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November 28, 2005

Brian McNeil, Executive Secretary
Arizona Corporation Commission
Telecommunications Division
1200 West Washington
Phoenix, AZ 85007

RE: Staff's First Set of Data Requests to Global Touch Telecom, Inc.
Docket No. T-20428A-05-0800

Dear Mr. McNeil:

In accordance with the request of John Bostwick, enclosed for filing with the Commission, please find an original and thirteen (13) copies of Staff's First Set of Data Requests in the above-referenced Docket.

In addition, enclosed is a duplicate copy of this filing. Please date-stamp the duplicate and return it to me in the enclosed postage-paid envelope.

Should you have any questions concerning this filing, please contact my assistant, Beth Ronfeldt, or me.

Very truly yours,

EARLY, LENNON, CROCKER & BARTOSIEWICZ, P.L.C.

Patrick D. Crocker
Patrick D. Crocker *PCmd*

PDC/bmr

enc

RECEIVED
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DOCUMENT CONTROL

STAFF'S FIRST SET OF DATA REQUESTS TO
GLOBAL TOUCH TELECOM, INC.
DOCKET NO. T-20428A-05-0800

JFB 1-1. Please submit a non-PDF file of your responses to this data request to jbostwick@cc.state.az.us

An electronic copy of the response to this data request was filed with Mr. Bostwick on November 28, 2005.

JFB 1-2. Please indicate how your company calculated the actual maximum and actual minimum rates that will be contained in your tariffs for each of your proposed services.

The rates listed for each proposed service are *actual* rates.

STAFF'S FIRST SET OF DATA REQUESTS TO
GLOBAL TOUCH TELECOM, INC.
DOCKET NO. T-20428A-05-0800

JFB 1-3. Please indicate why you believe that your proposed 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 proposed rates are just and reasonable. Please include any supporting materials.

Attached hereto as Exhibit A.

STAFF'S FIRST SET OF DATA REQUESTS TO
GLOBAL TOUCH TELECOM, INC.
DOCKET NO. T-20428A-05-0800

JFB 1-4. Please indicate why you believe that your proposed range of rates is just and reasonable using a fair value or cost basis. Please include economic justification or cost support data. Please include any supporting materials.

Attached hereto as Exhibit A.

STAFF'S FIRST SET OF DATA REQUESTS TO
GLOBAL TOUCH TELECOM, INC.
DOCKET NO. T-20428A-05-0800

JFB 1-5. Please submit a copy of your tariff setting forth your actual rates and charges.

The tariff submitted as Exhibit B of the original Application sets forth Applicant's actual rates and charges.

STAFF'S FIRST SET OF DATA REQUESTS TO
GLOBAL TOUCH TELECOM, INC.
DOCKET NO. T-20428A-05-0800

JFB 1-6. Please identify any other jurisdiction 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 is proposing for its Arizona operations 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 proposing different rates in Arizona.

As indicated in Application Question A-18, Applicant is currently providing service in California, Florida, Nevada, New Jersey, New York, Ohio, Oklahoma, Pennsylvania, and Texas.

The proposed rates of \$0.099 per minute for the Company's Arizona services are the same as those offered in each jurisdiction where a similar service is being offered.

STAFF'S FIRST SET OF DATA REQUESTS TO
GLOBAL TOUCH TELECOM, INC.
DOCKET NO. T-20428A-05-0800

JFB 1-7. Please identify any other jurisdiction 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.

Applicant currently has applications pending in Georgia, Illinois, Kentucky, Massachusetts, and North Carolina. The proposed rates of \$0.099 per minute for the Company's Arizona services are the same as those proposed in each jurisdiction where a similar service is being sought.

STAFF'S FIRST SET OF DATA REQUESTS TO
GLOBAL TOUCH TELECOM, INC.
DOCKET NO. T-20428A-05-0800

JFB 1-8. Your response to Question (A-16) states that you "...will publish legal notice prior to authorization." Please note that Question (A-16) contains a note that states "For Resellers, the Applicant must complete and submit an Affidavit of Publication Form as Attachment C before Staff prepares and issues its report."

The *Arizona Republic* published Applicant's legal notice on November 21 2005. An affidavit of publication is attached hereto as Exhibit B.

