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Visiology, Inc.

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Todd H. Lowe (205) 330-1701
Barbara L. Lowe (205) 330-1702
Bobbi Ferguson (205) 330-1703
FAX (205) 330-1705

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September 18, 1997

Arizona Corporation Commission
DOCKETED

NOV 26 1997

Docket Control Center
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, Arizona 85007

DOCKETED BY	<i>MF</i>
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Re: Docket No. U-3253-96-464
US South Communications, Inc. d/b/a US South and d/b/a INCOMM

Dear Sir:

US South Communications, Inc. d/b/a US South and d/b/a INCOMM ("US South") hereby submits the original and ten (10) copies of its 1996 and first quarter 1997 balance sheets and income statements as requested by staff.

So that our records will be complete, I would appreciate it if you would please date-stamp the extra copy of this transmittal letter and mail it to me in the envelope provided.

Any questions regarding the affidavits should be directed to Bobbi Ferguson, Senior Consultant, Visiology, Inc., 16061 Carmel Bay Drive, Northport, Alabama 35475, who may be reached by telephone at (205) 330-1703.

Yours truly,

Bobbi Ferguson
Consultant to
US South Communications, Inc.

Attachments

BEFORE THE ARIZONA CORPORATION COMMISSION

RENZ D. JENNINGS
CHAIRMAN

MARCIA WEEKS
COMMISSIONER

CARL J. KUNASEK
COMMISSIONER

RECEIVED
AZ CORP COMMISSION

Nov 26 3 04 PM '97

DOCUMENT CONTROL

_____)
)
 IN THE MATTER OF THE APPLICATION AND)
)
 PETITION OF US SOUTH COMMUNICATIONS, INC.)
)
 D/B/A US SOUTH AND D/B/A INCOMM FOR A)
)
 CERTIFICATE OF CONVENIENCE AND NECESSITY) DOCKET NO. U-3253-96-464
)
 TO PROVIDE COMPETITIVE)
)
 INTERLATA/INTRALATA RESOLD) NOTICE OF FILING OF
)
 TELECOMMUNICATIONS SERVICES EXCEPT LOCAL) ADDITIONAL FINANCIAL
)
 EXCHANGE SERVICES) INFORMATION
)
 _____)

US South Communications, Inc. d/b/a US South and d/b/a INCOMM ("US South") hereby submits copies of 1996 and first quarter 1997 balance sheets and income statements as requested by staff.

RESPECTFULLY SUBMITTED this 24th day of November, 1997.

US South Communications, Inc.

By: Bobbi Ferguson
Bobbi Ferguson

Consultant to
US South Communications, Inc.
d/b/a US South and d/b/a INCOMM
200 Galleria Parkway, Suite 330
Atlanta, Georgia 30339

CERTIFICATE OF SERVICE

Original and ten (10) copies of the
foregoing mailed or hand-delivered this
24th day of November, 1997
to:

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



Bobbi Ferguson
Consultant to
US South Communications, Inc.
d/b/a US South and d/b/a INCOMM

**U.S. SOUTH COMMUNICATIONS, INC.
CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 1997**

INTERNAL REPORT

CURRENT ASSETS

Cash	2,160,293.04
Accounts Receivable, net	2,604,652.33
Unbilled Receivables	-
Other Current Assets	<u>48,816.19</u>
Total Current Assets	4,811,761.56

FIXED ASSETS

Furniture, Equipment & Computers	4,328,655.99
Capitalized Leases	738,691.32
Leasehold Improvements	508,670.91
Accumulated Depreciation & Amortization	<u>(869,098.06)</u>
Total Fixed Assets	4,704,920.16

Investment in InComms	520,041.07
Goodwill	547,198.19
Licenses & Tariffs	83,984.64
Other Assets	<u>98,376.53</u>

