

Halgiman and Lottner

A Professional Corporation
Attorneys at Law



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AZ CORP COMMISSION

March 29, 1996

APR 1 11 26 AM '96

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K. Harsha Krishnan

VIA FEDERAL EXPRESS

Arizona Corporation Commission
Docket Control Center
1300 W. Washington Street
Phoenix, Arizona 85007

DOCUMENT CONTROL

U-3142-96-201

Re: Business Discount Plan, Inc.

Commissioners:

Enclosed please find revised Exhibits D-1 and D-3 ("Amendment") for the Application and Petition for Certificate of Public Convenience and Necessity to Provide Competitive Intrastate Telecommunications Services as a Reseller on Form A ("Application") for Business Discount Plan, Inc. (the "Company").

The Company filed its Application this morning with the Commission. However, when reviewing the Application, we noticed a typographical error on the Exhibit D-1 cover page and erroneous inclusion of the 1996 financial information (rather than the 1994 financial information) in Exhibit D-3. These were unintentional. Accordingly, we have prepared the Amendment which contains replacement Exhibits D-1 and D-3. Please discard the Exhibits D-1 and D-3 that were included in the original filing.

In accordance with the Commission's rules, the Company is filing an original plus 10 copies of the Amendment.

Please acknowledge receipt of the foregoing Amendment by date-stamping the enclosed copy of the Amendment marked "Stamp & Return" and returning it in the enclosed stamped, self-addressed envelope.

Please contact Michael Glaser or Susan Sellenberg at this office with any questions.

Sincerely,

Harsha Krishnan

Enclosures

cc: Business Discount Plan, Inc.

HL File No.

EXECUTED ORIGINAL

BUSINESS DISCOUNT PLAN, INC.

Attachment D-1 to
Application and Petition for Certificate of Convenience and Necessity to Provide
Competitive Intrastate Telecommunications Services as a Reseller

BALANCE SHEET & PROFIT AND LOSS STATEMENTS

of Business Discount Plan, Inc.

for the period August 1, 1995 through February 29, 1996

DOCUMENT CONTROL

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AZ CORP COMMISSION

March 28, 1998

Business Discount Plan, Inc.
Profit and Loss

August 1995 through February 1996

	<u>Aug '95 - Feb '96</u>
Income	
Interest Income	4,452.91
TNT INC	7,575,834.45
Total Income	<u>7,580,087.36</u>
Expense	
Bank Charges	135.15
Consulting	1,723,275.47
DNS-Expense	2,380,858.65
License Fee	(50.00)
Outside Services	0.00
Software	28,755.44
Total Expense	<u>4,130,974.71</u>
Net Income	<u><u>3,449,112.65</u></u>

March 28, 1998

Business Discount Plan, Inc.
Balance Sheet
As of February 29, 1998

	Feb 29, '98
ASSETS	
Current Assets	
Checking/Savings	
BOATMAN	3,060,483.13
Federated	720,523.20
SUMITOMA	4,186.30
Total Checking/Savings	3,775,184.63
Other Current Assets	
Champions Inter	(14,234.00)
TDJ-TRANS	342,015.40
Total Other Current Assets	327,781.40
Total Current Assets	4,102,978.03
Fixed Assets	
Fixed Assets	
Equipment & Improvements	
Computer Equipment	127,207.52
Leasehold Improvements	89,783.33
Office Equipment	248,866.98
Total Equipment & Improvements	465,857.83
Less Accumulated Depreciation	(117,813.32)
Total Fixed Assets	348,044.51
Total Fixed Assets	348,044.51
TOTAL ASSETS	4,451,020.54
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Advances from NMC	(213,798.62)
CRP, INC	231,687.71
Priority One	57,451.84
QCC, INC	353,132.43
TRANS-TNT	32,500.00
Total Other Current Liabilities	480,973.36
Total Current Liabilities	480,973.36
Total Liabilities	480,973.36
Equity	
Common Stock	5,000.00
Retained Earnings	535,934.53
Net Income	3,449,112.65
Total Equity	3,990,047.18
TOTAL LIABILITIES & EQUITY	4,451,020.54

BUSINESS DISCOUNT PLAN, INC.

Attachment D-3 to
Application and Petition for Certificate of Convenience and Necessity to Provide
Competitive Intrastate Telecommunications Services as a Reseller

BALANCE SHEET & PROFIT AND LOSS STATEMENTS

of Business Discount Plan, Inc.
for the year ended July 31, 1993

March 28, 1996

Trans National Telephone, Inc.
Balance Sheet
 As of July 31, 1984

	<u>Jul 31, '84</u>
ASSETS	
Current Assets	
Checking/Savings	
BOA TNT	1,291.26
FNB-1	240,370.86
FNB-S	(111.95)
MNB1	(32.75)
MNB2	51,803.09
Total Checking/Savings	<u>283,320.50</u>
Other Current Assets	
TOJ-TRANS	(1,328,401.35)
Total Other Current Assets	<u>(1,328,401.35)</u>
Total Current Assets	(1,033,080.85)
Fixed Assets	
Fixed Assets	
Equipment & Improvements	
Computer Equipment	27,872.98
Office Equipment	19,237.97
Total Equipment & Improvements	<u>46,910.95</u>
Less Accumulated Depreciation	(28,361.87)
Total Fixed Assets	<u>18,549.08</u>
Total Fixed Assets	<u>18,549.08</u>
TOTAL ASSETS	<u><u>(1,014,531.77)</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
CRP, INC	2,803.05
Total Other Current Liabilities	<u>2,803.05</u>
Total Current Liabilities	<u>2,803.05</u>
Total Liabilities	2,803.05
Equity	
Common Stock	5,000.00
Retained Earnings	(569,540.37)
Net Income	(452,794.45)
Total Equity	<u>(1,017,334.82)</u>
TOTAL LIABILITIES & EQUITY	<u><u>(1,014,531.77)</u></u>

March 28, 1996

Trans National Telephone, Inc. Profit and Loss

August 1993 through July 1994

Aug '93 - Jul '94

Income	
TNT INC	6,468,451.43
Total Income	6,468,451.43
Expense	0.00
* Assets	1,788.48
Ads	
Bank Charges	
Void Checks	0.00
Bank Charges - Other	11,162.65
Total Bank Charges	11,162.65
Billing Svc	
Premier Billing	234,879.27
Total Billing Svc	234,879.27
Consulting	422,801.75
Contract Services	493,922.26
Depreciation Expense	28,049.84
Entertainment	750.00
Equip Rental	2,144.00
Fees	90.00
Hardware	0.00
L & P Fees	193,846.71
Leads	1,701.00
Misc	4,879.14
Ned	8,000.00
Office	28,037.37
Office Equip	
Repair	328.00
Office Equip - Other	0.00
Total Office Equip	328.00
Office Supplies	15,438.96
Outside Services	232,480.81
Postage	7,748.75
Publications	164.00
Rent Paid	48,870.54
Sales Promo	230.00
Security	185.00
Software	3,109.34
Supplies	116.00
Taxes	
Federal	1,588.50
State	800.00
Total Taxes	2,388.50
Telephone Service	
Ans Service	740.45
DNS	4,661,922.73
Equipment	0.00
Rep & Maint	610.00
Service	49,489.79
Telephone Service - Other	13,358.20
Total Telephone Service	4,726,119.17
Theft Investigation	51,200.00
Theft Loss	398,000.00
Travel	4,512.34
Wages	800.00
Total Expense	8,921,245.88
Net Income	(452,784.45)

ARIZONA CORPORATION COMMISSION

Application and Petition for Certificate of Convenience and Necessity to Provide Competitive Intrastate Telecommunications Services as a Reseller

Mail original plus 10 copies of completed application to:

For Docket Control Only:
(Place Stamp Here)

Docket Control Center
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

RECEIVED
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DOCUMENT CONTROL

If you have current applications pending in Arizona for provision of reseller, AOS, or other telecommunication services, please identify:

Type of Service: _____
Docket No.: _____ Date: _____

Type of Service: _____
Docket No.: _____ Date: _____

Docket No. U-3142 96-201

Date Docketed _____

A. Company and Telecommunications Service Information

(A-1) The name, address, and telephone number of the applicant (company):

Business Discount Plan, Inc.
3780 Kilroy Airport Way
Suite 200
Long Beach, California 90806
(714) 798-7000

(A-2) If doing business (dba) under a name other than the applicant (company) name listed above, specify:

N/A

(A-3) The name, address, telephone number, and facsimile number of the management contact:

T. David Jenkins
Business Discount Plan, Inc.
3780 Kilroy Airport Way
Suite 200
Long Beach, California 90806
(714) 798-7000

Application and Petition for Competitive Reseller CC&N

(A-4) The name, address, and telephone of the attorney, if any, representing the applicant:

Michael L. Glaser and Harsha Krishnan
Halgiman & Lottner, P.C.
633 17th Street, Suite 2700
Denver, Colorado 80202
(303) 292-1200; (303) 292-1300 (Fax)

(A-5) What type of legal entity is the applicant?