STAFF'S FIRST SET OF DATA REQUESTS TO
GLOBAL TOUCH TELECOM, INC.
DOCKET NO. T-20428A-05-0800

JFB 1-9. In Question (B-1) you indicated that you have financial statements for the two most recent years. Question (B-2) asked you, for the two most recent years, for a copy of your balance sheet, income statement, audit report, retained earnings balance, and all related notes to the financial statements and information. In response, you furnished a balance sheet, income statement, and retained earnings balance for the nine months ending September 30, 2005. An audit report and notes to the financial statements were missing with your Application. Please provide all financial information requested in Question (B-2).

Applicant has not yet completed an audit of their financials. As such, attached hereto as Exhibit C, please find unaudited financials for 2003 and 2004 and related Notes. Applicant will add Notes related to the 2005 financials, which were provided in Exhibit C of the Application, upon completion of the year-end process in January 2006.

STAFF'S FIRST SET OF DATA REQUESTS TO
GLOBAL TOUCH TELECOM, INC.
DOCKET NO. T-20428A-05-0800

EXHIBIT A

Attached is a published report detailing available rates for long distance service within the State of Arizona. This information clearly identifies a very wide range of costs available for long distance service.

Our product falls within the range of these available costs. As customers voluntarily agree to our price structure on application for service and are free to discontinue service at any time, we believe that our product price is consistent with a fair market value or our customers would simply select another provider.

The rate for each service is available to all customers regardless of location.



EARN UP TO 1% CASH BACK

The American Express® Cash Rebate Card [Click Here to Apply](#)



November 17, 2005

**Arizona In-State Long Distance
Phone Rate Comparison**
All Plans - Sorted by Day Rates
View The Top 10 Arizona Phone Rate Plans

Help Me!

Free Consumer Long
Distance Phone Plan
Advice

[Who Are These Companies?](#)

[Need Help Reading Our Tables?](#)

All-In-One Bundled
Calling Plan Rates

Combined Local & Long
Distance Service Plans

Calling Cards

Calling Card
Long Distance
Phone Rates

Wireless

Comparisons

Cell Phone/Wireless
Comparison Sites

Got A Business?

Free Custom Business
Phone Rates Quote

Need News?

Get Long Distance
And Telecom
Industry News

Please Note: You can click on a column header to sort the data according to the column name.

Arizona In-State Phone Plans

Click on the plan name for more detailed information about that plan or to sign up

AccuChat Select Areas

NOTE: Only available in select areas nationwide. This is a dial-around plan which is used by calling a toll free access number. No need to switch carriers. [\[GET DETAILS\]](#)

AccuLinQ Select Areas

NOTE: Only available in select areas nationwide. This is a dial-around plan which is used by calling a toll free access number from a pre-registered phone. No need to switch carriers. [\[GET DETAILS\]](#)

TelCan Dialaround

NOTE: This is a dial-around plan which is used by calling a toll free access number from a pre-registered phone. No need to switch carriers. [\[GET DETAILS\]](#)

AccuDial

NOTE: This is a dial-around plan which is used by calling a toll free access number from a pre-registered phone. No need to switch carriers. Can also be used as a calling card away from home. [\[GET DETAILS\]](#)

TelCan 800 Follow Me

NOTE: This is a stand alone toll free follow me service. [\[GET DETAILS\]](#)

Arizona In-State Phone Plans

Click on the plan name for more detailed information about that plan or to sign up

Vartec Voice

[\[GET DETAILS\]](#)

**AT&T One Rate 7 Cents Plus Plan
with AnyHour International
Advantage Plan**

NOTE: Listed rate includes \$2.49 in-state connection fee which may be lower in certain states. [\[GET DETAILS\]](#)

MCI Anytime 200 In-State

[\[GET DETAILS\]](#)

AccuChat

NOTE: This is a dial-around plan which is used by calling a toll free access number from a pre-

