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2001 OCT 15 P 2:11

Alexandra M. Ozols

October 11, 2001

AZ CORP COMMISSION
DOCUMENT CONTROL

VIA FEDERAL EXPRESS

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007-2996

DOCKET NO. T-037144-01-0805

**Re: Tri-M Communications, Inc. d.b.a. TMC Communications
Application and Petition for a Certificate of Convenience and
Necessity to Provide Intrastate Facilities-Based Local Exchange
Services on a Competitive Basis**

Dear Madam or Sir:

Please find enclosed an original plus eleven copies of Tri-M Communications, Inc. d.b.a. TMC Communication's Cover Sheet, Application, and Petition for a Certificate of Convenience and Necessity to Provide Intrastate Facilities-Based Local Exchange Services on a Competitive Basis.

Please file-stamp the extra copy and return it in the self-addressed stamped envelope which has been provided. Should the Commission require any additional information regarding this matter, please do not hesitate to contact me at (415) 392-7900 or at aozols@gmsr.com.

Thank you for your assistance regarding this matter.

Very truly yours,

GOODIN, MACBRIDE,
SQUERI, RITCHIE & DAY, LLP

By

Alexandra M. Ozols

cc: Mr. Don Bean (with Enclosures) VIA FEDERAL EXPRESS

COMMISSIONER JIM IRVIN

CHAIRMAN WILLIAM A. MUNDELL

COMMISSIONER MARC SPITZER

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION BY TRI-
M COMMUNICATIONS, INC. dba TMC
COMMUNICATIONS FOR A CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY TO
PROVIDE COMPETITIVE
TELECOMMUNICATIONS SERVICES WITHIN
THE STATE OF ARIZONA.

DOCKET NO.

PETITION

GOODIN, MACBRIDE, SQUERI,
RITCHIE & DAY, LLP
John L. Clark
Alexandra M. Ozols
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Telephone: (415) 392-7900
Facsimile: (415) 398-4321

Attorneys for TRI-M Communications, Inc. dba
TMC Communications

Date: October 12, 2001

COMMISSIONER JIM IRVIN

CHAIRMAN WILLIAM A. MUNDELL

COMMISSIONER MARC SPITZER

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION BY TRI-M COMMUNICATIONS, INC. dba TMC COMMUNICATIONS FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE COMPETITIVE TELECOMMUNICATIONS SERVICES WITHIN THE STATE OF ARIZONA.

DOCKET NO.

PETITION

Petitioner, Tri-M Communications, Inc. dba TMC Communications (“TMC or Applicant”), a California corporation, hereby files this Petition for Classification of its Local Exchange Services and IntraLATA Toll Services as Competitive as part of its Application for a Certificate of Public Convenience and Necessity (“CC&N”) from the Arizona Corporation Commission (the “Commission”) to operate as a public service corporation and to provide these and other services on a resale and/or facilities basis.

I. INTRODUCTION

The Commission’s rule require that an Applicant seeking to provide competitive telecommunications services shall, as part of its Application, “petition the Commission for a determination that the intraLATA service being provided or to be provided is competitive.¹ The Petition must set forth the certain conditions within the relevant market that demonstrate that the telecommunications service is competitive.

II. MARKET CONDITIONS RENDERING NEW COMPANY'S SERVICES COMPETITIVE

The following discussion demonstrates that TMC's local exchange and intraLATA toll services are competitive. However, in providing this information, TMC does not waive its right to assert the rights and privileges contained in the federal Telecommunications Act of 1996.

1. Description of general economic conditions

The relevant product market that TMC will enter is the market for local exchange service and intraLATA toll service. The relevant geographic market is the entire state of Arizona. This market is currently being dominated by incumbent LECs such as US West, the entrenched incumbent LECs have virtually 100% of the market share. In other words, most any customers currently desiring to obtain local exchange service must be served by the incumbent LECs. TMC by its Application, will be seeking to provide local exchange service in Arizona on a competitive basis. TMC, therefore, will face daunting competition from the incumbent LECs.

The relevant market is also characterized by significant barriers to entry. The following are some of the main barriers to entry to the local exchange market:

The incumbent LECs have a ubiquitous network, hereto constructed and maintained through payments from its captive monopoly ratepayer base. A new entrant certainly cannot duplicate this network in its entirety in the short term, nor would it likely in the long term. This network represents an extremely significant competitive advantage for the incumbent LECs that previously accrued to it by virtue of its government –sanctioned monopoly franchise.

The switched local exchange business is a capital-intensive one: a single switch

¹ R14-2-1104(B).

and appurtenant facilities costs, approximately \$10 million and only a company with access to significant capital can enter the market. Perhaps the most obvious indication of this fact is this Commission's requirement of access to significant financial resources in order for a company to be certified to provide competitive local services.

The incumbent LECs are currently a vertically integrated business with bottleneck control of critical essential inputs, most importantly the local loop. The lack of access to unbundled local loops (as well as other essential inputs) is one of the most formidable barriers to entry into the relevant market.

The switched local exchange market is characterized by significant economies of scale. A new entrant cannot, at least initially, provide service on the same scale as the incumbent LEC, and therefore is likely to be forced to pay higher costs in the short term.

In addition to having name recognition and an established business relationship with every customer in the market, anyone who watches television or listens to the radio in Arizona is aware that incumbent LECs have engaged in extensive advertising to bolster their name recognition and product differentiation.

Initially, once competitors are actually operational, the small portion of the relevant market not retained by the incumbent LECs will be fragmented amongst numerous providers. Developments in other states that have permitted and facilitated local exchange competition indicate that, at a minimum, at least several new entities will seek to compete in the same geographic market. In general a market characterized by market fragmentation provides a monopolist with greater market power than a market in which only one or two new entrants compete.

While this is not an exhaustive description of the traditional barriers to entry in to

the relevant market, these barriers, combined with the incumbent LEC's initial 100% market share, confirm beyond any doubt that the services offered by TMC should be classified as competitive.

2. Number of Alternative Providers of Service

As discussed above, there is currently only one primary monopolist provider of switched local exchange service in each relevant market and additional entities have or will be seeking to enter the relevant market.

3. Estimated Market Share of Each Alternative Provider

The initial estimated market share of the incumbent LEC is greater than 95%. Other alternative providers will share the remaining 5% of the market.

4. Affiliated Alternative Providers of the Service

TMC is not affiliated with any other telecommunications company.

5. The ability of Alternative Providers to Make Functionally Equivalent or Substitute Service Readily Available at Competitive Rates, Terms, and Conditions

The incumbent LEC, as a monopolist benefiting from the significant barriers to entry discussed above, will have the ability to make and will make functionally equivalent or substitute service readily available at competitive rates, terms and conditions.

