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NEW APPLICATION

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AZ CORP COMMISSION
DOCUMENT CONTROL

Valerie S. Johnson
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T-04164A-03-0071

January 31, 2003

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007-2927

Re: Application of Consolidated Communications Operator Services, Inc.

Dear Sir or Madam:

Attached for filing is the application of Consolidated Communications Operator Services, Inc. ("CCOSI"). CCOSI is a new corporation formed to provide nationwide operator services, including service in Arizona.

Pursuant to your requirements, I have attached an original and fourteen (14) copies, including one copy marked "Stamp and Return". Please return this copy to me in the attached envelope as proof of filing. I understand there is no application fee.

Thank you very much for your assistance. If you have any questions concerning this application, please do not hesitate to contact me at 202-585-8344.

Respectfully submitted,

Valerie S. Johnson
Special Legal Consultant
Admitted Only in New York and
New South Wales, Australia
Supervised by Principals of the Firm

ARIZONA CORPORATION COMMISSION

Application and Petition for Certificate of Convenience and Necessity to Provide
Intrastate Telecommunications Services

Mail original plus 10 copies of completed application to: For Docket Control Only:
(Please Stamp Here)

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007-2927

Please indicate if you have current applications pending
in Arizona as an Interexchange reseller, AOS provider,
or as the provider of other telecommunication services.

Type of Service: _____

Docket No.: _____ Date: _____ Date Docketed: _____

Type of Service: _____

Docket No.: _____ Date: _____ Date Docketed: _____

A. COMPANY AND TELECOMMUNICATION SERVICE INFORMATION

(A-1) Please indicate the type of telecommunications services that you want to provide in Arizona and answer the appropriate numbered items:

Resold Long Distance Telecommunications Services (Answer Sections A, B, C).

Resold Local Exchange Telecommunications Services (Answer Sections A, B, C).

Facilities-Based Long Distance Telecommunications Services (Answer Sections A, B, D).

Facilities-Based Local Exchange Telecommunications Services (Answer Sections A, B, D, E)

√ **Alternative Operator Services Telecommunications Services (Answer Sections A, B)**

(A-2) The name, address, telephone number (including area code), facsimile number (including area code), e-mail address, and World Wide Web address (if one is available for consumer access) of the Applicant:

Name: **Consolidated Communications Operator Services, Inc. ("CCOSI")**

Address: **121 South 17th Street, Mattoon, IL 61938**

Telephone: **(217) 234-9947**

Facsimile: **(217) 234-2810**

E-mail address:

World Wide Web address:

(A-3) The d/b/a ("Doing Business As") name if the Applicant is doing business under a name different from that listed in Item (A-2):

N/A

(A-4) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Management Contact:

Name: **Ms. Susan Montague**
Address: **121 South 17th Street, Mattoon, IL 61938**
Telephone: **(217) 234-9947**
Facsimile: **(217) 234-2810**
E-mail address: **susan.montague@consolidated.com**

(A-5) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Attorney and/or Consultant:

Name of Attorney:
Address:
Telephone:
Facsimile:
E-mail:

(A-6) The name, address, telephone number (including area code), facsimile number (including area code), E-mail address of the Applicant's Complaint Contact Person:

Name: **Ms. Susan Montague**
Address: **121 South 17th Street, Mattoon, IL 61938**
Telephone: **(217) 234-9947**
Facsimile: **(217) 234-2810**
E-mail address: **susan.montague@consolidated.com**

(A-7) What type of legal entity is the Applicant?

Sole proprietorship

Partnership: Limited, General, Arizona, Foreign

Limited Liability Company: Arizona, Foreign

Corporation: "S", "C", Non-profit, Arizona, Foreign

Other, specify: _____

(A-8) Please include "Attachment A":

Attachment "A" must include the following information:

1. A copy of the Applicant's Certificate of Good Standing as a domestic or foreign corporation, LLC, or other entity in the State of Arizona.
2. A list of the names of all owners, partners, limited liability company managers (or if a member managed LLC, all members), or corporation officers and directors (specify).
3. Indicate percentages of ownership.

(A-9) Include your Tariff as "Attachment B".

Your Tariff must include the following information:

1. Proposed Rates and Charges for each service offered (reference by Tariff page number).
2. Tariff Maximum Rate and Prices to be Charged (reference by Tariff page number).
3. Terms and Conditions Applicable to provision of Service (reference by Tariff page number).
4. Deposits, Advances, and/or Prepayments Applicable to provision of Service (reference by Tariff page number).
5. The proposed fee that will be charged for returned checks (reference by Tariff page number).

(A-10) Indicate the geographic market to be served:

Statewide. (Applicant adopts statewide map of Arizona provided with this application).

Other. Describe and provide a detailed map depicting the area.

(A-11) Indicate if the Applicant has been or if the Applicant is currently involved in any formal or informal complaint proceedings pending before any State or federal Regulatory Commission:

Yes No

If "Yes", please provide the following information:

1. States in which the Applicant has been or is involved in proceedings.
2. Detailed explanations of the Substance of the Complaints.
3. Commission Orders that resolved any and all Complaints.
4. Actions taken by the Applicant to remedy and/or prevent the Complaints from re-occurring.

(A-12) Indicate if the Applicant has been or is currently involved in any civil or criminal investigations AND/OR had judgment entered against it in any civil matter or been convicted of any criminal acts related to the delivery of telecommunications services within the last five (5) years:

Yes No

If "Yes", please provide the following information.

1. States involved in the judgments and/or convictions.
2. Reasons for the investigation and/or judgment.

3. Copy of the Court order, if applicable.

(A-13) Indicate if the Applicant's customers will be able to access alternative toll service providers or resellers via 1+101XXXX access. N/A

Yes

No

(A-14) Is applicant willing to post a Performance Bond? Please check appropriate box(s). N/A

For Long Distance Resellers, a \$10,000 bond will be recommended for those resellers who collect advances, prepayments or deposits.

Yes

No

If "No", continue to question (A-15).

For Local Exchange Resellers, a \$25,000 bond will be recommended.

Yes

No

If "No", continue to question (A-15).

For Facilities-Based Providers of Long Distance, a \$100,000 bond will be recommended.

Yes

No

If "No", continue to question (A-15).

For Facilities-Based Providers of Local Exchange, a \$100,000 bond will be recommended.

Yes

No

If "No", continue to question (A-15).

Note: Amounts are cumulative if the Applicant is applying for more than one type of service.

(A-15) If No to any of the above, provide the following information. Clarify and explain the Applicant's deposit policy (reference by tariff page number). Provide a detailed explanation of why the applicant's superior financial position limits any risk to Arizona consumers.

Applicant is not required to provide a Performance Bond.

(A-16) Submit copies of affidavits of publication that the Applicant has, as required, published legal notice of the Application in all counties where the services will be provided.

Prior to issuance of the CC&N, the Applicant must complete and submit an Affidavit of Publication Form. Refer to Attachment C - Legal Notice Material (Newspaper Information, Sample Legal Notice and Affidavit of Publication).

(A-17) Indicate if the Applicant is a switchless reseller of the type of telecommunications services that the Applicant will or intends to resell in the State of Arizona:

Yes No

If "Yes", provide the name of the company or companies whose telecommunications services the Applicant resells.

(A-18) List the States in which the Applicant has had an application approved or denied to offer telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona:

None.

(A-19) List the States in which the Applicant currently offers telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona.