Minimum Monthly Bill	Day	Eve	Sat	Sun	Interstate Rate
\$1.00	5.40¢	5.40¢	5.40¢	5.40¢	5.40¢
\$1.00	5.40¢	5.40¢	5.40¢	5.40¢	5.40¢
\$4.00	5.90¢	5.90¢	5.90¢	5.90¢	5.90¢
\$1.00	6.50¢	6.50¢	6.50¢	6.50¢	6.50¢
\$4.00	6.50¢	6.50¢	6.50¢	6.50¢	6.50¢
Minimum Monthly Bill	Day	Eve	Sat	Sun	Interstate Rate
\$4.25	7.00¢	7.00¢	7.00¢	7.00¢	7.71¢
\$9.84	7.00¢	7.00¢	7.00¢	7.00¢	7.71¢
\$14.54	7.00¢	7.00¢	7.00¢	7.00¢	7.86¢
\$1.00	7.60¢	7.60¢	7.60¢	7.60¢	7.60¢

**EARN UP TO
1%
CASH BACK**

[Click Here to Apply](#)

Discount Long Distance
Phone Rates And Phone
Fees Comparison

Get \$50 Free Postage
From Pitney Bowes

registered phone. No need to switch carriers.
[GET DETAILS]

3U Telecom 4.8

NOTE: Available to customers of all local phone companies in the Continental U.S.
[GET DETAILS]

\$0.00 7.90¢ 7.90¢ 7.90¢ 7.90¢ 5.29¢

Arizona In-State Phone Plans

Click on the plan name for more detailed information about that plan or to sign up

Minimum Monthly Bill Day Eve Sat Sun Interstate Rate

Pioneer Rate Buster

NOTE: Available to customers of most major local phone companies in the Continental U.S. except former GTE areas. Click to check for eligibility.
[GET DETAILS]

\$0.00 8.50¢ 8.50¢ 8.50¢ 8.50¢ 2.98¢

TouchTone SE2

NOTE: Available to customers of all local phone companies in the Continental U.S.
[GET DETAILS]

\$0.00 8.90¢ 8.90¢ 8.90¢ 8.90¢ 4.30¢

Touchtone 2.7

NOTE: Available to customers of all local phone companies in the Continental U.S.
[GET DETAILS]

\$1.09 8.90¢ 8.90¢ 8.90¢ 8.90¢ 2.98¢

Pioneer Talk Cents

NOTE: Available to customers of most major local phone companies in the Continental U.S. except former GTE areas. Click to check for eligibility.
[GET DETAILS]

\$0.00 9.80¢ 9.80¢ 9.80¢ 9.80¢ 3.58¢

AccuLinQ QuickLinQ

NOTE: This is a dial-around plan which is used by calling a toll free access number from a pre-registered phone. No need to switch carriers. Calling card Continental U.S. base domestic rate is 8.9 cents per minute.
[GET DETAILS]

\$1.00 9.81¢ 9.81¢ 9.81¢ 9.81¢ 9.81¢

Arizona In-State Phone Plans

Click on the plan name for more detailed information about that plan or to sign up

Minimum Monthly Bill Day Eve Sat Sun Interstate Rate

Sprint Sense AnyTime

NOTE: Listed rates include State Cost recovery charge of \$1.99. May be lower in certain states.
[GET DETAILS]

\$7.16 10.00¢ 10.00¢ 10.00¢ 10.00¢ 11.09¢

Unitel 2.7

NOTE: These rates only available to customers in Bell South, SBC, Qwest, and Verizon (former Bell Atlantic) areas. Other areas higher rates may apply.
[GET DETAILS]

\$2.00 10.20¢ 10.20¢ 10.20¢ 10.20¢ 2.98¢

Total Call International Nations Favorite

NOTE: Available to customers of all local phone companies in the Continental United States.
[GET DETAILS]

\$0.00 10.80¢ 10.80¢ 10.80¢ 10.80¢ 4.85¢

Total Call International Global Reach

NOTE: Available to customers of all local phone companies in the Continental United States.
[GET DETAILS]

\$0.00 10.80¢ 10.80¢ 10.80¢ 10.80¢ 5.40¢

Primus Spectra A 917

NOTE: Available to customers of all local phone companies in the Continental U.S.
[GET DETAILS]

\$5.00 10.99¢ 10.99¢ 10.99¢ 10.99¢ 5.40¢

Arizona In-State Phone Plans

Click on the plan name for more detailed information about that plan or to sign up

Minimum Monthly Bill Day Eve Sat Sun Interstate Rate

Telrite E-longdistance

NOTE: Available to residential customers of all local phone companies in the Continental United States.