6. Other Indicators of Market Power

See discussion above in part 1 regarding barriers to entry into the local exchange market.

III. CONCLUSION

TMC respectfully petitions the Commission to declare TMC's switched local exchange and intraLATA toll services as competitive.

Respectfully submitted this October 12, 2001 at San Francisco, California.

GOODIN, MACBRIDE, SQUERI,
RITCHIE & DAY, LLP

John L. Clark
Alexandra M. Ozols
505 Sansome Street, Suite 900
San Francisco, California 94111
Telephone: (415) 392-7900
Facsimile: (415) 398-4321

By _____

Alexandra M. Ozols

Attorneys for TRI-M Communications,
Inc. dba TMC Communications

2585/002/X25519-1

ARIZONA CORPORATION COMMISSION

**Application and Petition for a Certificate of Convenience and Necessity to
Provide Intrastate Facilities-Based Local Exchange Services on a Competitive
Basis**

Description of Proposed Services

Applicant seeks to provide facilities based local exchange services on a competitive basis. Applicant intends to utilize unbundled network elements of incumbent local exchange carriers.

A. Company and Telecommunications Service Information

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

Tri-M Communications, Inc. dba TMC Communications
125 E. De La Guerra, Suite 201
Santa Barbara, CA 93101
Tel. 805/965-8620

(A-2) If doing business (d/b/a) under a name other than the Applicant name listed above, specify:

TMC Communications

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

Don Bean
TMC Communications
125 E. De La Guerra, Suite 201
Santa Barbara, CA 93101
Tel. 805/965-8620
Fax. 805/965-7822
Email. dbean@tmccom.com

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

Alexandra M. Ozols
Goodin, MacBride, Squeri, Ritchie & Day, LLP
505 Sansome Street, Suite 900
San Francisco, CA 94111
Tel. 415/392-7900
Fax. 415/398-4321
Email. aozols@gmsr.com

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

Corporation: Foreign

(A-6) Include Attachment "A." Attachment "A" must include a copy of the Applicant's authority to transact business in the State of Arizona, as well as a list of name of all owners, partners, limited liability company managers, or corporation officers and directors (Specify), and indicate percentages of ownership.

See Attachment A.

(A-7)

(a) Is your company currently offering any telecommunications services in Arizona? If "yes", list each service offered and provide the date that you began offering each such service in Arizona.

Yes. Applicant received a Certificate of Convenience and Necessity from the Arizona Corporation Commission to provide competitive interLATA/intraLATA toll telecommunications services on a reseller basis. This decision is designated as Decision No. 62281. It was issued on February 1, 2000.

(b) If the answer to question (a) is "no", when does your company plan to begin reselling services in Arizona?

N/A. See (A-7)(a).

(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 the provision of the service(s) by your company.

See Attachment B.

The Arizona Corporation 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.

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

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

Alexandra M. Ozols
Goodin, MacBride, Squeri, Ritchie & Day, LLP
505 Sansome Street, Suite 900
San Francisco, CA 94111
Tel. 415/392-7900
Fax. 415/398-4321
Email. aozols@gmssr.com

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

Corporation: Foreign

(A-6) Include Attachment "A." Attachment "A" must include a copy of the Applicant's authority to transact business in the State of Arizona, as well as a list of name of all owners, partners, limited liability company managers, or corporation officers and directors (Specify), and indicate percentages of ownership.

See Attachment A.

(A-7)

(a) Is your company currently offering any telecommunications services in Arizona? If "yes", list each service offered and provide the date that you began offering each such service in Arizona.

Yes. Applicant received a Certificate of Convenience and Necessity from the Arizona Corporation Commission to provide competitive interLATA/intraLATA toll telecommunications services on a reseller basis. This decision is designated as Decision No. 62281. It was issued on February 1, 2000.

(b) If the answer to question (a) is "no", when does your company plan to begin reselling services in Arizona?

N/A. See (A-7)(a).

(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 the provision of the service(s) by your company.

See Attachment B.

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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 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

(A-10)

(a) List the states in which you currently offer services similar to those you intend to provide in Arizona.

Applicant does not currently offer services as facilities based competitive local exchange carrier in any state. However Applicant is authorized to provide interexchange services on a reseller basis in the following states; Alaska, Alabama, Arizona, Arkansas, California, Colorado, Delaware, Florida, Hawaii, Idaho, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Texas, Utah, Vermont, Virginia, Washington, and West Virginia.

(b) List the states in which you have been approved to offer services similar to those you intend to provide in Arizona.

Please see (A-10)(a).

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

Denise Moritz
TMC Communications
125 E. De La Guerra, Suite 201
Santa Barbara, CA. 93101
Tel. 888/965-8620

(A-12) Provide a list of states in which you have sought authority to provide telecommunications services and were either granted the authority with major changes and conditions, or had your application for those services denied. 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 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 such 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 judgement 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 judgement or conviction was entered and provide a copy of the court order.

No

B. Technical Information

(B-1) Explain in detail what actions the Applicant has taken to ensure that basic exchange to Applicant's customers will not be interrupted in the event Applicant ceases to do business.

TMC Communications intends to provide its services using unbundled network elements acquired from the incumbent LEC. Therefore, all facilities required for the ILEC (or any other UNE-based CLEC) to provide continued service in the event that the applicant stops doing so will be in place.

C. Financial Information

(C-1) Include Attachment "C". Attachment "C" must include a 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.

Please see Attachment C.

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

N/A

(C-3) If the balance sheets you submit do not have retained earnings accounts, please provide this account information on a separate sheet.

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.

Applicant is not a subsidiary.

(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 experiences a net loss or a business failure. This statement should also affirm that it will guarantee repayment of customers' advances, prepayments, or deposits held by your Company if, for some reasons, your Company cannot provide service or repay the deposits.

Applicant is not a subsidiary.

2585/002/X25510-1

A

MANAGEMENT PROFILE

As a reseller, Applicant's interLATA and intraLATA service will be provided through the resale of inbound and outbound services purchased by Applicant in bulk from one or more authorized carriers. Applicant's proposed operations will be directed by the following team:

John Marsch, CEO In 1982, John Marsch formed his first telecommunications company, TMC of California, one of the first long distance resellers in California. By the end of the decade, TMC Cal had more than 180 employees and was the largest reseller in California. In January 1990, Marsch sold TMC Cal. After the sale of TMC Cal, Marsch was precluded from direct participation in the telecom industry for several years by the terms of a non-compete agreement. During that time, he participated in the organization and financing of several successful real estate ventures in California and did other consulting work with entrepreneurial ventures. In 1996, Marsch wrote the business plan and developed the financing and financial infrastructure for STAR Telecommunications, a start-up international wholesale reseller. He went on to serve as Chief Operating Officer, Chief Financial Officer and Executive V.P. of International Development. Marsch also invested in and serves as a Director of LCR Telecommunications, PLC one of the largest telecommunications resellers in the U.K. LCR markets services to small and medium sized businesses throughout the U.K.

