

ORIGINAL NEW APPLICATION
LOKT



Law Office of Kristopher E. Twomey, P.C.
LoKT Consulting

Telecom/Internet Law & Regulatory Consulting

September 25, 2006

Via FedEx
Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007-2927

T-20481A-06-0617

Re: *Element Telephone of Arizona, Inc. Application for CPCN*

To Whom It May Concern:

Please find enclosed an original and thirteen (13) copies of CommPartners, LLC's application and petition for a certificate of convenience and necessity to provide intrastate telecommunications service through Arizona. Please contact me at 510 285-8010 with any questions.

Sincerely,

Kristopher E. Twomey
Counsel to Element Telephone of Arizona, Inc.

Enclosures

Arizona Corporation Commission
DOCKETED

SEP 26 2006

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AZ CORP COMMISSION
DOCUMENT CONTROL

2006 SEP 26 A 9:35

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1425 Leimert Boulevard, Suite 404
Oakland, CA 94602
Phone: 510 285-8010
Fax: 510 868-8418
Email: kris@lokt.net

1725 I Street, NW, Suite 300
Washington, DC 20006
Phone: 202 250-3413
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ORIGINAL

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ARIZONA CORPORATION COMMISSION

Application and Petition for Certificate of Convenience and Necessity to Provide ²⁰⁰⁶ SEP 26 A 9 36
Intrastate Telecommunications Services

Mail original plus 13 copies of completed application to:

For Docket Control Only:
(Please Stamp Here)

AZ CORP COMMISSION
DOCUMENT CONTROL

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.

T-20481A-06-0617

Type of Service: N/A

Docket No.: N/A Date: Date Docketed:

Type of Service: N/A

Docket No.: N/A 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:

IElement Telephone of Arizona, Inc.
17194 Preston Road, Suite 102
PMB 341
Dallas, TX 75248
Phone: 214-254-3500
Fax: 214-254-3500
www.ielement.com

(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:

Ivan Zweig
President
IElement Telephone of Arizona, Inc.
17194 Preston Road, Suite 102
PMB 341
Dallas, TX 75248
Phone: 214-254-3500
Fax: 214-254-3500
Email: izweig@ielement.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:

Kristopher E. Twomey
Law Office of Kristopher E. Twomey
1425 Leimert Blvd., Suite 404
Oakland, CA 94602
Phone: 510-285-8010
Fax: 510-868-8418
Email: kris@lokt.net

(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:

Brett Jensen
Director of Operations
17194 Preston Road, Suite 102
PMB 341
Dallas, TX 75248
Phone: 214-254-3425
Fax: 214-254-3525
Email: bjensen@ielement.com

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

- Sole proprietorship
- Partnership: _____ Limited, _____ General, _____ Arizona, _____ Foreign
- Limited Liability Company: _____ Arizona, x Foreign
- Corporation: _____ "S", x "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.

(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 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.

Applicant has not been involved in any such actions or investigations.

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

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.

Applicant will not require deposits from consumers. Applicant is well-funded to begin its operations and thus will not provide 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.

As a facilities-based provider, Applicant will await instructions from the Hearing Division.

(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:

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.

Applicant's affiliates have similar applications pending in California and Nevada. Applicant's parent has had a similar application approved in Illinois but has not yet begun operations.

(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.

Not applicable, Applicant has not commenced services in any jurisdiction.

(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.

Applicant has two affiliated companies, both of whom have similar applications pending in their respective states:

IElement Telephone of California, Inc.

IElement Telephone of Nevada, Inc.

Applicant's parent is IEelement, Inc. and that entity has received similar authority from the Illinois Commerce Commission.

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.

Applicant was formed on March 31, 2006 and thus does not have financial statements for the preceding two years.

(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.

Applicant was formed on March 31, 2006 and has no operations in any state. Applicant's parent, IEelement, Inc., is a public company and will provide a financial guarantee for the operations of Applicant. IEelement, Inc.'s recently audited financial statements are attached as Exhibit D.

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

Yes, please see above.

(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.

See Attachment E.

C. RESOLD AND/OR FACILITIES-BASED 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:

Applicant will begin selling services within six months after approval of this Application.

(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:

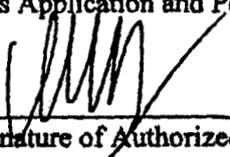
- Yes
- No

(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.



(Signature of Authorized Representative)

9/25/06

(Date)

Ivan Zweig

(Print Name of Authorized Representative)

Chief Executive Officer

(Title)

SUBSCRIBED AND SWORN to before me this 25 day of September, 2006



NOTARY PUBLIC



My Commission Expires _____

IELEMENT TELEPHONE OF ARIZONA, INC.

ATTACHMENT	DESCRIPTION
A	Certificate of Good Standing, list of owners and percentages of ownership
B	Proposed Tariff
C	Financial Information
D	Projected Total Revenue and Operating Expenses

ATTACHMENT A

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.

Attached

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).

Applicant is a corporation organized under the laws of Nevada. Applicant has issued 1000 shares of common stock thus far, all to its parent corporation, IElement, Inc.

3. Indicate percentages of ownership of each person listed in A-8.2.

IElement, Inc., a publicly traded company (ticker: IELM), owns 100% of Applicant.

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 Director of the Arizona Corporation Commission, do hereby certify that

*****I ELEMENT TELEPHONE OF ARIZONA, INC.*****

a foreign corporation organized under the laws of Nevada did obtain authority to transact business in the State of Arizona on the 11th day of April 2006.

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; and 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 Capital, this 11th Day of May, 2006, A. D.



EXECUTIVE SECRETARY

BY: _____



01539935

DO NOT PUBLISH THIS SECTION

APPLICATION FOR AUTHORITY TO TRANSACT BUSINESS IN ARIZONA

The name of the corporation is: I Element Telephone of Arizona, Inc. A(n) Nevada Corporation (State, Province or Country)

[checked] We are a foreign corporation applying for authority to transact business in the state of Arizona.

We are a foreign corporation currently authorized to transact business in Arizona and must now file this Application for New Authority pursuant to A.R.S. § 10-1504 because we have changed the following in our domicile jurisdiction:

- G Our actual corporate name (or the name under which we originally obtained authority in Arizona).
G The period of our duration.
G The state, province or country of our incorporation.

1. The exact name of the foreign corporation is:

I Element Telephone of Arizona, Inc.

If the exact name of the foreign corporation is not available for use in this state, then the fictitious name adopted for use by the corporation in Arizona is:

(FN)

2. The name of the state, province or country in which the foreign corporation is incorporated is:

Nevada

3. The foreign corporation was incorporated on the 13th day of March 2006 and the period of its duration is: in perpetuity

4. The street address of the principal office of the foreign corporation in the state, province or country of its incorporation is:

823 South Sixth Street, Suite 100 Las Vegas, NV 89101

5. The name and street address of the statutory agent for the foreign corporation in Arizona is:

National Registered Agents, Inc. 638 North & Fifth Avenue Phoenix, Arizona 85003

1. The corporate name must contain a corporate ending which may be "corporation," "association," "company," "limited," "incorporated" or an abbreviation of any of these words. If you are the holder or assignee of a trademark or trade name, attach Declaration of Tradename Holder form. If your name is not available for use in Arizona, you must adopt a fictitious name and provide a resolution adopting the name, which must be executed by the corporation Secretary.

3. You must provide the total duration in years for which your corporation was formed to endure. If perpetual succession, so indicate in this section. Do not leave blank, or state not applicable.

5. The statutory agent must provide both a physical and mailing address. If statutory agent has a P.O. Box, then they must also provide a physical description of their street address/ location.

AZ CORPORATION COMMISSION FILED

AZ CORPORATION COMMISSION FILED

APR 03 2006

APR 11 2006

FILE NO. F-1275003-0

FILE NO. F-1275003-0

DO NOT PUBLISH THIS SECTION

5.a. The street address of the known place of business of the foreign corporation in Arizona IF DIFFERENT from the street address of the statutory agent is:

5.b. Indicate to which address the Annual Report should be mailed.

5.b. The Annual Report and general correspondence should be mailed to the address specified above in section 4 or 5a _____.

6. If the purpose of your corporation has any limitations with regard to this section, so indicate. If not, state no limitations or leave blank.

6. The purpose of the corporation is to engage in any and all lawful business in which corporations may engage in the state, province or country under whose law the foreign corporation is incorporated, with the following limitations if any:

7. The names and usual business addresses of the current directors and officers of the foreign corporation are: (Attach additional sheets if necessary.)

Name:

Ivan Zweig, Chairman of the Board + President [title]

Address:

17194 Preston Road, Suite 102, PWB 341

City, State, Zip:

Dallas, TX 75248-1221

Name:

[title]

Address:

City, State, Zip:

Name:

[title]

Address:

City, State, Zip:

8. The foreign corporation is authorized to issue 10,000 shares, itemized as follows: (Attach additional sheets if necessary.)

10,000 shares of COMMON [class or series] stock at
no par value or par value of \$ 0.001 per share.

_____ shares of _____ [class or series] stock at
no par value or par value of \$ _____ per share.

_____ shares of _____ [class or series] stock at
no par value or par value of \$ _____ per share.

8. The total number of authorized shares cannot be "zero" or "N/A". Include authorized, not issued shares in this section.

F 12750030

DO NOT PUBLISH THIS SECTION

9. The total number of issued shares cannot be "N/A".

The Application must be accompanied by the following: A Certificate of Disclosure, executed within 30 days of delivery to the Commission, by a duly authorized officer.

Attach a certified copy of your articles of incorporation, all amendments and mergers (A.Z. Const. Art. XIV, §8) and a certificate of existence or document of similar import duly authenticated (within 60 days) by the official having custody of corporate records in the state, province or country under whose laws the corporation is incorporated.

The agent must consent to the appointment by executing the consent.

9. The foreign corporation has issued 1,200 shares, itemized as follows:

1,000 shares of COMMON [class or series] stock at _____ no par value or par value of \$ 0.001 per share.

_____ shares of _____ [class or series] stock at _____ no par value or par value of \$ _____ per share.

_____ shares of _____ [class or series] stock at _____ no par value or par value of \$ _____ per share.

10. The character of business the foreign corporation initially intends to conduct in Arizona is: telecommunications

DATED this 21st day of March, 2006.
Element Telephone of Arizona, Inc.

Executed by X: [Signature]
Duly Authorized Officer or Director

Ivan Zureig, President
[print name] [title]

PHONE _____ FAX _____
[optional] [optional]

ACCEPTANCE OF APPOINTMENT BY STATUTORY AGENT

The undersigned hereby acknowledges and accepts the appointment as statutory agent of this corporation effective this 31st day of March, 06.

[Signature]
Signature

Erin C. Higgins, Asst. Secretary on behalf of
[Print Name]

National Registered Agents, Inc.
[If signing on behalf of a company serving as statutory agent, print company name here]

ATTACHMENT B

Proposed Tariff

1. Proposed Rates and Charges for each service offered (reference by Tariff page number).
 - Rates for local services can be found on sheets 25-30 in Tariff No. 1.
 - Rates for long distance services can be found on sheets 48-52 in Tariff No. 2.
2. Tariff Maximum Rate and Prices to be charged (reference by Tariff page number).
 - Maximum rates for long distance services can be found on sheets 48-52 in Tariff No. 2. Tariff No. 1 does not contain maximum rates for local services.
3. Terms and Conditions Applicable to provision of Service (reference by Tariff page number).
 - Terms and conditions for local services can be found on sheets 6-24 of Tariff No. 1.
 - Terms and conditions for long distance services can be found on sheets 12-42 of Tariff No. 1.
4. Deposits, Advances, and/or Prepayments Applicable to provision of Service (reference by Tariff page number).
 - Applicant does not require deposits, advances, and/or prepayments applicable to the provision of local or long distance service. See sheet 8 of Tariff No. 1.
5. The proposed fee that will be charged for returned checks (reference by Tariff page number).
 - \$25 will be charged for returned checks. See sheet 12 of Tariff No. 1 and sheet 25 of Tariff No. 2.

IELEMENT TELEPHONE OF ARIZONA, INC.
17194 Preston Road, Suite 102, PMB 341
Dallas, TX 75248

TITLE PAGE OF ARIZONA LOCAL EXCHANGE SERVICES TARIFF
OF IELEMENT TELEPHONE OF ARIZONA, INC.

TARIFF No. 1

This tariff, filed with the Arizona Corporation Commission, contains the rates, terms, and conditions applicable to Local Exchange Services provided within the State of Arizona offered by IELEMENT TELEPHONE OF ARIZONA, INC.

Issued:

Effective:

By: Ivan Zweig
President
IELEMENT TELEPHONE OF ARIZONA, INC.
17194 Preston Road, Suite 102, PMB 341
Dallas, TX 75248

TELECOMMUNICATIONS SERVICES
TARIFF NO. 1

CHECK SHEET

Sheets 1 through 32, inclusive of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this sheet.

<u>SHEET</u>	<u>REVISION LEVEL</u>
Title	Original*
1	Original*
2	Original*
3	Original*
4	Original*
5	Original*
6	Original*
7	Original*
8	Original*
9	Original*
10	Original*
11	Original*
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22	Original*
23	Original*
24	Original*
25	Original*
26	Original*
27	Original*
28	Original*
29	Original*
30	Original*
31	Original*
32	Original*

Issued:

Effective:

By: Ivan Zweig
President
TELEPHONE TELEPHONE OF ARIZONA, INC.
17194 Preston Road, Suite 102, PMB 341
Dallas, TX 75248

TELECOMMUNICATIONS SERVICES
TARIFF NO. 1

TARIFF FORMAT

Page Numbering - Page numbers appear in the upper right hand corner of the page. Pages are numbered sequentially. From time to time new pages may be added to the tariff. When a new page is added between existing pages, a decimal is added to the preceding page number. For example, a new page added between Pages 3 and 4 would be numbered 3. 1.

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Issued:

Effective:

By: Ivan Zweig
President
TELEPHONE TELEPHONE OF ARIZONA, INC.
17194 Preston Road, Suite 102, PMB 341
Dallas, TX 75248

TELECOMMUNICATIONS SERVICES
TARIFF NO. 1

APPLICATION OF TARIFF- This tariff contains the regulations and rates applicable to the provision of local exchange service by IELEMENT TELEPHONE OF ARIZONA, INC. within the state of Arizona and subject to the jurisdiction of the Arizona Corporation Commission.

Issued:

Effective:

By: Ivan Zweig
President
IELEMENT TELEPHONE OF ARIZONA, INC.
17194 Preston Road, Suite 102, PMB 341
Dallas, TX 75248

TELECOMMUNICATIONS SERVICES
TARIFF NO. 1

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement which connects the customer's location to a IELEMENT TELEPHONE OF ARIZONA, INC. Company switching center or point of presence.

IELEMENT TELEPHONE OF ARIZONA, INC.- Used throughout this tariff to mean IELEMENT TELEPHONE OF ARIZONA, INC. unless clearly indicated otherwise by the text.

Authorized User - A person, firm, corporation, or any other entity authorized by the Customer to communicate utilizing the Company's service.

Carrier or Company - Whenever used in this tariff, "Carrier," "Company," or "IElement" refers to IELEMENT TELEPHONE OF ARIZONA, INC. unless otherwise specified or clearly indicated by the context.

Commission - Arizona Corporation Commission.

Customer - The person, firm, corporation, or other entity which orders, cancels, amends, or uses service and is responsible for payment of charges and compliance with the Company's tariff. Customer shall include those entities including Internet service providers, cable companies, and other entities which purchase these services on a wholesale basis for resale to their end user customers.

Exchange Access Line - The serving central office line equipment and all Company plant facilities up to and including the Company-provided Standard Network Interface. These facilities are Company-provided and maintained and provide access to and from the telecommunications network for message toll service and for local calling appropriate to the tariffed use offering selected by the Customer. Exchange access lines are subject to non-recurring charges, as specified in Section 4 of this tariff.

ILEC - The incumbent Local Exchange Carrier.