[GET DETAILS]

\$0.00 11.00¢ 8.25¢ 8.25¢ 8.25¢ 5.51¢

Unitel 3.5

NOTE: These rates only available to customers in Bell South, SBC, Qwest, and Verizon (former Bell Atlantic) areas. Other areas higher rates may apply.

[GET DETAILS]

\$2.00 11.60¢ 11.60¢ 11.60¢ 11.60¢ 3.86¢

Total Call International Americas**Best**

NOTE: Available to residential customers of all local phone companies in the Continental United States.

[GET DETAILS]

\$2.50 11.80¢ 11.80¢ 11.80¢ 11.80¢ 4.30¢

GTC Telecom Residential

[GET DETAILS]

\$0.00 12.00¢ 12.00¢ 12.00¢ 12.00¢ 5.51¢

GTC Telecom Business

[GET DETAILS]

\$4.95 12.00¢ 12.00¢ 12.00¢ 12.00¢ 5.51¢

Arizona In-State Phone Plans

Click on the plan name for more detailed information about that plan or to sign up

Minimum Monthly Bill	Day	Eve	Sat	Sun	Interstate Rate
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Primus Spectra A 1003

NOTE: Available to customers of all local phone companies in the Continental U.S.

[GET DETAILS]

\$5.00 12.00¢ 12.00¢ 12.00¢ 12.00¢ 6.50¢

Primus Spectra A 914

NOTE: Available to customers of all local phone companies in the Continental U.S.

[GET DETAILS]

\$5.00 12.00¢ 12.00¢ 12.00¢ 12.00¢ 5.40¢

Primus Spectra A 913

NOTE: Available to customers of all local phone companies in the Continental U.S.

[GET DETAILS]

\$5.00 12.00¢ 12.00¢ 12.00¢ 12.00¢ 5.40¢

Primus Spectra A 1002

NOTE: Available to customers of all local phone companies in the Continental U.S.

[GET DETAILS]

\$5.00 12.00¢ 12.00¢ 12.00¢ 12.00¢ 5.40¢

PT-1 Dialaround (10-16-868)

NOTE: Only available in parts of AZ, CA, CO, CT, DE, DC, FL, GA, IL, MA, MD, MI, NJ, NV, NY, OR, PA, RI, TX, VA, WA, WV. This is a dial-around plan. No need to switch carriers.

[GET DETAILS]

\$0.00 12.90¢ 12.90¢ 12.90¢ 12.90¢ 8.71¢

Arizona In-State Phone Plans

Click on the plan name for more detailed information about that plan or to sign up

Minimum Monthly Bill	Day	Eve	Sat	Sun	Interstate Rate
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PowerNet Global 3.3

NOTE: Available to customers of all local phone companies in the Continental U.S. except in AR, ID, IA, ME, MN, MT, ND, NE, SD, and VT.

[GET DETAILS]

\$220.40 12.90¢ 12.90¢ 12.90¢ 12.90¢ 3.64¢

Unitel 3.9

NOTE: Only available to customers in Bell South, SBC, Qwest, and Verizon (former Bell Atlantic) areas. Not available in Alabama.

[GET DETAILS]

\$2.00 13.40¢ 13.40¢ 13.40¢ 13.40¢ 4.30¢

Total Call International America**Choice**

NOTE: Available to residential customers of all local phone companies in the Continental United States.

[GET DETAILS]