Bernadette Richardson, President Ms. Richardson joined TMC in November 1997 as Director of Business Development. In February of 1998, she was promoted to President of TMC. Prior to joining TMC, Ms. Richardson was Director of Marketing and Product Development for HCC Telemanagement, a Ventura California based long distance reseller. During her five year tenure at HCC, she successfully expanded the product line from a single product offering to a full range of products. She was also integral in the expansion of the customer and independent agent bases from a regional presence to a nationwide operation.

Denise Moritz, Vice-President of Operations B.S. Economics, Cal Poly State University. Ms. Moritz began her telecommunications career in 1984 as an administrator for TMC Cal. She was promoted through several positions in Operations and Customer Service and became Director of Operations, Southern Region. After the sale of TMC Cal., Ms. Moritz began working with TMC and continued her service in key administrative jobs including order fulfillment, customer service and billing.

Charlie Nautly, Vice-President of Sales B.A. Economics, University of Southern California. Mr. Nautly joined TMC in June of 1998. He comes to TMC from IXC Communications where he most recently held the position of Carrier Executive for two years. Mr. Nautly has an extensive background in the telecommunications industry, including four years as a National Account Manager with MCI and five years as an Account Executive for Pacific Bell.

Applicant believes that the foregoing demonstrates that Applicant's operations are well-planned and that Applicant is fully capable of establishing successful operations and bringing new and efficiently priced telecommunications options to the marketplace. Accordingly, Applicant submits that it has shown its managerial ability to successfully carry out the proposed service.

Tri-M Communications
Common Stock Ownership
As of 7/31/98

	Issued & Outstanding		Unexercised	Fully
	Shares	%	Options	Diluted %
Marsch, John	1,070,000	98.53%	-	73.40%
Gibbons, John	1,000	0.09%	14,286	1.05%
Moritz, Denise	4,000	0.37%	57,143	4.19%
Ruffin, Danny	3,000	0.28%	42,857	3.15%
Richardson, Bernadette	3,000	0.28%	88,714	6.29%
Day, Tristan	3,000	0.28%	42,857	3.15%
Gross, Sheri	2,000	0.18%	28,571	2.10%
Ireland, Ron	-	0.00%	45,857	3.15%
Naulty, Charlie	-	0.00%	51,560	3.54%
Totals	1,086,000	100.00%	371,845	100.00%

Arizona Corporation Commission
BEFORE THE ARIZONA CORPORATION COMMISSION
DOCKETED

CARL J. KUNASEK
CHAIRMAN
JIM IRVIN
COMMISSIONER
WILLIAM A. MUNDELL
COMMISSIONER

FEB 01 2000

DOCKETED BY	<i>sd</i>
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2595-002
Meeting

IN THE MATTER OF THE APPLICATION OF
TRI-M COMMUNICATIONS, INC. D/B/A TMC
COMMUNICATIONS FOR A CERTIFICATE OF
CONVENIENCE AND NECESSITY TO PROVIDE
COMPETITIVE INTERLATA/INTRALATA
RESOLD TELECOMMUNICATIONS SERVICES
EXCEPT LOCAL EXCHANGE SERVICES.

DOCKET NO. T-03714A-99-0124

DECISION NO. 62281

ORDER

Open Meeting
January 25 and 26, 2000
Phoenix, Arizona

BY THE COMMISSION:

Having considered the entire record herein and being fully advised in the premises, the Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. On March 3, 1999, TRI-M Communications, Inc. d/b/a TMC Communications ("TRI-M" or "Applicant") filed with Docket Control of the Arizona Corporation Commission ("Commission") an application for a Certificate of Convenience and Necessity ("Certificate") to provide interLATA/intraLATA telecommunications services, except local exchange services, as a reseller within the State of Arizona.

2. In Decision No. 58926 (December 22, 1994), the Commission found that resold telecommunications providers ("resellers") were public service corporations subject to the jurisdiction of the Commission.

3. In Decision No. 59124 (June 23, 1995), the Commission adopted A.A.C. R14-2-1101 through R14-2-1115 to regulate resellers.

4. Applicant is a California corporation, authorized to do business in Arizona since 1997.

5. Applicant is a switchless reseller and in its application stated that it plans to utilize various underlying facilities-based providers.

1 6. On September 24, 1999, the Commission's Utilities Division Staff ("Staff") filed a
2 Staff Report.

3 7. In the Staff Report, Staff stated that Applicant provided financial statements for the
4 year ended September 30, 1998, which indicated assets of \$2.12 million, retained earnings of (\$1.51
5 million) and stockholders equity of (\$1.02 million). Additionally, Applicant reported a net loss of
6 (\$1.33 million) on revenues of \$2.93 million. Based on the foregoing, Staff believed that Applicant
7 lacks adequate financial resources to make necessary plant additions or incur operating losses.
8 Accordingly, the Applicant filed a letter on September 10, 1999, that it does not currently, and will
9 not in the future, charge its customers for any prepayments, advances, or deposits. If at some future
10 date, the Applicant wishes to charge customers any prepayments, advances, or deposits, it must file
11 information with the Commission that demonstrates the Applicant's financial viability. Staff believes
12 that if the Applicant experiences financial difficulty, there should be minimal impact to its customers.
13 Customers are able to dial another reseller or facilities-based provider to switch to another company.

14 8. The Staff Report stated that Applicant has no market power and the reasonableness of
15 its rates would be evaluated in a market with numerous competitors.

16 9. Staff recommended that:

17 (a) Applicant's application for a Certificate should be approved without a hearing
18 subject to A.A.C. R14-2-1106.B;

19 (b) Applicant's intrastate toll service offerings should be classified as competitive
20 pursuant to A.A.C. R14-2-1108;

21 (c) Applicant's competitive services should be priced at the effective rates set
22 forth in Applicant's tariffs and the maximum rates for these services should be the
23 maximum rates proposed by Applicant in its tariffs. The minimum rates for
24 applicant's competitive services should be Applicant's long-run incremental costs of
25 providing those services as set forth in A.A.C. R14-2-1109; and

26 (d) Applicant should be required to comply with the Commission's rules and
27 modify its tariffs to conform with the rules if it is determined there is a conflict
28 between Applicant's tariffs and the Commission's rules.

