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0000057040

Northport, Alabama 35745
Tel: (205) 330-1703
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ORIGINAL



Fax

T-03253A-96-0464

Arizona Corporation Commission
DOCKETED

AUG 25 2003

To: John Bostwick

From: Bobbi Ferguson

DOCKETED BY

Fax: (602) 364-2270

Pages: 13

Phone: (602) 542-0856

Date: 8/22/03

Re: US South Communications

CC:

Urgent **For Review** **Please Comment** **Please Reply** **Please Recycle**

● **Comments:**

As discussed, enclosed are the 2002 financials and the new application format. If you have any questions, please call me at (205) 330-1703 or email me at bobbi@visiology.com.

Thanks for all your help.

Bobbi Ferguson

RECEIVED
AUG 25 A 10:54
STATE OF ARIZONA
CORPORATION COMMISSION
DOCUMENT CONTROL

Visiology, Inc.

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Bobbi Ferguson
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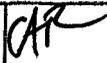
(205) 330-1703
(205) 330-1705
www.visiology.com
bobbi@visiology.com

Arizona Corporation Commission
DOCKETED

AUG 25 2003

VIA FACSIMILE (602) 364-2270

August 22, 2003

DOCKETED BY	
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John Bostwick
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, Arizona 85007

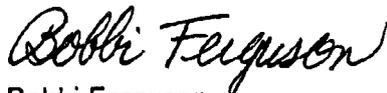
Re: Docket No. T-03253A-96-0464
US South Communications, Inc. d/b/a US South and d/b/a INCOMM

Dear Mr. Bostwick:

US South Communications, Inc. d/b/a US South and d/b/a INCOMM ("US South") herewith files its unaudited consolidated financial statements for 2002 and the current application form for toll resale. When available, audited financials will be provided to you upon request.

Please acknowledge receipt of this filing by date stamping the extra copy of this transmittal letter and returning it in the enclosed prepaid envelope. Inquiries pertaining to this filing should be directed to me at (205) 330-1703.

Yours truly,



Bobbi Ferguson
Consultant to
US South Communications, Inc.

Enclosures

16061 Carmel Bay Drive • Northport • Alabama 35475

ARIZONA CORPORATION COMMISSION

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

Mail original plus 13 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: Resold Long Distance Telecommunications Service

Docket No.: T-03253A-96-0464 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).
- 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, C, 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:

US South Communications, Inc., 250 Williams Street, Suite M-100, Atlanta, GA

Tel: 770.240.6100 Fax: 770.240.6101 WEB: www.ussouth.net

(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):

US South & INCOMM

(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:

M. Brooks Smith, President, US South Communications, Inc., 250 Williams Street, Suite M-100, Atlanta, GA 30303

Tel: 770.240.6100 Fax: 770.240.6101

(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:

Bobbi Ferguson, Visiology, Inc., 16061 Carmel Bay Drive, Northport, AL 35475

Tel: 205.330.1703 Fax: 205.330.1705 Email: bobbi@visiology.com

(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:

M. Brooks Smith, President, US South Communications, Inc., 250 Williams Street, Suite M-100, Atlanta, GA 30303

Tel: 770.240.6145 Fax: 770.240.6101 Email: mgruenhut@us-south.net

(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

Domicile: ___ 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 of each person listed in A-8.2.

No change since original filing.

(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).

Previously provided

(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 or any of its officers, directors, partners, or managers has been or are currently involved in any formal or informal complaint proceedings pending before any state or federal regulatory commission, administrative agency, or law enforcement agency.

Describe in detail any such involvement. Please make sure you 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.

None

(A-12) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any civil or criminal investigation, or had judgments entered in any civil matter, judgments levied by any administrative or regulatory agency, or been convicted of any criminal acts within the last ten (10) years.

Describe in detail any such judgments or convictions. Please make sure you 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.

None

(A-13) Indicate if the Applicant's customers will be able to access alternative toll service providers or resellers via 1+101XXXX access. Note: Customer's that utilize dedicated access must utilize switched access to use

101XXXX.

Yes

No

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

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.

(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 applicant is requesting authority to provide service.

Note: For Resellers, the Applicant must complete and submit an Affidavit of Publication Form as Attachment "C" before Staff prepares and issues its report. Refer to the Commission's website for Legal Notice Material (Newspaper Information, Sample Legal Notice and Affidavit of Publication). For Facilities-Based Service Providers, the Hearing Division will advise the Applicant of the date of the hearing and the publication of legal notice. Do not publish legal notice or file affidavits of publication until your are advised to do so by the Hearing Division.

Previously provided

(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.

Company operates as a switched-based reseller for certain services and as a switchless reseller for other services. Applicant's switch is located in Atlanta, Georgia. Applicant has no plant, equipment, or facilities in Arizona.

(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:

Note: If the Applicant is currently approved to provide telecommunications services that the Applicant intends to provide in Arizona in less than six states, excluding Arizona, list the Public Utility Commission ("PUC") of each state that granted the authorization. For each PUC listed provide the name of the contact person, their phone number, mailing address including zip code, and e-mail address.