\$2.50 14.90¢ 14.90¢ 14.90¢ 14.90¢ 4.30¢

PowerNet Global 4.9 - 6 Second NOTE: Available to customers of all local phone companies in the Continental U.S. [GET DETAILS]	\$2.75	14.90¢	14.90¢	14.90¢	14.90¢	5.40¢
PowerNet Global 4.5 NOTE: Available to customers of all local phone companies in the Continental U.S. [GET DETAILS]	\$2.75	14.90¢	14.90¢	14.90¢	14.90¢	4.96¢
Arizona In-State Phone Plans Click on the plan name for more detailed information about that plan or to sign up	Minimum Monthly Bill	Day	Eve	Sat	Sun	Interstate Rate
PowerNet Global 4.25 NOTE: Available to customers of all local phone companies in the Continental U.S. [GET DETAILS]	\$27.55	14.90¢	14.90¢	14.90¢	14.90¢	4.68¢
Verizon e-Values [GET DETAILS]	\$1.50	15.00¢	15.00¢	7.00¢	7.00¢	11.02¢
Excel Dime Deal 2000 [GET DETAILS]	\$5.57	15.00¢	15.00¢	15.00¢	15.00¢	11.02¢
Excel Dime Deal 2000 with Worldrate One [GET DETAILS]	\$8.87	15.00¢	15.00¢	15.00¢	15.00¢	11.02¢
ZoneLD 3.9 NOTE: Available to customers of most major local phone companies in the Continental U.S. Click to check for eligibility. Monthly fee includes 255 minutes of Continental U.S. interstate calling each month. [GET DETAILS]	\$4.30	15.70¢	15.70¢	15.70¢	15.70¢	4.30¢
Arizona In-State Phone Plans Click on the plan name for more detailed information about that plan or to sign up	Minimum Monthly Bill	Day	Eve	Sat	Sun	Interstate Rate
Total Call International Connect for Less NOTE: Available to customers of all local phone companies in the Continental United States. [GET DETAILS]	\$0.00	16.90¢	16.90¢	16.90¢	16.90¢	5.40¢
Airespring Global Fibernet 2.85 NOTE: Listed rates only available to customers of some major local companies. Available to customers of others at higher rates. Not available at all in DE, ID, LA, ME, MT, NE, NH, ND, RI, SD, TN, VT, WV, or WY. [GET DETAILS]	\$0.00	17.61¢	17.61¢	17.61¢	17.61¢	3.23¢
ECG 2.75 NOTE: Available to customers of most major local phone companies in the Continental U.S. Check signup for eligibility. [GET DETAILS]	\$0.59	17.90¢	17.90¢	17.90¢	17.90¢	3.03¢
Earthtones Green Saver [GET DETAILS]	\$4.95	19.00¢	19.00¢	19.00¢	19.00¢	8.82¢
Airespring Global Fibernet 3.25 NOTE: Listed rates only available to customers of some major local companies. Available to customers of others at higher rates. Not available at all in DE, ID, LA, ME, MT, NE, NH, ND, RI, SD, TN, VT, WV, or WY. [GET DETAILS]	\$0.00	19.22¢	19.22¢	19.22¢	19.22¢	3.69¢
Arizona In-State Phone Plans Click on the plan name for more detailed information about that plan or to sign up	Minimum Monthly Bill	Day	Eve	Sat	Sun	Interstate Rate
Earthtones Blue Defender	\$2.00	20.00¢	20.00¢	20.00¢	20.00¢	11.02¢

[GET DETAILS]

Earthtones Sustainer

[GET DETAILS]

\$0.00 25.30¢ 25.30¢ 25.30¢ 25.30¢ 14.33¢

AT&T Lucky Dog (10-10-345)

NOTE: This is a dial-around plan. No need to switch carriers.

[GET DETAILS]

\$0.00 40.00¢ 40.00¢ 40.00¢ 40.00¢ 70.53¢

Vartec 5Talk Dialaround (10-10-811)

NOTE: This is a dial-around plan. No need to switch carriers. Verify rates with Vartec prior to calling as they offer many plans. Not available in AK or HI.

[GET DETAILS]

\$3.95 45.00¢ 45.00¢ 45.00¢ 45.00¢ 16.53¢

Vartec Clearchoice 5Talk Dialaround (10-10-636)

[GET DETAILS]

\$3.95 45.00¢ 45.00¢ 45.00¢ 45.00¢ 16.53¢

Arizona In-State Phone Plans

Click on the plan name for more detailed information about that plan or to sign up

Minimum
Monthly
Bill

Day

Eve

Sat

Sun

Interstate
Rate

Vartec Fiveline Dialaround (10-10-811)

NOTE: This is a dial-around plan. No need to switch carriers. Verify rates with Vartec prior to calling as they offer many plans. Not available in AK or HI.