29 10. By Procedural Order dated November 17, 1999, the Commission set a deadline of
30 January 5, 2000, for filing exceptions to the Staff Report; requesting that a hearing be set; or
31 requesting intervention as interested parties.

32 11. Applicant provided notice to interested parties as required in the November 17, 1999

1 Procedural Order and published notice of its filing as required pursuant to A.A.C. R14-2-1104.

2 12. No exceptions were filed to the Staff Report, nor did any party request that a hearing
3 be set.

4 CONCLUSIONS OF LAW

5 1. Applicant is a public service corporation within the meaning of Article XV of the
6 Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

7 2. The Commission has jurisdiction over Applicant and the subject matter of the
8 application.

9 3. Notice of the application was given in accordance with the law.

10 4. Applicant's provision of resold interLATA/intraLATA telecommunications services is
11 in the public interest.

12 5. Applicant is a fit and proper entity to receive a Certificate for providing competitive
13 interLATA/intraLATA telecommunications services as a reseller in Arizona.

14 6. Staff's recommendations in Findings of Fact No. 9 are reasonable and should be
15 adopted.

16 ORDER

17 IT IS THEREFORE ORDERED that the Application of TRI-M Communications, Inc. for a
18 Certificate of Convenience and Necessity for authority to provide competitive interLATA/intraLATA
19 toll telecommunications services shall be, and the same is hereby granted.

20 IT IS FURTHER ORDERED that TRI-M Communications, Inc. shall comply with the Staff
21 recommendations set forth in Findings of Fact No. 9.

22 IT IS FURTHER ORDERED that the modified tariffs shall be filed within 30 days from the
23 effective date of this Decision.

24 IT IS FURTHER ORDERED that TRI-M Communications, Inc. shall not be authorized to
25 charge customers any prepayments, advances, or deposits. In the future if TRI-M Communications,
26 Inc. desires to initiate such charges, it must first file information with the Commission that
27 demonstrates the company's financial viability or establish an escrow account equal to the amount of
28 any prepayments, advances, or deposits. Staff shall then review the information provided and file its

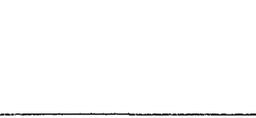
1 recommendation concerning financial viability within thirty days of receipt of the financial
2 information, for Commission approval.

3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

4 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

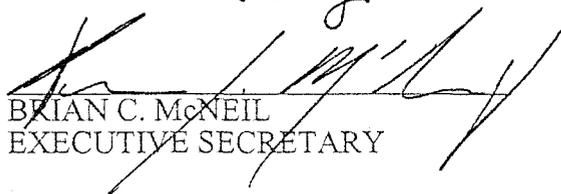
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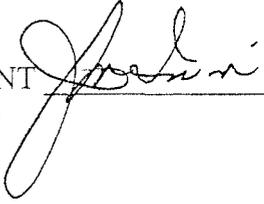

CHAIRMAN


COMMISSIONER


COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 1st day of February, 2000.


BRIAN C. McNEIL
EXECUTIVE SECRETARY

DISSENT 
SG:dap

1 SERVICE LIST FOR: TRI-M COMMUNICATIONS, INC. dba TMC
2 COMMUNICATIONS

3 DOCKET NO. T-03714A-99-0124
4

5 Regina M. DeAngelis
6 GOODIN, MACBRIDE, SQUERI, RITCHIE, & DAY, LLP
7 505 Sansome Street, Suite 900
8 San Francisco, California 94111

9 Ron Ireland
10 TMC Communications
11 125 E. De La Guerra, Suite 201
12 Santa Barbara, California 93101

13 Lyn Farmer, Chief Counsel
14 Legal Division
15 ARIZONA CORPORATION COMMISSION
16 1200 West Washington Street
17 Phoenix, AZ 85007

18 Deborah Scott, Director
19 Utilities Division
20 ARIZONA CORPORATION COMMISSION
21 1200 West Washington Street
22 Phoenix, AZ 85007
23
24
25
26
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28

B

Tariff Schedule
Applicable to
Arizona Intrastate
Telephone Communications
of
TRI-M COMMUNICATIONS, INC.
dba TMC COMMUNICATIONS

ISSUED: October 12, 2001

BY: John Marsch
TRI-M Communications, Inc.
dba TMC Communications
125 E. De La Guerra, Suite 201
Santa Barbara, CA 93101

EFFECTIVE:

TARIFF CHECKING SHEET

Current sheets in this tariff are as follows:

<u>Sheet</u>	<u>Revision</u>
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
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19	Original
20	Original
21	Original
22	Original
23	Original

ISSUED: October 12, 2001

BY: John Marsch
TRI-M Communications, Inc.
dba TMC Communications
125 E. De La Guerra, Suite 201
Santa Barbara, CA 93101

EFFECTIVE:

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ISSUED: October 12, 2001

BY: John Marsch
TRI-M Communications, Inc.
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PRELIMINARY STATEMENT

This tariff contains all effective rates and rules together with information relating to and applicable to TRI-M Communications, Inc. dba TMC Communications (the "Company").

The Company provides 24-hour interLATA and intraLATA intrastate telephone services between points in Arizona.

SYMBOLS USED IN THIS TARIFF

- (C) To signify changed listing, rule, or condition which may affect rates or charges.
- (D) To signify discontinued material, including listing, rate, rule or condition.
- (I) To signify an increase.
- (L) To signify material relocated from or to another part of tariff schedule with no change in text, rate, rule or condition.
- (N) To signify new material including listing, rate, rule or condition.
- (R) To signify reduction.
- (T) To signify change in wording of text but not change in rate, rule, or condition.

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SERVICE AREA MAP

The Company intends to provide bundled local and long distance service within the State of Arizona.

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APPLICABILITY

This tariff applies to 24-hour interLATA and intraLATA intrastate bundled telephone service in Arizona.

TERRITORY

Within the State of Arizona, as authorized by the Arizona Corporation Commission.

NOTES

- (1) Calls that begin in one rate period and terminate in another will be rated according to the rate in effect at the time the calls begin.
- (2) Call duration is measured from the time hardware or software supervision indicates a connection between the calling and called stations.
- (3) Time Periods:
The Day period is Monday through Friday, from 8:00 a.m. to 4:59 p.m. The Evening period is Monday through Friday, from 5:00 p.m. to 10:59 p.m. The Night/Weekend period is Monday through Friday, from 11:00 p.m. to 7:59 a.m., and Saturday, from 8:00 a.m. to Sunday at 10:59 p.m.

