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210 N. Park Ave.
Winter Park, FL
32789

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

P.O. Drawer 200
Winter Park, FL
32790-0200

RE: 2nd Set of Data Requests for **Arizona DialTone, Inc., d/b/a Touch Home Phone Service**
Docket RT-00000J-99-0034

Tel: 407-740-8575
Fax: 407-740-0613
tmi@tminc.com

Dear Sirs:

Enclosed for filing is the original and thirteen (13) copies of the responses to Staff's 2nd Set of Data Requests, submitted on behalf of Arizona DialTone, Inc., d/b/a Touch Home Phone Service. These responses pertain to the above referenced Docket Number.

Please acknowledge receipt of this filing by date-stamping the extra copy of this cover letter and returning it to me in the self-addressed, stamped envelope provided for that purpose.

Any questions you may have regarding this filing may be directed to me attention at (407) 740-3008 or at cneeld@tminc.com.

Sincerely,

Craig Neeld
Consultant to Arizona DialTone, Inc.

CN/ks

cc: Thomas Bade, Arizona DialTone, Inc.
Caroline Butler, Paralegal, Legal Division
Maureen A. Scott, Attorney, Legal Division
file: Arizona DialTone, Inc.- AZ - Local
tms: AZi0400d

AZ CORP COMMISSION
DOCUMENT CONTROL

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ARIZONA DIALTONE, INC., D/B/A TOUCH HOME PHONE SERVICE
RESPONSE TO STAFF'S SECOND SET OF DATA REQUESTS
DOCKET NO. T-03608A-04-0101

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

Response:

The Company did not include minimum rates in its proposed tariffs. The maximum rates set forth in the interexchange tariff were set at levels determined to provide the Company with sufficient upward flexibility to ensure that it could revise its rates upward to cover potential increases to its wholesale costs associated with the purchase of services that it will need to purchase in order to offer long distance service, and to respond to competitive market conditions. As there is considerable uncertainty regarding what cost increases may be imminent and/or how other competitive prices may change, there is no established formula for "calculating" maximum rates; rather, the maximums were established based primarily on judgment. As a competitive entrant into the long distance market in Arizona, the Company has no market power and therefore lacks any ability to "set" the price for its services; rather, it must set its prices in response to competitive market conditions. There is no certainty that the Company will be able to recover its costs at market-based prices and, thus, it is unlikely that the Company would be able to increase its rates to the maximum levels included in its tariffs. However, the Company wants to retain the flexibility to raise rates without extended delay, to the extent market conditions permit, in the event its costs increase in the future.

Responder:

Craig Neeld, Consultant to Arizona Dialtone, Inc, d/b/a Touch Home Phone Service
Technologies Management, Inc.
210 N. Park Ave.
Winter Park, FL 32789
407-740-3008

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

Response:

The Company's proposed interexchange switched outbound direct dial rates are lower than Qwest's tariffed intraLATA switched outbound rates. The Company's outbound and inbound switched service rates as well as its rates for travel card service, prepaid calling cards, sponsor cards, and collectible cards are generally consistent with the rates set by other carriers for similar services. As explained in the Company's response to Data Request No. 2, as a competitive service provider, the Company's ability to set prices at levels that will be attractive to consumers is dictated by the market; therefore, if its prices exceed those of other competitors for comparable levels of service, consumers will not purchase service from the Company.

Responder:

Craig Neeld, Consultant to Arizona Dialtone, Inc, d/b/a Touch Home Phone Service Technologies Management, Inc.
210 N. Park Ave.
Winter Park, FL 32789
407-740-3008

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

Response:

Please see the Company's response to Data Request Nos. 1 and 2. As a competitive carrier, the Company cannot set its rates based on its own costs, but must respond to market conditions.

Responder:

Craig Neeld, Consultant to Arizona Dialtone, Inc, d/b/a Touch Home Phone Service Technologies Management, Inc.
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4. Please identify any other jurisdictions in which your company or an affiliate provides similar services. Please specify the rates that your company and/or affiliate charges for these similar services in these other jurisdictions. If there is a difference between the rates that your company will charge in Arizona and the rates that your company and/or affiliate charges in other jurisdictions for similar services, please identify and indicate the amount of the difference and explain why you are charging different rates in Arizona.

Response:

The Company does not provide IXC services in any other state.

Responder:

Craig Neeld, Consultant to Arizona Dialtone, Inc, d/b/a Touch Home Phone Service
Technologies Management, Inc.
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5. Please identify any other jurisdictions in which your company or an affiliate is applying to provide similar services. Please specify the rates that your company and/or affiliate proposes to charge for these similar services in these other jurisdictions. If there is a difference between the rates that your company is proposing for its Arizona operations and the rates that your company and/or affiliate is proposing to charge in other jurisdictions for similar services, please identify and indicate the amount of the difference and explain why you are proposing different rates in Arizona.

Response:

The Company is not applying to provide IXC services in any other state.

Responder:

Craig Neeld, Consultant to Arizona Dialtone, Inc, d/b/a Touch Home Phone Service
Technologies Management, Inc.
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6. Please provide financial statements reflecting the calendar year ending December 31, 2004

Response:

Balance Sheet

Total Assets	\$421,426.78
Total Liabilities	\$360,901.35
Total Liabilities and Equity	\$421,426.78

Income Statement

Total Revenue	\$5,554,952.45
Total Direct Costs	\$2,681,072.46
Gross Profit	\$2,873,879.99
Total Operating Expenses	\$2,905,114.97
Net Operating Income	\$ (31,234.98)
Total Other Expenses	\$ 660
Net Profit (Loss)	\$ (31,894.98)

Responder:

Tom Bade, President
Arizona Dialtone, Inc. d/b/a Touch Home Phone Service
7170 West Oakland Street
Chandler, Arizona 85226
480-776-1999

7. Please indicate all of the names the Applicant is referred to in other jurisdictions.

Response:

The Company has used the names Arizona Dialtone, Inc. and the d/b/a Touch Home Phone Service. in other jurisdictions.

Responder:

Craig Neeld, Consultant to Arizona Dialtone, Inc, d/b/a Touch Home Phone Service
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