None, although Applicant has or will have applications pending in all states except Alaska to offer telecommunications services similar to those that Applicant intends to offer in the State of Arizona.

(A-20) List the names and addresses of any alternative providers of the service that are also affiliates of the telecommunications company, as defined in R14-2-801.

NONE

B. FINANCIAL INFORMATION

(B-1) Indicate if the Applicant has financial statements for the two (2) most recent years.

Yes No

If "No," explain why and give the date on which the Applicant began operations.

The Applicant, Consolidated Communications Operator Services, Inc. ("CCOSI"), a Delaware Corporation formed on August 5, 2002, is a wholly owned subsidiary of Consolidated Communications, Inc., which is itself a wholly-owned subsidiary of Consolidated Holdings, Inc. (formerly known as Homebase Acquisition Corp.). Consolidated Holdings, Inc. is a wholly-owned subsidiary of Homebase Acquisition L.L.C., which was formed to acquire certain assets and businesses from McLeodUSA Telecommunications Services, Inc. ("Telecom") and related entities. Among the assets acquired are those used for the provision of live and automated long distance assistance and directory assistance ("Operator Services") and services for coinless and coin-operated public telephones.

Because CCOSI is a newly established company, it is not possible to provide certain requested information, such as certified financial statements. However, it is reasonable to rely upon financial projections based upon historical performance of the Telecom Operator Services business. Therefore, financial and other data requested has been developed from the available Telecom data. (See Attachment C).

(B-2) Include "Attachment D". See previous.

Provide the Applicant's financial information for the two (2) most recent years.

1. A copy of the Applicant's balance sheet.
2. A copy of the Applicant's income statement.
3. A copy of the Applicant's audit report.
4. A copy of the Applicant's retained earnings balance.
5. A copy of all related notes to the financial statements and information.

(B-3) Indicate if the Applicant will rely on the financial resources of its Parent Company, if applicable.

YES

(B-4) The Applicant must provide the following information:

1. Provide the projected total revenue expected to be generated by the provision of telecommunications services to Arizona customers for the first twelve months following certification, adjusted to reflect the maximum rates for which the Applicant requested approval. Adjusted revenues may be calculated as the number of units sold times the maximum charge per unit.

\$19,200

2. Provide the operating expenses expected to be incurred during the first twelve months of providing telecommunications services to Arizona customers following certification.

Operating expenses expected to be incurred in a geographic area cannot be accurately calculated as a portion of the Applicant's total operating expenses.

3. Provide the net book value (original cost less accumulated depreciation) of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers at the end of the first twelve months of operation. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.

ZERO

4. If the projected value of all assets is zero, please specifically state this in your response.

ZERO

5. If the projected fair value of the assets is different than the projected net book value, also provide the corresponding projected fair value amounts.

N/A

C. RESOLD LONG DISTANCE AND/OR LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(C-1) Indicate if the Applicant has a resale agreement in operation

Yes

No

If "Yes", please reference the resale agreement by Commission Docket Number or Commission Decision Number.

D. FACILITIES-BASED LONG DISTANCE AND/OR FACILITIES BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(D-1) Indicate if the Applicant is currently selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in the State of Arizona. This item applies to an Applicant requesting a geographic expansion of their CC&N:

Yes

No

If "Yes," provide the following information:

1. The date or approximate date that the Applicant began selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services for the State of Arizona.
2. Identify the types of facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services that the Applicant sells in the State of Arizona.

If "No," indicate the date when the Applicant will begin to sell facilities-based long distance telecommunications AND/OR facilities-based local exchange telecommunications services in the State of Arizona:

(D-2) Check here if you wish to adopt as your petition a statement that the service has already been classified as competitive by Commission Decision:

Decision # 64178 Resold Long Distance

Decision # 64178 Resold LEC

Decision # 64178 Facilities Based Long Distance

Decision # 64178 Facilities Based LEC

E. FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

(E-1) Indicate whether the Applicant will abide by the quality of service standards that were approved by the Commission in Commission Decision Number 59241:

Yes

No

(E-2) Indicate whether the Applicant will provide all customers with 911 and E911 service, where available, and will coordinate with incumbent local exchange carriers ("ILECs") and emergency service providers to provide this service:

Yes

No

(E-3) Indicate that the Applicant's switch is "fully equal access capable" (i.e., would provide equal access to facilities-based long distance companies) pursuant to A.A.C. R14-2-1111 (A):

Yes

No

Attachment "A"

to

**Application and Petition for Certificate of Convenience and Necessity to Provide
Intrastate Telecommunications Services**

by

Consolidated Communications Operator Services, Inc.

1. Please see attached copy of CCOSI's Certificate of Good Standing as a foreign corporation in the State of Arizona.
2. Corporation Owners and Directors:
Robert Currey, President
Donald R. Shassian, Vice President and Treasurer
Richard A. Lumpkin, Director
3. The Applicant, Consolidated Communications Operator Services, Inc. is a wholly owned (100%) subsidiary of Consolidated Communications, Inc., which is itself a wholly-owned subsidiary of Consolidated Holdings, Inc. (formerly known as Homebase Acquisition Corp.). Consolidated Holdings is a wholly-owned subsidiary of Homebase Acquisition L.L.C., which was formed to acquire certain assets and businesses from McLeodUSA Telecommunications Services, Inc. and related entities.

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION

CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Secretary of the Arizona Corporation Commission, do hereby certify that

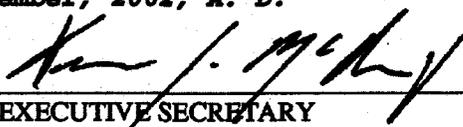
*****CONSOLIDATED COMMUNICATIONS OPERATOR SERVICES, INC.*****
a foreign corporation organized under the laws of Delaware did obtain authority to transact business in the State of Arizona on the 19th day of September 2002.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation has not had its authority revoked for failure to comply with the provisions of the Arizona Business Corporation Act; that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed an Application for Withdrawal as of the date of this certificate.

This certificate relates only to the legal authority of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capitol, this 23rd Day of September, 2002, A. D.




EXECUTIVE SECRETARY

BY: 

Attachment "B"

to

**Application and Petition for Certificate of Convenience and Necessity to Provide
Intrastate Telecommunications Services**

by

Consolidated Communications Operator Services, Inc.

Tariff

**TARIFF SCHEDULES APPLICABLE TO
ALTERNATIVE OPERATOR SERVICES
NAMING
RATES, RULES AND REGULATIONS
GOVERNING OPERATIONS OF**

CONSOLIDATED COMMUNICATIONS OPERATOR SERVICES, INC.

121 South 17th Street
Mattoon, Illinois 61938
Telephone: (217) 234-9947
Facsimile: (217) 234-8434
Toll-Free: (866) 896-3185

Issued: 01/XX/03

Effective: 02/YY/03

By:

Don Shassian - CFO
121 South 17th Street
Mattoon, Illinois 61938

CHECK SHEET

This tariff contains the pages listed below, inclusive, each of which is effective as of the date shown on each sheet. Original and revised pages as named below comprise all changes from the original tariff.