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RATES SCHEDULES

I. Business Package 1.

1. This basic package contains 4-6 lines in its bundle.
2. The price of this basic package is \$259.00
3. Each additional line in excess of the basic package costs \$49.95
4. The basic package includes 6000 local minutes.
5. The basic package includes 2000 long distance minutes.
6. The basic package includes a hunting feature as well as other two features per line. (The customer can chose from the following features: Call Waiting, Call Forwarding, 3-way Calling, Speed Calling a 6, 8 or 30 number, Caller ID, Call Screen, Message Waiting Indicator, Repeat Dialing, Call Return, Call Forwarding Busy/delay, Intercom, Intercom Plus, Remote Access to Call Forwarding, Select Call Forward, Direct-shared, Direct-unshared, Call Trace, Call Restriction, Distinctive Ringing, Directed Call Pick-up, Call ID Blocking and Caller Hold.
7. The installation fee on a month to month basis for line migration is \$49.95 per line.
8. The installation fee for one year of line migration is \$19.95 per line.
9. The installation fee for two years of line migration is \$10.95 per line.
10. The installation fee for a new line is \$39.95 per line.
11. Any intrastate minutes exceeding the basic package are \$0.049 per minute.
12. Any interstate minutes exceeding the basic package are \$0.049 per minute.
13. Optional long distance bundles include +1000 minutes for a two-year term.
14. Additional features can be included for \$3.50 per feature/per line.

II. Business Package 2.

1. This basic package contains 7-9 lines in its bundle.
2. The price of this basic package is \$389.00
3. Each additional line in excess of the basic package costs \$49.95
4. The basic package includes 8000 local minutes.
5. The basic package includes 3000 long distance minutes.
6. The basic package includes a hunting feature as well as other two features per line. (The customer can chose from the following features: Call Waiting, Call Forwarding, 3-way Calling, Speed Calling a 6, 8 or 30 number, Caller ID, Call Screen, Message Waiting Indicator, Repeat Dialing, Call Return, Call Forwarding Busy/delay, Intercom, Intercom Plus, Remote Access to Call Forwarding, Select Call Forward, Direct-shared, Direct-unshared, Call Trace, Call Restriction, Distinctive Ringing, Directed Call Pick-up, Call ID Blocking and Caller Hold.
7. The installation fee on a month to month basis for line migration is \$49.95 per line.
8. The installation fee for one year of line migration is \$19.95 per line.
9. The installation fee for two years of line migration is \$10.95 per line.
10. The installation fee for a new line is \$39.95 per line.
11. Any intrastate minutes exceeding the basic package are \$0.049 per minute.
12. Any interstate minutes exceeding the basic package are \$0.049 per minute.
13. Optional long distance bundles include +1000 minutes for a two-year term.
14. Additional features can be included for \$3.50 per feature/per line.

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EFFECTIVE:

RATES SCHEDULES (Cont'd)

III. Business Package 3.

1. This basic package contains 10-12 lines in its bundle.
2. The price of this basic package is \$509.00
3. Each additional line in excess of the basic package costs \$49.95
4. The basic package includes 10,000 local minutes.
5. The basic package includes 4000 long distance minutes.
6. The basic package includes a hunting feature as well as other two features per line. (The customer can chose from the following features: Call Waiting, Call Forwarding, 3-way Calling, Speed Calling a 6, 8 or 30 number, Caller ID, Call Screen, Message Waiting Indicator, Repeat Dialing, Call Return, Call Forwarding Busy/delay, Intercom, Intercom Plus, Remote Access to Call Forwarding, Select Call Forward, Direct-shared, Direct-unshared, Call Trace, Call Restriction, Distinctive Ringing, Directed Call Pick-up, Call ID Blocking and Caller Hold.
7. The installation fee on a month to month basis for line migration is \$49.95 per line.
8. The installation fee for one year of line migration is \$19.95 per line.
9. The installation fee for two years of line migration is \$10.95 per line.
10. The installation fee for a new line is \$39.95 per line.
11. Any intrastate minutes exceeding the basic package are \$0.049 per minute.
12. Any interstate minutes exceeding the basic package are \$0.049 per minute.
13. Optional long distance bundles include +1000 minutes for a two-year term.
14. Additional features can be included for \$3.50 per feature/per line.

IV. Business Package 4.

1. This basic package contains 13-15 lines in its bundle.
2. The price of this basic package is \$639.00
3. Each additional line in excess of the basic package costs \$49.95
4. The basic package includes 12,000 local minutes.
5. The basic package includes 5000 long distance minutes.
6. The basic package includes a hunting feature as well as other two features per line. (The customer can chose from the following features: Call Waiting, Call Forwarding, 3-way Calling, Speed Calling a 6, 8 or 30 number, Caller ID, Call Screen, Message Waiting Indicator, Repeat Dialing, Call Return, Call Forwarding Busy/delay, Intercom, Intercom Plus, Remote Access to Call Forwarding, Select Call Forward, Direct-shared, Direct-unshared, Call Trace, Call Restriction, Distinctive Ringing, Directed Call Pick-up, Call ID Blocking and Caller Hold.
7. The installation fee on a month to month basis for line migration is \$49.95 per line.
8. The installation fee for one year of line migration is \$19.95 per line.
9. The installation fee for two years of line migration is \$10.95 per line.
10. The installation fee for a new line is \$39.95 per line.
11. Any intrastate minutes exceeding the basic package are \$0.049 per minute.
12. Any interstate minutes exceeding the basic package are \$0.049 per minute.
13. Optional long distance bundles include +1000 minutes for a two-year term.
14. Additional features can be included for \$3.50 per feature/per line.

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TAXES AND CHARGES

In addition to the charges specifically pertaining to the Company's services, certain federal, state, and municipal surcharges, taxes, and fees will be applied. These surcharges, taxes and fees are calculated based upon the amount billed to the end user for the Carrier's intrastate services.

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RULES

Rule 1 – Definitions

1. Accounting Code: A multi-digit code which enables a customer to allocate long distance charges to its internal accounts.
2. Applicant: The term "Applicant" means an individual, partnership, corporation, association, or government agency who applies to the Company for any new or additional service.
3. Authorization Code: A multi-digit code which enables a customer to access the Company's network and enables the Company to identify the customer's use for proper billing.
4. Business Hours: The phrase "Business Hours" means the time after 8:00 A.M. and before 5:00 P.M., Monday through Friday excluding holidays.
5. Carrier: The term "Carrier" means TRI-M Communications, Inc. dba TMC Communications.
6. Commission: The term "Commission" means the Public Utilities Commission of the State of Arizona.
7. Company: The term "Company" means TRI-M Communications, Inc. dba TMC Communications.
8. Completed Call: The term "Completed Call" means a call which the Company's network has determined has been answered by a person, answering machine, fax machine, computer modem device, or other mechanical answering devices.
9. Customer: See definition under "Subscriber".
10. Day: The term "Day" means 8:00 A.M. to 4:59 P.M. local time at the originating city, Monday through Friday, excluding Company-specific holidays.