LEC - Local Exchange Company.

Limited Local Calling Area - Areas designated by incumbent local exchange carriers as areas where calls will be billed as standard local calls. Company will follow incumbent tariffed local calling area lists.

Local Exchange Services - Telecommunications services furnished for use by end-users in placing and receiving local telephone calls within local calling areas.

Person-to-Person Calling - An operator-assisted 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 through a PBX attendant. Charges may be billed to the called party, a third number, a credit card, a calling card or designated third party station.

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**TELECOMMUNICATIONS SERVICES
TARIFF NO. 1**

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS (cont'd)

Station-to-Station Calling - A service whereby the originating End User requests the assistance of a Company operator to place or bill the call. Calls billed Collect or to a telephone company-issued Calling Card or to an authorized Credit Card are Operator-Station calls unless the call is placed on a Person-to-person basis. Automated Calling Card calls are not Operator-station calls. Calls may be dialed with or without the assistance of a Company operator. Collect calls to coin telephones and transfers of charges to third telephones which are coin telephones will not be accepted.

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TELECOMMUNICATIONS SERVICES
TARIFF NO. 1

SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of IELEMENT TELEPHONE OF ARIZONA, INC.

IElement's services offered pursuant to this Tariff are furnished for Local Exchange Service among specified points within a Local Calling Area. IElement may offer these services over its own, over resold facilities, or a combination thereof. IElement installs, operates, and maintains the communications services provided herein under in accordance with the terms and conditions set forth under this tariff. IElement may act as the Customer's agent for ordering access connection facilities provided by other carriers or entities as required in the Commission's rules and orders, when authorized by the Customer, to allow connection of a Customer's location to the IElement network. The Customer shall be responsible for all charges due for such service arrangement. The Company's services and facilities are provided on a monthly basis unless otherwise indicated, and are available twenty-four hours per day, seven days per week.

2.2 Limitations

2.2.1 Service is offered subject to the availability of the necessary facilities and equipment, and subject to the provisions of this tariff.

2.2.2 IElement reserves the right to discontinue or limit service when necessitated by conditions beyond its control, or when the Customer is using service in violation of provisions of this tariff, or in violation of the law.

2.2.3 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.

2.2.4 All facilities provided under this tariff are directly controlled by IElement and the Customer may not transfer or assign the use of service or facilities without the express written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or facilities.

2.2.5 Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions of service.

2.3 Use

Services provided under this tariff may be used for any lawful purpose for which the service is technically suited.

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TELECOMMUNICATIONS SERVICES
TARIFF NO. 1

SECTION 2 - RULES AND REGULATIONS (cont'd)

2.4 Liabilities of the Company

2.4.1 IElement'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.

2.4.2 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.

2.4.3 The Company shall not be liable for, and shall be fully indemnified and held harmless by Customer against any claim or loss, expense, or damage (including indirect, special or consequential damage) for defamation, libel, slander, invasion, infringement of copy-right 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 negligence of the Company.

2.4.4 No agent or employee of any other carrier shall be deemed to be an agent or employee of the Company.

2.4.5 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 negligence.

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**TELECOMMUNICATIONS SERVICES
TARIFF NO. 1**

SECTION 2 - RULES AND REGULATIONS (cont'd)

2.5 Deposits

2.5.1 The Company does not normally collect deposits from Customers.

2.6 Advance Payments

IElement does not require deposits from customers. IElement does reserve the right to do so for less credit-worthy customers.

Recurring Charges: For Customers from whom the Company feels an advance payment is necessary, IElement reserves the right to collect an amount not to exceed one (1) month's estimated charges as an advance payment for service. This will be applied against the next month's charges and a new advance payment may be collected for the next month.

Non-Recurring Charges: IElement reserves the right to require pre-payment of non-recurring charges in such amount as may be deemed necessary by the Company. In addition, where special construction is involved, advance payment of the quoted construction charges may be required at the time of application for service.

2.7 Taxes

All Arizona and local taxes (including but not limited to franchise fees, excise tax, sales tax, municipal utilities tax) are listed as separate line items and are not included in the quoted rates.

2.8 Equipment

2.8.1 The Company's facilities and service may be used with or terminated in Customer-provided terminal equipment or Customer-provided communications systems, such as a PBX, key systems or Pay Telephone. Such terminal equipment shall be furnished and maintained at the expense of the Customer except as otherwise provided. The Customer is responsible for all costs at his or her premises, including personnel, wiring, electrical power, and the like, incurred in the use of the Company's service. The Customer is responsible for ensuring that customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities.

2.8.2 The Company shall use reasonable efforts to maintain facilities and equipment that it furnishes to the Customer. The Customer may not, nor may the Customer permit others, to disconnect, rearrange, remove, attempt to repair or otherwise interfere with any of the facilities or equipment installed by the Company, except upon the written consent of the Company.

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TELECOMMUNICATIONS SERVICES
TARIFF NO. 1

SECTION 2 - RULES AND REGULATIONS (cont'd)

2.8 Equipment (cont'd)

2.8.3 Equipment the Company provides or installs at the Customer premises is solely for use in connection with Company's services. The equipment shall not be used for any purpose other than that for which the Company provided it.

2.8.4 The Customer shall be responsible for payment of service charges, as set forth herein, for visits by the Company's agents or employees to the premises of the Customer when the service difficulty or trouble report results from the use of equipment or facilities provided by any party other than the Company, including but not limited to the Customer.

2.8.5 The Company shall not be responsible for the installation, operation or maintenance of any customer-provided equipment. Where such equipment is connected to the facilities furnished pursuant to this tariff, the responsibility of the Company shall be limited to the furnishing of facilities offered under this tariff and to the maintenance and operation of such facilities. Subject to this responsibility, the Company shall not be responsible for the transmission of signals by customer-provided equipment or for the quality of, or defects in, such transmission; or the reception of signals by customer-provided equipment.

2.8.6 Upon reasonable notification to the Customer and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the customer is complying with the requirements set forth in the section for the installation, operation and maintenance of customer-provided facilities, equipment and wiring in the connection of such facilities and equipment to Company-provided facilities and equipment.

2.8.7 Title to all facilities provided by the Company under this tariff shall remain in the Company's name or in the name of the carrier supplying the services and facilities being resold.

2.9 Installation

Service is installed upon mutual agreement between the Customer and the Company. The service agreement does not alter rates specified in this tariff. Any conflicts between a service agreement and tariff will be resolved by following the rates, terms, conditions, etc. effective as approved by the Commission in this tariff.

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TELECOMMUNICATIONS SERVICES
TARIFF NO. 1

SECTION 2 - RULES AND REGULATIONS (cont'd)

2.10 Payment for Service

The Customer is responsible for payment of all charges for services and equipment furnished to the Customer or to an Authorized User of the Customer by IElement. All charges due by the Customer are payable to the Company or to any agency duly authorized to receive such payments. 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 Arizona Public Service Commission. IElement's billing invoices will be considered correct and binding upon the Customer if no written notice is received from the Customer within thirty (30) days of the date of the invoice. Adjustments to Customer's bills shall be made to the extent circumstances exist which reasonably indicate that such changes are appropriate. Upon receipt of a billing inquiry, charges involved in the disputed element(s) of the invoice will be temporarily suspended pending resolution of the dispute. The Customer, however, remains responsible for the timely payment of the non-disputed elements of the invoice. If a Customer is not satisfied with the Company's response to an inquiry or request for credit, he or she may appeal to the Arizona Public Service Commission for final resolution.

2.11 Late Payment Charge

IElement will assess a late payment charge equal to 1.5% for any past due balance that exceeds thirty days. A late payment penalty may be assessed only once on any bill for rendered services. Late payment penalties shall comply with Arizona utility commission regulations and Arizona law.

2.12 Cancellation by Customer

Pursuant to Arizona statute and regulations, a Customer may cancel service by providing 3 days written notice to the Company.

2.13 Interconnection

Service furnished by IElement may be connected with the services or facilities of other carriers or enhanced service providers. The Customer is responsible for all charges billed by these entities for use in connection with IElement's service. Any special interface equipment or facilities necessary to achieve compatibility between these entities is the responsibility of the Customer. Neither the Company nor any connecting carrier participating in a service shall be liable for any act or omission of any other company or companies furnishing a portion of such service.

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TELECOMMUNICATIONS SERVICES
TARIFF NO. 1

SECTION 2 - RULES AND REGULATIONS (cont'd)

2.14 Refusal or Discontinuance by Company

IElement may refuse or discontinue service under the following conditions provided that, unless otherwise stated, the Customer shall be given proper notification in accordance with Arizona statutes and regulations to comply with any rule or remedy any deficiency:

- 2.14.1 For non-compliance with or violation of any Arizona, municipal, or Federal law, ordinance or regulation pertaining to telephone service.
- 2.14.2 For use of telephone service or any other Company property for purposes other than that described in the application for service.
- 2.14.3 For neglect or refusal to provide reasonable access to IElement or its agents for the purpose of inspection and maintenance of equipment owned by IElement or agents.
- 2.14.4 For noncompliance with or violation of Commission regulation or IElement's rules and regulations on file with the Commission, provided ten days written notice is given before termination.
- 2.14.5 For nonpayment of bills, including bills for any of the Company's other communication services, provided that suspension or termination of service shall not be made without seven days written notice to the Customer.
- 2.14.6 Without notice in the event of Customer or Authorized User use of equipment in such a manner as to adversely affect IElement's equipment or service to others. Within twenty-four (24) hours after such termination, the utility shall send written notification to the customer of the reasons for termination or refusal of service upon which the utility relies, and of the customer's right to challenge the termination by filing a formal complaint with the Commission.
- 2.14.7 Without notice in the event of tampering with the equipment or services owned by IElement or Its agents. Within twenty-four (24) hours after such termination, the utility shall send written notification to the customer of the reasons for termination or refusal of service upon which the utility relies, and of the customer's right to challenge the termination by filing a formal complaint with the Commission.
- 2.14.8 Without notice in the event of unauthorized or fraudulent use of service. Whenever service is discontinued for fraudulent use of service, IElement may, before restoring service, require the Customer 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. Within twenty- four (24) hours after such termination, the utility shall send written notification to the customer of the reasons for termination or refusal of service upon which the utility relies, and of the customer's right to challenge the termination by filing a formal complaint with the Commission.

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TELECOMMUNICATIONS SERVICES
TARIFF NO. 1

SECTION 2 - RULES AND REGULATIONS (cont'd)

2.14 Refusal or Discontinuance by Company (cont'd)

2.14.9 Without notice by reason of any order or decision of a court or other government authority having jurisdiction which prohibits Company from furnishing such services.

2.15 Inspection, Testing, and Adjustment

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

2.16 Tests, Pilots, Promotional Campaigns and Contests

The Company may conduct special tests or pilot programs and promotions at its discretion, to demonstrate the ease of use, quality of service and to promote the sale of its services. The Company may also waive a portion or all processing fees or installation fees for winners of contests and other occasional promotional events sponsored or endorsed by the Company. From time to time, the Company may waive all processing fees for a Customer. The Company will notify the Commission regarding specific promotions and contests.

2.17 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 to the failure of channels, equipment or communications Systems provided by the Customer, are subject to the general liability provisions set forth in Section 2.4 herein. 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, 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 or Company-provided automatic dialing equipment are not deemed an interruption of service as defined herein because the Customer has the option of using the long distance network via local exchange company access.

2.18 Cost of Collection and Repair

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

2.19 Returned Check Charges

A fee of \$25.00 may be charged for each check returned for insufficient funds. Returned check charges shall comply with Arizona commission regulations and Arizona law.

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TELECOMMUNICATIONS SERVICES
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SECTION 2 - RULES AND REGULATIONS (cont'd)

2.20 Service Implementation

Absent a promotional offering, service implementation charges of \$15.00 per service order apply to new service order or to orders to change existing service for the business services listed in Section 3.

2.21 Reconnection Charge

A reconnection fee of \$25.00 per occurrence may be charged when service is re-established for customers who have been disconnected for non-payment, and is payable at the time that the restoration of suspended service and facilities is arranged.

2.22 Operator Service Rules

The Company will enforce the operator service rules specified by the Commission and by the FCC.

2.23 Access to Telephone Relay Services

Where required by the Commission, the Company will participate in telephone relay services for handicapped and/or hearing impaired end users, and will comply with all regulations and requirements. The Company shall impose any monthly surcharge or any other related charge upon its local exchange telecommunications subscribers as may be required by Arizona law.

2.24 Access to Carrier of Choice

End users of the Company's local service shall have the right to select the interexchange telecommunications service provider (IXC) of their choice. The IXC should request confirmations/verifications of choice from its customers no later than the date of submission of its first bill to the customer. The Company should maintain signed letters of agency or confirmations of choice on file for use in dispute resolution.

2.25 Directory Listings

2.25.1 The Company does not publish a directory of subscriber listings. The Company, however, does arrange for the Customer's main billing number to be placed in the directory or directories of the incumbent local exchange carrier.

2.25.2 The rates and regulations specified herein for directory listings apply only to the alphabetical section of the directory. Listings are intended solely for the purpose of identifying subscriber's telephone number and as an aid to the use of telephone service.

2.25.3 The listings of subscribers, either without charge or at the rate specified within this tariff for other listings are arranged alphabetically and are not intended for special prominence of arrangement. In accepting listings as requested by subscribers or prospective subscribers, the Company will not be a party to controversies between subscribers as result of the publication of such listings in the directories.

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**TELECOMMUNICATIONS SERVICES
TARIFF NO. 1**

SECTION 2 - RULES AND REGULATIONS (cont'd)

2.25 Directory Listings (cont'd)

2.25.4 Listings must conform to the Company's specifications with respect to the directories. The Company reserves the right to reject listings when in, its sole judgment, such listings would violate the integrity of company records and the directories, confuse individuals using the directory, or when the customer cannot provide satisfactory evidence that he is authorized to do business as requested.

2.25.5 The Company reserves the right to limit the length of any listing to one line in the directory by use of abbreviations when, in its sole judgment, the clarity of the listing and the identification of the subscriber is not impaired.

2.25.6 Generally, the listed address is the location of the subscriber's place of business or residence.

2.25.7 Liability of the Company due to directory errors and omissions is as specified in Section 2 of this tariff.

2.25.8 Generally, a business listing consists of a name or dual name, a designation descriptive of the subscriber's business if not self-explanatory, the address, and the business telephone number. The main listing is ordinarily the name of the individual, firm or corporation which contracts for the service or the name under which a business is regularly conducted.

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**TELECOMMUNICATIONS SERVICES
TARIFF NO. 1**

SECTION 2 - RULES AND REGULATIONS (cont'd)

2.26 Special Construction

Subject to the agreement of the Company and to all of the regulations contained in this tariff, special construction of facilities may be undertaken on a reasonable efforts basis at the request of the Customer. Special construction is construction undertaken:

- A) where facilities are not presently available, and there is no other requirement for the facilities so constructed;
- B) of a type other than that which the Company would "normally" utilize in the furnishing of its services;
- C) over a route other than that which the Company would normally utilize in the furnishing of its services;
- D) in a quantity greater than that which the Company would normally construct;
- E) on an expedited basis;
- F) on a temporary basis until permanent facilities are available;
- G) involving abnormal costs; or
- H) in advance of its normal construction schedule.

2.27 Universal Emergency Telephone Number Service(911,E911)

2.27.1 This tariff does not provide for the inspection or constant monitoring of facilities to discover errors, defects, or malfunctions in the service, nor does the Company undertake such responsibility.

2.27.2 911 information consisting of the names, addresses and telephone numbers of all telephone customers is confidential. The Company will release such information via the Data Management System only after a 911 call has been received, on a call by call basis, only for the purpose of responding to an emergency call in progress.

2.27.3 The 911 calling party, by dialing 911, waives the privacy afforded by non-listed and non-published service to the extent that the telephone number, name, and address associated with the originating station location are furnished to the Public Safety Answering Point.