- Sole proprietorship
- Partnership: ___ limited, ___ general, ___ Arizona, ___ Foreign
- Limited liability company
- Corporation: ___ "S", ___ "C", ___ non-profit, ___ Arizona, X Foreign
- Other, specify: BDP is filing as a foreign corporation but has not yet been qualified to transact business in Arizona. BDP will notify the Commission upon certification.

(A-6) Include "Attachment A." Attachment A must list names of all owners, partners, limited liability company managers, or corporation officers and directors (specify), and indicate percentages of ownership.

Please see Attachment A

- (A-7) 1 Is your company currently reselling telecommunication service in Arizona? If yes, provide the date or the approximate date that you began reselling service in Arizona.
YES, 5/1995
- 2 If the answer to 1. is "yes", identify the types of telecommunications services you resell; whether operator services are provided or resold and whether they are provided or resold to traffic aggregators (as defined in A.A.C. Rule R14-2-1001(3), a copy of which is attached); the number of customers in Arizona for each type of service; and the total number of intrastate minutes resold in the latest 12 month period for which data are available. Note: The Commission rules require that a separate CC&N, issued under Article 10, be obtained in order to provide operator services to traffic aggregators.
RESOLD 1+ LONG DISTANCE - SWITCHLESS RESELLER
APROX. 109 CUSTOMERS TOTALING 91,000 INTRA STATE MINUTES
3. If the answer to 1. is "no", when does your company plan to begin reselling service in Arizona?

Application and Petition for Competitive Reseller CC&N

(A-8) Include "Attachment B." Attachment B, your proposed tariff, must include proposed rates and charges for each service to be provided, state the tariff (maximum) rate as well as the price to be charged, and state other terms and conditions, including deposits, that will apply to provision of the service(s) by your company.

The Commission provides pricing flexibility by allowing competitive telecommunications service companies to price their services at levels equal to or below the tariff (maximum) rates. The prices to be charged by the company are filed with the Commission in the form of price lists. See the "Illustrative Tariff/Price List Example" attached. Note: Price list rate changes that result in rates that are lower than the tariff rate are effective upon concurrent notice to the Commission (See Rule R14-2-1109(B)(2)). See Rule R14-2-1110 for the procedures to make price list changes that result in rates that are higher than the tariff rate.

(A-9) The geographic market to be served is:

statewide.

other, describe and provide a map depicting the area.

(A-10) List the states in which you currently resell services similar to those you intend to resell in Arizona. Business Discount Plan, Inc. has authorization to provide its services in Arkansas, California, Delaware, Florida, Idaho, Illinois, Indiana, Iowa, Kansas, Massachusetts, Missouri, Nevada, New Jersey, North Carolina, Oregon, Pennsylvania, South Dakota, Texas, Tennessee, Washington, Wisconsin, and Wyoming. BDP also provides service in states which do not require registration by companies such as BDP.

(A-11) Provide the name, address, and telephone number of the company's complaint contact person.

Craig Konrad
Business Discount Plan, Inc.
3780 Kilroy Airport Way
Suite 200
Long Beach, California 90806
(714) 798-7000

(A-12) Provide a list of states in which you have sought authority to resell telecommunications services and in which the state granted the authority with major changes and conditions or did not grant your application for those services. For each state listed, provide a copy of the commission's decision modifying or denying your application for authority to provide telecommunications services.

N/A

(A-13) Has the company been granted authority to provide or resell telecommunications services in any state where subsequently the authority was revoked? If "yes", provide copies of the state regulatory commission's decision revoking its authority.

NO

Application and Petition for Competitive Reseller CC&N

(A-14) Has the company been or is the company currently involved in any formal complaint proceedings before any state or federal regulatory commission? If "yes", in which states is the company involved in proceedings and what is the substance of these complaints. Also, provide copies of commission orders that have resolved any of these complaints.

No

(A-15) Has the applicant been involved in any civil or criminal investigations related to the delivery of telecommunications services within the last five years? If "yes", in which states has the applicant been involved in investigations and why is the applicant being investigated?

No

(A-16) Has the applicant had judgment entered against it in any civil matter or been convicted of criminal acts related to the delivery of telecommunications services within the last five years? If yes, list the states where judgment or conviction was entered and provide a copy of the court order.

No

B. Technical Information

(B-1) If your company is a switchless reseller, provide the name of the company or companies whose services you resell and skip to question (B-2). If you are not a switchless reseller, complete the remainder of this section.

AT&T

Include "Attachment C." Attachment C should provide the following information: A diagram of the applicant's basic call network used to complete Arizona intrastate telecommunications traffic. This diagram should show how a typical call is routed in both its originating and terminating ends (i.e. show the access network and call completion network).

Also include on the diagram the carrier(s) used for each major network component and indicate if the carrier is facilities-based or not. If the carrier is not facilities-based, indicate who owns the facilities (within the State of Arizona) that are used to originate and terminate the applicant's intrastate telecommunications traffic (i.e. provide a list of the Arizona facilities-based long distance carriers whose facilities are used to complete the applicant's intrastate traffic).

(B-2) Will your customers be able to access alternative toll service providers or resellers via 1+ or 10XXX access, if your system becomes non-operational?

Business Discount Plan will not block access to any carrier.

C. Financial Information

(C-1) Include "Attachment D." Attachment D should provide copies of the following audited financial information for the most recent two years for all Arizona operations. Check boxes indicating items attached.

current intrastate balance sheet

current intrastate income statement

current intrastate cash flow statement

other financial information evidencing financial resources.

Application and Petition for Competitive Reseller CC&N

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 related to the regulation of telecommunications services and that the company will abide by Arizona State law including the Arizona Corporation Commission Rules and Regulations. I agree that the Commission's rules apply in the event there is a conflict between those rules and the company's tariff, unless otherwise ordered by the Commission. I certify that to the best of my knowledge the information provided in this Application and Petition is true and correct.



(Signature of Authorized Representative)

3/13/96
(Date)

Dennis Flannagan

(Printed Name of Authorized Representative)

President

(Title)

*Applicant will be filing for authorization to conduct business in Arizona (See Item A-5). Upon receiving authorization, Applicant will notify the Commission and provide a copy of the authorization.

SUBSCRIBED AND SWORN to before me this 13 day of MARCH, 1996



Ivan G. Castillo
NOTARY PUBLIC

My Commission Expires AUG 15 1997

BUSINESS DISCOUNT PLAN, INC.

**Attachment A to
Application and Petition for Certificate of Convenience and Necessity to Provide
Competitive Intrastate Telecommunications Services as a Reseller**

Ownership of Business Discount Plan, Inc. ("BDP"):

T. David Jenkins	100,000 Shares (100%)
3780 Kilroy Airport Way, Suite 200	
Long Beach, California 90806	

BDP's Officers and Directors:

T. David Jenkins	Chief Executive Officer and Director
Dennis Flannigan	President & Director

BUSINESS DISCOUNT PLAN, INC.