PAGE	REVISION		PAGE	REVISION	
1	Original	*	22	Original	*
2	Original	*	23	Original	*
3	Original	*	24	Original	*
4	Original	*	25	Original	*
5	Original	*	26	Original	*
6	Original	*	27	Original	*
7	Original	*	28	Original	*
8	Original	*	29	Original	*
9	Original	*	30	Original	*
10	Original	*	31	Original	*
11	Original	*	32	Original	*
12	Original	*	33	Original	*
13	Original	*	34	Original	*
14	Original	*	35	Original	*
15	Original	*	36	Original	*
16	Original	*	37	Original	*
17	Original	*	38	Original	*
18	Original	*	39	Original	*
19	Original	*	40	Original	*
20	Original	*	41	Original	*
21	Original	*			

**Indicates Tariff Pages Included with This Filing.*

Issued: 01/XX/03

Effective: 02/YY/03

By:

Don Shassian - CFO
121 South 17th Street
Mattoon, Illinois 61938

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Issued: 01/XX/03

Effective: 02/YY/03

By:

Don Shassian - CFO
121 South 17th Street
Mattoon, Illinois 61938

SYMBOLS

The following are the only symbols used for the purposes indicated below:

- (C) - Changed Regulation
- (D) - Delete or Discontinue
- (I) - Change Resulting in an Increase to a Customer's Bill
- (M) - Moved from another Tariff Location
- (N) - New
- (R) - Change Resulting in a Reduction to a Customer's Bill
- (T) - Change in Text or Regulation but no Change in Rate or Charge
- (X) - To signify a correction or reissued matter.

Issued: 01/XX/03

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Mattoon, Illinois 61938

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 sheets 14 and 15 would be 14.1.

B. Sheet Revision Numbers - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current sheet version on file with the AZ CC. For example, the 4th revised Sheet 14 cancels the 3rd revised Sheet 14. Because of various suspension periods, deferrals, etc. the AZ CC follows in their tariff approval process, the most current sheet number on file with the Commission is not always the tariff pages in effect. Consult the check sheet for sheet 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 AZ CC, 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 pages 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 the check sheet if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some pages). The tariff user should refer to the latest check sheet to find out if a particular sheet is the most current on file with the AZ CC.

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SECTION 1.0 - TECHNICAL TERMS AND ABBREVIATIONS

1.1 Abbreviations

The following abbreviations are used herein only for the purposes indicated below:

AZ CC	-	Arizona Corporation Commission
C.O.	-	Central Office
Corp.	-	Corporation
EAEA	-	Equal Access Exchange Area
FCC	-	Federal Communications Commission
IXC	-	Interexchange Carrier
LATA	-	Local Access and Transport Area
LEC	-	Local Exchange Carrier
MTS	-	Message Telecommunications Service
PBX	-	Private Branch Exchange

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SECTION 1.0 - TECHNICAL TERMS AND ABBREVIATIONS, (Cont'd)

1.2 Definitions

Access Line - An arrangement which connects the Customer's location to Company's designated point of presence or network switching center.

Authorized User - A person, firm or corporation, or any other entity authorized by the Customer or Subscriber to communicate utilizing the Company's services. An authorized user also may be a consumer as defined herein.

Calling Card - A billing convenience whereby the charges for a call may be billed to an approved telephone company-issued calling card or valid commercial credit card where accepted. The terms and conditions of the local telephone company will apply to payment arrangements.

Casual Calling - A service whereby the Customer accesses the Company's service by dialing a Company-provided access code prior to placing the call, such as 101XXXX + 1 + area code + destination number.

Collect Calling - A billing arrangement whereby the originating caller may bill the charges for a call to the called party, provided the called party agrees to accept the charges.

Commission - The Arizona Corporation Commission.

SECTION 1.0 - TECHNICAL TERMS AND ABBREVIATIONS, (Cont'd)

1.2 Definitions, (Cont'd)

Company - Used throughout this tariff to refer to Consolidated Communications Operator Services, Inc. unless otherwise clearly indicated by the context.

Consumer - A person who is not a Customer initiating any telephone calls using operator services.

Customer Dialed Calling Card Call - A service whereby the End User dials all of the digits necessary to route and bill the call without any operator assistance.

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

Customer Premises Equipment - Terminal equipment, as defined herein, which is located on the Customer's premises.

Operator Station Call - A service whereby caller places a non-Person-to-Person call with the assistance of an operator (live or automated).

Person-to-Person Call - A service whereby the person originating the call specifies a particular person to be reached, or a particular station, room number, department or office to be reached, or an agreed upon alternate.

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SECTION 1.0 - TECHNICAL TERMS AND ABBREVIATIONS, (Cont'd)

1.2 Definitions, (Cont'd)

Subscriber - The person, firm, corporation, or other legal entity which arranges for services of the Company on behalf of transient third party Consumers. The Subscriber is responsible for compliance with the terms and conditions of this tariff. A Subscriber may also be a Customer when the Subscriber uses services of the Company. See also Traffic Aggregator.

Switched Access - Where access between the Customer and the interexchange carrier is provided on local exchange company Feature Group circuits. The cost of switched Feature Group access is billed to the interexchange carrier.

Third Party Billing - A billing arrangement by which the charges for a call may be billed to a telephone number that is different from the calling number and the called number.

Terminal Equipment - Devices, apparatus, and associated wiring, such as teleprinters, telephones, or data sets.

Traffic Aggregator - A Subscriber that in the ordinary course of its operations, makes telephones available to the public or to transient users of its premises, for telephone calls using a provider of operator services.

V & H Coordinates - Geographic points which define the originating and terminating points of a call in mathematical terms so that the airline mileage of the call may be determined. Call mileage is used for the purpose of rating calls.

SECTION 2.0 - RULES AND REGULATIONS

2.1 Undertaking of the Company

Consolidated Communications Operator Services, Inc. is a resale common carrier providing automated and live intrastate operator assisted, direct dialed telecommunications and directory assistance services to Customers within the state of Arizona.

Service is provided twenty-four (24) hours per day, seven (7) days per week.

2.2 Applicability of Tariff

This tariff is applicable to telecommunications services provided by the Company within the state of Arizona.

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SECTION 2.0 - RULES AND REGULATIONS, (Cont'd)**2.3 Payment and Credit Regulations****2.3.1 Payment Arrangements**

The Customer is responsible for payment of all charges for services and equipment furnished to the Customer for transmission of calls via the Company. The Customer agrees to pay to the Company any cost(s) incurred as a result of any delegation of authority resulting in the use of his or her communications equipment and/or network services which result in the placement of calls via the Company. The Customer agrees to pay the Company or its authorized agent any and all cost(s) incurred as a result of the use of the service arrangement, including calls which the Customer did not individually authorize.

All charges due by the Customer are payable to any agency duly authorized to receive such payments. The billing agency may be a local exchange telephone company, credit card company, or other billing service. Terms of payment shall be according to the rules and regulations of the agency and subject to the rules of regulatory agencies, such as the AZ CC. Any objections to billed charges must be promptly reported to the Company or its billing agent. Adjustments to Customers' bills shall be made to the extent that circumstances exist which reasonably indicate that such changes are appropriate. Payment periods may vary by product.

Charges for installations, service connections, moves, and rearrangements, where applicable, are payable upon demand by the Company or its authorized agent. The billing thereafter will include recurring charges and actual usage as defined in this tariff.

2.3.2 Deposits

The Company does not require a deposit from the Customer or Subscriber.

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Mattoon, Illinois 61938

SECTION 2.0 - RULES AND REGULATIONS, (Cont'd)

2.3 Payment and Credit Regulations, (Cont'd)

2.3.3 Advance Payments

The Company does not require an advance payment from the Customer or Subscriber.

2.3.4 Late Payment Charge

A late fee of 1.5% per month will be charged on any past due balance.