2.27.4 After the establishment of service, it is the Public Safety Agency's responsibility to continue to verify the accuracy of and to advise the Company of any changes as they occur in street names, establishment of new streets, changes in address numbers used on existing streets, closing and abandonment of streets, changes in police, fire, ambulance or other appropriate agencies' jurisdiction over any address, annexations and other changes in municipal and county boundaries, incorporation of new cities or any other similar matter that may affect the routing of 911 calls to the proper Public Safety Answering Point.

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**TELECOMMUNICATIONS SERVICES
TARIFF NO. 1**

SECTION 2 - RULES AND REGULATIONS (cont'd)

2.27 Universal Emergency Telephone Number Service (911,E911) (cont'd)

2.27.5 The Company assumes no liability for any infringement or invasion of any right of privacy of any person or persons caused, or claimed to be caused, directly or indirectly by the use of 911 Service. Under the terms of this tariff, the Public Safety Agency must agree, (except where the events, incidents, or eventualities set forth in this sentence are the result of the Company's gross negligence or willful misconduct), to release, indemnify, defend and hold harmless the Company from any and all losses or claims whatsoever, whether suffered, made, instituted, or asserted by the Public Safety Agency or by any other party or person, for any personal injury to or death of any person or persons, or for any loss, damage, or destruction of any property, whether owned by the customer or others. Under the terms of this tariff; the Public Safety Agency must also agree to release, indemnify, defend and hold harmless the Company for any infringement of invasion of the right of privacy of any person or persons caused or claimed to have been caused, directly or indirectly, by the installation, operation, failure to operate, maintenance, removal, presence, condition, occasion, or use of 911 Service features and the equipment associated therewith, or by any services furnished by the Company in connection therewith, including, but not limited to, the identification of the telephone number, address, or name associated with the telephone used by the party or parties accessing 911 Service hereunder, and which arise out of the negligence or other wrongful act of the Public Safety Agency, its user, agencies or municipalities, or the employees or agents of any one of them, or which arise out of the negligence, other than gross negligence or willful misconduct, of the Company, its employees or agents.

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TELECOMMUNICATIONS SERVICES
TARIFF NO. 1

SECTION 3 - DESCRIPTION OF SERVICE

3.1 Local Service Areas

IElement will provide Local Exchange Service in the entire state of Arizona. Company will follow the relevant incumbent exchange carriers' tariffs descriptions of local calling areas.

3.2 Product Descriptions

3.2.1 Timing of Calls - Usage-Sensitive Products

3.2.1.A Usage charges for usage-sensitive products are based on the actual usage of IElement's network. The Company will determine that a call has been established by signal from the local telephone Company.

3.2.1.B Minimum billed call duration and billing increments differ from product to product. Product specific information is included in Section 4 of the Rate Schedules.

3.2.1.C Usage is measured and rounded to the next higher billing increment for billing purposes.

3.2.1.D There is no usage-based billing applied for incomplete calls.

3.2.2 IElement Residential Services

IElement's Residential Services are offered for local calling using the facilities of IElement and/or those of other authorized Local Exchange Carriers. IElement's Residential Services are offered to phones used exclusively for home use, no home office or other business use is allowed. IElement reserves the right to terminate service to any customer subscribing to residential service for a business purpose.

3.2.3 IElement Business Services

IElement's Business Services are offered for local calling using the facilities of IElement and/or those of other authorized Local Exchange Carriers. IElement's Business Services are offered primarily to the following:

1. Offices, stores, factories, mines and all other places of a strictly business nature;
2. Offices of hotels, boarding houses, apartment houses, colleges, quarters occupied by clubs and fraternal societies, public, private or parochial schools, hospitals, nursing homes, libraries, churches, and other institutions, and
3. Services terminating solely on the secretarial facilities of a telephone answering bureau.

If a Subscriber's service changes from business service to residential service, the telephone number will normally be changed. Reference of calls will not normally be provided regardless of how long existing directories will remain in effect. Changes from residential to business service may be made without change in telephone number, if the subscriber so desires.

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**TELECOMMUNICATIONS SERVICES
TARIFF NO. 1**

SECTION 3 - DESCRIPTION OF SERVICE (cont'd)

3.2 Product Descriptions (cont'd)

3.2.4 Directory Listings

For each Customer of IELEMENT's Exchange Access Service(s), the Company shall arrange for the listing of the Customers main billing telephone number in the directory(ies) published by the dominant Local Exchange Carrier in the area at no additional charge. At a Customer's option, the Company will arrange for additional listings at an additional charge.

3.2.5 Operator-Assisted Services

Operator-assisted services are provided to Business and Residential Customers on a presubscribed basis. Services are also provided to Customers and Users of exchange access lines which are presubscribed to the Company's interexchange outbound calling services. Various billing arrangements are available with IELEMENT's operator-assisted service including Calling Card, Commercial Credit Card, Collect, Person-to-Person and Third Party. Monthly and/or usage-sensitive charges apply as Arizonad in Section 4, including per call operator charges.

3.2.5.A Operator Dialed Surcharge

This surcharge applies to Operator Station and Person-to-Person rated calls when the Customer 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 IELEMENT network;
- 2) Calls in which a Company operator places a call for a calling party who is identified as being handicapped and unable to dial the call because of his/her handicap.

The Operator Dialed Surcharge applies in addition to any other applicable operator charges.

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TELECOMMUNICATIONS SERVICES
TARIFF NO. 1

SECTION 3 - DESCRIPTION OF SERVICE (cont'd)

3.2 Product Descriptions (cont'd)

3.2.5 Operator-Assisted Services

3.2.5.B Busy Line Verify and Line Interrupt Service

Upon request of a calling party, the Company will verify a busy condition on a called line. The operator will determine whether the line is clear or in use and report its status to the calling party. The operator will interrupt the call on the called line only if the calling party indicates an emergency and requests interruption.

A charge will apply when:

- 1) The operator verifies that the line is busy with a call in progress;
- 2) The operator verifies that the line is unavailable for incoming calls; or
- 3) The operator verifies that the called number is busy with a call in progress and the customer requests interruption. The operator will then interrupt the call, advising the called party of the name of the calling party. One charge will apply for both verification and interruption.

No charge will apply when:

- 1) The calling party advises that the call is to or from an official public emergency agency; or
- 2) Under conditions other than the three Arizona above. Busy Verification and Interrupt service is furnished where and to the extent that facilities permit. The Customer shall indemnify and hold the Company harmless against all claims that may arise from either party to the interrupted call or by person.

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**TELECOMMUNICATIONS SERVICES
TARIFF NO. 1**

SECTION 3 - DESCRIPTION OF SERVICE (cont'd)

3.2 Product Descriptions (cont'd)

3.2.6 Directory Assistance

Customers and users of the Company's business and residential calling services (excluding Toll Free services) may obtain directory assistance in determining telephone numbers within the Arizona by calling the Directory Assistance operator.

Call allowances are as stated below:

3.2.5.1 Residential customers are entitled to one call per month.

3.2.5.2 Business customers using directory assistance will receive 10 free calls per line or PBX trunk line per month.

3.2.5.3 Customers with Centrex main station lines will receive 10 free calls per equivalent number of PBX trunks. The number of equivalent PBX trunks is determined in accordance with the PBX Table below:

Number of Main Station Lines	Equivalent PBX Trunks	Number of Main Station Lines	PBX Trunks
1	1	87-98	15
2	2	99-111	16
3	3	112-125	17
4-6	4	126-139	18
7-10	5	140-155	19
11-15	6	156-171	20
16-21	7	172-189	21
22-28	8	190-207	22
29-36	9	208-225	23
37-45	10	226-243	24
46-54	11	244-262	25
55-64	12	263-281	26
65-75	13	282-300	27
76-86	14	*	*

*each additional 18 main station lines or fraction thereof equal to one PBX trunk.

Issued:

Effective:

By: Ivan Zweig
President

TELEPHONE TELEPHONE OF ARIZONA, INC.
17194 Preston Road, Suite 102, PMB 341
Dallas, TX 75248

**TELECOMMUNICATIONS SERVICES
TARIFF NO. 1**

SECTION 3 - DESCRIPTION OF SERVICE (cont'd)

3.2 Product Descriptions (cont'd)

3.2.6 Directory Assistance (cont'd)

A credit will be given for calls to Directory Assistance when:

1. The Customer experiences poor transmission or is cut-off during the call,
2. The Customer is given an incorrect telephone number, or
3. The Customer inadvertently misdials an incorrect Directory Assistance NPA.

To receive a credit, the customer must notify the Company operator or Business Office of the problem experienced.

Exemptions:

1. Residential Customers are exempt from Directory Assistance charges.
2. The single-line main telephone exchange line of a handicapped user, as defined by the Federal Register, Vol. 35 #126, which has been registered with the Company will be exempt from Directory Assistance charges.
3. Directory Assistance attempts to telephone numbers which are non-listed or non-listed and non-published are exempt from the rate, and shall not be included in the ten call allowance.

3.2.7 Extended and Expanded Area Calling Services

Extended and Expanded Area Calling Service allows the Customer to make calls to foreign exchanges outside the Customer's Local Calling Area without paying intraLATA toll rates. The Customer is billed per call according to the duration of the call. IELEMENT will mirror all existing extended and expanded calling areas the ILEC currently has in place for facilities-based or resold services.

3.2.8 Calling Features

Calling features such as caller identification, call forwarding, etc. are available.

3.2.8.1 Call Forwarding

Call Forwarding permits the Customer to automatically forward (transfer) all incoming calls to another telephone number, and to restore it to normal operation at their discretion.

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President

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**TELECOMMUNICATIONS SERVICES
TARIFF NO. 1**

SECTION 3 - DESCRIPTION OF SERVICE (cont'd)

3.2.8.2 Call Return

Call Return allows the Customer to return a call to the last incoming call whether answered or not. Upon activation, it will redial the number automatically and continue to check the number every 45 seconds for up to 30 minutes if the number is busy. The Customer is alerted with a distinctive ringing pattern when the busy number is free. When the Customer answers the ring, the call is then completed. The calling party's number will not be delivered or announced to the call recipient under any circumstances.

3.2.8.3 Call Screen

Call Screen allows the Customer to automatically block incoming calls from up to ten customer pre-selected telephone numbers (including numbers from which a customer has just received a call). The list of numbers can be changed at any time. Callers whose numbers have been blocked will hear a recorded message and no usage charges will apply. The calling party's number will not be delivered or announced to the call recipient under any circumstances.

3.2.8.4 Call Trace

Call Trace allows the Customer to dial a code to automatically request that the Utility record a caller's originating telephone number and the date and time of the call as well as the date and time of the Customer initiated trace. The information is stored by the Utility and disclosed only to a law enforcement agency for investigation purposes. The customer does not receive any information regarding the origination of the calls.

3.2.8.5 Call Waiting

Call Waiting permits the customer engaged in a call to receive a tone signal indicating a second call is waiting; and, by operation of the switchhook, to place the first call on hold and answer the waiting call. The Customer may alternate between the two calls by operation of the switchhook, but a three-way conference cannot be established.

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**TELECOMMUNICATIONS SERVICES
TARIFF NO. 1**

SECTION 3 - DESCRIPTION OF SERVICE (cont'd)

3.2.8.6 Cancel Call Waiting (CCW)

Allows a customer to dial an activation code prior to making a call, and cancel the Call Waiting (CW) feature. CCW must be activated each time the customer wants CW canceled. Exception: Customers subscribing to a Custom Calling Service that provides "flash privileges" such as Three-Way Calling, can activate the CCW feature while an incoming or outgoing call is in progress.

3.2.8.7 Priority Ringing

Priority Ringing differentiates incoming calls from up to ten Customer pre-selected telephone numbers by signaling the customer with a distinctive ringing pattern. If the Customer subscribes to Call Waiting, a distinctive tone is heard for the selected set of numbers. The last incoming call can automatically be added to the list of pre-selected numbers.

3.2.8.9 Remote Call Forwarding

Remote Call Forwarding Service is an arrangement which includes the furnishing of a network address (seven or area code + seven digit telephone number) to an applicant or Customer, which permits call completion to another network address. The Remote Call Forwarding network address must be located in an exchange area.

3.2.8.10 Repeat Dialing

Repeat Dialing permits the Customer to have calls automatically redialed when the first attempt reaches a busy number. The line is checked every 45 seconds for up to 30 minutes and alerts the customer with a distinctive ringing pattern when the busy number and the customer's line are free. The Customer can continue to make and receive calls while the feature is activated.

3.2.8.11 Speed Calling

Speed Calling permits the customer to place calls to other telephone numbers by dialing a one or two digit code rather than the complete telephone number. The feature is available as an eight-code list or thirty-code list. Either code list may include local and/or toll telephone numbers. To establish or change a telephone number in a code list, the Customer dials an activating code, receives a second dial tone and dials either a one or two digit code (for the eight code and thirty code lists, respectively) plus the telephone number.

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TELECOMMUNICATIONS SERVICES
TARIFF NO. 1

SECTION 3 - DESCRIPTION OF SERVICE (cont'd)

3.2.8.12 Three-Way Calling

Three-Way Calling permits the Customer to add a third party to an established connection. When the third party answers, a two-way conversation can be held before adding the original party for a three-way conference. The Customer initiating the conference controls the call and may disconnect the third party to reestablish the original connection or establish a connection to a different third party. The feature may be used on both outgoing and incoming calls.

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**TELECOMMUNICATIONS SERVICES
TARIFF NO. 1**

SECTION 4 - RATES

4.1 General

Installation, monthly recurring and per minute usage charges will apply to the Company's local exchange services. An additional per-call operator service charge will apply for operator-assisted calling. These services are provided on a wholesale basis to IElement's customers for sale to their end users.

4.2 IElement Residential Services

4.2.1 Residential Flat Rate Exchange Line Service

This service entitles subscribers to an unlimited number of messages to all stations bearing the designation of central offices within the serving exchange and limited local calling area exchanges or locality rate areas as listed in filed tariffs of incumbent local exchange carriers. This service may be provided with or without the Company's long distance service.

4.2.1.A Monthly Charges

	Per Month
With IElement Long Distance	\$ 15.00
Without IElement Long Distance	\$ 35.00

4.2.2 Residential Measured Rate Exchange Line Service

IElement will provide this service under an individual case base arrangement.

4.2.3 LATA-wide Calling Service

An optional offering that provides local calling from the subscriber home wire center to all exchanges within the end user subscriber's LATA as described in the relevant incumbent carrier's tariffs.

Per month	\$5.00	USOC R2K2K
-----------	--------	---------------

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**TELECOMMUNICATIONS SERVICES
TARIFF NO. 1**

SECTION 4 - RATES (cont'd)

4.3 IElement Business Services

4.3.1 Business Flat Rate Exchange Line Service

This service entitles Customers' end user subscribers to an unlimited number of calls to all stations bearing the designation of central offices within the serving exchange and limited local calling area exchanges or locality rate areas as listed in filed tariffs of incumbent local exchange carriers. This service may be provided with or without the Company's long distance service.

4.3.1.A Monthly Charges

	Per Month
With IElement Long Distance	\$ 20.00
Without IElement Long Distance	\$ 35.00

4.3.2 Business Measured Rate Exchange Line Service - IElement Facilities

IElement will provide this service under an individual case base arrangement.

4.3.3 LATA-wide calling service

An optional offering that provides local calling from the subscriber home wire center to all exchanges within the end user subscriber's LATA as described in the relevant incumbent carrier's tariffs.