Attachment B to

Application and Petition for Certificate of Convenience and Necessity to Provide
Competitive Intrastate Telecommunications Services as a Reseller

PROPOSED TARIFF FOR RESOLD INTRASTATE SERVICES

BUSINESS DISCOUNT PLAN, INC.

A.C.C. Tariff No. 1
Title Page, Original

Interexchange Service Tariff

RESALE TARIFF OF
BUSINESS DISCOUNT PLAN, INC.

This tariff contains the rules, regulations, descriptions, and rates applicable to the furnishing of Intrastate Resale Common Carrier Communications offered by Business Discount Plan, Inc. between points within Arizona.

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Service Tariff

CHECK SHEET

The Title Page and Pages 1 through 21, inclusive, of this tariff are effective as of the date shown. Original and revised pages, as named below, contain all changes from the original tariff that are in effect on the date thereon except as otherwise noted.

<u>PAGE</u>	<u>REVISION LEVEL</u>
Title.....	Original
1.....	Original
2.....	Original
3.....	Original
4.....	Original
5.....	Original
6.....	Original
7.....	Original
8.....	Original
9.....	Original
10.....	Original
11.....	Original
12.....	Original
13.....	Original
14.....	Original
15.....	Original
16.....	Original
17.....	Original
18.....	Original
19.....	Original
20.....	Original
21.....	Original

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Service Tariff

TARIFF FORMAT

Page Numbering - Page numbers appear in the upper right hand corner of the page. Pages are numbered sequentially. From time to time new pages may be added to the tariff. When a new page is added between existing pages a decimal is added to the preceding page number. For example, a new page added between Pages 3 and 4 would be numbered 3.1.

Explanation of Symbols - When changes are made in any tariff sheet, a revised sheet will be issued canceling the tariff sheet affected. Changes will be identified on the revised page(s) through the use of the following symbols:

- (C) - To signify changed regulation.
- (D) - To signify discontinued rate or regulation.
- (I) - To signify increased rates.
- (M) - To signify material relocated from one page to another without change.
- (N) - To signify new rate, regulation, or text.
- (R) - To signify reduced rate.
- (S) - To signify reissued material.
- (T) - To signify a change in text, but no change in rate or regulation.

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Service Tariff

TABLE OF CONTENTS

Title PageCover
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Section 2 - Rules and Regulations 6
Section 3 - Description of Service 15
Section 4 - Maximum Rates 17

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

BUSINESS DISCOUNT PLAN, INC.

A.C.C. Tariff No. 1
Page 4, Original

Interexchange Service Tariff

Application of Tariff

This tariff contains the regulations and rates applicable to the furnishing of intrastate resale common carrier communications service by Business Discount Plan, Inc. within the State of Arizona.

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Service Tariff

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

ACC - Arizona Corporation Commission.

Access Line - An arrangement which connects the customer's location to a Business Discount Plan, Inc. switching center or point of presence.

Authorized User - A person, firm, corporation, or any other entity authorized by the Customer to communicate utilizing the Carrier's service.

BDP - Used throughout this tariff to mean Business Discount Plan, Inc. unless clearly indicated otherwise by the text.

Carrier or Company - Whenever used in this tariff, "Carrier," "Company," or "BDP" refers to Business Discount Plan, Inc. unless otherwise specified or clearly indicated by the context.

Customer - The person, firm, corporation, or other entity which orders, cancels, amends, or uses service and is responsible for payment of charges and compliance with the Company's tariff.

Day - From 8:00 a.m. up to but not including 5:00 p.m. local time Monday through Friday.

Evening - From 5:00 p.m. up to but not including 11:00 p.m. local time Sunday through Friday.

LEC - Local Exchange Company.

Night/Weekend - From 11:00 p.m. up to but not including 8:00 a.m. Sunday through Friday, and 8:00 a.m. Saturday up to but not including 5:00 p.m. Sunday.

Switched Access Origination - Where originating access between the customer and the interexchange carrier is provided on local exchange company Feature Group circuits.

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Service Tariff

SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of Business Discount Plan, Inc.

BDP's services and facilities are furnished for intraLATA and interLATA communications originating at specified points within the State of Arizona under terms of this tariff.

BDP installs, operates, and maintains the communications services provided hereinunder in accordance with the terms and conditions set forth under this tariff. BDP may act as the Customer's agent for ordering access connection facilities provided by other carriers or entities as required in the ACC rules and orders, when authorized by the Customer, to allow connection of a Customer's location to the BDP network. The Customer shall be responsible for all charges due for such service arrangement.

The Company's services and facilities are provided on a monthly basis unless otherwise indicated, and are available twenty-four hours per day, seven days per week.

2.2 Limitations

- 2.2.1 Service is offered subject to the availability of the necessary facilities and equipment, and subject to the provisions of this tariff.
- 2.2.2 BDP reserves the right to discontinue or limit service when necessitated by conditions beyond its control, or when the Customer is using service in violation of provisions of this tariff, or in violation of the law.
- 2.2.3 The Company does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for errors in transmission or for failure to establish connections.

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Service Tariff

SECTION 2 - RULES AND REGULATIONS, CONT.

2.2 Limitations, cont.

2.2.4 All facilities provided under this tariff are directly controlled by BDP and the Customer may not transfer or assign the use of service or facilities without the express written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or facilities.

2.2.5 Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions of service.

2.3 Use

Services provided under this tariff may be used for any lawful purpose for which the service is technically suited.

2.4 Liabilities of the Company

2.4.1 BDP's liability for damages arising out of mistakes, interruptions, omissions, delays, errors, or defects in transmission which occur in the course of furnishing service or facilities, in no event shall exceed an amount equivalent to the proportionate charge to the Customer for the period during which the faults in transmission occur.

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Service Tariff

SECTION 2 - RULES AND REGULATIONS, CONT.

2.4 Liabilities of Company, cont.

2.4.2 The Company shall not be liable for claim or loss, expense or damage (including indirect, special or consequential damage), for any interruption, delay, error, omission, or defect in any service, facility, or transmission provided under this tariff, if caused by any person or entity other than the Company, by any malfunction of any service or facility provided by any other carrier, by an act of God, fire, war, civil disturbance, or act of government, or by any other cause beyond the Company's direct control.

2.4.3 The Company shall not be liable for, and shall be fully indemnified and held harmless by Customer against any claim or loss, expense, or damage (including indirect, special or consequential damage) for defamation, libel, slander, invasion, infringement of copy-right or patent, unauthorized use of any trademark, tradename, or service mark, unfair competition, interference with or misappropriation or violation of any contract, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data, information, or other content revealed to, transmitted, or used by the Company under this tariff; or for any act or omission of the Customer; or for any personal injury or death of any person caused directly or indirectly by the installation, maintenance, location, condition, operation, failure, presence, use or removal of equipment or wiring provided by the Company, if not directly caused by negligence of the Company.

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

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Service Tariff

SECTION 2 - RULES AND REGULATIONS, CONT.

2.4 Liabilities of Company, cont.

2.4.5 The Company shall not be liable for any defacement of or damages to the premises of a Customer resulting from the furnishing of service which is not the direct result of the Company's negligence.

2.5 Deposits

The Company does not require a deposit from the Customer.

2.6 Advance Payments

For Customers from whom the Company feels an advance payment is necessary, BDP reserves the right to collect an amount not to exceed one month's estimated charges as an advance payment for service. This will be applied against the next month's charges and a new advance payment may be collected for the next month.

2.7 Taxes

All state and local taxes (i.e., gross receipts tax, sales tax, municipal utilities tax) are listed as separate line items and are not included in the quoted rates.

2.8 Terminal Equipment

The Company's facilities and service may be used with or terminated in Customer-provided terminal equipment or Customer-provided communications systems, such as a PBX, key systems or Pay Telephone. Such terminal equipment shall be furnished and maintained at the expense of the Customer, except as otherwise provided. The Customer is responsible for all costs at his or her premises, including personnel, wiring, electrical power, and the like, incurred in the use of the Company's service.

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Service Tariff

SECTION 2 - RULES AND REGULATIONS, CONT.

2.9 Installation

Service is installed upon mutual agreement between the Customer and the Company. The service agreement does not alter rates specified in this tariff.

