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RECEIVED
AZ CORP COMMISSION

ORIGINAL

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February 12, 2001

VIA OVERNIGHT DELIVERY

Docket Control Center
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007
(602) 542-2237

DOCKET NO. ~~MMT~~ - 03993A - 01 - 0128

Re: Gates Communications, Inc.
Requirements for Long Distance Resellers

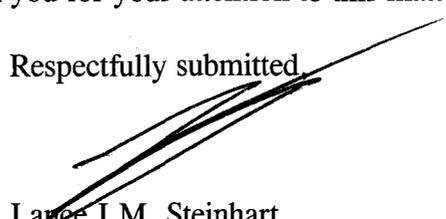
Dear Sir/Madam:

Enclosed please find for filing an original and ten (10) copies of Gates Communications, Inc.'s Application and Petition for Certificate of Public Convenience and Necessity to Provide Competitive Intrastate Telecommunications as a Long Distance Reseller.

I have also enclosed an extra copy of this letter to be date stamped and returned to me in the enclosed, self addressed, postage prepaid envelope.

If you have any questions or if I may provide you with any additional information, please do not hesitate to contact me. Thank you for your attention to this matter.

Respectfully submitted,


Lance J.M. Steinhart
Attorney for Gates Communications, Inc.

Enclosures

cc: Ivica Jakovljevic
Christa Fallin w/out enclosures

ARIZONA CORPORATION COMMISSION

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

Mail original plus 10 copies of completed application to:

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

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:

For Docket Control Only:
 (Place Stamp Here)

DOCKET NO. T-03993A-01-0128

A. Company and Telecommunications Service Information

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

Gates Communications, Inc.
1100 Olive Way #951
Seattle, Washington 98101
(206) 748-7868

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

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

Mirel Jakovljevic
President & CEO
Gates Communications, Inc.
1100 Olive Way #951
Seattle, Washington 98101
(206) 748-7868/Phone
(206) 748-7870/Fax
gcpresident@qwest.net

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

Lance J.M. Steinhart
Attorney at Law
6455 East Johns Crossing
Suite 285
Duluth, Georgia 30097
770-232-9200/Phone
770-232-9208/Fax
lsteinhart@telecomcounsel.com

(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,
 Foreign
- Other, specify:

(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.

(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. January 1, 2000.

Application and Petition for Competitive Reseller CC&N

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 is 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.

Operator services are not provided or resold to traffic aggregators. The company currently has 10 customers in Arizona which are provided only postpaid calling card services. The total number of intrastate minutes resold in the latest 12 month period (calendar year 2000) is 29,634.7.

3. If the answer to 1. is "no", when does your company plan to begin reselling service in Arizona?

(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.

California, Missouri, Washington and New York

Application and Petition for Competitive Reseller CC&N

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

Nermin Dizdar
Gates Communications, Inc.
1100 Olive Way #951
Seattle, Washington 98101
Phone: (800) 347-6788

(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.

None.

(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.

(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.

Application and Petition for Competitive Reseller CC&N

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.

Yes, the company intends to resell services provided by RSL USA.

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 101XXXX access, if your system becomes non-operational?

Yes.

Application and Petition for Competitive Reseller CC&N

C. Financial Information

(C-1) Include "Attachment D." Attachment D **must** include copy of your Company's balance sheet, income statement, audit report (if audited) and all related notes to these financial statements for the two most recent years your Company has been in business. **See Attachment D**

(C-2) If your Company does not have financial statements for the two most recent years, please give the date your Company began operations.

(C-3) If the balance sheets you submit do not have retained earnings accounts, please provide this account information on a separate sheet for each of the two years. **N/A**

(C-4) If your Company is a subsidiary, please provide your Parent Company's financial statements, in addition to your Company's financial statements. **N/A**

(C-5) If your Company intends to rely on the financial resources of its Parent Company, please provide a written statement from your Parent Company attesting that it will provide complete financial backing if your Company experienced a net loss or a business failure and that it will guarantee to payment of customers, advances, prepayments or deposits held by your Company if, for some reason, your Company cannot provide service or repay the deposits. **N/A**

(C-6) Will your customers be required to (or have the option to) pay advances, prepayments, or deposits for any of your products or services.

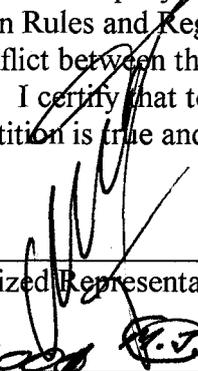
YES____(If yes, provide an explanation of how and when these customers advances, prepayments, or deposits will be applied of reference the terms and conditions section of your Company's tariffs with this explanation. If this information is not explained in the tariff of this application, please provide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

NO X (Note: If at a later date, your Company decides it wants to offer or require customer advances, prepayments or deposits, it must submit financial statements as part of the tariff amendment process.)