Per month	\$5.00	USOC R2K2K
-----------	--------	---------------

 Issued:

Effective:

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TELECOMMUNICATIONS SERVICES
TARIFF NO. 1

SECTION 4 - RATES (cont'd)

4.4 IElement Features Package
Consists of a IElement Package as described above and the subscriber's choice of five calling features listed below:

Calling Features	USOC
1. Call Forward Busy Line	GCE
2. Call Forward Don't Answer	GCJ
3. Call Forward Don't Answer Ring Control	GCJRC
4. Call Forward Variable	ESM
5. Flexible Call Forwarding	FCS
6. Call Waiting	ESX
7. Speed Calling 8	ESL
8. Speed Calling 30	ESF
9. Three way calling	ESC
10. Message Waiting Indicator- Audible	MWW
11. Message Waiting Indicator- Visual	MWWAV
12. Call Return	NSS
13. Call Block	NSY
14. Call Tracing	NST
15. Repeat Dialing	NSQ
16. Call Selector	NSK
17. Preferred Call Forwarding	NCE
18. Remote Access Call Forwarding	GCZ
19. Three way Calling with Transfer	ESCWT

4.4.1 Pricing

	Per month	USOC
with IElement Long Distance Service	\$5.00	BC1
without IElement Long Distance Service	\$10.00	BC2

**TELECOMMUNICATIONS SERVICES
TARIFF NO. 1**

SECTION 4 - RATES (cont'd)

4.4.2 A la Carte Option

The following calling features are available on an a la carte basis

Calling Features	Monthly	USOC
	Resid.	Bus.
1. Call Forward Busy Line	\$0.90	\$3.50 GCE
2. Customer Control of Call Forward Busy Line	\$2.70	\$6.70 GJP
3. Call Forward Don't Answer	\$0.90	\$3.50 GCJ
4. Customer Control of Call Forward Don't Answer	\$2.70	\$6.30 GJC
5. Call Forward Don't Answer Ring Control	\$0.90	\$3.50 GCJRC
6. Call Forward Variable	\$3.25	\$4.00 ESM
7. Flexible Call Forwarding	\$4.50	\$8.90 FCS
8. Flexible Call Forwarding with Audio	\$6.30	\$9.90 FCSCN
9. Flexible Call Forwarding Plus	\$6.30	N/A FCP
10. Flexible Call Forwarding Plus with Audio	\$8.10	N/A FCPCN
11. Call Waiting	\$3.30	\$4.00 ESX
12. Speed Calling 8	\$3.30	\$4.00 ESL
13. Speed Calling 30	\$3.70	\$4.95 ESF
14. Three-way calling	\$3.25	\$4.00 ESC
15. Three-way calling per use	\$0.75	\$0.75 N/A
16. Call Waiting Deluxe	\$5.40	N/A ESXD+
17. Anonymous Call Rejection (ACR)	\$3.00	\$4.00 HBY
18. Caller ID	\$6.30	\$8.15 NSD
19. Caller ID Deluxe w/ ACR	\$6.75	\$9.00 NXMCR
20. Caller ID Deluxe w/o ACR	\$6.75	\$9.00 NXMMN
21. Enhanced Caller ID w/ACR	N/A	\$14.35 NXECR
22. Enhanced Caller ID w/Call Management and ACR	N/A	\$15.25 N1ACR
23. Enhanced Caller ID w/Call Management and ACR and Call Forwarding Don't Answer	N/A	\$14.35 NCACR
24. Message Waiting Indicator	\$0.45	\$0.55 MWW
25. Message Waiting Indicator- Audible/Visual	\$0.45	\$0.55 MWWAV
26. Call Return	\$4.00	\$4.70 NSS
27. Call Return per use	\$0.75	\$0.75 N/A
28. Call Block	\$3.80	\$4.40 NSY
29. Call Tracing	\$3.80	\$4.95 NST
30. Repeat Dialing	\$3.80	\$4.50 NSQ
31. Repeat Dialing per use	\$0.75	\$0.75 N/A
32. Busy Connect per use	\$0.75	\$0.75 N/A
33. Call Selector	\$3.80	\$4.50 NSK
34. Preferred Call Forwarding	\$3.80	\$4.50 NCE
35. Remote Access Call Forwarding	\$5.40	\$8.40 GCZ
36. Three way Calling with Transfer	\$4.50	\$5.40 ESCWT
37. Touch-Tone (business only, residential free)		\$2.70 TTB

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TELECOMMUNICATIONS SERVICES
TARIFF NO. 1

SECTION 4 - RATES (cont'd)

4.5 Installation Charges

4.5.1 Line Connection Charge

Applies per exchange access line or trunk.

	Residential	Business
First line	\$20.00	\$30.00
Additional line	\$5.00	\$5.00

4.5.2 Line Change Charge

Applies per exchange access line or trunk.

	Residential	Business
First line	\$20.00	\$30.00
Additional line	\$5.00	\$5.00

4.5.3 Secondary Service Charge

Applies per customer request.

	Residential	Business
Each	\$1.00	\$1.00

4.5.4 Premises Work Charge

	Residential	Business
First 15 minute increment	\$30.00	\$20.00
Additional 15 minute increment Or fraction thereof	\$10.00	\$10.00

4.5.5 Service Expedite Charge

Applies when the customer requests that service be provided in advance of the established service interval and the Company is able to comply. Applicable per exchange, per customer request. If the Company commits to an expedited service date and then fails to meet the commitment, the customer shall not be responsible for the Service Expedite Charge and the Company shall have no further liability to the customer for its failure to meet the commitment.

	Nonrecurring Charge	USOC
Simple Residence Service	\$10.00	EOD
Simple Business Service	\$10.00	EOD
Lines or trunks requiring engineering design	\$100.00	EODPX

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**TELECOMMUNICATIONS SERVICES
TARIFF NO. 1**

SECTION 4 - RATES (cont'd)

4.6 Directory Listings	Monthly Charge	USOC
Private Listing	\$3.15	NPU
Semi-private Listing	\$1.65	NLT
Each additional listing-residential	\$1.10	RLT
Each additional listing-business	\$1.65	CLT
Each additional 800 listing	\$1.65	SZS
Alternate listing-residential	\$1.65	NAB
Alternate listing-business	\$1.65	FNA
Cross-reference listing-residential	\$1.10	LRT
Cross-reference listing-business	\$1.65	LLT

4.7 Operator-Assisted Services

4.7.1 Operator Charges (per call)

Person-to-person	\$4.90
Station-to-station (Customer Dialed)	\$2.25

When more than one class of service is involved, only the higher surcharge is applicable.

4.7.2 Operator Dialed Surcharge

Operator Dialed Surcharge (per call)	\$0.80
--------------------------------------	--------

4.7.3 Busy Line Verify and Line Interrupt Service

	<u>Each request</u>
Busy Line Verify Service	\$0.95
Busy Line Verify and Line Interrupt Service	\$1.40

4.7.4 Directory Assistance

Within the originating line's local calling area	\$0.30/per request
Outside the originating line's local calling area and NPA	\$0.85/per request
Directory Assistance Service Charge	\$0.30/per call
Call Completion Service	\$0.30/per call

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Effective:

By: Ivan Zweig
President

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TELECOMMUNICATIONS SERVICES
TARIFF NO. 1

SECTION 5 - BILLING CONTENTS

5.1 IElement Billing Contents

IElement's customer bills contain the following information:

Name and address of Company
 Address for Correspondence
 Address for Remittance
Customer Service/Billing Inquiry toll-free telephone number
Name and address of Customer
Bill Date
All Account Numbers
Invoice Number
Summary of Charges
Detail of Charges

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By: Ivan Zweig
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TELECOMMUNICATIONS SERVICES
TARIFF NO. 1

SECTION 6 - SPECIAL SERVICE ARRANGEMENTS

6.1 Individual Case Basis Arrangements

Arrangements will 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. IELEMENT's rates will be offered to the Customer in writing and on a non-discriminatory basis. All such rates will be submitted to the Commission for approval.

Issued:

Effective:

By: Ivan Zweig
President
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17194 Preston Road, Suite 102, PMB 341
Dallas, TX 75248

REGULATIONS AND SCHEDULE OF CHARGES

APPLICABLE TO INTRASTATE INTEREXCHANGE SWITCHED SERVICES

FURNISHED BY

IELEMENT TELEPHONE OF ARIZONA, INC.

This Tariff contains the rates, terms and conditions applicable to switched intrastate interexchange services offered by IElement Telephone of Arizona, Inc. of Dallas, Texas within the State of Arizona. The provisions of this tariff apply only to the intrastate interexchange services described in this tariff.

The services described in this tariff may be provided by any means of wire, terrestrial communications systems, satellite, microwave, and other transmission systems, or any combination thereof.

ISSUED:

EFFECTIVE:

ISSUED BY: Ivan Zweig
President
IElement Telephone of Arizona, Inc.
17194 Preston Road, Suite 102, PMB 341
Dallas, Texas 75248

CHECK SHEET

The Title Page and pages listed below are inclusive and effective as of the date shown. Revised pages as named below contain all changes from the original Tariff that are in effect on the date shown on each page.

Page #	Revision	Page #	Revision
Title Page	Original	31	Original
1	Original	32	Original
2	Original	33	Original
3	Original	34	Original
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12	Original	43	Original
13	Original	44	Original
14	Original	45	Original
15	Original	46	Original
16	Original	47	Original
17	Original	48	Original
18	Original	49	Original
19	Original	50	Original
20	Original	51	Original
21	Original	52	Original
22	Original	53	Original
23	Original		
24	Original		
25	Original		
26	Original		
27	Original		
28	Original		
29	Original		
30	Original		

* Indicates tariff pages included in this filing.

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ISSUED BY: Ivan Zweig
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Dallas, Texas 75248

TARIFF FORMAT

- A. Page Numbering** - Page numbers appear in the upper right corner of the page. Pages are numbered sequentially. However, new pages are occasionally added to the tariff. When a new page is added between pages already in effect, a decimal is added.
- B. Page Revision Numbers** - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current page version on file with the Commission. For example, the 4th revised Page 14 cancels the Original Page 14. Because of the various suspension periods and deferrals the Commission follows in its tariff approval process, the most current page number on file with the Commission is not always the tariff page in effect. Consult the check sheet for the page currently in effect.
- C. Paragraph Numbering Sequence** - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:
- 2
 - 2.1
 - 2.1.1
 - 2.1.1.A
 - 2.1.1.A.1
 - 2.1.1.A.1.(a)
 - 2.1.1.A.1.(a).I
 - 2.1.1.A.1.(a).I.(i)
 - 2.1.1.A.1.(a).I.(i).(1)
- D. Check Sheets** - When a tariff filing is made with the Commission an updated check sheet accompanies the filing. The check sheet lists the pages 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 shall be no other symbols used on this page if these are the only changes made to it. The tariff user should refer to the latest check sheet to find out if a particular page is the most current on file with the Commission.

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President
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CONCURRING CARRIERS

None

CONNECTING CARRIERS

None

OTHER PARTICIPATING CARRIERS

None

EXPLANATION OF SYMBOLS

Changes to this tariff shall be identified on the revised page(s) through the use of symbols. The following are the only symbols used for the purposes indicated below:

- (C) To signify changed regulation.
- (D) To signify discontinued rate or regulation.
- (I) To signify an increase.
- (M) To signify matter relocated without change.
- (N) To signify new rate or regulation.
- (R) To signify reduction.
- (S) To signify reissued matter.
To signify change in text but no change in rate or regulation.
- (Z) To signify a correction.

ISSUED:

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ISSUED BY: Ivan Zweig
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APPLICATION OF TARIFF

This Tariff is available for public inspection during normal business hours at the main office of IElement Telephone of Arizona, Inc., located at 17194 Preston Road, Suite 102, PMB 341 Dallas, Texas 75248.

This Tariff contains the rates, terms and conditions of service applicable to the furnishing of the within described intrastate interexchange services by IElement Telephone of Arizona, Inc. This Tariff applies to switched interexchange services offered by IElement Telephone of Arizona, Inc. to the general public, which, for purposes of this Tariff, consist of casual calling customers and other providers of Telecommunications Services or Information Services (Reseller Customers) for resale, and which are subject to regulation by the Commission. These services are provided in conjunction with the Company's interstate telecommunications services originating or terminating within the state. This Tariff does not apply to the within described services which are provided by IElement Telephone of Arizona, Inc.:

T

- (a) to other providers of Telecommunications Services or Information Services pursuant to any contractual arrangements that have been or are entered into on an Individual Case Basis pursuant to Section 2.1.7;
- (b) pursuant to other IElement Telephone of Arizona, Inc. tariffs unless specifically stated therein;
- (c) to affiliates of the Company; and
- (d) on an interstate or international basis.

ISSUED:

EFFECTIVE:

ISSUED BY: Ivan Zweig
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SECTION 1 - TERMS AND ABBREVIATIONS

Access Line - A facility arrangement which connects Customer's location to Company's POP.

Access Service Request (ASR) - An order placed with a Local Access Provider for Local Access.

Account Code - A series of digits entered by End User to associate a call with a particular department, cost center, or Customer. A non-verified Account Code shall be accepted if it contains the proper number of digits. A verified Account Code shall only be accepted if it can be matched with a number on the list of valid Account Codes provided by End User.

Alternative Access - A form of Local Access except that the provider of the Service is an entity, other than the Local Exchange Carrier, authorized or permitted to provide such Service.

Ancillary Charges - Charges for supplementary Services as set forth in this Tariff which may consist of both nonrecurring and monthly recurring charges.

Authorization Code - A numerical code, one or more of which are available to Customer's End Users to enable them to access Company's network, and which are used by Company both to prevent unauthorized access to its facilities and to identify End Users for billing purposes.

Available/Availability - Condition in which Company has the facilities necessary to provide Service and such facilities are not already committed to other parties or other Customers and are accessible for Service to Customer, as determined by the Company, in its sole discretion.

Casual Calling - Access to Company's network and the subsequent use of Service by an End User Customer through the dialing of a carrier access code in the format of 101XXXX, where the four (4) digits represented by the "X" are the unique Carrier Identification Code (CIC) assigned to Company.

ISSUED:**EFFECTIVE:**

ISSUED BY: Ivan Zweig
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SECTION 1 - TERMS AND ABBREVIATIONS, (CONT'D.)

Channel(s) or Circuit(s) - A communications path between two or more points.

Collect Call - A billing arrangement which bills the charge for a long distance call to the called station's telephone number. The person agreeing to accept the call is responsible for all charges related to the call.

Commission - The Arizona Corporation Commission.

Conversation Minutes - For billing purposes calls are billed based on Conversation Minutes, which begin when the called party answers, as determined by answer supervision, and end when either party disconnects.

Company or Carrier - IElement Telephone of Arizona, Inc. unless otherwise clearly indicated by the context.

Customer - The natural person or legal entity which orders Service and is therefore responsible for the payment of charges due as a result of using the Service and for compliance with the Company's tariff. The Customer may be a certified reseller of telecommunications services who, under the terms of a Service Agreement, orders or uses Service and is therefore responsible for the payment of charges due and for compliance with Carrier's tariff regulations.

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ISSUED BY: Ivan Zweig
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SECTION 1 - TERMS AND ABBREVIATIONS, (CONT'D.)

Day - From 8 AM up to but not including 5 PM, Monday through Friday.

Dialed Number Information Service (DNIS) - A service option of Toll Free Service under which Company electronically transmits to Customer (or to an End User of Customer) the telephone number of the party calling Customer or its End User.

Due Date - The date on which payment is due as indicated on Company's invoice to Customer.

End User - The natural person or legal entity which either; (1) orders service through a certified Reseller Customer or (2) uses the Company's Casual Calling service directly as a Customer through dialing the Company's designated access code or other access number.

FCC - Federal Communications Commission.

Individual Case Basis (ICB) - Determinations involving situations where nonstandard arrangements are required to satisfy specialized needs. The nature of such Service requirements makes it difficult or impossible to establish general Tariff provisions for such circumstances. When it becomes possible to determine specific terms and conditions for such offerings, they shall be offered pursuant to such terms and conditions when set forth in writing and subscribed to by authorized representatives of Customer and Company.

Information Services - The term "Information Services" has the same meaning as contained in 47 U.S.C. § 153(20), as interpreted by the FCC and federal courts.

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SECTION 1 - TERMS AND ABBREVIATIONS, (CONT'D.)

Installation - Establishment of Service.

Interexchange Service - Service provided to a Customer over a Channel or Circuit between a Company designated POP in one exchange and a Company designated POP in another exchange.