2.10 Payment for Service

The Customer is responsible for payment of all charges for services and equipment furnished to the Customer or to an Authorized User of the Customer by BDP. All charges due by the Customer are payable to the Company or to any agency duly authorized to receive such payments. The billing agency may be a local exchange telephone company, interexchange carrier, or other billing service. Terms of payment shall be according to the rules and regulations of the agency and subject to the rules of regulatory agencies, such as the ACC. Any objections to billed charges must be promptly reported to the Company or the Company's billing agent. Adjustments to Customer's bills shall be made to the extent that circumstances exist which reasonably indicate that such changes are appropriate. Customers with billing inquiries or complaints may contact the Company at 3780 Kilroy Airport Way, Suite 200, Long Beach, California 90806, Phone: (800) 723-4490.

2.11 Cancellation by Customer

Customer may cancel service by providing 30 days written notice to the Company.

2.12 Interconnection

Service furnished by BDP may be connected with the services or facilities of other carriers or enhanced service providers. The Customer is responsible for all charges billed by these entities for use in connection with BDP's service. Any special interface equipment or facilities necessary to achieve compatibility between these entities is the responsibility of the Customer.

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Service Tariff

SECTION 2 - RULES AND REGULATIONS, CONT.

2.13 Refusal or Discontinuance by Company

BDP may refuse or discontinue service under the following conditions provided that, unless otherwise stated, the Customer shall be given 15 days written notice to comply with any rule or remedy any deficiency:

- 2.13.1 For non-compliance with or violation of any State, municipal, or Federal law, ordinance or regulation pertaining to telephone service.
- 2.13.2 For use of telephone service for any other property or purpose than that described in the application.
- 2.13.3 For neglect or refusal to provide reasonable access to BDP or its agents for the purpose of inspection and maintenance of equipment owned by BDP or its agents.
- 2.13.4 For noncompliance with or violation of Commission regulation or BDP's rules and regulations on file with the Commission, provided five days' written notice is given before termination.
- 2.13.5 For nonpayment of bills, provided that suspension or termination of service shall not be made without five days written notice to the Customer, except in extreme cases.
- 2.13.6 Without notice in the event of Customer or Authorized User use of equipment in such a manner as to adversely affect BDP's equipment or service to others.
- 2.13.7 Without notice in the event of tampering with the equipment or services owned by BDP or its agents.

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Service Tariff

SECTION 2 - RULES AND REGULATIONS, CONT.

2.13 Refusal or Discontinuance by Company, cont.

2.13.8 Without notice in the event of unauthorized or fraudulent use of service. Whenever service is discontinued for fraudulent use of service, BDP may, before restoring service, require the Customer to make, at his or her own expense, all changes in facilities or equipment necessary to eliminate illegal use and to pay an amount reasonably estimated as the loss in revenues resulting from such fraudulent use.

2.13.9 Without notice by reason of any order or decision of a court or other government authority having jurisdiction which prohibits Carrier from furnishing such services.

2.13.10 For extended periods of inactivity.

2.14 Interruption of Service

Credit allowances for interruptions of service which are not due to the Carrier's testing or adjusting, to the negligence of the Customer, or to the failure of channels, equipment or communications systems provided by the Customer, are subject to the general liability provisions set forth in Section 2.4 herein. It shall be the obligation of the Customer to notify Carrier immediately of any interruption in service for which a credit allowance is desired by Customer. Before giving such notice, Customer shall ascertain that the trouble is not within his or her control, or is not in wiring or equipment, if any, furnished by Customer and connected to Carrier's terminal. Interruptions caused by Customer-provided or Carrier-provided automatic dialing equipment are not deemed an interruption of service as defined herein since the Customer has the option of using the long distance network via local exchange company access.

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Service Tariff

SECTION 2 - RULES AND REGULATIONS, CONT.

2.15 Restoration of Service

The use and restoration of service shall be in accordance with the rules and regulations of the ACC.

2.16 Inspection, Testing, and Adjustment

Upon reasonable notice, the facilities provided by the Carrier shall be made available to the Carrier for tests and adjustments as may be deemed necessary by the Carrier for maintenance. No interruption allowance will be granted for the time during which such tests and adjustments are made.

2.17 Tests, Pilots, Promotional Campaigns and Contests

The Carrier may conduct special tests or pilot programs and promotions at its discretion to demonstrate the ease of use, quality of service and to promote the sale of its services. The Carrier may also waive a portion or all processing fees or installation fees for winners of contests and other occasional promotional events sponsored or endorsed by the Carrier. From time to time, the Company may waive all processing fees for a Customer.

2.18 Cost of Collection and Repair

The Customer is responsible for any and all costs incurred in the collection of monies due the Carrier including legal and accounting expenses. Customer is also responsible for recovery costs of Carrier-provided equipment and any expenses required for repair or replacement of damaged equipment.

2.19 Late Fee

A late fee of 1.5% monthly may be charged on any past due balances beginning 30 days from the mailing date of the bill.

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Service Tariff

SECTION 2 - RULES AND REGULATIONS, CONT.

2.20 Returned Check Charges

A fee of \$15.00, or five percent of the amount of the check, whichever is greater, may be charged for each check returned for insufficient funds.

2.21 Reconnection Charge

A reconnection fee of \$25.00 per occurrence may be charged when service is re-established for customers who have been disconnected for non-payment.

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Service Tariff

SECTION 3 - DESCRIPTION OF SERVICE

3.1 Timing of Calls

- 3.1.1 Long distance usage charges are based on the actual usage of BDP's network. The Company will determine that a call has been established by signal from the local telephone company.
- 3.1.2 Minimum billed call duration and billing increments differ from product to product. Product specific information is included in Section 4 of the Rate Schedules.
- 3.1.3 Usage is measured and rounded to the next higher billing increment for billing purposes.
- 3.1.4 There is no billing applied for incomplete calls.

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Service Tariff

SECTION 3 - DESCRIPTION OF SERVICE, CONT.

3.2 BDP Service

BDP is a resale common carrier providing intrastate intraLATA and interLATA communications long distance message toll telephone service to Customers for their direct transmission and reception of voice, data, and other types of communications.

Long distance usage charges are based on the actual usage of BDP's network. Chargeable time begins when a connection is established between the calling station and the called station. Chargeable time ends when either party "hangs up" thereby releasing the network connection. Incomplete calls are not billed.

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Service Tariff

SECTION 4 - MAXIMUM RATES

4.1 General

Each Customer is charged individually for each call placed through the Carrier.

Rates vary by time of day and call duration.

Customers are billed based on their use of BDP's long distance service.

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Service Tariff

SECTION 4 - MAXIMUM RATES, CONT.

4.2 BDP Rate Plan I

This plan is offered to subscribers with call volumes of less than \$200 per month.

<u>MILEAGE</u>	INITIAL 18 SECONDS OR FRACTION	EACH ADD'L 6 SECONDS OR FRACTION	RATE PERIOD
All Mileage Bands	\$0.0940	\$0.0313	DAY
	\$0.0842	\$0.0281	EVENING
	\$0.0842	\$0.0281	NIGHT/WEEKEND

Monthly Access Fee: \$3.78

4.3 BDP Rate Plan II

This plan is offered to subscribers with call volumes of more than \$200 per month.

<u>MILEAGE</u>	INITIAL 18 SECONDS OR FRACTION	EACH ADD'L 6 SECONDS OR FRACTION	RATE PERIOD
All Mileage Bands	\$0.0835	\$0.0278	DAY
	\$0.0749	\$0.0250	EVENING
	\$0.0749	\$0.0250	NIGHT/WEEKEND

Monthly Access Fee: \$3.78

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Service Tariff

SECTION 4 - MAXIMUM RATES, CONT.

4.4 Rate Plan III

This plan is offered to subscribers with call volumes of less than \$200 per month.

<u>MILEAGE</u>	<u>EACH MINUTE</u>	<u>RATE PERIOD</u>
All Mileage Bands	\$0.3132	DAY
	\$0.2808	EVENING
	\$0.2808	NIGHT/WEEKEND
Monthly Access Fee:		\$3.78

4.5 Rate Plan IV

This plan is offered to subscribers with call volumes of more than \$200 per month.