2.3.5 Return Check Charge

A return check charge of \$25.00 will be assessed for checks returned for insufficient funds. Any applicable return check charges will be assessed according to the terms and conditions of the billing entity (i.e. local exchange company and/or commercial credit card company) and pursuant to Arizona law and Commission regulations.

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SECTION 2.0 - RULES AND REGULATIONS, (Cont'd)

2.4 Taxes and Fees

The Company reserves the right to bill any and all applicable taxes, fees, governmental or quasi-governmental assessments in addition to normal long distance usage charges, including, but not limited to: Federal Excise Tax, State Sales Tax, Municipal Taxes, Universal Service Funds and Gross Receipts Tax

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SECTION 2.0 - RULES AND REGULATIONS, (Cont'd)**2.5 Refunds or Credits for Service Outages or Deficiencies****2.5.1 Interruption of Service**

Credit allowances for interruptions of service which are not due to the Company's testing or adjusting, to the negligence of the Customer or Subscriber, or to the failure of channels, equipment and/or communications systems provided by the Customer or Subscriber, are subject to the general liability provisions set forth in this tariff. It shall be the obligation of the Customer to notify Company immediately of any interruption in service for which a credit allowance is desired by Customer. Before giving such notice, the Customer shall ascertain that the trouble is not within his or her control, or is not in wiring or equipment, if any furnished by Customer and connected to Company's terminal. Interruptions caused by Customer-provided, Subscriber-provided or Company-provided automatic dialing equipment are not deemed an interruption of service as defined herein since the Customer has the option of using the long distance network via LEC access. For purposes of credit computation every month shall be considered to have 720 hours. For services with a monthly recurring charge, no credit shall be allowed for an interruption of continuous duration of less than two hours. For message rated toll services, credits will be limited to, at maximum, the price of the initial period of individual call that was interrupted.

2.5.2 Inspection, Testing and Adjustment

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

Issued: 01/XX/03

Effective: 02/YY/03

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SECTION 2.0 - RULES AND REGULATIONS, (Cont'd)

2.6 Liability of the Company

- 2.6.1** The Company's liability for damages arising out of mistakes, interruptions, omissions, delays, errors, or defects in transmission which occur in the course of furnishing service or facilities, in no event shall exceed an amount equivalent to the proportionate charge to the Customer for the period during which the faults in transmission occur.
- 2.6.2** The Company shall not be liable for claim or loss, expense or damage (including indirect, special or consequential damage), for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this Tariff, if caused by any person or entity other than the Company, by any malfunction of any service or facility provided by any other carrier, by an act of God, fire, war, civil disturbance, or act of government, or by any other cause beyond the Company's direct control.
- 2.6.3** The Company shall not be liable for, and shall be fully indemnified and held harmless by the Customer against any claim or loss, expense, or damage (including indirect, special or consequential damage) for defamation, libel, slander, invasion, infringement of copyright or patent, unauthorized use of any trademark, trade name or service mark, unfair competition, interference with or misappropriation or violation of any contract, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data, information, or other content revealed to, transmitted, or used by the Company under this Tariff; or for any act or omission of the Customer; or for any personal injury or death of any person caused directly or indirectly by the installation, maintenance, location, condition, operation, failure, presence, use or removal of equipment or wiring provided by the Company, if not directly caused by gross negligence of the company.
- 2.6.4** The Company shall not be liable for any defacement of or damages to the premises of a Customer resulting from the furnishing of service which is not the direct result of the Company's gross negligence.

Issued: 01/XX/03

Effective: 02/YY/03

By:

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SECTION 2.0 - RULES AND REGULATIONS, (Cont'd)

2.7 Minimum Service Period

The minimum service period is one month (30 days).

2.8 Cancellation by Customer

Service may be canceled by the Subscriber or Customer on not less than 30 days prior notice to the Company.

Issued: 01/XX/03

Effective: 02/YY/03

By:

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SECTION 2.0 - RULES AND REGULATIONS, (Cont'd)

2.9 Refusal or Discontinuance by the Company

The Company may refuse or discontinue service under the following conditions. Unless otherwise specified, the Customer or Subscriber will be given ten (10) days written notice and allowed a reasonable time to comply with any rule or remedy any deficiency.

- 2.9.1** For non-compliance with and/or violation of any State or municipal law, ordinance or regulation pertaining to telephone service.
- 2.9.2** For the use of telephone service for any other property or purpose other than that described in the application.
- 2.9.3** For neglect or refusal to provide reasonable access to the Company for the purpose of inspection and maintenance of equipment owned by the Company.
- 2.9.4** For non-compliance with and/or violation of the Commission's regulations or the Company's rules and regulations on file with the Commission.
- 2.9.5** For non-payment of bills for telephone service.
- 2.9.6** Without notice in the event of Customer, Authorized User or Subscriber use of equipment in such a manner as to adversely affect the Company's equipment or the Company's service to others.
- 2.9.7** Without notice in the event of tampering with the equipment furnished and owned by the Company.

Issued: 01/XX/03

Effective: 02/YY/03

By:

Don Shassian - CFO
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SECTION 2.0 - RULES AND REGULATIONS, (Cont'd)

2.9 Refusal or Discontinuance by the Company, (Cont'd)

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

2.9.9 For failure of the Customer or Subscriber to make proper application for service.

2.9.10 For Customer's or Subscriber's breach of the contract for service between the Company and the Customer, including posting or access requirements as specified to comply with state and federal regulations.

2.9.11 When necessary for the Company to comply with any order or request of any governmental authority having jurisdiction.

2.10 Limitations of Service

2.10.1 Service will be furnished subject to the availability of the necessary facilities and/or equipment and subject to the provisions of this tariff.

2.10.2 The Company reserves the right to discontinue furnishing service, upon written notice, when necessitated by conditions beyond its control, or when the Customer or Subscriber is using the service in violation of the provisions of this tariff, or in violation of law.

2.10.3 The Company does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for errors in transmission or for failure to establish connections.

Issued: 01/XX/03

Effective: 02/YY/03

By:

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SECTION 2.0 - RULES AND REGULATIONS, (Cont'd)

2.10 Limitations of Service, (Cont'd)

2.10.4 The Company reserves the right to discontinue the offering of service or deny an application for service if a change in regulation materially and negatively impacts the financial viability of the service in the best business judgment of the Company.

2.11 Use of Service

Service may be used for any lawful purpose for which it is technically suited. Customers or Subscribers reselling or rebilling the Company's Arizona intrastate service must have a Certificate of Authority as an interexchange carrier from the Arizona Corporation Commission.

2.12 Terminal Equipment

The Company's facilities and service may be used with or terminated in Customer-provided or Subscriber-provided terminal equipment or systems, such as PBXs, key systems, multiplexers, repeaters, signaling sets, teleprinters, handsets, or data sets. Such terminal equipment shall be furnished and maintained at the expense of the Customer or Subscriber, except as otherwise provided. The Subscriber or Customer is responsible for all costs at his or her premises, including personnel, wiring, electrical power, and the like, incurred in the use of Company's service.

Issued: 01/XX/03

Effective: 02/YY/03

By:

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SECTION 2.0 - RULES AND REGULATIONS, (Cont'd)

2.13 Cost of Collection and Repair

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

2.14 Other Rules

2.14.1 The Company reserves the right to refuse to process Third Party Billed, Credit Card or Calling Card billed calls when authorization for use is denied or cannot be validated.