LATA (Local Access Transport Area) - A geographical area established for the provision and administration of communications Service, as provided for in the Modification of Final Judgement (MFJ), the consent decree between GTE Corporation and the Department of Justice, and any further modifications thereto.

Local Access - The portion of the Service between a customer premise and a Company designated POP.

Local Access Provider - An entity providing Local Access.

Local Exchange Carrier (LEC) - The local telephone utility that provides exchange telephone services.

N/A - Not applicable.

N/C - No charge.

Non-Day - All hours other than those included in the Day rate period.

Nonrecurring Charge - One-time charge relevant to Service.

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SECTION 1 - TERMS AND ABBREVIATIONS, (CONT'D.)

On-Net - A Circuit traversing the IEElement network, both end points of which originate and terminate at a IEElement' designated POP.

Off-Net - A circuit that is not On-Net.

POP (Point of Presence) - A Company designated location where a facility is maintained for the purpose of providing access to the Company's Services by Customer and/or its End Users.

Reseller - A Customer which purchases Service from the Company through a Service Agreement and resells service to its own End Users. End Users of a Reseller are not Customers of the Company. A Reseller must be authorized to operate in the State before it can Resell Services to its End Users.

Service - IEElement' Interexchange Services as described in this Tariff as modified from time to time.

Service Commitment Period - The period selected by the Customer, agreed to by Company and stated on the relevant Service Agreement, during which Company will provide and Customer will accept and pay for the Service described therein.

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SECTION 1 - TERMS AND ABBREVIATIONS, (CONT'D.)

Service Agreement - An agreement between Carrier and Customer which, subject to the terms and conditions of this tariff; defines the relationship between Carrier and Customer.

Service Area - The geographic area in which Customer or its End Users may access and use Service.

Tariff - The Company's Arizona Intrastate Tariff No. 2, and effective revisions thereto filed by the Company with the Commission.

Telecommunications Service - The term "Telecommunications Service" has the same meaning as contained in 47 U.S.C. § 153(46), as interpreted by the FCC and federal courts.

Term - Service Commitment Period.

United States - For purposes of this tariff the term "United States" includes the Mainland United States of America, Alaska, Hawaii, Puerto Rico, U.S. Virgin Islands, Guam, and the Commonwealth of the Northern Mariana Islands (CNMI).

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SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of Company and Limitations of Services

- 2.1.1** The Company undertakes to furnish Service pursuant to the terms of this Tariff for the transmission of information originating and terminating within the State. Service under this Tariff is offered only to Company's Reseller Customers, except that, due to the nature of Services provided, End Users may access Company's Casual Calling Service. Company reserves the right to deny Service: (i) to any Customer that, in Company's reasonable opinion, presents an undue risk of nonpayment; (ii) in circumstances in which Company has reason to believe that the use of the Service would violate the provisions of this Tariff or any applicable law or if any applicable law restricts or prohibits provision of the Service; or (iii) if, in Company's sole opinion, insufficient facilities or equipment are Available to provide the Service.
- 2.1.2** The provision of Service shall not create a partnership or joint venture between the Company and Customer nor result in joint service offerings to their respective customers or End-Users.
- 2.1.3** Company owns or operates transmission facilities within the State and/or resells telecommunications services provided by other carriers. Notwithstanding the resale of telecommunications services provided by other carriers, Customer shall be considered a customer of Company, and not a customer of any other carrier.

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SECTION 2 - RULES AND REGULATIONS (CONT'D)

2.1 Undertaking of Company and Limitations of Services (cont'd)

- 2.1.4** Carrier may, when authorized by Customer, act as Customer's agent for ordering dedicated Access Lines or facilities provided by other carriers to allow connection of specified locations of Customer and/or its End Users to the network of Carrier. Customer shall be responsible for all charges due for such service arrangements.
- 2.1.5** Service is offered subject to the availability of the necessary facilities and subject to the provisions of this Tariff.
- 2.1.6** Service is provided under the terms and conditions of an applicable Service Agreement and this Tariff; and is available twenty-four (24) hours per day, seven (7) days per week.
- 2.1.7** To the extent that any conflict arises between the terms and conditions of a Service Agreement and the terms and conditions of this Tariff, the Tariff shall prevail, except such terms and conditions in a Service Agreement that are expressly set forth therein as ICB terms or conditions, in which case such ICB terms and conditions shall prevail.

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SECTION 2 - RULES AND REGULATIONS (CONT'D)

2.1 Undertaking of Company and Limitations of Services (cont'd)

2.1.8 Carrier reserves the right to discontinue furnishing Service, or to limit the use of Service, when necessitated by conditions beyond its control, when Customer or an End User is using Service in violation of the law or in violation of the provisions of this tariff, or for non-payment by Customer.

2.1.9 Service provided under this Tariff is directly controlled by Carrier, and Customer may not transfer or assign the use of Service, except with the prior written consent of Carrier. Such transfer or assignment shall only apply where there is no interruption in the use or location of Service, and all regulations and conditions contained in this Tariff as well as all conditions for Service, shall apply to all such permitted assignees or transferees.

2.1.10 The Customer shall not use nor permit others to use the Service in a manner that could interfere with Services provided to others or that could harm the facilities of the Company or others.

2.1.11 Service furnished by IElement may be connected with the services or facilities of other carriers. Customer is responsible for all charges billed by other carriers in connection with the use of Service. Any special equipment or facilities necessary to achieve compatibility between carriers are the sole responsibility of Customer.

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SECTION 2 - RULES AND REGULATIONS (CONT'D)

2.2 Resale of Company Services

2.2.1 In addition to the other provisions in this Tariff, a Customer reselling Service shall be responsible for all interaction and interface with its own subscribers or customers. The reselling of Service by a Customer or reselling of Service with enhancements provided by Customer shall not create a partnership or joint venture between Company and Customer nor result in a joint service offering to any third parties by either Company or the Customer.

2.2.2 Notwithstanding the resale of Service by Customer and regardless of the Company's knowledge of same, the Customer remains liable for all obligations under this Tariff. The Company shall have no liability to any person or entity other than the Customer and only as set forth in Section 2.3.

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SECTION 2 - RULES AND REGULATIONS (CONT'D)

2.3 Liability of the Company

- 2.3.1** Except as otherwise specifically provided for in this Tariff, the Company and/or its affiliates shall not be liable to Customer or any other person, firm or entity for any failure of performance hereunder if such failure is due to any cause or causes beyond the reasonable control of the Company. Such causes shall include, without limitation, acts of God, fire, explosion, vandalism, sabotage, cable cut, storm or other similar occurrence, any law, order, regulation, direction, action or request of the United States government or of any other government or of any civil or military authority, national emergencies, insurrections, riots, wars, condemnation, strikes, lockouts or work stoppages or other labor difficulties, supplier failures, shortages, breaches or delays, or preemption of existing Services to restore Service in compliance with Part 64, Subpart D, Appendix A, of the FCC's Rules and Regulations or other applicable laws, regulations, or orders. The Carrier's liability, if any, for its gross negligence or willful misconduct is not limited by the tariff.
- 2.3.2** The Company is not liable for any act or omission of any other company or companies furnishing a portion of the Service or facilities, equipment, or services associated with such Service.

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SECTION 2 - RULES AND REGULATIONS (CONT'D)**2.3 Liability of the Company (cont'd)**

2.3.3 The Customer shall indemnify and hold the Company harmless from and against any court, administrative or agency action, suit or similar proceeding brought against Company and/or any affiliate of the Company for:

- (a) claims arising out of or related to the contents transmitted via the Services (whether over the IElement Network or Local Access facilities) including, but not limited to, claims, actual or alleged, relating to any violation of copyright law, export control laws, failure to procure necessary authorizations, clearances or consents, failure to meet governmental or other technical broadcast standards, or claims that such transmission contents are libelous, slanderous, an invasion of privacy, pornographic, or otherwise unauthorized or illegal;
- (b) patent infringement claims arising from combining or connecting the Service with equipment and systems of the Customer;
- (c) all other claims arising out of any act or omission of the Customer in connection with any Service provided by the Company;
- (d) defacement of, or damage to, the premises of Customer and Authorized Users resulting from the installation, and/or removal of facilities or the attachment of instruments, equipment and associated wiring on or from the Customer's Premises. No agents or employees of other participating carriers shall be deemed to be agents or employees of the Company; and
- (e) claims arising out of the use of Services or associated equipment in an unsafe manner (such as use in an explosive atmosphere) or the negligent or willful act of any person other than the Company, its agents, or employees.

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SECTION 2 - RULES AND REGULATIONS (CONT'D)

2.3 Liability of the Company (Cont'd)

2.3.4 The Customer shall indemnify and hold the Company harmless from any and all loss, claims, demands, suits, or other action, or any liability whatsoever, whether suffered, made, instituted or asserted by the Customer or by any other party or persons, for any personal injury to, or death of, any person or persons, and for any loss, damage or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation or operation of Service or equipment and facilities of Company associated with the Service, unless such installation, operation, failure to operate, maintenance, condition, location or use is the direct result of the Company's knowing and willful misconduct.

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SECTION 2 - RULES AND REGULATIONS (CONT'D)**2.3 Liability of the Company (Cont'd)**

2.3.5 The Company shall not be liable to the Customer or any other person or entity in any respect whatsoever as a result of mistakes, accidents, errors, omissions, interruptions, delays, or defects in Service (collectively "Defects" or "Defective Service"). Defects caused by or contributed to, directly or indirectly, by act or omission of Customer (including authorized users) or Customer's customers, affiliates, agents, representatives, invitees, licensees, successors or assigns or which arise from or are caused by the use of facilities or equipment of Customer or related parties shall not result in the imposition of any liability whatsoever upon the Company, and Customer shall pay to the Company any reasonable costs, expenses, damages, fees or penalties incurred by the Company as a result thereof, including, without limitation, costs of Local Access Providers' labor and materials. In addition, all or a portion of the Service may be provided over facilities of third parties, and the Company shall not be liable to Customer or any other person, firm or entity in any respect whatsoever arising out of Defects caused by such third parties. COMPANY SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, SPECIAL, ACTUAL, PUNITIVE OR ANY OTHER DAMAGES, OR BUSINESS INTERRUPTION, OR FOR ANY LOST PROFITS OF ANY KIND OR NATURE WHATSOEVER ARISING OUT OF ANY DEFECTIVE SERVICE OR ANY OTHER CAUSE. ANY WARRANTIES AND REMEDIES EXPLICITLY SET FORTH IN THIS TARIFF ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES OR REMEDIES, WHETHER EXPRESSED, IMPLIED OR STATUTORY, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. IN THE EVENT OF AN INTERRUPTION IN SERVICE, ANY DEFECT IN THE SERVICE WHATSOEVER OR A FAILURE TO PERFORM UNDER THIS TARIFF, NEITHER COMPANY NOR ANY THIRD PARTY PROVIDER OR OPERATOR OF FACILITIES EMPLOYED IN THE PROVISION OF THE SERVICE SHALL BE LIABLE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, SPECIAL, ACTUAL, PUNITIVE OR ANY OTHER DAMAGES, OR FOR ANY LOST PROFITS OF ANY KIND OR NATURE WHATSOEVER.

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SECTION 2 - RULES AND REGULATIONS (CONT'D)**2.3 Liability of the Company (Cont'd)**

- 2.3.6** In the event parties other than Customer (e.g., Customer's customers or End-Users) shall have use of the Service directly or indirectly through Customer, Customer shall forever indemnify and hold Company and any third-party provider or operator of facilities employed in provision of the Service harmless from and against any and all claims, demands, suits, actions, losses, damages, assessments or payments which may be asserted by said parties arising out of or relating to any defects or any claims described in this Section.
- 2.3.7** In the event that Company is required to perform a Circuit redesign due to inaccurate information provided by the Customer or, Company incurs costs and expenses under circumstances in which such costs and expenses are caused to be incurred by the Customer or reasonably incurred by Company for the benefit of the Customer, the Customer is responsible for the payment of any resulting costs incurred by Company.
- 2.3.8** Customer agrees to defend the Company against the claims as set forth in this Section and to pay all reasonable litigation costs, attorneys' fees, court costs, settlement payments, and any damages awarded or resulting from any such claims.
- 2.3.9** The failure to give notice of default, to enforce or insist upon compliance with any of the terms or conditions herein, the waiver of any term or conditions herein, or the granting of an extension of time for performance by the Company or the Customer shall not constitute the permanent waiver of any term or condition herein. Each of the provisions shall remain at all times in full force and effect until modified in writing.

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SECTION 2 - RULES AND REGULATIONS (CONT'D)

2.4 Cancellation of Service by Customer

- 2.4.1** Reseller Customers order Service from Company pursuant to the terms and conditions of a Service Agreement. Any cancellation or termination of Service is subject to the terms and conditions of that Service Agreement. End User Customers order Service from Company by dialing the Company's carrier access code number for Casual Service.
- 2.4.2** If Customer, either on behalf of itself or an End User, orders Service from the Company which requires special construction or facilities for Customer's or End User's use, and then cancels its order before Service begins, a charge shall be made to Customer for the non-recoverable portions of the expenditures or liabilities incurred on behalf of Customer or End User by the Company.
- 2.4.3** If Customer terminates Service prior to the end of the Term specified in the Service Agreement, Customer shall be responsible for all charges incurred to the date of termination, including, but not limited to, all charges to the Company by other carriers for Service provided Customer or its End Users, and any applicable cancellation or termination charges specified in the Service Agreement.

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SECTION 2 - RULES AND REGULATIONS (CONT'D)

2.5 Cancellation for Cause by Company

2.5.1 For nonpayment by Customer of any undisputed sum owing to the Company for more than 30 days, or for violation by Customer of any of the provisions governing the furnishing of Service under this Tariff or the Service Agreement, the Company may, after ten (10) days written notification to Customer of such nonpayment or violation and forthcoming termination therefor, without incurring any liability, immediately cancel or discontinue the furnishing of such Service. Customer shall be deemed to have canceled Service as of the date of such termination and shall be liable for any cancellation charges as set forth in this Tariff.

2.5.2 Without incurring any liability, the Company may cancel Service prior to commencement or discontinue the furnishing of Service to Customer immediately and without notice if the Company deems that such action is necessary to prevent or to protect against fraud or to otherwise protect its personnel, agents, facilities or Services or under any of the following circumstances:

- (a) if Customer refuses to furnish or provides false information to the Company regarding the Customer's identity, address, credit-worthiness, past or current use of Service, or its planned use of Service;
- (b) for noncompliance with any of the provisions of this Tariff;
- (c) if the Customer or End User is using the Service in violation of any applicable law or regulation.
- (d) if such actions are reasonably appropriate to avoid violation of applicable law; or
- (e) if there is a reasonable risk that criminal, civil or administrative proceedings or investigations based upon the transmission contents shall be instituted against Company.

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SECTION 2 - RULES AND REGULATIONS (CONT'D)

2.5 Cancellation for Cause by Company

2.5.3 The discontinuance of Service by the Company pursuant to this Section does not relieve the Customer of any obligations to pay the Company for charges accrued for Service which has been furnished up to the time of discontinuance nor does it relieve the Customer of applicable cancellation charges. The remedies set forth herein shall not be exclusive and the Company shall at all times be entitled to all rights available to it under either law or equity.

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SECTION 2 - RULES AND REGULATIONS (CONT'D)**2.6 Billing and Payment For Service****2.6.1 Responsibility for Charges**

The Customer is responsible for payment of all charges for Services furnished to the Customer or authorized End User. This includes payment for Services specifically requested by the Customer. This responsibility is not changed due to any use, misuse, or abuse of the Customer's Service or Customer provided equipment by third parties, the Customer's employees, or the public. A Customer whose Service has been discontinued for non-payment of bills shall be required to pay any unpaid balance due to Company before Service is restored.

2.6.2 Payment Arrangements

2.6.2.A All payments due by the Customer shall be remitted and payable to the Company or any billing agent duly authorized and designated by the Company to receive such payments.