<u>MILEAGE</u>	<u>EACH MINUTE</u>	<u>RATE PERIOD</u>
All Mileage Bands	\$0.2784	DAY
	\$0.2496	EVENING
	\$0.2496	NIGHT/WEEKEND
Monthly Access Fee:		\$3.78

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Service Tariff

SECTION 4 - MAXIMUM RATES, CONT.

4.6 Rate Plan V

This plan is offered to subscribers with call volumes of less than \$200 per month.

<u>MILEAGE</u>	<u>EACH</u> <u>30 SECONDS</u>	<u>RATE</u> <u>PERIOD</u>
All Mileage Bands	\$0.1566	DAY
	\$0.1404	EVENING
	\$0.1404	NIGHT/WEEKEND
	Monthly Access Fee:	\$3.78

4.7 Rate Plan VI

This plan is offered to subscribers with call volumes of more than \$200 per month.

<u>MILEAGE</u>	<u>EACH</u> <u>30 SECONDS</u>	<u>RATE</u> <u>PERIOD</u>
All Mileage Bands	\$0.1392	DAY
	\$0.1248	EVENING
	\$0.1248	NIGHT/WEEKEND
	Monthly Access Fee:	\$3.78

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Service Tariff

SECTION 4 - MAXIMUM RATES, CONT.

4.8 Time of Day Periods

The appropriate rates apply for day, evening and night/weekend calls based on the following chart:

	MON	TUES	WED	THUR	FRI	SAT	SUN
8:00 AM TO 5:00 PM*	DAYTIME RATE PERIOD						
5:00 PM TO 11:00 PM*	EVENING RATE PERIOD						EVE
11:00 PM TO 8:00 AM*	NIGHT/WEEKEND RATE PERIOD						

* to, but not including

Calls are billed based on the rate in effect for the actual time period (s) during which the call occurs. Calls that cross rate period boundaries are billed the rates in effect for each portion of the call.

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

BUSINESS DISCOUNT PLAN, INC.

Price List
Title Page, Original
Interexchange Services Price List

RESALE TARIFF OF
BUSINESS DISCOUNT PLAN, INC.

This tariff contains the rules, regulations, descriptions, and rates applicable to the furnishing of Intrastate Resale Common Carrier Communications offered by Business Discount Plan, Inc. between points within Arizona.

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Services Price List

CURRENT RATES

General

Each Customer is charged individually for each call placed through the Carrier.

Rates vary by time of day and call duration.

Customers are billed based on their use of BDP's long distance service.

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Services Price List

CURRENT RATES, CONT.

1. BDP Rate Plan I

This plan is offered to subscribers with call volumes of less than \$200 per month.

<u>MILEAGE</u>	<u>INITIAL 18 SECONDS OR FRACTION</u>	<u>EACH ADD'L 6 SECONDS OR FRACTION</u>	<u>RATE PERIOD</u>
All Mileage Bands	\$0.0940	\$0.0313	DAY
	\$0.0842	\$0.0281	EVENING
	\$0.0842	\$0.0281	NIGHT/WEEKEND

Monthly Access Fee: \$3.78

2. BDP Rate Plan II

This plan is offered to subscribers with call volumes of more than \$200 per month.

<u>MILEAGE</u>	<u>INITIAL 18 SECONDS OR FRACTION</u>	<u>EACH ADD'L 6 SECONDS OR FRACTION</u>	<u>RATE PERIOD</u>
All Mileage Bands	\$0.0835	\$0.0278	DAY
	\$0.0749	\$0.0250	EVENING
	\$0.0749	\$0.0250	NIGHT/WEEKEND

Monthly Access Fee: \$3.78

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Services Price List

CURRENT RATES, CONT.

3. Rate Plan III

This plan is offered to subscribers with call volumes of less than \$200 per month.

<u>MILEAGE</u>	<u>EACH MINUTE</u>	<u>RATE PERIOD</u>
All Mileage Bands	\$0.3132	DAY
	\$0.2808	EVENING
	\$0.2808	NIGHT/WEEKEND
	Monthly Access Fee:	\$3.78

4. Rate Plan IV

This plan is offered to subscribers with call volumes of more than \$200 per month.

<u>MILEAGE</u>	<u>EACH MINUTE</u>	<u>RATE PERIOD</u>
All Mileage Bands	\$0.2784	DAY
	\$0.2496	EVENING
	\$0.2496	NIGHT/WEEKEND
	Monthly Access Fee:	\$3.78

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Services Price List

CURRENT RATES, CONT.

5. Rate Plan V

This plan is offered to subscribers with call volumes of less than \$200 per month.

<u>MILEAGE</u>	<u>EACH 30 SECONDS</u>	<u>RATE PERIOD</u>
All Mileage Bands	\$0.1566	DAY
	\$0.1404	EVENING
	\$0.1404	NIGHT/WEEKEND
	Monthly Access Fee:	\$3.78

6. Rate Plan VI

This plan is offered to subscribers with call volumes of more than \$200 per month.

<u>MILEAGE</u>	<u>EACH 30 SECONDS</u>	<u>RATE PERIOD</u>
All Mileage Bands	\$0.1392	DAY
	\$0.1248	EVENING
	\$0.1248	NIGHT/WEEKEND
	Monthly Access Fee:	\$3.78

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

Interexchange Services Price List

CURRENT RATES, CONT.

7. Time of Day Periods

The appropriate rates apply for day, evening and night/weekend calls based on the following chart:

	MON	TUES	WED	THUR	FRI	SAT	SUN
8:00 AM TO 5:00 PM*	DAYTIME RATE PERIOD						
5:00 PM TO 11:00 PM*	EVENING RATE PERIOD						EVE
11:00 PM TO 8:00 AM*	NIGHT/WEEKEND RATE PERIOD						

• to, but not including

Calls are billed based on the rate in effect for the actual time period (s) during which the call occurs. Calls that cross rate period boundaries are billed the rates in effect for each portion of the call.

ISSUED:

EFFECTIVE:

ISSUED BY: Dennis Flannigan, President
3780 Kilroy Airport Way, Suite 200
Long Beach, California 90806

BUSINESS DISCOUNT PLAN, INC.

**Attachment C to
Application and Petition for Certificate of Convenience and Necessity to Provide
Competitive Intrastate Telecommunications Services as a Reseller**

NOT APPLICABLE

BUSINESS DISCOUNT PLAN, INC.

**Attachment D-1 to
Application and Petition for Certificate of Convenience and Necessity to Provide
Competitive Intrastate Telecommunications Services as a Reseller**

BALANCE SHEET & PROFIT AND LOSS STATEMENTS

of Business Discount Plan, Inc.

for the period August 1, 1995 through February 29, 1995

March 28, 1998

Business Discount Plan, Inc.
Balance Sheet
 As of February 29, 1998

Feb 29, '98

ASSETS	
Current Assets	
Checking/Savings	
BOATMAN	3,060,483.13
Federated	720,523.20
SUMITOMA	4,186.30
Total Checking/Savings	<u>3,775,184.63</u>
Other Current Assets	
Champions Inter	(14,234.00)
TDJ-TRANS	342,015.40
Total Other Current Assets	<u>327,781.40</u>
Total Current Assets	4,102,976.03
Fixed Assets	
Fixed Assets	
Equipment & Improvements	
Computer Equipment	127,207.52
Household Improvements	89,763.33
Office Equipment	248,886.98
Total Equipment & Improvements	<u>465,857.83</u>
Less Accumulated Depreciation	(117,813.32)
Total Fixed Assets	<u>348,044.51</u>
Total Fixed Assets	<u>348,044.51</u>
TOTAL ASSETS	<u><u>4,451,020.54</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Advances from NMC	(213,798.62)
CRP, INC	231,687.71
Priority One	57,451.84
QCC, INC	353,132.43
TRANS-TNT	32,500.00
Total Other Current Liabilities	<u>480,973.36</u>
Total Current Liabilities	<u>480,973.36</u>
Total Liabilities	480,973.36
Equity	
Common Stock	5,000.00
Retained Earnings	535,934.53
Net Income	3,449,112.65
Total Equity	<u>3,990,047.18</u>
TOTAL LIABILITIES & EQUITY	<u><u>4,451,020.54</u></u>

March 28, 1998

Business Discount Plan, Inc.
Profit and Loss

August 1995 through February 1998

	<u>Aug '95 - Feb '98</u>
Income	
Interest Income	4,452.91
TNT INC	<u>7,575,834.45</u>
Total Income	7,580,087.36
Expense	
Bank Charges	135.15
Consulting	1,723,275.47
DNS-Expense	2,380,858.65
License Fee	(50.00)
Outside Services	0.00
Software	<u>28,755.44</u>
Total Expense	<u>4,130,974.71</u>
Net Income	<u><u>3,449,112.65</u></u>

BUSINESS DISCOUNT PLAN, INC.