2.14.2 The Company reserves the right to discontinue service, limit service, or to impose requirements on Subscribers or Customers as required to meet changing regulations, rules or standards of the Commission.

2.15 Location Surcharge

The Company may collect Location Surcharges on behalf of Subscribers. Location Surcharges apply on a per call basis and are included with usage charges on the Customer's bill for Carrier's services. The Company reserves the right to limit the amount of Location Surcharges it collects on behalf of the Subscriber.

Issued: 01/XX/03

Effective: 02/YY/03

By:

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SECTION 2.0 - RULES AND REGULATIONS, (Cont'd)

2.16 Customer Complaints and/or Billing Disputes

The Customer has the right to refer billing disputes and any other complaints to the Company at:

Customer Service Department
Consolidated Communications Operator Services, Inc.
121 South 17th Street, Mattoon, Illinois 61938

or by calling the Customer Service Department at 1-866-896-3185 twenty-four hours a day - seven days a week.

If the Customer is unable to resolve the dispute with the Company, the Customer may contact the Arizona Corporation Commission at the following address and telephone number:

Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007-2996

Telephone: 602 542-4251
Facsimile: 602 542-2129

Issued: 01/XX/03

Effective: 02/YY/03

By:

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SECTION 3.0 - DESCRIPTION OF SERVICE AND RATES

3.1 General

The Company offers operator and directory assistance services to entities serving the transient public.

Each Customer is charged individually for each call placed through the Company. Charges are computed on an airline mileage basis as described in Section 3.2 of this tariff.

Charges may vary by service offering, mileage band, class of call, time of day, day of week and/or call duration.

Customers are billed based on their use of the Company's long distance service. No installation charges or fixed monthly recurring charges apply.

Issued: 01/XX/03

Effective: 02/YY/03

By:

Don Shassian - CFO
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SECTION 3.0 - DESCRIPTION OF SERVICE AND RATES, (Cont'd)
3.2 Calculation of Distance

Usage charges for all mileage sensitive products are based on the airline distance between serving wire centers associated with the originating and terminating points of the call.

The serving wire centers of a call are determined by the area codes and exchanges of the origination and destination points.

The distance between the Wire Center of the Customer's equipment and that of the destination point is calculated by using the industry-standard "V" and "H" coordinates.

Step 1 - Obtain the "V" and "H" coordinates for the Wire Centers serving the Customer and the destination point.

Step 2 - Obtain the difference between the "V" coordinates of each of the Wire Centers. Obtain the Difference between the "H" coordinates.

Step 3 - Square the differences obtained in Step 2.

Step 4 - Add the squares of the "V" difference and "H" difference obtained in Step 3.

Step 5 - Divide the sum of the square obtained in Step 4 by ten (10). Round to the next higher whole number if any fraction results from the division.

Step 6 - Obtain the square root of the whole number obtained in Step 5. Round to the next higher whole number if any fraction is obtained. This is the distance between the Wire Centers.

Formula
$$\sqrt{\frac{(v_1 - v_1)^2 + (h_1 - h_2)^2}{10}}$$

 Issued: 01/XX/03

Effective: 02/YY/03

By:

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SECTION 3.0 - DESCRIPTION OF SERVICE AND RATES, (Cont'd)

3.3 Timing of Calls

Billing for calls placed over the network is based in part on the duration of the call. Timing of each call begins when the called party answers the call (i.e. when two way communications are established.) Answer detection is based on standard industry answer detection methods, including hardware and software answer detection. Call timing ends when either party hangs up.

3.3.1 Unless otherwise described in the individual service description in this tariff, calls are measured and billed in one (1) minute increments. The minimum call duration for billing purposes is one (1) minute.

3.3.2 There is no billing applied for incomplete calls.

3.3.3 When a call is established in one rate period and ends in another rate period, the rate in effect at the calling station applies to the portion of the call occurring within that rate period. When a unit of time is split between two rate periods, the rate applicable to that unit of time is based on the rate period in which it began.

Issued: 01/XX/03

Effective: 02/YY/03

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SECTION 3.0 - DESCRIPTION OF SERVICE AND RATES, (Cont'd)

3.4 Applicable Rate Periods

Unless otherwise indicated elsewhere in this tariff, usage-based rates may be subject to the following time-of-day, day-of-week, and holiday rate periods:

- 3.4.1** Day Rate Period - Applies to that portion of a call occurring from 8:00 AM to, but not including, 5:00 PM Monday through Friday.
- 3.4.2** Evening Rate Period - Applies to that portion of a call occurring from 5:00 PM to, but not including, 11:00 PM Sunday through Friday.
- 3.4.3** Night/Weekend Rate Period - Applies to that portion of a call occurring from 11:00 PM to, but not including 8:00 AM all days, all day Saturday, and Sunday to, but not including 5:00 PM.

Issued: 01/XX/03

Effective: 02/YY/03

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SECTION 3.0 - DESCRIPTION OF SERVICE AND MAXIMUM RATES, (Cont'd)**3.5 Pay Telephone Surcharge**

In order to recover the Company's expenses to comply with the FCC's pay telephone compensation plan effective on October 7, 1997 (FCC 97-371), an undiscountable per call charge is applicable to all interstate, intrastate and international calls that originate from any domestic pay telephone used to access the Company's services. This surcharge, which is in addition to standard tariffed usage charges and any applicable service charges and surcharges associated with the Company's service, applies for the use of the instrument used to access the Company service and is unrelated to the Company's service accessed from the pay telephone.

Pay telephones include coin-operated and coinless phones owned by local telephone companies, independent companies and other interexchange carriers. The Pay Telephone Surcharge applies to the initial completed call and any reoriginated call (i.e., using the "#" symbol).

Whenever possible, the Pay Telephone Surcharge will appear on the same invoice containing the usage charges for the surcharged call. In cases where proper pay telephone coding digits are not transmitted to the Company prior to completion of a call, the Pay Telephone Surcharge may be billed on a subsequent invoice after the Company has obtained information from a carrier that the originating station is an eligible pay telephone.

The Pay Telephone Surcharge does not apply to calls placed from pay telephones at which the Customer pays for service by inserting coins during the progress of the call and cannot be assessed on operator assisted calls.

Pay Telephone Surcharge, Maximum Per Call \$0.80

Issued: 01/XX/03

Effective: 02/YY/03

By:

Don Shassian - CFO
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SECTION 3.0 - DESCRIPTION OF SERVICE AND MAXIMUM RATES, (Cont'd)**3.6 Service Offerings****3.6.1 Operator Services**

Operator Services is the furnishing of services for the completion of calls by Consumers and Customers presubscribed to Company made with the assistance of a company operator within the state including aggregator sites and locations. Aggregator sites include, but are not limited to hotels/motels, hospitals, business, military establishments; and locations of public, semi-public, or private pay telephones. Commercial credit cards are only accepted for payment for calls from pay telephone locations.

Usage charges apply to all operator service calls. Additionally, appropriate service charges are billed on a per call basis. The following per call service charges apply individually or in combination as described herein.

A. Calling Card Charge

This charge applies to an operator assisted or automated call placed by a Customer or Consumer where the call charges are billed to a local telephone company issued authorization code rather than to the originating or terminating telephone number. Three levels of assistance are available, depending on the extent of operator involvement in placing the call. See rate schedule below.

B. Operator Station Charge

This charge applies to a service whereby the Customer or Consumer places a non-Person to Person call with the assistance of an operator (live or automated).