2.6.2.B Service is provided and billed on a monthly basis. Usage sensitive charges are billed in arrears and fixed monthly recurring charges, if any, are billed one month in advance. Unless required in advance, installation charges, and other non-recurring charges shall be due on the first day of the month following the month in which the Service was provided.

2.6.2.C The security of Authorization Codes used by Customer or its End Users are the responsibility of the Customer. All calls placed using such Authorization Codes or using facilities owned or controlled by Customer or its End Users shall be billed to Customer and must be paid by Customer.

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SECTION 2 - RULES AND REGULATIONS (CONT'D)**2.6 Billing and Payment For Service (Cont'd)****2.6.3 Late Payment Fee**

Bills are due and payable upon receipt. In the event Customer fails to pay or remit payment in full to the proper address for Services billed by the Company or authorized billing agent on or before thirty (30) days after the Due Date, Customer shall also pay a late fee in the amount of the lesser of one and one-half percent (1.5%) of the unpaid balance per month or the maximum lawful rate under applicable state law.

2.6.4 Return Check Charge

A return check charge of \$25.00 will be assessed for checks made payable to the Company and returned for insufficient funds. For service billed on behalf of the Company, any applicable return check charges will be assessed according to the terms and conditions of the Company's billing agent.

2.6.5 Validation of Credit

2.6.5.A The Company reserves the right to validate the creditworthiness of Customers through available verification procedures. If at any time a Customer presents an undue risk of non-payment, or if a Customer fails to comply with the payment terms of this Tariff or applicable Service Agreement, the Company may require a deposit or other forms of security for payment.

2.6.5.B In determining whether a Customer presents an undue risk of nonpayment, the Company may consider, but is not limited to, the following factors: (i) the Customer's payment history (if any) with the Company, (ii) Customer's ability to demonstrate adequate ability to pay for the Service, (iii) credit and related information provided by Customer, lawfully obtained from third parties or publicly available, and (iv) information relating to Customer's management, owners and affiliates (if any).

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SECTION 2 - RULES AND REGULATIONS (CONT'D)**2.6 Payment Arrangements (Cont'd)****2.6.7 Disputed Charges**

Disputes with respect to charges must be presented to the Company in writing within 30 days after the Due Date or such invoice shall be deemed to be correct and binding on the Customer. In instances of a dispute, the Customer is required to pay the undisputed portion of the bill in its entirety within 30 days after the Due Date. For Casual Calling Customers, if, after investigation and review by the Company, a disagreement remains as to the disputed amount, the Customer or Company may file an appropriate complaint with the Commission. For all other Customers, resolution of disputes will be governed by the applicable Service Agreement.

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SECTION 2 - RULES AND REGULATIONS (CONT'D)

2.7 Taxes and Fees

2.7.1 Service may be subject to State and/or local taxes (e.g., gross receipts tax, sales tax, and municipal utilities tax) and/or fees (e.g, intrastate access charges and contributions to the State universal service program), if Service originates and terminates in the State. An amount equal to such taxes and fees shall be charged to the Customer in addition to the charges stated in this Tariff. All charges related to such taxes and fees shall each be shown as a separate line item on the Customer's monthly invoice.

2.7.2 Service shall not be subject to taxes for a given jurisdiction if Customer provides the Company with written verification, acceptable to the Company and to the relevant taxing jurisdiction, that Customer has been granted a tax exemption. Service shall also not be subject to contribution to the State universal service program if Customer provides the Company with written verification, acceptable to the Company and to the State Commission, that the Service will be resold by Customer and that the revenues from such resale shall be subject to the State universal service program's contribution requirements.

2.7.3 The Company may also include among such fees and surcharges any Primary Interexchange Carrier (PIC) charges charged against the Company by a Local Access Provider, as well as any other Local Access charges, whether for originating or terminating Local Access, charged against the Company for originating or terminating intrastate interexchange communications.

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SECTION 2 - RULES AND REGULATIONS (CONT'D)

2.8 Inspection, Testing and Adjustments

2.8.1 The Company may, upon notice, make such tests and inspections as may be necessary to determine that the requirements of this Tariff are being complied with in the installation, operation or maintenance of Customer's or the Company's equipment. The Company may interrupt the Service at any time, without penalty or liability to the Company, because of departure from any of these requirements.

2.8.2 Upon reasonable notice, the facilities provided by the Company shall be made available to the Company for such tests and adjustments as may be necessary to maintain them in satisfactory condition; no interruption allowance shall be granted for the time during which such tests and adjustments are made.

2.9 Terminal Equipment

Service may be used with or terminated in terminal equipment or communications systems, such as a PBX or key telephone system, provided by Customer or its End User. Such terminal equipment or communications systems shall be furnished by and maintained at the expense of Customer or its End User, except as otherwise provided. Customer or its End User is also responsible for all costs at its premises incurred in the use of Service, including but not limited to equipment, wiring, electrical power, and personnel. When such terminal equipment or communications systems are used, they shall in all respects comply with the generally accepted minimum protective standards of the telecommunications industry as endorsed by the FCC.

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SECTION 2 - RULES AND REGULATIONS (CONT'D)

2.10 Refunds or Credits for Interruptions in Service

2.10.1 No credits or refunds for interruptions of Service shall be made for:

- (a) Interruptions caused by the negligence or willful misconduct (including the provision of inaccurate information) of the Customer or its End Users.
- (b) Interruptions during any period which the Company or its agents are not afforded access to any Customer premise where Service is originated or terminated.
- (c) Interruptions during any period when the Customer or End-User has released the Service to the Company for maintenance or rearrangement purposes, or for the implementation of Service.
- (d) Interruptions during periods when the Customer elects not to release the Service for testing or repair and continues to use the Service on an impaired basis.
- (e) Interruptions not reported to the Company.
- (f) Interruptions caused by outages or failure of Local Access provided by a Local Access Provider.

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SECTION 2 - RULES AND REGULATIONS (CONT'D)**2.10 Refunds or Credits for Interruptions (Cont'd)**

2.10.2 It shall be the obligation of Customer to notify Company immediately of any interruption of Service (as defined in the applicable Service Agreement) for which a credit is desired. If Customer reports an interruption in Service to Company and the affected Service is not restored (as defined in the applicable Service Agreement) within two hours of such report, Customer shall, upon request directed to the Customer's designated customer service representative, receive a credit at the rate of 1/720 of the monthly recurring charges applicable to Service directly affected by such interruption for each hour or fraction thereof, over the initial two hours, during which service is interrupted. No credit will be given for interruptions of less than two hours in duration. The formula used for computation of credits is as follows:

$$\text{Credit} = A / 720 \times B$$

A = Interruption time in hours or fraction thereof (must be over 2 hours)

B = total monthly recurring charge for the affected service.

2.10.3 Notice of Interruption should be reported by the Customer to the Company's Network Control Center or other location designated by Company. An interruption ends when the Service is restored. If the Customer reports the Service to be inoperative but declines to release it for testing and repair, the Service shall be deemed to be impaired, but not subject to an interruption nor corresponding credit as provided in Section 2.10.2.

2.10.4 If the Customer elects to use another means of transmission during the period of interruption, the Customer is solely responsible for payment of the charges for the alternate transmission service used.

2.10.5 The credit provided in Section 2.10.2 is Customer's sole and exclusive remedy for any interruption in the Service.

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SECTION 2 - RULES AND REGULATIONS (CONT'D)

2.11 Systems Security

2.11.1 Where Customers are permitted access to the Company's computer systems and data (hereinafter "Systems") for the purposes of managing and maintaining their own telecommunications system, they will adhere to the following:

- (a) Customers may access the Company's Systems only to the extent required by and incident to the administration and management of the Customer's telecommunications system.
- (b) Customers may not disclose or use information which may be learned as a consequence of access to the Company's Systems except as may be directly required to insure the proper operation of the Customer's telecommunications system. Customers must take all reasonable precautions to prevent any other person or entity who does not have a need to know from acquiring such information.
- (c) Customers shall not in any manner or form disclose, provide, or otherwise make available, in whole or in part, these Systems, documentation, any related material or any other confidential material except to those who have a need to know incident to the operation of the Customer's telecommunications system. These Systems remain the property of the Company and may not be copied, reproduced or otherwise disseminated without the prior written permission of the Company.
- (d) Customers shall take all reasonable precautions to maintain the confidentiality of Systems. Such precautions shall include the use of Personal Identification Numbers (PINs) and passwords selected by and known only to the Customer's individual authorized users. Telephone numbers and dial-up access numbers assigned to the Customer by Company, PINs or any aspect of access and sign-on methodology used to access these Systems shall not be posted or shared with others under any circumstances. Customers shall follow normal log-off procedures prior to leaving a terminal unattended. Customers shall report any known or suspected unauthorized attempt by others to access these Systems.

ISSUED:

EFFECTIVE:

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SECTION 2 - RULES AND REGULATIONS (CONT'D)

2.11 Systems Security (Cont'd)

2.11.2 In the event that a security access device assigned to a Customer for dial-up access is lost, stolen, or misplaced, the Customer must notify Company immediately. Access into these Systems beyond that authorized may result in civil and/or criminal penalties.

ISSUED:

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SECTION 2 - RULES AND REGULATIONS (CONT'D)**2.12 Restoration of Service**

The use and Restoration of Service in emergencies shall be in accordance with Part 64, Subpart D of the Federal Communications Commission's Rules and Regulations to the extent it is applicable, which specifies the priority system for such activities.

2.13 Company Provided Equipment

2.13.1 The Customer agrees to operate any Company provided equipment in accordance with instructions of the Company or the Company's agent or designee. Failure to do so shall void any Company liability for interruption of Service and may make Customer responsible for damage to equipment pursuant to Section 2.13.2 below.

2.13.2 Customer agrees to return to the Company all Company-provided equipment within five (5) days of termination of the Service in connection with which the equipment was used. Said equipment shall be in the same condition as when delivered to Customer, normal wear and tear excepted. Customer shall reimburse the Company, upon demand, for any costs incurred by the Company (e.g., the cost of the equipment) due to Customer's failure to comply with this provision.

2.13.3 The Company may substitute, change or rearrange any equipment or facility at any time, but shall endeavor to maintain the technical parameters of the service provided the Customer. In the event that technical parameters change as a result of the Company's actions, the Company will provide the Customer with thirty (30) days notice prior to such change.

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SECTION 2 - RULES AND REGULATIONS (CONT'D)

2.14 Other Terms and Conditions

- 2.14.1** A Customer shall not use any service mark or trademark of the Company or refer to the Company in connection with any product, equipment, promotion, or publication of the Customer without prior written approval of the Company.
- 2.14.2** In the event suit is brought or an attorney is retained by the Company to enforce the terms of this Tariff, the Company shall be entitled to recover, in addition to any other remedy, reimbursement for reasonable attorneys' fees, court costs, costs of investigation and other related expenses incurred in connection therewith.
- 2.14.3** Company shall assess a Reseller Customer a \$200 Unauthorized Carrier Change Charge (UCCC) for each Primary Interexchange Carrier (PIC) change made without prior valid authorization which results in the Company being named in a complaint filed with a state or federal regulatory or judicial body. Continued acts of unauthorized PIC changes by any Reseller shall be considered grounds for refusing to provide or for discontinuing Service to that Reseller.
- 2.14.4** Company, when acting at the Customer's request and/or as Customer's authorized agent, shall make reasonable efforts to arrange for special Service requirements such as the provision of Off-Net Circuits. Due to the specialized nature of such an arrangement, however, such arrangement may be provided ICB.

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SECTION 3 – DESCRIPTION OF SERVICE

3.1 General

IElement undertakes to offer and provide wholesale interexchange telecommunications services within its Service Area to Reseller Customers for resale to their End Users or to other Telecommunications Service providers or Information Service providers. The Services described herein are part of the Company's one-stop shopping package offering a full service platform to the wholesale marketplace, including interstate and international voice and data services.

Although IElement does not solicit end users for any of the Services described in this Section, unsolicited requests by end users for casual calling or dial-around service and presubscribed or preferred carrier service from IElement will be provided for in accordance with this tariff.

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SECTION 3 – DESCRIPTION OF SERVICE (CONT'D)

3.2 Resale Service Offerings

Applicable rate schedules for the following services are provided in Section 4. Dedicated Access Lines may be required to connect Customer to Company's POP. Such dedicated Access Lines, when required, shall be the sole responsibility of Customer. Notwithstanding such responsibility, Company shall, upon Customer's request, order such dedicated Access Lines on behalf of Customer or its End Users, and shall invoice Customer for all related recurring and non-recurring charges. Intrastate rate plans are tied to specific interstate and international rate plans.

3.2.1 IElement "Switched One Plus Service" offers Reseller Customers interexchange Services via Feature Group D Access Lines for seamless origination, transmission and termination of communications. Feature Group D access is provided by the Local Exchange Carrier and allows the Customer to use its own Carrier Identification Code to route traffic to the Company's POP while the Customer's End Users will recognize the Customer as the End User's presubscribed interexchange carrier. The intrastate rates that IElement charges Reseller Customers for Switched One Plus Service are set forth in the Service Agreement between the Company and the Reseller Customer and in Section 4.2.1 of this tariff.

3.2.2 IElement "Dedicated One Plus Service" offers Reseller Customers interexchange Services via dedicated Access Lines for seamless origination, transmission and termination of communications. Dedicated access to the Company's POP may be provided by the Customer, Company or a Local Access Provider. The intrastate rates that IElement charges Reseller Customers for Dedicated One Plus Service are set forth in the Service Agreement between the Company and the Reseller Customer and in Section 4.2.2. of this tariff.

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SECTION 3 – DESCRIPTION OF SERVICE (CONT'D)

3.2 Resale Service Offerings (cont'd)

3.2.3 IElement "Toll Free Service" offers Reseller Customers a toll free number (e.g., 800, 888 or 877) and allows callers to reach the subscriber without toll charges. The subscriber pays for all incoming calls made on its assigned toll free number. Toll Free Service consists of a basic service (assignment of a toll free telephone number and a toll free calling area selected by the Customer) and additional features that Customers can select.

3.2.3.A Switched Toll Free Service is an inbound long distance service. This service terminates calls over the local telephone lines of Customer or its End Users, and calls are toll-free to the calling party. The rates that IElement charges Reseller Customers for Switched Toll Free Service are set forth in the Service Agreement between the Company and the Reseller Customer and in Section 4.2.3 of this tariff.

3.2.3.B Dedicated Toll Free Service is an inbound long distance service. This service terminates calls over dedicated Access Lines from Company's POP to the service location(s) of Customer or its End Users, and calls are toll-free to the calling party. The rates that IElement charges Reseller Customers for Dedicated Toll Free Service are set forth in the Service Agreement between the Company and the Reseller Customer and in Section 4.2.4 of this tariff.

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SECTION 3 – DESCRIPTION OF SERVICE (CONT'D)

3.2 Resale Service Offerings (Cont'd)

3.2.4 “Directory Assistance Service” offers Reseller Customers the ability to provide their End Users with phone numbers, addresses and NPA/Country codes and automatic call completion. A per-call surcharge is assessed against the Customer for each call made by the Customer’s presubscribed End-Users. This surcharge applies whether or not the Directory Assistance operator furnishes the requested telephone number(s), e.g., the requested number is unlisted, non-published or no record can be found. Requests for information other than telephone numbers will be charged for as requests for telephone numbers.

Directory Assistance Service gives the option of completing a call to the called station telephone number received from the Directory Assistance operator without hanging up and originating a new call. A usage rate for call completion applies in addition to the Directory Assistance per-call surcharge if the caller accepts the offer. The call completion charge will not apply if the call cannot be completed. The per-call surcharge and usage rates that IElement charges its Reseller Customers for Directory Assistance Service are set forth in the Service Agreement between the Company and the Reseller Customer and in Section 4.2.8 of this tariff.