Attachment D-2 to
Application and Petition for Certificate of Convenience and Necessity to Provide
Competitive Intrastate Telecommunications Services as a Reseller

REVIEWED FINANCIAL STATEMENTS

of Trans National Telephone, Inc., d/b/a Business Discount Plan, Inc.
for the year ended July 31, 1995

TO THE BOARD OF DIRECTORS
BUSINESS DISCOUNT PLAN, INC.
LONG BEACH, CALIFORNIA

MARCH 25, 1996

ACCOUNTANT'S REVIEW REPORT
FOR THE YEAR ENDED JULY 31, 1995

I HAVE REVIEWED THE ACCOMPANYING STATEMENT OF ASSETS, LIABILITIES, AND EQUITY-CASH BASIS OF BUSINESS DISCOUNT PLAN, INC. AS OF JULY 31, 1995, AND THE RELATED STATEMENT OF REVENUES, EXPENSES, AND RETAINED EARNINGS-CASH BASIS FOR THE YEAR THEN ENDED, IN ACCORDANCE WITH STATEMENTS ON STANDARDS FOR ACCOUNTING AND REVIEW SERVICES ISSUED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. ALL INFORMATION INCLUDED IN THESE FINANCIAL STATEMENTS IS THE REPRESENTATION OF THE MANAGEMENT OF BUSINESS DISCOUNT PLAN, INC.

A REVIEW CONSISTS PRINCIPALLY OF INQUIRIES OF COMPANY PERSONNEL AND ANALYTICAL PROCEDURES APPLIED TO FINANCIAL DATA. IT IS SUBSTANTIALLY LESS IN SCOPE THAN AN AUDIT IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS, THE OBJECTIVE OF WHICH IS THE EXPRESSION OF AN OPINION REGARDING THE FINANCIAL STATEMENTS TAKEN AS A WHOLE. ACCORDINGLY, I DO NOT EXPRESS SUCH AN OPINION.

BASED ON MY REVIEW, I AM NOT AWARE OF ANY MATERIAL MODIFICATIONS THAT SHOULD BE MADE TO THE ACCOMPANYING FINANCIAL STATEMENTS IN ORDER FOR THEM TO BE IN CONFORMITY WITH THE CASH BASIS OF ACCOUNTING AS DESCRIBED IN NOTE 1.

GENE QUERRY & ASSOCIATES

BUSINESS DISCOUNT PLAN, INC.
REVIEWED FINANCIAL STATEMENTS
JULY 31, 1995

BUSINESS DISCOUNT PLAN, INC.
STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
JULY 31, 1995
SEE ACCOUNTANT'S REVIEW REPORT

Assets-Note 1

Current Assets

Cash in Checking-Boatmen's Bank	\$132,999	
Cash in Checking-Marine National Bank	1,061	
Cash in Checking-Sumitomo Bank	1,232	
Accounts Receivable-Thomas D. Jenkins-Note 2	342,015	
Accounts Receivable-Champions International, Inc.-Note 3	<u>350,025</u>	
Total Current Assets		\$827,332

Property and Equipment-Note 1

Computer Equipment	84,157	
Leasehold Improvements	89,763	
Office Equipment	191,435	
Accumulated Depreciation	<u>(117,813)</u>	
Total Property and Equipment		<u>247,542</u>
Total Assets		<u><u>\$1,074,874</u></u>

BUSINESS DISCOUNT PLAN, INC.
STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS
JULY 31, 1995
SEE ACCOUNTANT'S REVIEW REPORT

Liabilities & Shareholder's Equity-Note 1

Liabilities

Intercompany Accounts Payable-Note 4	\$533,940
Federal Income Tax Payable-Note 5	196,689
State Income Tax Payable-Note 6	<u>91,539</u>

Total Liabilities **\$822,168**

**Commitments and
Contingencies-Note 7**

Shareholder's Equity-Note 1

Common Stock-No Par Value; 100,000 Shares Authorized; 100,000 Shares Issued and Outstanding	\$5,000
Retained Earnings, August 1, 1994	(1,022,335)
Year-to-Date Net Income	<u>1,270,041</u>

Total Shareholder's Equity **252,706**

Total Liabilities & Shareholder's Equity **\$1,074,874**

BUSINESS DISCOUNT PLAN, INC.
STATEMENT OF REVENUE COLLECTED AND EXPENSES PAID
FOR THE TWELVE MONTHS ENDED JULY 31, 1995
SEE ACCOUNTANT'S REVIEW REPORT

	Year-to-Date	%
Sales		
Sales	\$478,215	100.00
Cost of Goods Sold		
Discounted Network Service Charges	143,000	29.90
Service Fees	552	0.12
Consulting Fees	1,865,788	390.16
Telephone	24,493	5.12
	<u>2,033,833</u>	<u>425.30</u>
Total Cost of Goods Sold		
	<u>(1,555,618)</u>	<u>(325.30)</u>
General and Administrative Expenses		
Advertising	3,607	0.75
Bank Charges	2,263	0.47
Depreciation-Note 1	89,451	18.71
Sales Commissions	172,000	35.97
Legal & Professional Fees	118,836	24.85
Billing Service	77,918	16.29
Leads	15,088	3.16
License Fee	4,073	0.85
Software	628	0.13
Refunds	2,048	0.43
Miscellaneous	948	0.20
Office Supplies	1,238	0.26
Publications	1,430	0.30
Postage	2,305	0.48
Rent-Note 7	43,909	9.18
Travel	3,068	0.64
	<u>538,810</u>	<u>112.67</u>
Total General and Administrative Expenses		

BUSINESS DISCOUNT PLAN, INC.
STATEMENT OF REVENUE COLLECTED AND EXPENSES PAID
FOR THE TWELVE MONTHS ENDED JULY 31, 1995
SEE ACCOUNTANT'S REVIEW REPORT

	Year-to-Date	%
Income from Operations	<u>(2,094,428)</u>	<u>(437.97)</u>
Other Income & (Expense)		
Gain on Sale of Assets-Note 8	<u>3,654,500</u>	<u>764.20</u>
Net Income before Income Taxes	1,560,072	326.23
Federal Income Tax Expense-Note 5	198,491	41.51
State Income Tax Expense-Note 6	<u>91,539</u>	<u>19.14</u>
Total Income Taxes	<u>290,030</u>	<u>60.65</u>
Net Income	<u><u>\$1,270,041</u></u>	<u><u>265.58</u></u>

BUSINESS DISCOUNT PLAN, INC.
NOTES TO REVIEWED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 1995
SEE ACCOUNTANT'S REVIEW REPORT

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Company's policy is to prepare its financial statements using the cash basis of accounting. Consequently, certain revenues are recorded when received rather than when earned, and certain expenses and purchases of assets are recorded when cash is disbursed rather than when the obligation is incurred.