TOTAL ASSETS 10,766,282.15

CURRENT LIABILITIES

Accounts Payable & Accrued Liabilities	2,619,364.77
Current Portion - Capitalized Equipment Leases	209,253.00
Current Portion - Long Term Debt	<u>419,233.65</u>
Total Current Liabilities	3,247,851.42

Deferred Revenue 2,254,578.09

Reserve for Network Expense 1,384,157.95

Long Term Debt 2,718,954.50

Capitalized Equipment Leases - Long Term 259,274.31

TOTAL LIABILITIES 9,864,816.27

EQUITY

Common Stock	442,581.97
Retained Earnings	360,878.57
Current Year Earnings	<u>98,005.34</u>
TOTAL EQUITY	901,465.88

TOTAL LIABILITIES & EQUITY 10,766,282.15

U.S. SOUTH COMMUNICATIONS, INC.
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 1996

CURRENT ASSETS

Cash	3,291,578.47
Accounts Receivable, net	1,681,744.81
Unbilled Receivables	-
Other Current Assets	<u>31,150.18</u>
Total Current Assets	5,004,473.46

FIXED ASSETS

Furniture, Equipment & Computers	4,222,177.51
Capitalized Leases	1,228,025.98
Leasehold Improvements	(10,732.81)
Accumulated Depreciation & Amortization	<u>(624,189.45)</u>
Total Fixed Assets	4,815,281.23

Investment in InComm	520,041.07
Licenses & Tariffs	83,919.64
Other Assets	<u>57,983.25</u>

TOTAL ASSETS 10,481,698.65

CURRENT LIABILITIES

Accounts Payable & Accrued Liabilities	1,820,720.90
Current Portion - Capitalized Equipment Leases	216,109.75
Current Portion - Long Term Debt	<u>262,431.97</u>
Total Current Liabilities	2,299,262.62

Deferred Revenue 2,199,354.91

Reserve for Network Expense 2,268,138.16

Long Term Debt 2,890,756.18

Capitalized Equipment Leases - Long Term 310,593.13

TOTAL LIABILITIES 9,968,105.00

EQUITY

Common Stock	442,581.97
Retained Earnings	(16,104.12)
Current Year Earnings	<u>87,115.80</u>
TOTAL EQUITY	513,593.65

TOTAL LIABILITIES & EQUITY 10,481,698.65

**U.S. SOUTH COMMUNICATIONS, INC.
CONSOLIDATED INCOME STATEMENT
TWELVE MONTHS ENDING DECEMBER 31, 1996**

REVENUE	10,843,669.90
COST OF SALES	- <u>6,325,482.34</u>
GROSS PROFIT	4,518,187.56
% REVENUE	42%
OPERATING EXPENSES:	
Salaries & Benefits	1,606,475.78
Administrative Services	1,351.00
Advertising & Promotion	475,793.93
Commissions	84,305.90
Due, Subscriptions & member	11,830.27
Travel & Entertainment	128,951.55
Equipment Rental	62,772.99
Legal & Accounting Fees	85,687.36
Employee Related Expenses	28,836.96
Rent & Utilities	185,062.54
Consulting Fees	138,789.86
Telephone	106,070.48
Office Expenses & Supplies	99,505.13
Bank/Merchant Fees	21,034.90
Repairs & Maintenance	10,905.66
Insurance - Gen Liability	10,405.00
Licenses & Permits	10,692.02
All Other	997.89
Total Operating Expenses	<u>3,069,469.22</u>
% REVENUE	28%
OTHER EXPENSES:	
Depreciation & Amortization	506,937.02
Gain on Disposition of Asset	(79,250.00)
Bad Debt	24,000.18
Net Interest Expense (Income)	134,983.32
All Other	-
Total Other Expenses	<u>586,670.52</u>
% REVENUE	5%
PROV FOR UNCOLLECTIBLE RECEIVABLE	729,700.00
NET INCOME BEFORE TAXES	<u>132,347.82</u>
PROV FOR INCOME/STATE TAXES	45,232.02
NET PROFIT	<u><u>87,115.80</u></u>