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SECTION 3 – DESCRIPTION OF SERVICE (CONT'D)**3.2 Resale Service Offerings (Cont'd)**

3.2.5 IElement "Calling Card Service" offers Reseller Customers the ability to allow its End Users to originate long distance calls from locations other than their primary service location through the use of a toll free network access number and an Authorization Code. IElement Calling Card Service provides an access number and authorization code issued by IElement which the Reseller Customer will incorporate into its End User's calling card. IElement Calling Card Service allows Customer's End Users who are away from their home or business, or who wish to have Calling Card Service only, access to IElement Network to place calls from any location in the State. Access to IElement Network for Calling Card Service is gained by dialing an access number. End Users may bill calls to their Calling Card account when calling from any location within the State. Applicable usage rates for Operator Service will apply when Calling Card Service is used. The rates that IElement charges Reseller Customers for Calling Card Service are set forth in the Service Agreement between the Company and the Reseller Customer and in Section 4.2.5 of this tariff.

3.2.6 "Prepaid Calling Card Service" offers Reseller Customers the ability to allow its End Users to originate long distance calls on a prepaid basis via a toll free network access number and an Authorization Code. Customer shall be given notice two (2) minutes before the available account balance is depleted, based upon the applicable rates for the call in progress. When the available balance is depleted, the call shall be terminated. A prepaid calling account shall expire on the date specified on the card, unless replenished by a charge to a commercial credit card as authorized by the Customer beforehand. The End-User will use the access number on the Prepaid Calling Card to access IElement Network. The applicable usage rate will be deducted on a real-time basis as the card is used until the full amount of the card is exhausted. Applicable usage rates for Operator Service will apply when Prepaid Calling Card Service is used. The rates that IElement charges Reseller Customers for Prepaid Calling Card Service are set forth in the Service Agreement between the Company and the Reseller Customer and in Section 4.2.6 of this tariff.

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SECTION 3 – DESCRIPTION OF SERVICE (CONT'D)**3.2 Resale Service Offerings (Cont'd)**

3.2.7 IElement "Operator Assistance Service" offers Reseller Customers the ability to provide its End Users with call completion functions performed either by a live operator or by automated systems. Such functions include collect calling, third party billing and calling card services. Access to IElement Operator Assistance Services can be obtained by the following dialing methods: (A) "00" from a telephone subscribed to IElement Network in a Feature Group D (FGD) area; (B) "0+ (NPA-NXX-XXXX)" from a telephone subscribed to IElement Network in a FGD area; (C) "101XXXX+ 0" from any non-pay telephone in a FGD area; and (D) "1-800-XXXX" from any location. The rates that IElement charges Reseller Customers for Operator Assistance Service are set forth in the Service Agreement and in Section 5.2.7 of this tariff.

3.3 End User Services**3.3.1 Casual Calling**

Casual Calling Service permits End User Customers to obtain Service without the necessity of presubscription of their local lines. Customers utilizing Casual Calling Service shall access Service by dialing an access code in the form of 101XXXX, where "X" is the 4 digit Carrier Identification Code (CIC) assigned to the Company. When dialing, the access code shall be followed by the normal sequence of 1+ Area Code + Number. Calls placed using Casual Calling Service are billed to Customer in whole minute increments rounded up to the next full minute through the serving Local Exchange Carrier's (LEC) monthly bill. All End Users of Casual Calling are Customers of the Company, even when they are End Users of a Reseller for other Services. The effective rates for Casual Calling Service are set forth in Section 5.3.

3.3.2 Presubscription

Presubscription Service permits End User Customers to select IElement as the Customer's presubscribed or preferred carrier for interLATA and/or intraLATA interexchange service. The rates for Presubscription Service are set forth in Section 5.

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SECTION 3 – DESCRIPTION OF SERVICE (CONT'D)**3.4 Terms and Conditions**

3.4.1 Services will be provided if the Customer agrees to each of the following points that are applicable:

- (A) Secure and maintain all necessary state certifications, tariffs, and comply with the rules and regulations as set forth by the Commission.
- (B) Provide all billing and collection services under its own brand name.
- (C) Provide customer service under its own brand name.
- (D) Secure and maintain a signed copy of the "letter of agency" from the End-User which defines the relationship between the End-User and the Reseller.
- (E) Assume all responsibility for PIC disputes and complaints with the Local Exchange Carrier.
- (F) Use its own product names which do not identify IElement products.
- (G) Use the IElement name only in post-sale communications which inform its subscribers that IElement is the underlying carrier and that the IElement name may appear on copies of their local phone bills using specific language authorized by IElement.
- (H) The End-User is the customer of the Reseller, not IElement.
- (I) Assume all risk for bad debt.
- (J) Accept responsibility for all charges, costs, etc. incurred by IElement with respect to Ancillary Services.
- (K) Accept responsibility for all interaction and interface with its own subscribers or customers.

ISSUED:**EFFECTIVE:**

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SECTION 3 – DESCRIPTION OF SERVICE (CONT'D)

3.4 Terms and Conditions (cont'd)

3.4.2 The minimum Term for Service provided On-Net is one month (30 days), except where special construction is requested in which case the minimum Term may be longer. The minimum Term for Service provided Off-Net shall be the same as that minimum service term imposed on IElement for leasing the Off-Net facilities.

3.4.3 Service is available twenty-four (24) hours a day, seven (7) days a week. The beginning time for outbound calls is determined by the time at the point of origination. The beginning time for inbound calls (Toll Free Service) is determined by the time at the point of termination.

3.4.4 Usage sensitive charges are based on the actual usage of Company's facilities (On-Net and Off-Net). Such charges are measured in Conversation Minutes counted in six (6) second increments. Unless otherwise specified in this Tariff, the minimum call duration for billing purposes is six (6) seconds and usage is rounded to the next higher six (6) second increment after the initial period.

3.4.5 Chargeable time for Customer shall begin when the called party answers, as determined by hardware answer supervision, provided that such capabilities are available from the local telephone company. If hardware answer supervision is not available, then Carrier will employ industry accepted standards for the timing of calls. Chargeable time for a call shall end upon disconnection by either party.

ISSUED:

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SECTION 4 – MAXIMUM RATES AND CHARGES

4.1 General

- 4.1.1 Conversation Minutes, reflecting usage sensitive charges resulting from use of Service, are billed in increments of six (6) seconds with an initial period (minimum billing period) of six (6) seconds, unless otherwise specified. Following the initial period, all charges are rounded to the next higher six (6) second increment for billing purposes, unless otherwise specified.
- 4.1.2 Other than the charges indicated for each Service, there are no installation or other nonrecurring charges or monthly recurring charges for Service, except for the installation charges and/or monthly recurring charges associated with the use of dedicated Access Lines ordered by Carrier on behalf of Customer or its End Users.

4.2 Maximum Rates

4.2.1 Switched One Plus Service

Usage Sensitive Charges (Rate Per Minute): \$0.20

Non-Usage Sensitive Charges: N/A

4.2.2 Dedicated One Plus Service

Usage Sensitive Charges (Rate Per Minute): \$0.15

Non-Usage Sensitive Charges: N/A

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SECTION 4 – MAXIMUM RATES AND CHARGES (CONT'D)

4.2 Maximum Rates (cont'd)

4.2.3 Switched Toll Free Service

Usage Sensitive Charges (Rate Per Minute): \$0.30

Non-Usage Sensitive Charges: N/A

4.2.4 Dedicated Toll Free Service

Usage Sensitive Charges (Rate Per Minute): \$0.25

Non-Usage Sensitive Charges: N/A

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SECTION 4 – MAXIMUM RATES AND CHARGES (CONT'D)

4.2 Maximum Rates (cont'd)

4.2.5 Calling Card Service

Conversation Minutes for Calling Card Service are billed in increments of six (6) seconds with an initial period (minimum billing period) of eighteen (18) seconds.

Usage Sensitive Charges (Rate Per Minute): \$0.25

Non-Usage Sensitive Charges: \$1.00

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SECTION 4 – MAXIMUM RATES AND CHARGES (CONT'D)

4.2 Maximum Rates (cont'd)

4.2.6 Operator Service

Conversation Minutes for Operator Service are billed in increments of six (6) seconds with an initial period (minimum billing period) of eighteen (18) seconds.

Usage Sensitive Charges (Rate Per Minute): \$0.35

Non-Usage Sensitive Charges:

Charge per call:

	Live	
	<u>Operator</u>	<u>Automated</u>
General Assistance:	\$1.75	N/C
Person-to-person	\$3.00	N/C
Collect/Billed to 3 rd Party:	\$3.00	N/C
Station-to-station	\$2.00	\$2.00
Collect/Billed to 3 rd Party:	\$2.00	\$2.00
LEC Card	\$2.00	\$1.00

4.2.7 Directory Assistance Service

Conversation Minutes for Directory Assistance Call Completion Service are billed in increments of six (6) seconds with an initial period (minimum billing period) of eighteen (18) seconds.

Usage Sensitive Charges (Rate Per Minute) for call completion: \$0.35

Non-Usage Sensitive Charges:

Charge per call: \$1.00 without call completion
\$2.00 with call completion

ISSUED:

EFFECTIVE:

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SECTION 4 – MAXIMUM RATES AND CHARGES (CONT'D)

4.3 End User Services - Maximum Rates

4.3.1 Casual Calling Service

Conversation Minutes for Casual Calling Service are billed in increments of six (6) seconds with an initial period (minimum billing period) of eighteen (18) seconds.

Usage Sensitive Charges (Rate Per Minute): \$0.50

4.3.2 Presubscription Service

Conversation Minutes for Presubscription Service are billed in increments of six (6) seconds with an initial period (minimum billing period) of eighteen (18) seconds.

Usage Sensitive Charges (Rate Per Minute): \$0.50

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EFFECTIVE:

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SECTION 5 – EFFECTIVE RATES AND CHARGES

5.1 General

5.1.1 Conversation Minutes, reflecting usage sensitive charges resulting from use of Service, are billed in increments of six (6) seconds with an initial period (minimum billing period) of six (6) seconds, unless otherwise specified. Following the initial period, all charges are rounded to the next higher six (6) second increment for billing purposes, unless otherwise specified.

5.1.2 Other than the charges indicated for each Service, there are no installation or other nonrecurring charges or monthly recurring charges for Service, except for the installation charges and/or monthly recurring charges associated with the use of dedicated Access Lines ordered by Carrier on behalf of Customer or its End Users.

5.2 Effective Rates

5.2.1 Switched One Plus Service

Usage Sensitive Charges (Rate Per Minute): \$0.10

Non-Usage Sensitive Charges: N/A

5.2.2 Dedicated One Plus Service

Usage Sensitive Charges (Rate Per Minute): \$0.07

Non-Usage Sensitive Charges: N/A

ISSUED:

EFFECTIVE:

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SECTION 5 – EFFECTIVE RATES AND CHARGES (CONT'D)

5.2 Effective Rates (cont'd)

5.2.3 Switched Toll Free Service

Usage Sensitive Charges (Rate Per Minute): \$0.10

Non-Usage Sensitive Charges: N/A

5.2.4 Dedicated Toll Free Service

Usage Sensitive Charges (Rate Per Minute): \$0.07

Non-Usage Sensitive Charges: N/A

ISSUED:

EFFECTIVE:

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SECTION 5 – EFFECTIVE RATES AND CHARGES (CONT'D)

5.2 Effective Rates (cont'd)

5.2.5 Calling Card Service

Conversation Minutes for Calling Card Service are billed in increments of six (6) seconds with an initial period (minimum billing period) of eighteen (18) seconds.

Usage Sensitive Charges (Rate Per Minute): \$0.08

Non-Usage Sensitive Charges: \$0.10 per call

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SECTION 5 – EFFECTIVE RATES AND CHARGES (CONT'D)

5.2 Wholesale Service - Effective Rates (cont'd)

5.2.7 Operator Assistance Service

Conversation Minutes for Operator Assistance Service are billed in increments of six (6) seconds with an initial period (minimum billing period) of eighteen (18) seconds.

Usage Sensitive Charges (Rate Per Minute): \$0.07

Non-Usage Sensitive Charges:

Charge per call:

	Live	
	<u>Operator</u>	<u>Automated</u>
General Assistance:	\$1.05	N/C
Person-to-person	\$3.00	N/C
Collect/Billed to 3 rd Party:	\$3.00	N/C
Station-to-station	\$1.05	\$1.05
Collect/Billed to 3 rd Party:	\$1.05	\$1.05
LEC Card	\$1.05	\$0.40

5.2.8 Directory Assistance Service

Conversation Minutes for Directory Assistance Call Completion Service are billed in increments of six (6) seconds with an initial period (minimum billing period) of eighteen (18) seconds.

Usage Sensitive Charges (Rate Per Minute) for call completion: \$0.07

Non-Usage Sensitive Charges:

Charge per call: \$0.35 without call completion
 \$0.65 with call completion

ISSUED:

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SECTION 5 – EFFECTIVE RATES AND CHARGES (CONT'D)

5.3 End User Service - Effective Rates

5.3.1 Casual Calling Service

Conversation Minutes for Casual Calling Service are billed in increments of six (6) seconds with an initial period (minimum billing period) of eighteen (18) seconds.

Usage Sensitive Charges (Rate Per Minute): \$0.10

5.3.2 Presubscription Service

Service not currently available.

ISSUED:

EFFECTIVE:

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SECTION 6 – CONTRACTS AND PROMOTIONS**6.1 Contracts**

At the option of the Company, Service may be offered on an ICB basis to meet the specialized requirements of Customers. The terms of each such ICB arrangement shall be mutually agreed upon between the Customer and Company and may include discounts off of the rates contained herein, waiver of recurring or nonrecurring charges, charges for specially designed and constructed services not contained in this Tariff, or other customized features. The terms of such an ICB arrangement may be based partially or completely on a Term or volume commitment, type of originating or terminating access, mixture of services or other distinguishing features. Such ICB arrangements will be available to all similarly situated Customers for a fixed period of time following the initial offering to the first ICB Customer as specified in each ICB contract, subject to, in the Company's sole discretion, the Availability of facilities.

6.2 Promotions

- 6.2.1** From time to time, Company may, at its option, promote subscription or stimulate Service usage by offering to waive or reduce some or all of the nonrecurring or recurring charges for the Customer (if eligible) for a limited duration. Such promotions shall be made available to all similarly situated Customers in the target market area and will comply with all applicable Commission regulations. In no case, shall the resulting rates and charges exceed the rates and charges listed in this tariff for the same services.
- 6.2.2** From time to time, subject to Commission rules, Company may demonstrate Service for potential Customers by providing free use of its Services on a limited basis for a period of time, not to exceed one (1) month. Demonstration of Service and the type, duration or quantity of Service provided shall be at the Company's discretion.
- 6.2.3** Promotional and other credits offered by Company in marketing its Services cannot be assigned. Such credits must be used by the Customer to whom they were offered or the Customer who earned them under the provisions of the offer.

ISSUED:**EFFECTIVE:**

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ATTACHMENT C

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.

Applicant was only recently founded in March 2006 for the sole purposes of providing telecommunications services in Arizona. Applicant can not, of course, commence operations until this Application is approved. As such, Applicant has no financial statements for the preceding two years. Applicant offers the attached audited financial information from its publicly traded parent, IElement, Inc. as evidence of its financial resources.

begin building out infrastructure in May, 2006 and estimate completion by May, 2007.

RESULTS OF OPERATIONS

FISCAL YEAR ENDED MARCH 31, 2006 COMPARED TO PERIOD ENDED DECEMBER 31, 2004

Along with other changes to its Articles of Incorporation adopted on March 7, 2005, IEElement changed its fiscal year from a December 31 year-end to a March 31 year-end. The last December 31 year-end occurred on December 31, 2004. A transitory period followed from January 1, 2005 through March 31, 2005 and those financial results and appropriate notes are also included in this filing.

REVENUES

Revenues were \$4,550,092 for the fiscal year ended March 31, 2006, as compared to \$5,954,772 for the period ended December 31, 2004. This decrease was due to a significant difference in our operations between the two periods. In the period ended December 31, 2004 we had \$513,335 in consulting income realized from a one time agreement with a wireless internet provider and another \$146,171 in income from settlements with former customers. Accordingly, our recurring revenue base for the period ending December 31, 2004 was \$5,295,266. Moreover, to some extent the decrease in revenue between the two periods was due to our decision not to invest in developing and employing a sales force, and that decision has led to some customer attrition. We plan to hire a sales force this year.