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EFFECTIVE:

RULES (Cont'd)

Rule 1 – Definitions (Cont'd)

11. Delinquent or Delinquency: The terms "Delinquent" and "delinquency" mean an account for which payment has not been paid in full on or before the last day for timely payment.
12. Evening: The term "Evening" means 5:00 P.M. to 10:59 P.M. local time at the originating city, Monday through Friday and on Company-specified holidays except when a lower rate would normally apply.
13. Exchange Area: The term "Exchange Area" means a geographically defined area wherein the telephone industry through the use of maps or legal descriptions sets down specified areas where individual telephone exchange companies hold themselves out to provide communication services.
14. Holiday: The term "Holiday" means all Company-specific holidays: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Friday after Thanksgiving Day, and Christmas Day.
15. Local Access Transport Area ("LATA"): The phrase "Local Access Transport Area" means a geographical area established by the U.S. District Court for the District of Columbia in Civil Action No. 17-49, within which a local exchange company provides communication services.
16. Local Exchange Carrier/Local Exchange: This term means a company providing telecommunications service within a local exchange or LATA.

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RULES (Cont'd)

Rule 1 – Definitions (Cont'd)

17. Night/Weekend: The words "Night/Weekend" mean 11:00 P.M. to 7:59 A.M. local time in the originating city, Saturday, from 8:00 A.M. to Sunday at 10:59 P.M.
18. Nonbusiness Hours: The phrase "Nonbusiness Hours" means the time period after 5:00 P.M. and before 8:00 A.M., Monday through Friday, all day Saturday, Sunday, and on holidays.
19. Regular Billing: The words "Regular Billing" mean a standard bill sent in the normal Company billing cycle. This billing consists of one bill for each account assigned to a subscriber.
20. Residential Service: The phrase "Residential Service" means telecommunication services used primarily as nonbusiness service.
21. Service: The term "Service" means any telecommunications service provided by the company under these schedules.
22. Subscriber: The term "Subscriber" means the firm, company, corporation, or other entity which contracts for service under this tariff and which is responsible for the payment of charges as well as compliance with Company's regulations pursuant to this tariff. The term "customer" is synonymous with the term "subscriber."
23. Switch: The term "Switch" means an electronic device which is used to provide circuit routing and control.
24. Timely Payment: The term "Timely Payment" means a payment on a customer's account make on or before the due date.

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RULES (Cont'd)

Rule 2 – Description of Service

The Company provides 24-hour interLATA and intraLATA intrastate telephone services to both residential and business customers between points in Arizona.

Rule 3 - Application for Service

- A. Applicants requesting new or additional services from the Company may be required to provide identification acceptable to the Company and to sign a completed service order. In addition, Applicants may be required to meet credit or deposit requirements as set forth in this tariff.
- B. Applicants whose requests for service are accepted by the Company are responsible for all charges for services provided by the Company, including any charges to the Company assessed by any underlying Company for special arrangements or services undertaken on the Applicant's behalf. In the event an Applicant cancels, changes, defers, or modifies any request for service before the service commences, the Applicant remains responsible for any nonrecoverable costs incurred by the Company in meeting the Applicant's request prior to cancellation, change, deferral, or modification, including any charges to the Company assessed by any underlying carrier for special arrangements or services undertaken on the Applicant's behalf. Notwithstanding the foregoing, an Applicant will not be liable for any charges or nonrecoverable costs that were not disclosed to the Applicant by the Company before initiating service.

Rule 4 - Contracts

The company and a Subscriber may enter into a contract for service to be provided under a specified rate plan for a specified term, which term may be automatically renewed if agreed to by parties. Unless otherwise provided, contracts may be terminated by the Subscriber only upon providing the Company with 30 days' advance written notice. In the event the effective date of termination is prior to the end of the current contract term, the Subscriber will be liable for a termination fee equal to the sum of the recurring service charges specified for the remainder of the contract.

Rule 5 – Reserved

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RULES (Cont'd)

Rule 6 - Establishment and Reestablishment of Credit

Each Applicant must provide credit information satisfactory to the Company or pay a deposit.

- A. A deposit will not be required if:
1. The Applicant provides a credit history acceptable to the Company. (Credit information contained in an Applicant's account record may include, without limitation, account establishment date, 'can-be-reached' number, name of employer, employer's address, driver's license number or other acceptable personal identification, billing name, and location of current and previous service. Credit will not be denied for failure to provide a social security number.)
 2. A cosigner or guarantor with a credit history acceptable to the Company agrees in writing to be responsible for all charges.
- B. The Company will not refuse a deposit to establish credit for service. However, the Company may request the deposit to be in cash or another acceptable form of payment (e.g., cashier's check, money order, bond, letter of credit.)

Rule 7 - Deposits and Advance Payments

- A. Deposits:
1. Requirement: The Company may require an Applicant or an existing Subscriber who fails to establish a satisfactory credit history to post a deposit as a guarantee for the payment of charges as a condition to receiving or continuing to receive service or additional services. The Company reserves the right to review an Applicant's or Subscriber's credit history at anytime to determine if a deposit is required.
 2. Amount: The amount of the deposit will not exceed the charges for two months of service based on the Applicant's or Subscriber's average bills during the previous twelve months. When, in the Company's judgment circumstances so require, the amount of the deposit may be based on an estimate of two month's service determined from the Subscriber's past usage, the Subscriber's own estimate of expected usage, or the Company's network average usage considering the type and nature of the Subscriber's service.
 3. Nondiscrimination: Deposit requirements will not be based on race, sex, creed, national origin, marital status, age, number or dependents, condition of physical handicap, source of income, or geographical area of business.

RULES (Cont'd)

Rule 7 - Deposits and Advance Payments (Cont'd)

A. Deposits: (Cont'd)

4. Refund or Credit: Upon discontinuance of service or prompt and timely payment of all charges for twelve consecutive billing periods, whichever comes first, the Company will refund the deposit together with any interest due. In the case of discontinuance of service, the Company will credit the deposit to the charges stated on the final bill. The balance, if any, will be returned to Subscriber within 30 days after the discontinuance of service. In the case a refund is due after timely payment of the Company's charges, the Company will refund the deposit and interest within 30 days. Payment of a charge is satisfactory if received prior to the date that the charge becomes delinquent provided that it is not returned for insufficient funds or closed account.
5. Interest: Simple interest at the rate of 7% per annum will be applied to the deposit, except under the following conditions: no interest shall be given if the Subscriber has received two or more notices of discontinuance of service within a 12-month period.

