

2.9 Notices and Communications

2.9.1 The Customer shall designate 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.

2.9.2 The Company shall designate an address to which the Customer shall mail or deliver all notices and other communications, except that Company may designate a separate address to which the Customer shall mail payment on that bill.

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2.9 Notices and Communications (continued)

2.9.3 All notices or other communications required to be given pursuant to this tariff will be in writing. Notices and other communications of either party, and all bills mailed by the Company, shall be presumed to have been delivered to the other party on the third business day following deposit of the notice, communication or bill with the US Mail or a private delivery service, pre-paid and properly addressed, or when actually received or refused by the addressee, whichever occurs first.

SECTION 3 – SERVICE DESCRIPTION AND RATES

3.1 Local Exchange Service

The Company's Local Telephone Service enables the Customer to:

- Place or receive calls to any calling station in the local area, as defined herein;
- Access basic 911 Emergency Service if available in the Customer's area;
- Where available, place or receive calls to 800 telephone numbers.

The Company's service cannot be used to originate calls to other telephone companies' caller-paid information services (e.g., 900 & 976 services).

3.1.1 Local Line

Local Line provides the Customer with a single, voice-grade communications channel. Each Local Line will include a telephone number. The Service does not include any long distance service or other toll services. The following types of calls and services may be blocked by the Company: Long distance; collect calls; International calls; Operator-assisted calls; third number billed calls; or any service that may be billed to Customer's telephone number.

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3.1 Local Exchange Service (continued)

3.1.1 Local Line (continued)

1. Standard Features

Each Local Line Customer is provided with only basic local telephone service.

2. Local Line Rates and Charges

A Local Line Customer will be charged applicable Non-Recurring Charges and monthly Recurring Charges as specified below.

1.	<u>Local Exchange Service</u>	Monthly	One Time
	1. Local Exchange Line (POTS)	\$49.50	\$79.50
	2. Inbound Direct	\$29.50	\$60.00
2.	<u>Optional Features and Charges</u>	Monthly	One Time
	1. Hunting (Series X-1) per number	\$5.00	\$11.00
	2. Auto Busy Redial (*66)	\$8.00	\$11.00
	3. Automatic Call Back (*69)	\$7.50	\$11.00
	4. Caller ID with Name/Number	\$7.95	\$11.00
	5. Caller ID with Number	\$7.50	\$11.00
	6. Directory Number Privacy	\$0.00	\$3.50
	7. Call Forwarding Variable	\$4.00	\$11.00
	8. Call Forwarding Busy	\$3.00	\$11.00
	9. Call Forwarding No Answer	\$5.00	\$11.00
	10. Preferred Call Forwarding	\$4.00	\$11.00
	11. Call Forward/Busy Don't Answer	\$5.50	\$11.00
	12. Remote Activation of Call Forwarding	\$5.00	\$11.00
	13. Remote Call Forwarding	\$5.00	\$11.00
	14. Call Waiting	\$5.50	\$11.00

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3.1 Local Exchange Service (continued)

3.1.1 Local Line (continued)

Monthly One Time

15. Three Way Calling	\$0.00	\$11.00
16. Speed Dialing 30	\$5.00	\$11.00
17. Call Selector (Distinctive Ringing)	\$5.00	\$11.00
18. Call Block	\$6.00	\$11.00
19. Call Tracing	\$6.00	\$11.00
20. Call Transfer	\$6.00	\$11.00
21. 3 Way Calling/Call Transfer	\$5.00	\$11.00
22. Inside Wire Maintenance	\$8.00	\$ 0.00
23. Long Distance Telephone Service Per Min. Rates		\$ 5.00

3. PBX Service

1. Analog PBX Trunk

Monthly One Time

Analog PBX (inward and outward) per trunk	\$69.50	\$79.50
Hunting	\$5.00	\$11.00

2. Digital PBX Trunk

Monthly One Time

Digital PBX Charge/Loop Arrangement (per DS1)	\$169.00	\$1035.00
Digital PBX Trunk Charge (per trunk)	\$39.75	\$58.00
Hunting (per trunk)	\$5.00	\$11.00

3. Direct Inward Dial Service

Monthly One Time

Block of 20 DID Numbers (per block)	\$2.75	\$21.00
DID Trunk Termination (per trunk)	\$39.00	\$34.00

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3.1 Local Exchange Service (continued)

3.1.1 Local Line (continued)

4. ISDN Services

1. ISDN PRI

Monthly One Time

ISDN PRI (per DS1)	\$390.00	\$1035.00
Transport (per DS1)	\$169.00	\$935.00
Voice B Channels (per channel)	\$29.00	\$39.00
Data B Channels (per channel)	\$27.00	\$54.00

2. Direct Inward Dial Service

Monthly One Time

Block of 20 DID Numbers (per block)	\$2.75	\$21.00
DID Trunk Termination (per trunk)	\$39.00	\$34.00

3.2 Digital Subscriber Line Service

The Company shall offer Digital Subscriber Line Service (DSL) to provide highspeed internet connectivity utilizing an existing or newly ordered phone line.