Previously provided.

(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.

Note: If the Applicant currently provides telecommunication services that the Applicant intends to provide in Arizona in six or more states, excluding Arizona, list the states. If the Applicant does not currently provide telecommunications services that the Applicant intends to provide in Arizona in five or less states, list the key personnel employed by the Applicant. Indicate each employee's name, title, position, description of their work experience, and years of service in the telecommunications services industry.

Previously provided

(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.

Previously provided.

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.

(B-2) Include "Attachment D".

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.

Note: Make sure "most recent years" includes current calendar year or current year reporting period.

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

No. Applicant has sufficient financial resources to fund its own operations.

(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.
2. Provide the operating expenses expected to be incurred during the first twelve months of providing telecommunications services to Arizona customers following certification.
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.
4. If the projected value of all assets is zero, please specifically state this in your response.
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.

As previously provided, with respect to items, 4, 5, and 6, Applicant does not have and does not plan to have any Arizona jurisdictional assets such as plant, equipment, and offices. Therefore the value of such assets is -0-. With respect to item 1, the projected revenues for the first year following certification are \$1,000.00. With respect to item 2, the projected operating expenses for the first year following certification are \$700.00.

C. RESOLD AND/OR FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

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

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.

M. Brooks Smith

 (Signature of Authorized Representative)

August 21, 2003

 (Date)

Brooks Smith

 (Print Name of Authorized Representative)

President

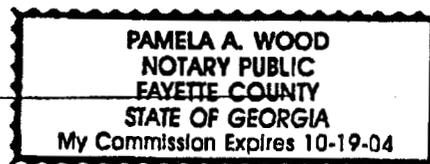
 (Title)

SUBSCRIBED AND SWORN to before me this 21 day of August, 2003

Pamela A. Wood

 NOTARY PUBLIC

My Commission Expires _____



U.S. South Communications, Inc. And Subsidiary
Balanced Sheets

	Audited
	December 31,
	2002
	<hr/>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 1,087,517
Accounts receivable	13,731,804
Allowance for doubtful accounts	(578,376)
Inventory	2,117,187
Prepaid expenses	78,696
Note Receivable	-
Other Current Assets	115,791
Current Assets	<hr/> 18,552,599 <hr/>
Fixed Assets, Net	
Furniture/Equipment/Computers	16,226,700
Leasehold Improvements	620,500
Fixed Assets	<hr/> 16,847,200 <hr/>
Accumulated Depreciation	(7,876,182)
Fixed Assets, Net	<hr/> 8,971,018 <hr/>
Other Non-Current Assets	
Software Development Costs, Net	678,941
Goodwill, Net	2,964,204
Lic/Tariff/Trademark/Patent, Net	277,782
Due from related party	53,281
Other Non-Current Assets	<hr/> 3,974,208 <hr/>
TOTAL ASSETS	<hr/> \$ 29,497,825 <hr/>
LIABILITIES & EQUITY	
Current Liabilities	
Trade accounts payable	\$ 11,207,370
Accrued Liabilities	2,698,193
Long-Term Debt - Current	2,932,816
Line of credit	4,773,235
Deferred revenue	608,336
Due to Seller	45,869
Customer deposits	24,854
Current Liabilities	<hr/> 22,290,673 <hr/>
Non-Current Liabilities	
Long-Term Debt - Non-Current	4,759,005
Non-Current Liabilities	<hr/> 4,759,005 <hr/>
TOTAL LIABILITIES	<hr/> 27,049,678 <hr/>
EQUITY	
Common Stock	10
Retained Earnings - Prior Year	2,296,617
Net Income (Loss)	151,520
TOTAL EQUITY	<hr/> 2,448,147 <hr/>
TOTAL LIABILITIES & EQUITY	<hr/> \$ 29,497,825 <hr/>

U.S. South Communications, Inc. And Subsidiary
Income Statements
For the Year Ended December 31,

	<u>Audited</u> <u>2002</u>	
Sales:		
Gross Sales	\$ 74,300,853	100.0%
Sales Discounts	<u>(13,107,676)</u>	-17.6%
Net Sales	<u>61,193,177</u>	82.4%
Cost of Sales	<u>45,855,262</u>	61.7%
Gross Profit	<u>15,337,915</u>	20.6%
Selling, General and		
Administrative Expenses	<u>15,072,521</u>	20.3%
Operating Profit	<u>265,394</u>	0.4%
Other (Income) Expense		
Interest and Other Income	(618,228)	-0.6%
Interest and Other Expense	<u>732,102</u>	1.0%
Other (Income) Expense	<u>113,874</u>	0.2%
Net Income Before Income Taxes	151,520	0.2%
Provision for Income Taxes - Fed	-	
Provision for Income Taxes - State	-	
Net Income	<u>\$ 151,520</u>	0.2%