B. Advance Payments:

1. At the time an application for service is made, an Applicant may be required to pay an amount equal to one month's service charges and applicable service connection charges. The amount of the first month's service charges and applicable service connection charges will be credited to the Subscriber's account on the first bill rendered.
2. Negotiation of a subscriber's advance payment shall not itself obligate the Company to provide services or continue to provide service if a later check of Applicant's credit record is unacceptable to the Company and no deposit has been tendered. In the event that service is not provided, the advance payment will be refunded.

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RULES (Cont'd)

Rule 8 – Notices

A. General

1. Unless otherwise provided by these Rules, any notice by the Company to a Subscriber may be given verbally or by written notice mailed to the Subscriber's last known address. Where written notice is given, the notice will be of a legible size and printed in a minimum point size type of 10. Mailed notices will be deemed given on the date of mailing as shown by the postmark on the notice or envelope that contains the notice.
2. Unless otherwise provided by these Rules, any notice by a Subscriber or its authorized representative may be given verbally to the Company by telephone or at the Company's business office or by written notice mailed to the Company's business office.

B. Rate Information

Rate information and information regarding the terms and conditions of service will be provided in writing upon request by an Applicant or Subscriber. Notice of major increases in rates will be provided in writing to Subscribers and postmarked at least 30 days prior to the effective date of the increase. No Subscriber notice is required for minor rate increases or for rate decreases. In addition, Subscribers will be advised of changes to the terms and conditions of service no later than the Company's next billing cycle.

C. Discontinuance of Service

Subscribers are responsible for notifying the Company of their desire to discontinue service on or before the date of disconnection. Such notice may be either verbal or written.

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RULES (Con'd)

Rule 9 - Rendering and Payment of Bills

- A. Subscriber bills are issued monthly. The Subscriber will receive its bill on or about the same day of each month. Months are presumed to have 30 days. The billing date is dependent on the billing cycle assigned to the Subscriber. Each bill contains monthly recurring charges billed in advance, usage charges billed in arrears, and the last date for timely payment.
- B. Bills are due and payable as specified on the bill. Bills may be paid by mail or in person at the business office of the Company or an agency authorized to receive such payment. All charges for service are payable only in United States currency. Payment may be made by cash, check, money order, or cashier's check.
- C. Subscriber payments are considered prompt when received by the Company or its agent by the due date on the bill. The due date is 21 days after the bill is rendered and is designated by the due date on the Subscriber's bill. The Subscriber shall have at least 21 days from the rendition of a bill to timely pay the charges stated.
- D. However, if a Subscriber's service has been discontinued within the past 12 months or if the Subscriber incurs usage charges during a billing period which are equal to at least 200% of the amount of the Subscriber deposit or guarantee, payment may be demanded for the usage charges by a telephone call to the Subscriber followed by written notification of such demand sent by first class mail. If the usage charges remain unpaid in any of the following circumstances: five days from the rendition of written notification, or a mutually established late payment arrangement date, or 30 days from the date of the bill, the usage charge will be deemed delinquent. Charges deemed delinquent may be subject to the lesser of either a late payment charge of 1-1/2% per month or such other amount allowed by law. This amount will be assessed from the date payment was due.
- E. The Company is not responsible for local telephone charges incurred by the Subscriber in gaining access to the Company's network.
- F. Recurring charges are billed in advance on a monthly basis. Unless otherwise expressly provided in this Tariff, the entire specified monthly recurring charge shall be due and payable for any portion of a monthly billing cycle during which service is provided, and shall not be prorated.
- G. A bill shall not include any previously unbilled charge for service furnished prior to three months immediately preceding the date of the bill, except charges for collect calls, credit card calls, third party calls and "Error file" calls (those which cannot be billed, due to the unavailability of complete billing information to the company) which shall have a six-month backbilling period. In cases of toll fraud, a backbilling period of no more than three years.

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RULES (Cont'd)

Rule 10 - Disputed Bills

- A. Any disputed charge must be brought to the Company's attention by written notification within 30 days of the customer's receipt of the bill upon which the disputed charge appears.

The contact person at the Company is Mr. Ron Ireland, TRI-M Communications, Inc. dba TMC Communications, 1421 State Street, Suite C, Santa Barbara, California 93101, Tel: (800) 965-8620.

Customers may also contact the Arizona Corporation Commission at 1200 West Washington Street, Phoenix, Arizona, 85007.

- B. In the case of a billing dispute between the customer and the Carrier which cannot be settled to their mutual satisfaction, the undisputed portion and subsequent bills must be paid on a timely basis, as described in Rule 9, or the service may be subject to disconnection.
- C. The customer may request an in-depth investigation into the disputed amount and a review by a Company manager within 30 days of the disputed bill's billing date.

Rule 11 - Discontinuance and Restoration of Service

A. Discontinuance by Subscriber

1. A Subscriber may have service discontinued upon 10 days notice to the Company. Notices will be deemed received upon actual receipt by the Company. Subscribers remain responsible for payment of all bills for services furnished.
2. If a Subscriber cancels his order for service before the service begins, a \$10.00 charge will be levied upon the Subscriber for the nonrecoverable portions of expenditures or liabilities incurred expressly on behalf of the Subscriber by the corporation.
3. No minimum or termination charge will apply if service is terminated because of condemnation, destruction, or damage to the property by fire or other causes beyond the control of the Subscriber.

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RULES (Cont'd)

Rule 11 - Discontinuance and Restoration of Service

A. Discontinuance by Subscriber (Cont'd)

4. Upon termination, pre-subscribed Subscribers may be held responsible for charges thereafter if the Subscriber has not selected an alternative long distance Company or the local exchange has not transferred service to the alternative Company because such a Subscriber may continue to receive service from the Company.

