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May 23 2001

VIA REGULAR MAIL

Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007-2996

Re: ***Business Discount Plan, Inc. - Arizona***
Docket No. T-03142A-96-0201
May 4, 2001 Decision NO. 63625

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Gentlemen:

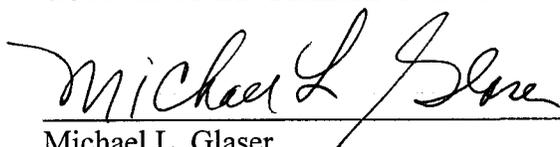
This letter is submitted on behalf of Business Discount Plan, Inc. ("BDP"), which was granted a Certificate of Public Convenience and Necessity to provide competitive resold telecommunications service except local exchange service by Commission Order (Decision No. 63625), dated May 4, 2001 in Docket No. T-03142A-96-0201.

Pursuant to the conditions in the Order, BDP hereby submits an interim status Report to the Commission concerning status of the Notice of Apparent Liability issued by the Federal Communications Commission ("FCC") to BDP, referenced on page 5 of the Commission's Order, and BDP's response to the Commission's Order on page 6 of the Order to inform the Commission the date on which BDP began or it will begin service to Arizona consumers.

Should further information be necessary in connection with this matter, kindly communicate with the undersigned.

Very truly yours,

LOTTNER RUBIN FISHMAN BROWN & SAUL, P.C.


Michael L. Glaser

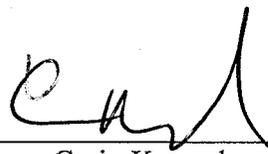
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cc: Greg Eriksen, Esq. (w/enc.)

**Date on which Business Discount Plan, Inc. will begin or has begun
providing service to Arizona Customers**
Docket No. T-03142A-96-0201

Pursuant to the May 4, 2001, Order of the Arizona Corporation Commission (the "Commission") granting Business Discount Plan, Inc.'s ("BDP") application for a Certificate of Public Convenience and Necessity ("CPCN") to provide competitive resold interexchange telecommunications services, except local exchange services (Decision No. 63625), BDP began providing service to Arizona customers on April 4, 1996, after BDP filed its application for a CPCN to provide competitive intrastate telecommunications services as a reseller in Docket No. U-3142-96-201 (now Docket No. T-03142A-96-0201). Prior to BDP's filing of the application in 1996, BDP initially began providing resale long distance service in Arizona in 1995 pursuant to the then existing Commission requirements applicable to resellers of long distance service. BDP has continued to provide resold intrastate telecommunications services to Arizona customers since it first began offering resold long distance service in 1995 and since the filing of its application in 1996.

May 22, 2001



Craig Konrad
Operations

**Interim Report on Status of Notice of Apparent Liability Issued by
Federal Communications Commission
to Business Discount Plan, Inc.
Docket No. T-03142A-96-0201**

Pursuant to the Order of the Arizona Corporation Commission (“Commission”) issued May 4, 2001, granting the application of Business Discount Plan, Inc. (“BDP”) for a Certificate of Public Convenience and Necessity (“CPCN”) to provide competitive resold interexchange telecommunications services, except local exchange services (“Order”), BDP hereby provides the Commission an interim report on the status of Notice of Apparent Liability (“NAL”) issued to BDP by the Federal Communications Commission (“FCC”).

As the Commission is aware, the FCC issued the NAL on December 17, 1998, finding BDP apparently liable for violations of Sections 201 and 258 of the Communications Act of 1923, as amended (the “Act”). The NAL alleged that BDP had apparently changed the preferred interexchange carrier designated by thirty (30) consumers without their consent and that BDP had apparently engaged in unjust and unreasonable telemarketing practices. The NAL proposed a forfeiture of \$2.4 million. Thereafter, BDP filed a Response to the FCC’s NAL on February 2, 1999.

On July 17, 2000, the FCC issued an Order of Forfeiture (“Forfeiture Order”), proposing to assess a forfeiture of \$2.4 million against BDP for violations of Sections 201(b) and 258 of the Act by changing the preferred interexchange carrier designated by thirty (30) consumers without their authorization and for engaging in unjust and unreasonable telemarketing practices. On August 16, 2001, BDP filed a Petition for Reconsideration of the FCC’s Forfeiture Order, asserting that the FCC lacks jurisdiction under Section 201(b) of the Act over unjust and unreasonable telemarketing practices, and that the assessed forfeiture was disproportionate to the

alleged offenses. BDP further asserted that the Forfeiture Order relied on evidence that failed to meet the proper evidentiary standard for assessing forfeitures pursuant to Section 503(b) of the Act.

By Order or Reconsideration issued December 17, 2000 ("Reconsideration Order"), the FCC denied in part and granted in part BDP's petition. Specifically, the FCC denied BDP's assertion that the FCC lacked jurisdiction over unjust and unreasonable telemarketing practices under Section 201(b) of the Act, and that the assessed forfeiture is disproportionate to the alleged offenses claimed. The FCC, however, agreed that certain of the evidence failed to meet the proper evidentiary standard for assessing forfeitures, and reduced BDP's forfeiture from \$2.4 million to \$1.8 million. The FCC ordered BDP to pay the forfeited amount by March 28, 2001.

BDP has not paid the forfeiture, and instead, is exercising its right to a *trial de novo* in a federal district court of the FCC's assessed forfeiture under Section 504(a) of the Act. Accordingly, the FCC's NAL, Forfeiture Order and Reconsideration Order are not final and are subject to further judicial review. Pursuant to the Commission's Order, BDP will apprise the Commission within thirty (30) days of the conclusion of this matter.

May 22, 2001



Craig Konrad
Operations