Also, see attachment E, Arizona projections

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 relating to the regulations 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)

01-03-2001 

(Date)

Mirel Jakovljevic
(Printed Name of Authorized Representative)

President & CEO
(Title)

SUBSCRIBED AND SWORN to before me this 3rd day of JANUARY, 2001.

Aaron N. McGinnis
NOTARY PUBLIC

My Commission Expires: OCT 4 2002



ATTACHMENTS

A - Officers and Directors Percentage Ownership

Officers:

Mirel Jakovljevic	President and CEO
Ivica Jakovljevic	Vice President

Directors:

Nermin Dizdar
Drago Jurcevic

B - Proposed Tariff

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ISSUE DATE: February 12, 2001 EFFECTIVE DATE:
 ISSUED BY: Ivica Jakovljevic, Vice President
 1100 Olive Way #951
 Seattle, Washington 98101

TARIFF FORMAT

A. Sheet Numbering: Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between pages 11 and 12 would be page 11.1.

B. Sheet Revision Numbers: Revision numbers also appear in the upper right corner of each sheet where applicable. These numbers are used to indicate the most current page version on file with the Commission. For example, 4th Revised Sheet 13 cancels 3rd Revised Sheet 13. Consult the Check Sheet for the sheets currently in effect.

C. Paragraph Numbering Sequence: There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:

- 2.
- 2.1
- 2.1.1
- 2.1.1.A
- 2.1.1.A.1
- 2.1.1.A.1.(a)
- 2.1.1.A.1.(a).I
- 2.1.1.A.1.(a).I.(i)
- 2.1.1.A.1.(a).I.(i).(1)

D. Check Sheets: When a tariff filing is made with the Commission, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the sheets contained in the tariff, with a cross-reference to the current Revision Number. When new sheets are added, the Check Sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this sheet if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some sheets). The tariff user should refer to the latest Check Sheet to find out if a particular sheet is the most current on Commission file.

ISSUE DATE: February 12, 2001 EFFECTIVE DATE:

ISSUED BY: Ivica Jakovljevic, Vice President

1100 Olive Way #951

Seattle, Washington 98101

Resp. Org - Responsible Organization or entity identified by an 800 service Customer that manages and administers records in the 800 database and management system.

Switched Access - The Customer gains entry to the Company's services by a transmission line that is switched through the local exchange carrier to reach the Company's point of presence.

Telecommunications - The transmission of voice communications or, subject to the transmission capabilities of the services, the transmission of data, facsimile, signaling, metering, or other similar communications.

Underlying Carrier - The telecommunications carrier whose network facilities provide the technical capability and capacity necessary for the transmission and reception of Customer telecommunications traffic.

ISSUE DATE: February 12, 2001

EFFECTIVE DATE:

ISSUED BY: Ivica Jakovljevic, Vice President

1100 Olive Way #951

Seattle, Washington 98101

-
- 2.2.3 The use of the Company services without payment for service or attempting to avoid payment for service by fraudulent means or devices, schemes, false or invalid numbers, or false calling or credit cards is prohibited.
- 2.2.4 The Company services are available for use 24 hours per day, seven days per week.
- 2.2.5 The Company does not transmit messages, but the services may be used for that purpose.
- 2.2.6 The Company services may be denied for nonpayment of charges or for other violations of this tariff.
- 2.2.7 Customers shall not use the service provided under this tariff for any unlawful purpose.
- 2.2.8 The Customer is responsible for notifying the Company immediately of any unauthorized use of services.

2.3 Liability of the Company

- 2.3.1 The Company shall not be liable for any claim, loss, expense or damage for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff, if caused by the Underlying Carrier, an act of God, fire, war, civil disturbance, act of government, or due to any other causes beyond the Company's control.
- 2.3.2 The Company shall not be liable for, and shall be fully indemnified and held harmless by the Customer against any claim, loss, expense, or damage for defamation, libel, slander, invasion, infringement of copyright or patent, unauthorized use of any trademark, trade name or service mark, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data or information transmitted.