C. Collect Call Charge

This charge applies to a billing arrangement whereby the originating caller may bill the charges for a call to the called party, provided the called party agrees to accept the charges.

Issued: 01/XX/03

Effective: 02/YY/03

By:

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SECTION 3.0 - DESCRIPTION OF SERVICE AND MAXIMUM RATES, (Cont'd)

3.6 Service Offerings, (Cont'd)

3.6.1 Operator Services, (cont'd)

D. Third Party Billing Charge

This charge applies to a billing arrangement by which the charges for a call may be billed to a telephone number that is different from the calling number and the called number.

E. Sent Paid Charge

This charge applies when the Consumer requests the operator to bill back to the number from which they are calling. The operator can only do this if the Consumer is calling from a non-restricted number.

F. Person to Person Charge

This charge applies to a service whereby the person originating the call specifies a particular person to be reached, or a particular station, room number, department or office to be reached.

G. Operator Dialed Surcharge

A surcharge applies to Operator Station and Person-to-Person rated calls when the Customer or Consumer has the capability of dialing all the digits necessary to complete a call, but elects to dial only the appropriate operator code and requests the operator to dial the called station. The surcharge does not apply to: 1) calls where a Customer cannot otherwise dial the call due to defective equipment or trouble on the Company network or 2) Calls in which a Company operator places a calls for a calling party who is identified as being handicapped and unable to dial the call because of his/her handicap.

Issued: 01/XX/03

Effective: 02/YY/03

By:

Don Shassian - CFO
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SECTION 3.0 - DESCRIPTION OF SERVICE AND MAXIMUM RATES, (Cont'd)**3.6 Service Offerings, (Cont'd)****3.6.1 Operator Services, (cont'd)****H. Busy Line Verification and Interrupt****1. Busy Line Verification**

Busy Line Verification and Interrupt services are offered in areas where the service is available. With Busy Line Verification (BLV), the Company operator will determine if the called number or line is in use. Only one BLV will be made per telephone call and an associated charge will apply whether or not conversation was detected on the line. The operator will not complete the call for the Customer initiating the verification request.

2. Busy Line Verification - Interrupt

Busy Line Verification - Interrupt (BLVI) allows the Company operator to interrupt a telephone conversation in progress, upon the caller's request and after a Busy Line Verification occurs. Upon the caller's request, the Company operator will interrupt the busy line and inform the called party that there is a call waiting from the caller. The Operator will not complete the call, but will only inform the called party of the request. If the call is released the Company operator will offer to complete the call for the Customer initiating the interrupt request. An applicable service charge and applicable per minute charges will apply to the completed call. Only one BLVI attempt will be made per telephone call and a charge will apply whether or not the called party releases the line.

SECTION 3.0 - DESCRIPTION OF SERVICE AND MAXIMUM RATES, (Cont'd)

3.6 Service Offerings, (Cont'd)

3.6.1 Operator Services, (cont'd)

I. General Assistance Charge

This charge applies when the Customer or Consumer obtains information such as time of day, day of the week, area codes, international and/or city codes.

J. Location Surcharge

The Company may collect Location Surcharges on behalf of Subscribers. Location Surcharges apply on a per call basis and are included with usage charges on the Customer's bill for Carrier's services. The Company reserves the right to limit the amount of Location Surcharges it collects on behalf of the Subscriber.

Issued: 01/XX/03

Effective: 02/YY/03

By:

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SECTION 3.0 - DESCRIPTION OF SERVICE AND MAXIMUM RATES, (Cont'd)**3.6 Service Offerings, (Cont'd)****3.6.2 Rate Plan 1****A. General**

Rate Plan 1 is available to Customers for outbound interLATA and intraLATA toll calling. Pay telephone calls are measured and billed in three (3) minute increments after an initial minimum call duration of three (3) minutes. All other calls are measured and billed in one (1) minute increments after an initial minimum call duration of one (1) minute. When the call is originated from a pay telephone the applicable per-call charges are specified in paragraph C.2 of this section.

B. Operator Service Rates**1. Maximum Usage Rates**

Per Minute Usage Rate	\$0.30
-----------------------	--------

2. Maximum Per Call Charges

Customer Dialed Calling Card	\$1.50
Operator Must Dial Calling Card	\$1.50
Operator Dialed Calling Card	\$2.50
Collect - Automated	\$2.30
Collect - Operator Handled	\$2.30
Third Party - Automated	\$2.30
Third Party - Operator Handled	\$2.30
Sent Paid - Non Coin - Automated	\$2.30
Sent Paid - Non Coin - Operator	\$2.30
Person-to-Person	\$4.50
Operator Dialed Surcharge	\$2.00
Busy Line Verification	\$3.00
Busy Line Verification - Interrupt	\$3.00
General Assistance	\$1.50

Issued: 01/XX/03

Effective: 02/YY/03

By:

Don Shassian - CFO
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SECTION 3.0 - DESCRIPTION OF SERVICE AND MAXIMUM RATES, (Cont'd)

3.6 Service Offerings, (Cont'd)

3.6.2 Rate Plan 1, (cont'd)

C. Rates for Pay Telephone Calls

1. Maximum Usage Rates

	<u>Day</u>		<u>Evening</u>		<u>Night/Weekend</u>	
	<u>Initial</u> <u>Minute</u>	<u>Add'l</u> <u>Minute</u>	<u>Initial</u> <u>Minute</u>	<u>Add'l</u> <u>Minute</u>	<u>Initial</u> <u>Minute</u>	<u>Add'l</u> <u>Minute</u>
1-10	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000
11-22	\$0.4000	\$0.3000	\$0.3000	\$0.3000	\$0.3000	\$0.3000
23-30	\$0.4500	\$0.3000	\$0.3135	\$0.3000	\$0.3000	\$0.3000
31-40	\$0.5065	\$0.3000	\$0.3135	\$0.3000	\$0.3000	\$0.3000
41-55	\$0.5307	\$0.3332	\$0.3135	\$0.3000	\$0.3000	\$0.3000
56-70	\$0.5560	\$0.3732	\$0.3590	\$0.3000	\$0.3000	\$0.3000
71-124	\$0.5560	\$0.3865	\$0.3590	\$0.3000	\$0.3000	\$0.3000
125-196	\$0.5560	\$0.4265	\$0.3590	\$0.3000	\$0.3000	\$0.3000
197-292	\$0.5560	\$0.4799	\$0.3590	\$0.3000	\$0.3000	\$0.3000
293+	\$0.5800	\$0.4820	\$0.3908	\$0.3000	\$0.3000	\$0.3000

Issued: 01/XX/03

Effective: 02/YY/03

By:

Don Shassian - CFO
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SECTION 3.0 - DESCRIPTION OF SERVICE AND MAXIMUM RATES, (Cont'd)**3.6 Service Offerings, (Cont'd)****3.6.2 Rate Plan 1, (cont'd)****C. Rates for Pay Telephone Calls, (cont'd)****2. Maximum Per Call Charges**

Customer Dialed Calling Card	\$1.50
Operator Must Dial Calling Card	\$1.50
Operator Dialed Calling Card	\$2.50
Collect - Automated	\$2.30
Collect - Operator Handled	\$2.30
Third Party - Automated	\$2.30
Third Party - Operator Handled	\$2.30
Sent Paid - Non Coin - Automated	\$2.30
Sent Paid - Non Coin - Operator	\$2.30
Person-to-Person	\$4.50
Operator Dialed Surcharge	\$2.00
Busy Line Verification	\$3.00
Busy Line Verification - Interrupt	\$3.00
General Assistance	\$1.50

Issued: 01/XX/03

Effective: 02/YY/03

By:

Don Shassian - CFO
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SECTION 3.0 - DESCRIPTION OF SERVICE AND MAXIMUM RATES, (Cont'd)**3.6 Service Offerings, (Cont'd)****3.6.3 Directory Assistance****A. General**

Directory Assistance is available to all Customers for the purpose of obtaining telephone numbers. Charges for Directory Assistance are not applicable to inquiries received from handicapped persons who have to rely on Directory Assistance as the only practical means of obtaining a telephone number. Such persons must contact the Company for credit on directory assistance calls.