[GET DETAILS]

\$3.95 50.00¢ 50.00¢ 50.00¢ 50.00¢ 55.10¢

MCI Telecom USA (10-10-220)

NOTE: This is a dial-around plan. No need to switch carriers.

[GET DETAILS]

\$0.00 99.00¢ 99.00¢ 99.00¢ 99.00¢ \$1.12

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STAFF'S FIRST SET OF DATA REQUESTS TO
GLOBAL TOUCH TELECOM, INC.
DOCKET NO. T-20428A-05-0800

EXHIBIT B

Affidavit of Publication

THE ARIZONA REPUBLIC

NOTICE OF APPLICATION FOR A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE COMPETITIVE RESOLD INTERCHANGE TELECOMMUNICATIONS SERVICES BY GLOBAL TOUCH TELECOM, INC.

Global Touch Telecom, Inc. ("Applicant") has filed with the Arizona Corporation Commission ("Commission") an application for a Certificate of Convenience and Necessity ("Certificate") to provide resold telecommunications services in the State of Arizona. Applicant will be required by the Commission to provide this service under the rates, charges, terms and conditions established by the Commission.

A.R.S. § 40-202 provides that the Commission may act on an application for a Certificate to provide resold telecommunications services without a hearing, or with a hearing, if one is requested by any party. Applicant or any other party must request a hearing within (20) days from the date of publication of this notice, or the Commission will rule on the application without a hearing.

The application, report of the Commission's Utilities Division Staff, and any written exceptions to the staff report prepared by the applicant are available for inspection during regular business hours at the offices of the Commission located at 1200 West Washington Street, Phoenix, Arizona 85007, and at Applicant, 11845 West Olympic Blvd, Suite 600, Los Angeles, CA 90064.

Under appropriate circumstances, interested parties may intervene in the proceedings and participate as a party. Intervention shall be in accordance with A.A.C. R14-3-105, except that all motions to intervene must be filed within (20) days from the date of publication of this notice. You may have the right to intervene in the proceeding, or you may make a statement for the record, if you have any comments, mail them to:

The Arizona Corporation Commission
 Attention Docket Control
 RE: Global Touch Telecom, Inc.
 T-20428A-05-0800
 1200 West Washington Street
 Phoenix, Arizona 85007

All Comments should be received within (20) days from the date of publication of this notice.

If you have any questions about this application or have any objection to its approval, you may contact the Consumer Services Section of the Commission at 1200 West Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7090.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request reasonable accommodations such as sign language interpreter, as well as request this document in an alternative format, by contacting Shelley Hood, ADA Coordinator, voice phone number (602) 542-3931, E-Mail shood@cc.state.az.us. Requests should be made as early as possible to allow time to arrange the accommodation.

05942-November 21, 2005

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 at Phoenix, Arizona, by Phoenix Newspapers Inc., which also publishes The Arizona Republic, a newspaper of general circulation in the State of Arizona, and that the copy hereto attached is a true copy of the advertisement published in the said paper, named below, on the dates as indicated below:

The Arizona Republic

November 21, 2005

Touka

Sworn to before me this
 21ST day of
 November A.D. 2005



Marilyn Greenwood
 Notary Public

STAFF'S FIRST SET OF DATA REQUESTS TO
GLOBAL TOUCH TELECOM, INC.
DOCKET NO. T-20428A-05-0800

EXHIBIT C

Financials

COMPARATIVE BALANCE SHEET
FOR THE YEARS ENDED DECEMBER 31, 2003, 2004, 2005 AND

	<u>ACTUAL</u>	
	<u>2003</u>	<u>2004</u>
	(000'S)	
<u>ASSETS</u>		
CURRENT ASSETS		
CASH & CASH EQUIVALENTS (1)	\$ 6	\$ 86
ACCOUNTS RECEIVABLE (2), Net of Allowance for Doubtful Accounts	28	246
INVENTORY (3)	<u>-</u>	<u>-</u>
TOTAL CURRENT ASSETS	<u>34</u>	<u>332</u>
FIXED ASSETS, Net of Accumulated Depreciation (4)	41	51
OTHER ASSETS		
LONG-TERM DEPOSITS (5)	32	20
INTANGIBLE ASSETS, Net of Accumulated Amortization (6)	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>107</u>	<u>403</u>
<u>LIABILITIES & SHAREHOLDER'S EQUITY</u>		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE (7)	102	348
OTHER ACCRUED EXPENSES (8)	-	160
ACCRUED STATE & FEDERAL INC. TAXES (9)	<u>-</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>102</u>	<u>508</u>
LONG-TERM NOTES PAYABLE (10)	<u>163</u>	<u>798</u>
TOTAL LIABILITIES	<u>265</u>	<u>1,306</u>
SHAREHOLDER'S EQUITY <DEFICIT>		
COMMON STOCK	283	283
NEW FINANCING	-	-
RETAINED EARNINGS <DEFICIT>	<u>(441)</u>	<u>(1,186)</u>
TOTAL SHAREHOLDER'S EQUITY <DEFICIT>	<u>(158)</u>	<u>(903)</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 107</u>	<u>\$ 403</u>

The accompanying notes are an integral part of this balance sheet

NOTES

- (1) Cash and Cash Equivalents consists of cash in banks and excess funds invested in marketable securities, primarily government securities and high-grade bank certificates of deposit.
- (2) Historically, Accounts Receivable are collected within 45 days of their billing date. Accounts over 90 days old are written off to the Allowance for Doubtful Accounts. The monthly provision to the Allowance for Doubtful Accounts is calculated at 5% of total sales.
- (3) Inventories consists primarily of a six (6) months safety stock of VoIP equipment.
- (4) Fixed Assets consist of:

a) Furniture & Fixtures which are located primarily in the Los Angeles, California office with lesser amounts in Fairfield, Iowa and Chicago, Illinois. At December 31 cost is as follows:

<u>ACTUAL</u>	
<u>2003</u>	<u>2004</u>
(000'S)	
<u>\$ 18</u>	<u>\$ 18</u>

b) Machinery & Equipment consists primarily of computers and attendant software and is principally based in Los Angeles, Fairfield, Iowa and Chicago . At December 31 cost is as follows:

<u>\$ 25</u>	<u>\$ 45</u>
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c) Summary of net book value at December 31, as follows:

	<u>ACTUAL</u>	
	<u>2003</u>	<u>2004</u>
	(000'S)	
Cost	43	63
Accumulated Depreciation	<u>2</u>	<u>13</u>
	<u>\$ 41</u>	<u>\$ 50</u>

See Note 12(a) to Summary Statement of Earnings for depreciation policy and annual provision for depreciation.

- (5) Long-term deposits consist primarily of office rent security deposits.
- (6) See Section "X CAST ACQUISITION" for Intangible Asset determination of March 28, 2005, acquisition, and annual amortization cost.
- (7) Accounts Payable consists primarily of charges from service providers and miscellaneous charges for other supplies and services. For forecast purposes (2005 and 2006) payables at month end are assumed to be 30% of the prior months gross billings.
- (8) Accrued expenses consist of unpaid wages and salaries, commissions earned, interest, regulated state and local taxes collected on billings and miscellaneous other items. For forecast purposes they are assumed to grow at a rate of 20% per year from the actual at March 31, 2005.
- (9) See Section "State and Federal Income Taxes" for the determination of the provisions for and periodic payment of income taxes.
- (10) As of March 28, 2005, Long-Term Notes Payable consists of a series of securities issued during the years 2003 through February 2005, as follows:

	<u>Payee</u>	<u>Date</u>	
		<u>Issued</u>	<u>Due</u>
(1)	Cliff Rees	02/15/04	01/31/06
(2)	Investment Round "A"	02/15/04	02/15/06
(3)	Investment Round "B"	12/15/04	12/31/06
(4)	Xcast	03/28/05	03/28/07

Total Outstanding as of 02/28/05

Note (1) Subordinated Promissory Note

Note (2) Convertible into 50,000 shares of Series A Preferred Stock; includes 10 Year Warrants to purchase 510,000 shares of common stock at \$.01 per share; and notes cannot be prepaid without 100% of note holder's approval. Secured by Company's customer base.