B. Discontinuance by the Company

1. The Company will follow the appropriate state requirements.
 - (a) The Company may discontinue service under the following circumstances:
 - (i) Nonpayment of any sum due to the Company for service more than 30 days beyond the date of the invoice for such service. In the event the Company terminates service for nonpayment, the Subscriber will be liable for all reasonable costs of collection including court costs, expenses, and actual attorney's fees.
 - (ii) A violation of, or failure to comply with, any regulation governing the furnishing of service.
 - (iii) An order from a court or from another government authority having jurisdiction which prohibits the Company from furnishing service.
 - (iv) Failure to post a required deposit or guarantee.
 - (v) In the event that the Subscriber supplied false or inaccurate information of a material nature in order to obtain service.
 - (vi) Incurring charges not covered by a deposit or guarantee and evidencing an intent not to pay such charges when due.
 - (vii) Any violation of the conditions governing the furnishing of service.
 - (viii) For lack of use by the Subscriber for three full billing cycles.
 - (b) Service may be refused or disconnected in the event of illegal use. The Company may disconnect service for this reason after sending written notice certified mail to the Subscriber's last known address.

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RULES (Cont'd)

Rule 11 - Discontinuance and Restoration of Service (Cont'd)

C. Notice of Disconnection

1. Written notice of the pending disconnection will be rendered not less than 5 days prior to the disconnection. Notice shall be deemed given upon deposit, first class postage prepaid, in the U.S mail to the Subscriber's last known address;
2. Service may be discontinued during business hours on or after the date specified in the notice of discontinuance. Service will not be discontinued on a day when the offices of the Company are not available to facilitate reconnection of service or on a day immediately preceding such a day.

D. Restoration of Service

The Subscriber may restore service by full payment in any reasonable manner including by personal check. However, the Company may refuse to accept a personal check if a Subscriber's check for payment of service has been dishonored, excepting bank error, within the last twelve months. There is a \$25.00 charge for restoration of service after disconnection.

Rule 12 - Information to be Provided to the Public

- A. A copy of this tariff schedule and advice letters will be available for public inspection in the Company's business office during regular business hours.
- B. A copy of this tariff will be provided by Company's business office upon request for a nominal cost to cover postage and copying fees.

Rule 13 - Reserved

Rule 14 - Continuity of Service

In the event of foreknowledge of an interruption of service for a period exceeding 24 hours, the Subscribers will be notified in writing by mail at least one week in advance.

Rule 15 - Reserved

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RULES (Cont'd)

Rule 16 – Reserved

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RULES (Cont'd)

Rule 16 – Reserved

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EFFECTIVE:

RULES (Cont'd)

Rule 16 -- Reserved

Rule 17 - Use of Service for Unlawful Purposes

The services tariffed are furnished subject to the condition that they will not be used for any unlawful purposes. Service will not be furnished if any law enforcement agency, acting within its jurisdiction, advises that such services are being used or are likely to be used in violation of the law. If the Company receives other evidence giving reasonable cause to believe that such services are being or are likely to be so used, it will either discontinue or deny the services or refer the matter to the appropriate law enforcement agency.

Rule 18 - Unauthorized Use

Any individual who uses or receives the Company's service, other than under the provisions of an accepted application for service and a current Subscriber relationship, shall be liable for both the tariffed cost of the service received and the Company's cost of investigation and collection.

Rule 19 - Collection Cost

If any Subscriber hereto fails to perform any of such Subscriber's payment obligations, the Subscriber shall pay any and all collection costs and expenses incurred by the Company in enforcing or establishing its rights hereunder, including, without limitation, court costs, arbitration costs, and actual attorney's fees.

2585/002/X28241-1

ISSUED: October 12, 2001

BY: John Marsch
TRI-M Communications, Inc.
dba TMC Communications
125 E. De La Guerra, Suite 201
Santa Barbara, CA 93101

EFFECTIVE:

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TRI-M COMMUNICATIONS, INC. dba
TMC COMMUNICATIONS
BALANCE SHEETS
DECEMBER 31, 2000 AND 1999

<u>ASSETS</u>	<u>2000</u>	<u>1999</u>
CURRENT ASSETS		
Cash	\$ 852,544	\$ 219,697
Accounts receivable, net of allowance for doubtful accounts of \$100,000 and \$50,000, respectively	2,290,345	1,910,908
Prepaid expenses and other	24,731	23,279
Prepaid commissions	183,160	154,162
Current portion of note receivable	18,000	18,000
Total Current Assets	3,368,780	2,326,046
PROPERTY AND EQUIPMENT, net of accumulated depreciation	115,567	208,289
OTHER ASSETS		
Note receivable, net of current portion	4,900	22,900
Deferred income taxes	22,000	28,100
Prepaid expenses and other	6,000	0
Total Other Assets	32,900	22,900
TOTAL ASSETS	\$ 3,517,247	\$ 2,557,235
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 3,050,340	\$ 1,974,448
Customer deposits	19,700	26,635
Income taxes payable	4,316	2,750
Lines of credit	0	300,000
Note payable	0	131,875
Total Current Liabilities	3,074,356	2,435,708
LONG-TERM LIABILITIES		
Note payable to stockholder	1,520,072	1,620,072
Deferred bonus	29,500	0
Total Long-term Liabilities	1,549,572	1,620,072
Total Liabilities	4,623,928	4,055,780
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIT		
Common stock, no par value: 10,000,000 shares authorized, 1,080,000 and 1,083,333 issued and outstanding, respectively	505,211	506,877
Accumulated deficit	(1,611,892)	(1,977,322)
Total Stockholders' Deficit	(1,106,681)	(1,470,445)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 3,517,247	\$ 2,585,335

TRI-M COMMUNICATIONS, INC. cba
TMC COMMUNICATIONS
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2000 AND 1999

	<u>2000</u>		<u>1999</u>	
REVENUES, NET	\$ 14,215,522	100.00 %	\$ 11,421,897	100.00 %
COST OF REVENUES	<u>8,699,690</u>	<u>61.20</u>	<u>7,531,181</u>	<u>65.94</u>
Gross Profit	5,515,832	38.80	3,890,716	34.06
OPERATING EXPENSES	<u>4,479,072</u>	<u>31.51</u>	<u>3,667,552</u>	<u>32.10</u>
INCOME FROM OPERATIONS	1,036,760	7.29	223,164	1.96
OTHER EXPENSE				
Interest, net	182,630	1.28	201,703	1.77
Repurchase of stock options	<u>180,428</u>	<u>1.27</u>	<u>0</u>	<u>0.00</u>
Total Other Expense	<u>363,058</u>	<u>2.55</u>	<u>201,703</u>	<u>1.77</u>
INCOME BEFORE INCOME TAXES	673,702	4.74	21,461	0.19
INCOME TAXES	<u>11,048</u>	<u>0.08</u>	<u>3,550</u>	<u>0.03</u>
NET INCOME	<u>\$ 662,654</u>	<u>4.66 %</u>	<u>\$ 17,911</u>	<u>0.16 %</u>