Directory assistance is offered to all Customers. When operator assistance is provided to complete or bill the directory assistance charges appropriate operator service charges apply in addition to the directory assistance usage charge.

A maximum of two (2) telephone numbers are allowed per request. Additional charges may apply for requests of more than two (2) telephone numbers, which will not exceed the existing tariffed rate.

B. Maximum Rates and Charges

Intrastate Directory Assistance Charge, Per Call	\$2.00
National Directory Assistance Charge, Per Call	\$2.00

Issued: 01/XX/03

Effective: 02/YY/03

By:

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SECTION 3.0 - DESCRIPTION OF SERVICE AND MAXIMUM RATES, (Cont'd)**3.6 Service Offerings, (Cont'd)****3.6.3 Directory Assistance, (cont'd)****C. Directory Assistance Call Completion**

Directory Assistance Call Completion is offered in areas where the service is available. The Company Directory Assistance operator will complete the call to the number requested by the Customer without requiring the Customer to redial the number. A per minute Directory Assistance Call Completion rate applies for the duration of each completed call. This per minute usage rate is in addition to the charge for determining the telephone number requested by the Customer.

Directory Assistance Call Completion may be used in conjunction with operator assisted calling. For billing purposes, calls are billed in one (1) minute increments after an initial billing increment of one (1) minute. The completed call is billed at the applicable rate plan usage rate specified in this tariff.

Maximum Per Call Charge \$0.50

Issued: 01/XX/03

Effective: 02/YY/03

By:

Don Shassian - CFO
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SECTION 3.0 - DESCRIPTION OF SERVICE AND MAXIMUM RATES, (Cont'd)

3.6 Service Offerings (Cont'd)

3.6.4 Nonsubscriber Service Charge

A Service charge is applicable to intrastate Operator Station, Person-to-Person or Real Time rated calls billed to all lines which are presubscribed to an interexchange carrier other than the Company, or not presubscribed to any interexchange carrier. This charge is in addition to the initial period and additional period charges applicable to calls from points within the state.

The Nonsubscriber Service Charge does not apply to calling card calls, intraLATA calls, conference calls, calls to Directory Assistance, toll free or 900 telephone numbers, Ship-to-Shore service or Telecommunications Relay Service, calls originated from cellular phones; Customers with disabilities and calls billed to all lines which have discontinued presubscription to the Company but for whom an active billing record still exists in the Company's billing system.

Maximum Nonsubscriber Service Charge, Per Call: \$4.00

Issued: 01/XX/03

Effective: 02/YY/03

By:

Don Shassian - CFO
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SECTION 3.0 - DESCRIPTION OF SERVICE AND MAXIMUM RATES, (Cont'd)

3.7 Exemptions and Special Rates

3.7.1 Emergency Call Exemptions

The following calls are exempted from all charges: Emergency calls to recognizable authorized civil agencies including police, fire, ambulance, bomb squad and poison control. The Company will only handle these calls if the caller dials all of the digits to route and bill the call. Credit will be given for any billed charges pursuant to this exemption on a subsequent bill after verified notification by the billed Customer within thirty (30) days of billing.

3.8 Individual Case Basis Rates (ICB)

Arrangements may be developed on a case-by-case basis in response to a bona fide special request from a Customer or prospective Customer to develop a competitive bid for a service not generally available under this tariff. ICB rates will be offered to the Customer in writing and on a non-discriminatory basis.

Issued: 01/XX/03

Effective: 02/YY/03

By:

Don Shassian - CFO
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SECTION 4.0 - PROMOTIONS

4.1 Promotional Offerings - General

For promotional purposes, market research, or similar corporate purposes, the Company may, at its discretion, offer for limited periods of time, reduced rates or waiver of rates, provided that a copy of any promotional service offering is filed with the Arizona Corporation Commission via a tariff filing, prior to implementation of the promotion. The tariff filing shall contain a brief description of the promotional offering including the length of time the offering will be available and the location in which it will be offered, if applicable.

Issued: 01/XX/03

Effective: 02/YY/03

By:

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SECTION 5.0 - PRICE LIST**Rate Plan 1**

Calls are measured and billed in one (1) minute increments after an initial minimum call duration of one (1) minute.

Operator Service Rates**Usage Rates**

Per Minute Usage Rate	\$0.30
-----------------------	--------

Per Call Charges

Customer Dialed Calling Card	\$0.95
Operator Must Dial Calling Card	\$0.95
Operator Dialed Calling Card	\$2.30
Collect - Automated	\$2.30
Collect - Operator Handled	\$2.30
Third Party - Automated	\$2.30
Third Party - Operator Handled	\$2.30
Sent Paid - Non Coin - Automated	\$2.30
Sent Paid - Non Coin - Operator	\$2.30
Person-to-Person	\$4.50
Operator Dialed Surcharge	\$1.50
Busy Line Verification	\$3.00
Busy Line Verification - Interrupt	\$3.00
General Assistance	\$0.00

Issued: 01/XX/03

Effective: 02/YY/03

By:

Don Shassian - CFO
121 South 17th Street
Mattoon, Illinois 61938

SECTION 5.0 - PRICE LIST, (Cont'd)

Rate Plan 1, (cont'd)

Rates for Pay Telephone Calls

Usage Rates

Pay telephone calls are measured and billed in three (3) minute increments after an initial minimum call duration of three (3) minutes.

<u>Mileage</u>	<u>Day</u>		<u>Evening</u>		<u>Night/Weekend</u>	
	<u>Initial Minute</u>	<u>Add'l Minute</u>	<u>Initial Minute</u>	<u>Add'l Minute</u>	<u>Initial Minute</u>	<u>Add'l Minute</u>
1-10	\$0.30	\$0.17	\$0.21	\$0.13	\$0.18	\$0.11
11-22	\$0.40	\$0.22	\$0.28	\$0.16	\$0.23	\$0.13
23-55	\$0.45	\$0.27	\$0.31	\$0.19	\$0.25	\$0.16
56-124	\$0.52	\$0.33	\$0.35	\$0.23	\$0.29	\$0.19
125-292	\$0.53	\$0.36	\$0.35	\$0.25	\$0.29	\$0.21
293+	\$0.58	\$0.38	\$0.39	\$0.26	\$0.33	\$0.22

Per Call Charges

Customer Dialed Calling Card	\$0.95
Operator Must Dial Calling Card	\$0.95
Operator Dialed Calling Card	\$2.30
Collect - Automated	\$2.30
Collect - Operator Handled	\$2.30
Third Party - Automated	\$2.30
Third Party - Operator Handled	\$2.30
Sent Paid - Non Coin - Automated	\$2.30
Sent Paid - Non Coin - Operator	\$2.30
Person-to-Person	\$4.50
Operator Dialed Surcharge	\$1.50
Busy Line Verification	\$3.00
Busy Line Verification - Interrupt	\$3.00
General Assistance	\$0.00

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SECTION 5.0 - PRICE LIST, (Cont'd)

Directory Assistance

Intrastate Directory Assistance Charge, Per Call	\$0.47
National Directory Assistance Charge, Per Call	\$0.85

Directory Assistance Call Completion

Per Call Charge	\$0.00
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Pay Telephone Surcharge

Per Call Charge	\$0.40
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Nonsubscriber Service Charge

Per Call Charge	\$1.99
-----------------	--------

Issued: 01/XX/03

Effective: 02/YY/03

By:

Don Shassian - CFO
121 South 17th Street
Mattoon, Illinois 61938

Attachment "C"

to

**Application and Petition for Certificate of Convenience and Necessity to Provide
Intrastate Telecommunications Services**

by

Consolidated Communications Operator Services, Inc.