ISSUE DATE: February 12, 2001 EFFECTIVE DATE:

ISSUED BY: Ivica Jakovljevic, Vice President

1100 Olive Way #951
Seattle, Washington 98101

-
- 2.4.6 The Customer shall ensure that the equipment and/or system is properly interfaced with the Company facilities or services, the signals emitted into the Company network are of the proper mode, bandwidth, power and signal level for the intended use of the subscriber and in compliance with criteria set forth in this tariff, the signals do not damage equipment, injure personnel, or degrade service to other Customers. If the FCC or some other appropriate certifying body certifies terminal equipment as being technically acceptable for direct electrical connection with interstate communications service, the Company will permit such equipment to be connected with its channels without the use of protective interface devices. If the Customer fails to maintain the equipment and/or the system properly, with resulting imminent harm to the Company equipment, personnel or the quality of service to other Customers, the Company may, upon written notice, require the use of protective equipment at the Customer's expense. If this fails to produce satisfactory quality and safety, the Company may, upon written notice, terminate the Customer's service.
- 2.4.7 The Customer must pay the Company for replacement or repair of damage to the equipment or facilities of the Company caused by negligence or willful act of the Customer or others, by improper use of the services, or by use of equipment provided by Customer or others.
- 2.4.8 The Customer must pay for the loss through theft of any Company equipment installed at Customer's premises.
- 2.4.9 If the Company installs equipment at Customer's premises, the Customer shall be responsible for payment of any applicable installation charge.

ISSUE DATE: February 12, 2001**EFFECTIVE DATE:****ISSUED BY: Ivica Jakovljevic, Vice President****1100 Olive Way #951****Seattle, Washington 98101**

2.11 Collection Costs

In the event Company is required to initiate legal proceedings to collect any amounts due to Company for regulated or non-regulated services, equipment or facilities, or to enforce any judgment obtained against a Customer, or for the enforcement of any other provision of this tariff or applicable law, Customer shall, in addition to all amounts due, be liable to Company for all reasonable costs incurred by Company in such proceedings and enforcement actions, including reasonable attorneys' fees, collection agency fees or payments, and court costs. In any such proceeding, the amount of collection costs, including attorneys' fees, due to the Company, will be determined by the court.

2.12 Taxes

All federal, state and local taxes, assessments, surcharges, or fees, including sales taxes, use taxes, gross receipts taxes, and municipal utilities taxes, are billed as separate line items and are not included in the rates quoted herein.

2.13 Late Charge

A late fee of 1.5% per month or the amount otherwise authorized by law, whichever is lower, will be charged on any past due balances.

2.14 Returned Check Charge

A fee will be charged whenever a check or draft presented for payment for service is not accepted by the institution on which it is written.

2.15 Reconnection Charge

A reconnection fee of \$25 per occurrence will be charged when service is reestablished for Customers which have been disconnected due to non-payment. Payment of the reconnection fee and any other outstanding amounts will be due in full prior to reconnection of service.

SECTION 3 - DESCRIPTION OF SERVICE

ISSUE DATE: February 12, 2001**EFFECTIVE DATE:****ISSUED BY: Ivica Jakovljevic, Vice President****1100 Olive Way #951****Seattle, Washington 98101**

3.5.5 Directory Assistance.

Access to long distance directory assistance is obtained by dialing 1 + 555-1212 for listings within the originating area code and 1 + (area code) + 555-1212 for other listings. When more than one number is requested in a single call, a charge will apply for each number requested. A charge will be applicable for each number requested, whether or not the number is listed or published.

ISSUE DATE: February 12, 2001 EFFECTIVE DATE:
ISSUED BY: Ivica Jakovljevic, Vice President
 1100 Olive Way #951
 Seattle, Washington 98101

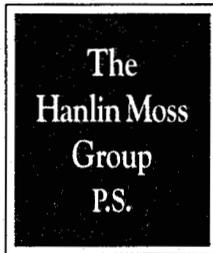
D - Financial Statements

Gates Communications, Inc.

FINANCIAL STATEMENTS
(compiled without audit)

For the Ten Month Ended October 31, 2000

The Hanlin Moss Group, PS
Seattle, Washington



*Certified Public Accountants
Valuation Analysts*

To the Board of Directors
Gates Communications, Inc.
1100 Olive Way, Suite 951
Seattle, WA 98101

We have compiled the accompanying balance sheet of Gates Communication, Inc.(a S Corporation) as of October 31, 2000, and the related statements of income 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.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit the statements of cash flows and retained earnings. If the omitted financial statements were presented, they might influence the user's conclusions about the company's cash flows and changes in retained earnings. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The Company, with the consent of its shareholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholders of an S corporation are taxed on their proportionate share of the company's taxable income. Therefore, no provisions for federal income taxes has been included in the financial statements.

A handwritten signature in cursive script that reads "The Hanlin Moss Group".

December 11, 2000

Gates Communications, Inc.