COMPANY'S ACTIVITIES

Business Discount Plan, Inc., formerly Trans National Telephone, Inc., was incorporated on August 18, 1992 under the laws of the State of California. The Company's owner, Mr. Thomas David Jenkins, acquired from the AT&T Specialized Markets Division, a Distributive Network Service Contract by purchasing a tariff from that company. The Company's initial contract with AT&T provided for a minimum duration of three years and a minimum amount of AT&T services of \$100,000 per month. The Company subsequently sold its original contract to Midcom Communications, Inc. in August 1994. See Note 6.

The Company began to work to acquire a new network services contract in October 1994. During March 1995, a new distributive network service contract was finalized for a period of three years by purchasing another tariff from AT&T which guaranteed \$100,000 a month in services to AT&T.

AT&T provides a tape to Profitec monthly at a cutoff point on approximately the 28th of the month. Profitec has the responsibility for rating all the calls received on the tape from AT&T that are to be billed to Business Discount Plan's Customers. The rating involves organizing the phone calls made and calculating the fees charged to the various customer specified by Business Discount Plan.

Profitec then sends a computer tape to U.S. Billing, Inc. (USBI). USBI goes through a series of edit processes and organizes the tape by Local Exchange Carrier (LEC). USBI advances 70% of a determined amount after certain holdbacks to Business Discount Plan, Inc. and provides information to each LEC. An example of an LEC might be Pacific Bell in Southern California. The LEC reimburses USBI for the purchased accounts receivable after holding back a reserve for bad debt loss. Business Discount Plan is reimbursed for additional monies collected each subsequent week based on collections by USBI. The Company earns its profit from the difference in the amount billed to customers as compared to the amount paid to AT&T under its Distributive Network Service Contract.

As of July 31, 1995, the Company had a receivable from USBI of \$367,699 and a payable to AT&T of \$285,830 for its Distributive Network Service. The receivables from USBI are difficult to value and uncertain of collection. Likewise, the amount due to AT&T is also subject to audit and dispute regarding various items. If the Company had reported the receivable from USBI and the payable to AT&T, as of approximately July 31, 1995, the Company's net profit would have increased by approximately \$81,869 and income taxes would have had to be accrued thereon.

Other than the receivable from USBI for billings to customers and the payable to AT&T for the Distributive Network Service Contract, the Company had unrecorded liabilities for regular payables amounting to approximately \$50,000 as of July 31, 1995.

The Company uses a related company named National Marketing Center, Inc., to acquire customers for its phone service plan. National Marketing Center, Inc. is owned 100% by Mr. Thomas David Jenkins.

Business Discount Plan reimburses National Marketing Center, Inc. for its expenses.

COMPANY LOCATION

The Company is located in Irvine, California.

COMPANY OWNERSHIP

The Company is 100% owned by Thomas D. Jenkins.

INCOME TAXES

The Company is organized as a Subchapter C Corporation, and pays federal income tax using a graduated rate table from 15% to 35% on federal taxable income. The Company is liable for various state income taxes as it operates in approximately 30 states.

PROPERTY AND EQUIPMENT

Assets are recorded at historical cost. Depreciation is computed using the straight line method based on the estimated useful lives of the related assets. Expenditures for maintenance and repairs are charged to expense as incurred whereas expenditures for renewals and betterments are capitalized. The cost and related accumulated depreciation of assets sold or otherwise disposed of during the period are removed from the accounts. Any gain or loss on disposition of assets is reflected in the year of disposal.

NOTE 2 - ACCOUNTS RECEIVABLE THOMAS D. JENKINS

The Company had an accounts receivable from its owner, Mr. Thomas D. Jenkins, in the amount of \$342,015 as of July 31, 1995.

NOTE 3 - ACCOUNTS RECEIVABLE - CHAMPIONS INTERNATIONAL, INC.

The Company has a receivable from Champions International, Inc., a Bahamian Company, which is wholly owned by Thomas David Jenkins, in the amount of \$350,025. As of July 31, 1995. This receivable was repaid in full to the Company in October 1995.

NOTE 4 - INTERCOMPANY ACCOUNTS PAYABLE

The Intercompany Accounts Payable balance is comprised of the following:

National Marketing Center, Inc.	\$302,252
Central Rate Processing, Inc.	<u>231,688</u>
Total:	<u>\$533,940</u>

The Payable to Central Rate Processing arose from Equipment Purchases. Central Rate Processing is a related company owned by Mr. Thomas David Jenkins that previously handled marketing services for Business Discount Plan, Inc. See Note 1.

NOTE 5 - FEDERAL INCOME TAX PAYABLE

The Company had federal taxable income for the year ended July 31, 1995 before a net operating loss deduction in the amount of \$1,563,653. The net operating loss from prior years carried forward for federal income tax purposes in the amount of \$999,231 reduced federal taxable income to \$564,422 for the year ended July 31, 1995. Federal income taxes of \$191,903 and an underpayment penalty of \$4,786 were accrued for the year ended July 31, 1995. It is estimated that nondeductible penalties and interest of \$67,975 have become due as an addition to the federal income tax liability for the year ended July 31, 1995 as of the date of this financial statement. These additional penalties and interest have not been recorded in this financial statement.

NOTE 6 - STATE INCOME TAX PAYABLE

The Company had California State Taxable Income before the California Net Operating Loss Deduction in the amount of \$1,555,853. The California Net Operating Loss recorded in prior years was carried forward for California State Income Tax purposes after being limited to 50% of the California State Loss incurred in a given year. As of the year ended July 31, 1995, the Company had a California State Net Operating Loss carryforward of \$86,189 reducing California State Net Income to \$380,567.

California State Income Taxes of \$35,393 and nondeductible penalties of \$846 for the year ended July 31, 1995 were recorded in these financial statements.

A final determination as to prior year Net Operating Loss Carryforwards, if any, for other states Business Discount Plan, Inc. had operations in has not been completed as of the date of this financial statement. The net taxable income for other states after reduction for other state net operating loss carryforwards has not been fully determined as of the date of this financial statement. Further, additional penalties and interest on additional state income taxes due from other states, if any, have not been fully determined as of the date of this financial statement. It is estimated that the total state taxes due to all states except California through July 31, 1995 will not exceed \$55,300 before penalties and interest. Accordingly, the total state tax liabilities recorded in this financial statement were \$91,539 which is composed of the actual California Income Tax and underpayment penalty of \$36,239 due through July 31, 1995 and the estimated state income taxes due to other states through July 31, 1995 of \$55,300.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

The Company leases 10,652 square feet of office space in Irvine, California. The office space is leased from Metropolitan Life Insurance Company for \$1 a square foot, totaling to \$10,652 per month. The lease expires on October 1, 1997. See Note 1.

NOTE 8 - MIDCOM COMMUNICATION SALE

On or about August 8, 1994, the Company entered into a contract with Midcom Communications, Inc. to sell its distributive network services contract and most of its customer accounts. The purchase price was based on customer account revenues generated after the customer accounts were transferred to Midcom Communications, Inc. Subsequently, the final sales price for the Distributive Network Services Contract and customer accounts sold was \$3,654,500 which the Company received during the year ended July 31, 1995. See Note 1. The Company began to build its customer base and sales again a few months after the Midcom Communications, Inc. sale had begun and acquired a new distributive network services contract from AT&T.

BUSINESS DISCOUNT PLAN, INC.

