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BEFORE THE ARIZONA CORPORATION COMMISSION

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3 Carl J. Kunasek
Commissioner-Chairman
4 Jim Irvin
Commissioner
5 William Mundell
Commissioner

AZ CORP COMMISSION
DOCUMENT CONTROL

DOCKETED BY [Signature]

6
7 IN THE MATTER OF THE APPLICATION
8 OF ARIZONA DIAL TONE, INC. FOR A
9 CERTIFICATE OF CONVENIENCE AND
NECESSITY AND FOR DETERMINATION
THAT SERVICES OF APPLICANT ARE
COMPETITIVE

DOCKET NO. T-03608A-98-0442
ARIZONA DIAL TONE RESPONSE TO
STAFF'S REQUEST FOR ADDITIONAL
INFORMATION

10
11 Arizona Dial Tone, Inc., by and through undersigned counsel, hereby provides its
12 response to Staff's request for additional information dated August 3, 2000.

13 Staff Request (A) Include a copy of your Company's most recent balance sheet, income
14 statement, audit report (if audited) and all related notes to these financial
15 statements for the two most recent years your Company has been in
business.

16 Response (A) A copy of the unaudited Balance Sheet and Income Statement for
17 Arizona Dial Tone, Inc. for the year ending December 31, 1999, is
18 attached.

19 Staff Request (B) If your Company does not have financial statements for the two most
20 recent years, please give the date your Company began operations.

21 Response (B) Arizona Dial Tone began operations in September of 1998. Arizona
22 Dial Tone has no financial statements for prior years.

23 Staff Request (C) If the balance sheets you submit do not have retained earnings accounts,
24 please provide this account information on a separate sheet.

25 Response (C) Not applicable. Retained earnings are reflected on the attached Balance
26 Sheet.

1 Staff Request (D) If your company is a subsidiary, please provide your Parent Company's
2 financial statements, in addition to your Company's financial statements

3 Response (D) Not applicable. Arizona Dial Tone, Inc. is not a subsidiary.

4 Staff Request (E) If your Company intends to rely on the financial resources of its Parent
5 Company, please provide a written statement from your Parent Company
6 attesting that it will provide complete financial backing if your Company
7 experiences a net loss or a business failure and that it will guarantee re-
8 payment of customers; advances, prepayments or deposits held by your
9 Company if, for some reason, your Company cannot provide service or
10 repay the deposits.

11 Response (E) Not applicable. Arizona Dial Tone, Inc. is not a subsidiary.

12 Staff Request (F) Will your customers be required to (or have the option to) pay advances,
13 prepayments, or deposits for any of your products or services.

14 Yes X (If yes, provide an explanation of how and when these customer
15 advances prepayments or deposits will be applied or reference the terms
16 and conditions section of your Company's tariffs with this explanation.
17 If this information is not explained in the tariff of this application, please
18 provide it on a separate sheet.)

19 No (NOTE: If at a later date, your Company decides it wants to offer or
20 require customer advances, prepayments or deposits, it may be required
21 to submit updated financial statements as part of the tariff amendment
22 process.)

23 Response (F) Arizona Dial Tone, Inc. provides monthly services billed in advance as
24 set forth in Section 2.9.A of its tariff. Arizona Dial Tone, Inc. may
25 require a deposit to safeguard its interests as set forth in Section 4.5 of
26 its tariff. Deposits will be credited to the customer's account or
refunded as set forth in Section 4.5.L of the tariff.

RESPECTFULLY SUBMITTED this 25th day of August, 2000

MORRILL & ARONSON, P.L.C.

By William D. Cleaveland
Martin A. Aronson
William D. Cleaveland
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Phoenix, AZ 85012
Attorneys for Arizona Dial Tone, Inc.

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The Original and 10 Copies of
the foregoing were filed with
DOCKET CONTROL this
25th day of August, 2000
and a COPY of the foregoing
was MAILED this 25th day of
August, 2000, to:

Mr. Anthony Gatto
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007



ARIZONA DIAL TONE, INC.
INCOME STATEMENT
For Year Ending December 31, 1999

YTD 12/31/99

REVENUE

Dialtone Sales	1,036,834.01
Rental Income	<u>81,000.00</u>

TOTAL REVENUE **1,117,834.01**

DIRECT COSTS

Dialtone Cost of Goods Sold	<u>872,501.44</u>
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TOTAL DIRECT COSTS **872,501.44**

GROSS PROFIT **245,332.57**

OPERATING EXPENSES

Repairs & Maintenance	102,704.12
Legal & Professional	37,094.97
Office Expense	<u>2,298.55</u>

TOTAL OPERATING EXPENSES **142,097.64**

NET OPERATING INCOME **103,234.93**

OTHER EXPENSE

Interest	72,452.45
Depreciation	<u>14,025.00</u>

TOTAL OTHER EXPENSES **86,477.45**

NET PROFIT (LOSS) **16,757.48**

ARIZONA DIAL TONE, INC.
BALANCE SHEET
Year Ending December 31, 1999

ASSETS

CURRENT ASSETS

Cash 33,907.24

NON-CURRENT ASSETS

Deposits Phone Lines 2,940.04
Building 748,000.00
A/D Building (14,025.00)
Land 200,000.00

TOTAL ASSETS **970,822.28**

LIABILITIES

CURRENT LIABILITIES .00

NON-CURRENT LIABILITIES

L/P Levine Investments 215,000.00
L/P Norwest Bank of AZ 735,250.00

TOTAL LIABILITIES **950,250.00**

EQUITY

Stock 2,000.00
Retained Earnings 1,814.80
Current Year Earning 16,747.48

TOTAL EQUITY **20,572.28**

TOTAL LIABILITIES AND EQUITY **970,822.28**