3.2.1 DSL 256/256

Monthly One Time

Data speeds of up to 256 KBPS downstream and up to 256 KBPS upstream with month to month agreement..	\$ 15.00	\$35.00
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3.2.2 DSL 864/1.5M

Data speeds of up to 1.5 MBPS downstream and up to 864 KBPS upstream with one-year agreement.	\$28.00	\$99.00
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3.3 Directory Listings

1. The Company shall provide for a single directory listing, termed the primary listing, in the telephone directory published by an exchange service provider in the Customer's exchange area of the station number which is designated as the Customer's main billing number. The Company reserves the right to limit the length of any listing in the directory by the use of abbreviations when, in its judgement, the clearness of the listing or the identification of the Customer is not impaired thereby. Where more than one line is required to properly list the Customer, no additional charge is made.
2. The Company may refuse a listing which is known not to constitute a legally authorized or adopted name, obscenities in the name, or any listing which, in the opinion of the Company, is likely to mislead or deceive calling persons as to the identity of the listed party, or is a contrived name used for advertising purposes or to secure a preferential position in the directory or is more elaborate than is reasonably necessary to identify the listed party. The Company, upon notification to the Customer, will withdraw any listing which is found to be in violation of its rules with respect thereto.
3. In order for listings to appear in an upcoming directory, the Customer must furnish the listing in time to meet the directory publishing schedule.
4. Directory listings are provided in connection with each Customer service as specified herein.

1. <u>Directory Listing Charges</u>	Monthly	One Time
1. Single List/WP Only	\$0.00	\$0.00
2. Non-Listed	\$3.75	\$19.50
3. Non-published	\$1.75	\$19.50
4. Additional Listings	\$2.75	\$0.00

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3.4 Ancillary Services

1. <u>Code Restricted Dialing</u>	Monthly	One Time
1. Option A:	\$5.00	\$37.50
2. Option B:	\$5.00	\$37.50
2. <u>Vanity Number Service</u>	Monthly	One Time
1. Per Number	\$0.00	\$37.50
3. <u>Operator Services</u>	Per Occurrence	
1. Station to Station	\$1.30	
2. Calling Card	\$1.55	
3. 3 rd Number	\$1.55	
4. Collect Call	\$1.55	
5. Person to Person	\$3.42	
4. <u>Directory Assistance</u>	Per Occurrence	
1. Each Additional	\$1.50	
2. Call Completion Per Call	\$1.50	
5. <u>Busy Line Verification and Interrupt Service</u>	Per Occurrence	
1. Verification Request	\$3.50	
2. Emergency Interrupt Request (in addition to VR)	\$8.50	
6. <u>Service Restoration</u>	Per Occurrence	
1. Per Telephone Number Restored	\$84.50	

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3.5 Emergency Services (Enhanced 911)

Allows Customer 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 Service Answering Point (PSAP).

3.6 Long Distance 1+ Service

The Company, in conjunction with local telephone service, provides equal access (1+) long distance telephone service.

1. 1+ Intrastate calls rated in full minute rates. \$0.109 per/min.
2. 8XX Number Service calls rated in full minute rates. \$0.089 per/min.

3.7 Prepaid 1+ Service

Allows Customer to anticipate usage of long distance service for the next up-coming month and to pay an amount into an account with Company that will cover the anticipated usage. Long Distance 1+ service is available to Customer so long as Customer maintains a credit balance with Company for Prepaid 1+ service sufficient to cover an individual long distance call. This facility provides Customer with a single voice-grade service.

1. Rates

[RESERVED]

3.8 Promotional Offerings

The Company, from time to time, may make promotional offerings of its services, which may include waiving or reducing the applicable charges for the promoted service. The promotional offerings and locations where the offerings will be presented may be limited as to the duration, the date and times of the offerings and the locations where the offerings are made.

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