Financial Information

NOTE: Because Consolidated Communications Operator Services, Inc. is a newly-formed company, certified financial statements and other financial information may not be available. Financial information provided herein is based on estimates and projections of future performance.

Opening Balance Sheet
Consolidated Communicaitons Operator Services
(all amounts in 000's)

	Opening January 1, 2003
Cash	-
Accounts Receivable	751
Total Current Assets	<u>751</u>
Plant Property and Equipment	
Cost	4,722
Accum. Depreciation	1,953
Net	<u>2,769</u>
Total Assets	3,520
Accounts Payable	546
Advanced Billing and Deposits	51
Accrued Liabilities	515
Total Current Liabilities	<u>1,112</u>
Stockholders Equity	<u>2,408</u>
Total Liabilities and Equity	3,520

Consolidated Communications Operator Services
Statements of Income
(all amounts in 000's)

	2003	2004	2005	2006
Revenues				
Wholesale Toll and Assist	6,765	6,971	7,183	7,401
Retail Toll and Assist	5,873	5,918	5,964	6,013
NDA and other	6,047	7,116	8,207	9,319
Total Revenues	<u>18,685</u>	<u>20,005</u>	<u>21,354</u>	<u>22,733</u>
Cost of Revenue	13,255	14,140	15,033	15,952
Gross Margin	5,430	5,865	6,321	6,781
Expenses				
Compensation	715	945	1,170	1,403
Other SG&A	1,034	1,074	1,114	1,156
Depreciation and Amortization	274	225	262	309
Total Expenses	<u>2,023</u>	<u>2,244</u>	<u>2,546</u>	<u>2,868</u>
Operating Income	3,407	3,621	3,775	3,913
Other income, net	-	-	-	-
Interest Expense	-	-	-	-
Income Before Taxes	3,407	3,621	3,775	3,913
Income Taxes	1,315	1,398	1,457	1,511
Net Income	2,092	2,223	2,318	2,403

MCLEODUSA OPERATOR SERVICES INC.
 INCOME STATEMENT
 AS OF DECEMBER 31ST

	YEAR TO DATE 2002	YEAR TO DATE 2001	YEAR TO DATE 2000
REVENUE			
TELECOMMUNICATIONS OPERATOR SERVICES	\$ 8,985,109 \$ 7,186,474	\$ 3,037,524 \$ 12,464,458	\$ 2,412,964 \$ 7,159,594
TOTAL REVENUE	\$ 16,171,583	\$ 15,501,982	\$ 9,572,558
COST OF SALES			
TELECOMMUNICATIONS OPERATOR SERVICES	\$ 352,168 \$ 9,388,543	\$ 18,938 \$ 7,884,292	\$ 94,245 \$ 4,335,004
TOTAL COST OF SALES	\$ 9,740,711	\$ 7,903,230	\$ 4,429,249
GROSS MARGIN	\$ 6,430,872	\$ 7,598,752	\$ 5,143,309
OPERATING EXPENSES			
CUSTOMER SERVICE	\$ - \$ 37	\$ - \$ 72,792	\$ 414 \$ 149,529
SALES & MARKETING	\$ 1,217,945	\$ 3,106,062	\$ 1,377,180
OTHER G & A	\$ 48,801	\$ 104,994	\$ 100,375
DEPRECIATION & AMORTIZATION	\$ 1,266,783	\$ 3,283,848	\$ 1,627,498
TOTAL OPERATING EXPENSES	\$ 95,304	\$ 138,216	\$ 56,679
NON OPERATING INCOME(EXPENSE)	\$ 5,259,393	\$ 4,453,120	\$ 3,572,490
PRE TAX NET INCOME	\$ 5,259,393	\$ 4,453,120	\$ 3,572,490
NET INCOME	\$ 5,212,890	\$ 4,419,898	\$ 3,616,186
EBITDA			

MCLEODUSA OPERATOR SERVICES INC.
 INCOME STATEMENT
 AS OF DECEMBER 31ST

	<u>YEAR TO DATE 2001</u>	<u>YEAR TO DATE 2000</u>	<u>YEAR TO DATE 1999</u>
REVENUE			
TELECOMMUNICATIONS	\$ 3,037,524	\$ 2,412,964	\$ 1,701,897
OPERATOR SERVICES	\$ 12,464,458	\$ 7,159,594	\$ 3,548,873
TOTAL REVENUE	<u>\$ 15,501,982</u>	<u>\$ 9,572,558</u>	<u>\$ 5,250,770</u>
COST OF SALES			
TELECOMMUNICATIONS	\$ 18,938	\$ 94,245	\$ 71,498
OPERATOR SERVICES	\$ 7,884,292	\$ 4,335,004	\$ 1,831,444
TOTAL COST OF SALES	<u>\$ 7,903,230</u>	<u>\$ 4,429,249</u>	<u>\$ 1,902,942</u>
GROSS MARGIN	<u>\$ 7,598,752</u>	<u>\$ 5,143,309</u>	<u>\$ 3,347,828</u>
OPERATING EXPENSES			
CUSTOMER SERVICE	\$ -	\$ 414	\$ 405
SALES & MARKETING	\$ 72,792	\$ 149,529	\$ 39,449
OTHER G & A	\$ 3,106,062	\$ 1,377,180	\$ 649,635
DEPRECIATION & AMORTIZATION	\$ 104,994	\$ 100,375	\$ 134,817
TOTAL OPERATING EXPENSES	<u>\$ 3,283,848</u>	<u>\$ 1,627,498</u>	<u>\$ 824,306</u>
NON OPERATING INCOME(EXPENSE)	\$ 138,216	\$ 56,679	\$ -
PRE TAX NET INCOME	<u>\$ 4,453,120</u>	<u>\$ 3,572,490</u>	<u>\$ 2,523,522</u>
NET INCOME	<u>\$ 4,453,120</u>	<u>\$ 3,572,490</u>	<u>\$ 2,523,522</u>
EBITDA	<u><u>\$ 4,419,898</u></u>	<u><u>\$ 3,616,186</u></u>	<u><u>\$ 2,658,339</u></u>

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 (A.A.C. Title 14, Chapter 2, Article 11) and that the company will abide by Arizona state law including the Arizona Corporation Commission Rules. 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.

Robert J. Currey
(Signature of Authorized Representative)

January 29, 2003
(Date)

Robert J. Currey
Robert J. Currey
President

SUBSCRIBED AND SWORN to before me this 29th day of January, 2003.



Mary Jo Frank
NOTARY PUBLIC

My Commission Expires: 7-9-06