Note (3) Convertible into 50,000 shares of Series A Preferred Stock; includes 10 Year Warrants to purchase 185,000 shares of common stock at \$2.00 per share; and notes cannot be prepaid without 100% of note holder's approval. Secured by Company's customer base.

Note (4) To Xcast as part of acquisition cost. Payment may be deferred up to three (3) additional years at option of GlobalTouch Board of Directors.

**SUMMARY COMPARATIVE STATEMENT OF EARNING
NINE MONTHS ENDED DECEMBER 31, 2003 AND
YEARS ENDED DECEMBER 31, 2003, 2004**

	ACTUAL	
	(1)	
	2003	2004
	(000'S)	
<u>REVENUES</u>		
LONG DISTANCE (3)	\$ 61	\$ 1,830
VOIP (5)	-	1
TOTAL REVENUE	61	1,831
 <u>GROSS PROFIT</u>		
LONG DISTANCE (4)	32	800
VOIP (6)	-	(6)
TOTAL GROSS PROFIT	32	794
 <u>OPERATING EXPENSES (7)</u>		
MARKETING & ADVERTISING	86	73
GENERAL & ADMINISTRATIVE	72	566
PERSONNEL	214	809
TOTAL OPERATING EXPENSES	372	1,448
 <u>OPERATING EARNINGS</u>		
	(340)	(654)
START-UP COSTS (8)	(98)	-
VOIP MKT DEVELOPMENT	-	-
 <u>EBITDA</u>		
	(438)	(654)
INTEREST EXPENSE (9)	-	(80)
DEPRECIATION & AMORTIZATION (10)	(2)	(11)
 <u>EARNINGS <LOSS> BEFORE TAXES</u>		
	(440)	(745)
PROVISION FOR TAXES	-	-
 <u>NET EARNINGS <LOSS></u>		
	\$ (440)	\$ (745)

The accompanying notes are an integral part of this statement

NOTES

- (1) Unaudited
- (2) Consists of actual results for January through June and forecast for July
- (3) See attached Schedule I for detailed determination of revenues consisting of minutes sold, average revenue per minute, and number of customers summarized by retail and reseller/wholesaler.
- (4) See attached Schedule II for determination of Gross Profit consisting of revenues (from Schedule I), and direct costs attributed to providing long distance telephone services.
- (5) See attached Schedule III for detailed determination of revenues consisting of number of customers, activation fee revenue, monthly recurring revenues, and revenue from long distance services.
- (6) See attached Schedule IV for determination of Gross Profit consisting of revenues (from Schedule I), and direct costs attributed to providing VoIP
- (7) See Schedule (V) for summary of expenses by natural classification.
- (8) Consists of payroll costs, rent, legal fees, office supplies, and other miscellaneous expenses incurred prior to the start of sales activities.
- (9) See Section "Capitalization Structure" for review of anticipated restructuring of Equity. Shown below is the actual debt and interest thereon for 2003 and 2004, and forecast interest under existing terms.

<u>OUTSTANDING NOTES</u>	9 Months Ended 12/31/03	INTEREST EXPENSE 2004
Cliff Rees	\$100,000	\$ - 9
Investment Round "A"	510,000	- 70
Investment Round "B"	185,000	- 1
X Cast	610,000	- -
TOTAL	<u>\$ -</u>	<u>\$ 80</u>

- (10) a) Depreciation of Furniture & Fixtures and Machinery & Equipment use the same straight-line method for book and tax purpose as follows:

	<u>2003</u>	<u>2004</u>
	(000's)	
Furniture & Fixtures (5 to 7 years)	\$ 1	\$ 2
Machinery & Equipment (5 to 7 years)	<u>1</u>	<u>9</u>
TOTAL	<u>\$ 2</u>	<u>\$ 11</u>

- b) On March 28, 2005, X Cast was acquired and is being carried as a wholly-owned subsidiary resulting in \$4,494,000 of Intellectual Property (software) for book, and \$594,000 for tax, that is being amortized over 5 years and 15 years respectfully for book and tax.

DEPRECIATION & AMORTIZATION SUMMARY

<u>YEAR</u>	<u>BOOK</u>
2003	\$ 2
2004	11
2005	739
2006	<u>1,069</u>