BALANCE SHEET

October 31, 2000

ASSETS

CURRENT ASSETS

Checking Account	\$	43,572.43
Savings Account		25,024.50
Accounts Receivable		278,610.50
PREPAID EXPENSES		<u>28,188.01</u>

TOTAL CURRENT ASSETS \$ 375,395.44

PROPERTY AND EQUIPMENT

Equipment	\$	127,540.75
Computer		27,758.14
Furniture and Fixtures		25,485.62
Accumulated Depreciation		<u>(38,829.00)</u>

TOTAL PROPERTY AND EQUIPMENT \$ 141,955.51

OTHER ASSETS

Other Assets	\$	1,000.00
Organization Costs		500.00
Accum Amortization - Org Costs		<u>(200.00)</u>

TOTAL OTHER ASSETS \$ 1,300.00

TOTAL ASSETS \$ 518,650.95
=====

Gates Communications, Inc.
BALANCE SHEET
October 31, 2000

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Pitney Works - CC	\$ 13,795.84
Sales tax payable	<u>371,269.94</u>

TOTAL CURRENT LIABILITIES **\$ 385,065.78**

NON-CURRENT LIABILITIES

New Court Financial	\$ 1,191.85
Household Bank	700.32
Bankcorp Loan payable	8,303.38
JDR Lease Payable	<u>18,028.00</u>

TOTAL NON-CURRENT LIABILITIES **\$ 28,223.55**

EQUITY

Common Stock	\$ 2,000.00
Retained Earnings	(24,905.93)
NET INCOME (LOSS)	<u>128,267.55</u>

TOTAL EQUITY **\$ 105,361.62**

TOTAL LIABILITIES AND EQUITY **\$ 518,650.95**
=====

Gates Communications, Inc.
INCOME STATEMENT
For The Period

January 01, 2000
to
October 31, 2000

SALES

Sales	\$	2,200,248.41
Sales Returns & Allowances		<u>(218.89)</u>
Total SALES	\$	2,200,029.52

COST OF SALES

Purchases	\$	1,043,954.74
Satelite Maintenance		76,341.00
Satelite Dish Installation		1,792.00
Satelite Link		56,208.00
Sales taxes - all		260,000.00
Miscellaneous Expense - Sales		4,298.75
Billing system maintenance		<u>47,345.57</u>
Total COST OF SALES	\$	<u>1,489,940.06</u>

Total GROSS PROFIT	\$	710,089.46
--------------------	----	------------

SELLING EXPENSES

Commissions	\$	<u>42,165.12</u>
Total SELLING EXPENSES	\$	42,165.12

GENERAL & ADMINISTRATIVE

Advertising	\$	10,673.87
Travel		16,052.50
Parking		3,051.12
Meal & Entertainment		4,559.17
Salaries and Wages		185,266.79
Chase		2,750.00
Rainier Pacific		1,000.00
Citi Bank		6,000.00
Auto Expense		1,379.58
Bank Service Charges		1,337.94
Pitney Works -cc		29,000.50
Depreciation Expense		19,000.00
Amortization Expense		100.00
Utilities		34.51
Insurance - Medical		9,992.70
Insurance - General		712.08

Gates Communications, Inc.
INCOME STATEMENT
For The Period

January 01, 2000
to
October 31, 2000

Interest Expense	\$	181.50
Legal & Accounting		21,089.01
Miscellaneous Expense		3,438.51
Office Expense		8,618.29
Outside Services		9,605.85
Postage Expense		602.62
Rent Expense		69,233.88
Computer rental		6,051.92
Repairs & Maintenance		1,736.56
Supplies Expense		2,400.00
Taxes - Excise tax (WA)		11,847.11
Taxes - Payroll		19,105.30
Taxes - Other		125.89
Telephone		41,341.23
Bad Debts		<u>53,452.86</u>
Total GENERAL & ADMINISTRATIVE	\$	<u>539,741.29</u>
Total NET OPERATING INCOME (LOSS)	\$	128,183.05
OTHER (INCOME) AND EXPENSES		
Interest Income	\$	<u>(84.50)</u>
Total OTHER (INCOME) AND EXPENSES	\$	<u>(84.50)</u>
NET INCOME (LOSS) BEFORE TAX	\$	<u>128,267.55</u>
NET INCOME (LOSS)	\$	128,267.55 =====

E- Arizona Projections

A. Projected total revenue for the first 12 months of service: \$5,000

B. Projected value of total operating expenses for the first 12 months of service: \$4,000

C. Projected value of all assets to be used to provide telecommunications services to Arizona customers for the first 12 months of service: None