Attachment D-3 to
Application and Petition for Certificate of Convenience and Necessity to Provide
Competitive Intrastate Telecommunications Services as a Reseller

BALANCE SHEET & PROFIT AND LOSS STATEMENTS

of Business Discount Plan, Inc.
for the year ended July 31, 1993

March 28, 1998

Business Discount Plan, Inc.
Balance Sheet
As of February 29, 1998

	Feb 29, '98
ASSETS	
Current Assets	
Checking/Savings	
BOATMAN	3,060,483.13
Federated	720,525.20
SUMITOMA	4,186.30
Total Checking/Savings	3,775,194.63
Other Current Assets	
Champions Inter	(14,234.00)
TDJ-TRANS	342,015.40
Total Other Current Assets	327,781.40
Total Current Assets	4,102,976.03
Fixed Assets	
Fixed Assets	
Equipment & Improvements	
Computer Equipment	127,207.52
Leasehold Improvements	88,763.33
Office Equipment	248,886.98
Total Equipment & Improvements	465,857.83
Less Accumulated Depreciation	(117,813.32)
Total Fixed Assets	348,044.51
Total Fixed Assets	348,044.51
TOTAL ASSETS	4,451,020.54
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Advances from NMC	(213,798.62)
CRP, INC	231,687.71
Priority One	57,451.84
QCC, INC	353,132.43
TRANS-TNT	32,500.00
Total Other Current Liabilities	460,973.36
Total Current Liabilities	460,973.36
Total Liabilities	460,973.36
Equity	
Common Stock	5,000.00
Retained Earnings	535,934.53
Net Income	3,449,112.65
Total Equity	3,990,047.18
TOTAL LIABILITIES & EQUITY	4,451,020.54

March 28, 1998

Business Discount Plan, Inc.
Profit and Loss

August 1995 through February 1996

	<u>Aug '95 - Feb '96</u>
Income	
Interest Income	4,452.91
TNT INC	<u>7,575,834.45</u>
Total Income	7,580,087.36
Expense	
Bank Charges	195.15
Consulting	1,723,275.47
DNS-Expense	2,380,858.65
License Fee	(50.00)
Outside Services	0.00
Software	<u>28,755.44</u>
Total Expense	4,130,974.71
Net Income	<u><u>3,449,112.65</u></u>

BUSINESS DISCOUNT PLAN, INC.

Attachment D-1 to
Application and Petition for Certificate of Convenience and Necessity to Provide
Competitive Intrastate Telecommunications Services as a Reseller

BALANCE SHEET & PROFIT AND LOSS STATEMENTS

of Business Discount Plan, Inc.

for the period August 1, 1995 through February 29, 1996

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March 28, 1998

Business Discount Plan, Inc.
Profit and Loss

August 1995 through February 1996

	<u>Aug '95 - Feb '96</u>
Income	
Interest Income	4,452.91
TNT INC	7,575,834.45
Total Income	<u>7,580,087.36</u>
Expense	
Bank Charges	135.15
Consulting	1,723,275.47
DNS-Expense	2,380,858.65
License Fee	(50.00)
Outside Services	0.00
Software	28,755.44
Total Expense	<u>4,130,974.71</u>
Net Income	<u><u>3,449,112.65</u></u>

March 28, 1986

Business Discount Plan, Inc.
Balance Sheet
 As of February 29, 1986

	Feb 29, '86
ASSETS	
Current Assets	
Checking/Savings	
BOATMAN	3,060,483.13
Federated	720,523.20
SUMITOMA	4,185.30
Total Checking/Savings	3,775,194.63
Other Current Assets	
Champions Inter	(14,234.00)
TDJ-TRANS	342,015.40
Total Other Current Assets	327,781.40
Total Current Assets	4,102,976.03
Fixed Assets	
Fixed Assets	
Equipment & Improvements	
Computer Equipment	127,207.52
Leasehold Improvements	88,783.33
Office Equipment	248,866.98
Total Equipment & Improvements	465,857.83
Less Accumulated Depreciation	(117,813.32)
Total Fixed Assets	348,044.51
Total Fixed Assets	348,044.51
TOTAL ASSETS	4,451,020.54
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Advances from NMC	(213,798.62)
CRP, INC	231,687.71
Priority One	57,451.84
QCC, INC	353,132.43
TRANS-TNT	32,500.00
Total Other Current Liabilities	480,973.36
Total Current Liabilities	480,973.36
Total Liabilities	480,973.36
Equity	
Common Stock	5,000.00
Retained Earnings	535,934.53
Net Income	3,449,112.65
Total Equity	3,990,047.18
TOTAL LIABILITIES & EQUITY	4,451,020.54

BUSINESS DISCOUNT PLAN, INC.

**Attachment D-3 to
Application and Petition for Certificate of Convenience and Necessity to Provide
Competitive Intrastate Telecommunications Services as a Reseller**

BALANCE SHEET & PROFIT AND LOSS STATEMENTS

of Business Discount Plan, Inc.

for the year ended July 31, 1993

March 28, 1996

Trans National Telephone, Inc.
Balance Sheet
 As of July 31, 1994

Jul 31, '94

ASSETS	
Current Assets	
Checking/Savings	
BOA TNT	1,291.25
FNB-1	240,370.86
FNB-3	(111.95)
MNB1	(32.75)
MNB2	51,803.09
Total Checking/Savings	<u>293,320.50</u>
Other Current Assets	
TOJ-TRANS	(1,326,401.35)
Total Other Current Assets	<u>(1,326,401.35)</u>
Total Current Assets	<u>(1,033,080.85)</u>
Fixed Assets	
Fixed Assets	
Equipment & Improvements	
Computer Equipment	27,872.98
Office Equipment	18,237.97
Total Equipment & Improvements	<u>46,110.95</u>
Less Accumulated Depreciation	<u>(28,361.87)</u>
Total Fixed Assets	<u>18,549.08</u>
Total Fixed Assets	<u>18,549.08</u>
TOTAL ASSETS	<u><u>(1,014,531.77)</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
CRP, INC	2,803.05
Total Other Current Liabilities	<u>2,803.05</u>
Total Current Liabilities	<u>2,803.05</u>
Total Liabilities	2,803.05
Equity	
Common Stock	5,000.00
Retained Earnings	(569,540.37)
Net Income	(452,794.45)
Total Equity	<u>(1,017,334.82)</u>
TOTAL LIABILITIES & EQUITY	<u><u>(1,014,531.77)</u></u>

March 28, 1995

Trans National Telephone, Inc. Profit and Loss

August 1993 through July 1994

Aug '93 - Jul '94

Income	
TNT INC	6,468,451.43
Total Income	6,468,451.43
Expense	0.00
* Assets	1,788.48
Ads	
Bank Charges	
Void Checks	0.00
Bank Charges - Other	11,162.65
Total Bank Charges	11,162.65
Billing Svc	
Premier Billing	234,879.27
Total Billing Svc	234,879.27
Consulting	422,801.75
Contract Services	493,922.26
Depreciation Expense	28,049.84
Entertainment	750.00
Equip Rental	2,144.00
Fees	90.00
Hardware	0.00
L & P Fees	193,846.71
Leads	1,701.00
Misc	4,879.14
Ned	8,000.00
Office	28,037.37
Office Equip	
Repair	328.00
Office Equip - Other	0.00
Total Office Equip	328.00
Office Supplies	15,438.96
Outside Services	232,480.81
Postage	7,748.75
Publications	184.00
Rent Paid	48,870.54
Sales Promo	230.00
Security	185.00
Software	3,109.34
Supplies	116.00
Taxes	
Federal	1,588.50
State	800.00
Total Taxes	2,388.50
Telephone Service	
Ans Service	740.45
DNS	4,061,922.73
Equipment	0.00
Rep & Maint	610.00
Service	49,489.79
Telephone Service - Other	13,358.20
Total Telephone Service	4,726,119.17
Theft Investigation	51,200.00
Theft Loss	398,000.00
Travel	4,512.34
Wages	800.00
Total Expense	8,921,245.88
Net Income	(452,794.45)

RENZ D. JENNINGS
CHAIRMAN

MARCIA WEEKS
COMMISSIONER

CARL J. KUNASEK
COMMISSIONER



JAMES MATTHEWS
EXECUTIVE SECRETARY

ARIZONA CORPORATION COMMISSION

April 4, 1996

Harsha Krishnan
Business Discount Plan, Inc.
First Interstate Tower North
633 Seventeenth Street #2700
Denver CO 80202-3635

RE: BUSINESS DISCOUNT PLAN, INC.

This letter will acknowledge receipt of your application for a Certificate of Convenience and Necessity. We have assigned Docket No. U-3142-96-201 to your application. Please refer to this number when filing any additional information.

After the Utilities Division Staff has completed their review of your application, you will be notified of the date, time and place of hearing, if required.

Sincerely,

A handwritten signature in cursive script that reads "Sandra S. Saldate".

Sandra S. Saldate
Examiner Technician II
Docket Control Center