COST OF REVENUES

Cost of revenues excluding depreciation was \$2,838,021 for the fiscal year ended March 31, 2006 and \$3,042,978 for the period ended December 31, 2004.

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OPERATING EXPENSES

Operating expenses excluding cost of revenues for the fiscal year ended March 31, 2006 were \$3,554,088 compared to \$3,497,700 for the period ended December 31, 2004. The increase in operating expenses was primarily related to expanding our service offerings.

GAIN (LOSS) FROM OPERATIONS

Loss from operations for the fiscal year ended March 31, 2006 was \$1,426,084 compared to \$295,041 for the period ended December 31, 2004. EBITDA for the fiscal year ended March 31, 2006 was (\$1,039,550) but more than half of that loss was non-cash items. In particular, we issued stock for services in the amount of \$522,748 for the year ended March 31, 2006. Much of that stock was issued to consultants advising the Company in matters pertaining to our private equity placement, shifting our business model toward Voice over Internet Protocol (VoIP) technology and service, expanding our produce offerings and gaining entry to smaller less competitive markets. Our net operating loss before interest, depreciation, amortization and non-cash items for the period ended

March 31, 2006 was \$486,802, or less than half a penny per share.

INTEREST EXPENSE

Interest expense was \$534 and \$138,576 for the years ended March 31, 2006, and December 31, 2004, respectively. Interest expense including factor fees for the years ended March 31, 2006 and December 31, 2004 were \$107,136 and \$276,597, respectively. Factor fees are very similar to interest charges.

NET INCOME (LOSS) APPLICABLE TO COMMON STOCK

Net loss applicable to Common Stock was \$1,426,084 for the fiscal year ended March 31, 2006, compared to a loss of \$295,041 for the period ended December 31, 2004. Net loss per common share was \$0.01 for the fiscal year ended March 31, 2006, and \$0.02 for the period ended December 31, 2004.

The loss in the year ended March 31, 2006 can be attributed mostly to expenses that remained steady while revenue declined. The cost of consulting fees in conjunction with the Company's private equity placement also added to the loss for the year ended March 31, 2006. The loss for the year ended December 31, 2004 can be attributed to high interest costs on our outstanding promissory notes and large factoring expenses associated with the financing of accounts receivables.

LIQUIDITY AND CAPITAL RESOURCES

Since our inception, we have funded our operations primarily through private sales of equity securities and the utilization of short-term convertible debt. As of March 31, 2006 we had a cash balance of \$719,450.

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In order to facilitate working cash flow, the Company factors or sells approximately 99% of accounts receivables for its customer billing with an outside agency, thereby receiving 75% of the aggregate net face value of the assigned accounts at the time of placement with the factor. We do not otherwise maintain a line of credit or term loan with any commercial bank or other financial institution. To date, our capital needs have been principally met through the receipt of proceeds from factoring customer receivables and the sale of equity and debt securities. Factoring allows us to receive virtually immediate cash from customer invoices. When each customer pays the third party directly, we receive another 22.75%, so the total cost to us for the third party's advance to us, their payment for processing and collections is 2.25%. Factoring in this manner is a financing alternative to credit card processing.

The Company recently closed a private placement offering for an aggregate sale price of \$1,579,375, of which up to 10% is subject to deduction for fees in connection with the private placement, and warrants for the purchase of and aggregate total of 22,562,500 at a strike price of \$.10 per share. The proceeds of the private placement offering improved the Company's cash balance and if a majority of the warrants are exercised IEElement will receive an additional \$2,256,250 which would be more than sufficient to satisfy the Company's cash needs for its current operations. In addition, if only half of the warrants are exercised, IEElement will be able to comfortably sustain its

current operations.

In the event that none of the warrants are exercised, or only nominal number of the warrants are exercised, IEElement will require additional funds, above its operating revenues, to sustain operations and grow the business. In this event, IEElement plans to seek additional capital in the form of additional private placements of its capital stock or short terms loans or both. In the event that IEElement seeks additional capital through the sale of its stock, there will be a dilutive impact on its outstanding common stock.

As of June 27, 2006, our gross accounts receivable totaled \$351,530. We have set aside an allowance of \$12,165 against that balance for uncollectible accounts. The net amount we expect to receive is \$339,365. As a telecommunications provider, we bill for our services up front, so therefore we have significant leverage to collect on our Accounts Receivable because, with proper dunning, we can discontinue our customers' telephone and internet services if they do not pay their bill.

As of March 31, 2006 IEElement had total notes payable and outstanding in the aggregate principal amount of \$634,684.45 owed to 14 note holders. As of March 31, 2006 IEElement was current in all obligations except for past due total payments of \$7500. None of the notes are interest bearing. The following is a more detailed discussion of the 14 notes.

On January 19, 2005, IEElement issued eight (8) promissory notes to, Kramerica, certain members of Mr. Zweig's immediate family and others in the aggregate amount of \$376,956.16 (the "Notes") with no interest. In particular, the Notes are payable to Heather Walther (\$20,000), Kramerica, Inc. (aggregate of \$120,000), Mary Francis Strait Trust (\$55,611.15), Peter Walther (\$30,000), Richard Zweig (\$20,000), Richard Zweig IRA (\$27,500) and Strait Grandchildren Trust (\$103,845.01). Upon issuance, the Notes were payable in 36 monthly installments with the first payment commencing six months after the closing of the merger and were secured by substantially all of the assets of IEElement. IEElement did not make any payments on the Notes.

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On March 25, 2006 each of the eight (8) Notes were cancelled and IEElement issued new convertible promissory notes to the same individuals in the same principal amount of \$376,956.16, again with no interest thereon. The first payment on each of the new convertible promissory notes is due in September 2006 with a total of 36 monthly installments through August 2009. The Lender has the right to convert all or a portion of the outstanding balance, at any time until the notes are paid in full, into IEElement's common stock at a conversion price of \$0.035 per share. Any past due balance on the old Notes was forgiven at the time of cancellation of the old Notes and issuance of the new convertible promissory notes. The new convertible promissory notes are secured by substantially all the assets of IEElement as were the original Notes.

On August 8, 2005, IEElement issued four (4) promissory notes in the aggregate principal amount of \$183,097 to Timothy Dean Smith (\$53,930), Susan Walton (\$30,000), Jeremy Dean Smith (\$54,603) and Dolphin Capital (\$44,564), with no interest. Upon issuance the notes were payable in 36 monthly installments with the first payment due in February, 2006. IEElement did not make the February, 2006 payment.

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IELEMENT CORPORATION AND SUBSIDIARY
(FORMERLY MAILKEY CORPORATION)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2006 AND DECEMBER 31, 2004 AND 2003
AND
FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

IElement Corporation and Subsidiary
Dallas, Texas

We have audited the accompanying consolidated balance sheet of IElement Corporation and Subsidiary (the "Company") as of March 31, 2006 and the related statements of operations and cash flows for the years ended March 31, 2006, December 31, 2004 and 2003 and the three months ended March 31, 2005 and the related statement of stockholders' equity (deficit) for the years ended March 31, 2006 and December 31, 2004 and 2003 and the three months ended March 31, 2005. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of IElement Corporation and Subsidiary as of March 31, 2006 and the results of its operations and cash flows and changes of stockholders' equity (deficit) for the years ended March 31, 2006 and December 31, 2004 and 2003 and three months ended March 31, 2005 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements for the years ended March 31, 2006 and December 31, 2004 and 2003 and the three months ended March 31, 2005 have been prepared assuming that the Company will continue as a going concern. As discussed in Note 8 to the consolidated financial statements, the Company has sustained operating losses and capital deficits that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 8. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

As discussed in note 1 to the financial statements, the accompanying financial statements have been restated. The Company has restated its previously issued consolidated financial statements for the years ended December 31, 2004 and 2003 and the three months ended March 31, 2005. The Company reclassified from amounts recorded as Goodwill in a 2003 transaction to an acquisition of Customer Lists. The effect of this reclassification was to recognize the amortization of the Customer Lists for the periods indicated above. The net effect on operations was to increase net loss and accumulated deficits of the Company for each period restated. The amounts recognized were \$415,933, \$311,950 and \$103,983 for the December 31, 2004, December 31, 2003 and the March 31, 2005 periods, respectively. See note (9).

/s/ BAGELL, JOSEPHS LEVINE & COMPANY, L.L.C.
BAGELL, JOSEPHS LEVINE & COMPANY, L.L.C.
Certified Public Accountants
Gibbsboro, New Jersey

June 28, 2006

MEMBER OF: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
 NEW JERSEY SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS
 PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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TELEMENT CORPORATION AND SUBSIDIARY
 (FORMERLY MAILKEY CORPORATION)
 CONSOLIDATED BALANCE SHEET (RESTATED)
 MARCH 31, 2006

ASSETS	RESTATED MARCH 31, 2006
CURRENT ASSETS:	
Cash and cash equivalents	\$ 719,450
Accounts receivable, net	502,597
Other current assets	109

TOTAL CURRENT ASSETS	1,222,156

Fixed assets, net of depreciation	709,172

OTHER ASSETS:	
Deposits	118,487

TOTAL OTHER ASSETS	118,487

TOTAL ASSETS	\$ 2,049,815 =====
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	
CURRENT LIABILITIES:	
Current portion - notes payable	\$ 168,899
Lines of credit payable	6,027
Accounts payable and accrued expenses	1,199,914
Customer deposits	136,220
Receivable financing payable	399,251
Commissions payable	14,364
Deferred revenue	676,759

TOTAL CURRENT LIABILITIES	2,601,434

LONG-TERM LIABILITIES:	
Notes payable, net of current portion	465,785

TOTAL LONG-TERM LIABILITIES	465,785
TOTAL LIABILITIES	3,067,219
STOCKHOLDERS' EQUITY (DEFICIT)	
Preferred stock, \$.001 Par Value, 200,000,000 shares authorized; -0- shares issued and outstanding at March 31, 2006	--
Common stock, \$.001 Par Value, 2,000,000,000 shares 159,035,031 shares issued and outstanding at March 31, 2006	159,035
Additional paid-in capital	1,061,413
Additional paid-in capital- warrants	177,757
Unearned compensation expense	(12,200)
Accumulated deficit	(2,403,410)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	(1,017,404)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 2,049,815

The accompanying notes are an integral part of these consolidated financial statements.

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TELEMENT CORPORATION AND SUBSIDIARY
(FORMERLY MAILKEY CORPORATION)
CONSOLIDATED STATEMENTS OF OPERATIONS

(RESTATED)
2004 AND 2003
2004

FOR THE YEARS ENDED MARCH 31, 2006 AND DECEMBER 31,
AND FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND

RESTATED	RESTATED	RESTATED	RESTATED	RESTATED	
THREE MONTHS ENDED			YEARS ENDED		
DECEMBER 31, 2005 (AUDITED)	MARCH 31, 2004 (AUDITED)	MARCH 31, (UNAUDITED)	MARCH 31, 2006 (AUDITED)	DECEMBER 31, 2004 (AUDITED)	2003
OPERATING REVENUE:					
Service income					
			\$ 4,550,092	\$ 5,954,772	\$

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4,552,436	\$	1,228,411	\$	1,530,427		
OPERATING EXPENSES						
Cost of sales				2,838,021		3,042,978
2,716,680		736,275		819,756		
General and administrative				2,335,195		2,033,764
1,116,810		687,928		458,311		
Selling expenses				416,426		519,600
518,425		116,263		109,240		
Depreciation & amortization				279,398		260,806
159,070		68,164		60,403		
Interest expense				534		138,576
122,100		6,992		31,354		
Receivable factoring fees				106,602		129,021
118,504		29,874		33,085		

TOTAL OPERATING EXPENSES				5,976,176		6,124,745
4,751,589		1,645,496		1,512,149		

INCOME (LOSS) BEFORE OTHER (EXPENSE)				(1,426,084)		(169,973)
(199,153)		(417,085)		18,278		

OTHER (EXPENSE)						
Loss on sale of investments				--		(125,068)
(65,903)		--		(86,558)		

TOTAL OTHER EXPENSES				--		(125,068)
(65,903)		--		(86,558)		

NET LOSS BEFORE PROVISION FOR INCOME TAXES				(1,426,084)		(295,041)
(265,056)		(417,085)		(68,280)		

PROVISION FOR INCOME TAXES				--		--
--		--		--		

NET LOSS APPLICABLE TO COMMON SHARES				\$ (1,426,084)		\$ (295,041)
(265,056)	\$	(417,085)	\$	(68,280)		
=====						
NET LOSS PER BASIC AND DILUTED SHARES				\$ (0.01)		\$ (0.02)
(0.02)	\$	(0.01)	\$	(0.00)		
=====						
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING						
12,167,110		56,697,484		14,525,433		105,125,992
						14,913,483
=====						

The accompanying notes are an integral part of these consolidated financial statements.

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TELEMET CORPORATION AND SUBSIDIARY
(FORMERLY MAILKEY CORPORATION)
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS'
(DEFICIT) - AUDITED (RESTATED)
FOR THE YEARS ENDED MARCH 31, 2006 AND DECEMBER
31, 2004
AND FOR THE THREE MONTHS ENDED MARCH 31,
2005

RESTATED	RESTATED	RESTATED	RESTATED	RESTATED	RESTATED
ADDITIONAL - IN CAPITAL- WARRANTS	ACCUMULATED DEFICIT	UNEARNED COMPENSATION EXPENSE	COMMON STOCK SHARES TOTAL	STOCK AMOUNT	ADDITIONAL PAID - IN CAPITAL
					PAID
Balance, December 31, 2003, as originally stated	--	--	4	\$ --	\$ --
-- \$ (265,056) \$		-- \$ (265,056)			\$
Issuance of common stock in exchange for redemption of shares of Integrated Communications Consultants Corporation ("ICCC") - recapitalization	--	--	14,369,364	14,369	(14,369)
--	--	--	--	--	--
Excess liabilities assumed from recapitalization of ICCC	--	--	--	--	(2,079,665)
--	--	-- (2,079,665)	--	--	--
Issuance of common stock as 1% premium for redemption of ICCC shares	--	--	143,687	144	--
-- (144)	--	--	--	--	--
Balance, December 31, 2003, (Restated)	--	--	14,513,055	14,513	(2,094,034)
-- (265,200)	--	-- (2,344,721)	--	--	--
Shares of common stock issued in exercise of options	--	--	26,400	26	49
--	--	--	75	--	--
Accounts payable converted to common stock	--	--	35,200	35	4,965
--	--	-- 5,000	--	--	--

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Issuance of common stock in conversion of notes payable	423,209	423	247,577
-- --	248,000		
Shares issued for cash	206,391	206	119,094
-- --	119,300		
Net loss for the period	--	--	--
-- (295,041)	(295,041)		

Balance, December 31, 2004, (Restated)	15,204,255	15,203	(1,722,349)
-- (560,241)	-- (2,267,387)		

Shares of common stock issued in exercise of options	16,115,345	16,115	29,667
-- --	45,782		
Issuance of common stock in conversion of notes payable	16,526,236	16,527	809,785
-- --	826,312		
Effects of reverse merger	34,726,355	34,726	(511,014)
-- --	(476,288)		
Issuance of shares at \$0.025 per share for services	7,487,587	7,488	179,701
-- --	187,189		
Issuance of shares at \$0.025 per share in conversion of accounts payable	693,280	693	16,639
-- --	17,332		
Issuance of shares at \$0.025 per share in conversion of debt to equity	1,030,672	1,031	24,735
-- --	25,766		
Net loss for the year ended March 31, 2005	--	--	--
-- (417,085)	(417,085)		

Balance March 31, 2005 (Restated)	91,783,730	\$ 91,783	\$(1,172,836) \$
-- \$ (977,326) \$	-- \$(2,058,379)		
=====			

The accompanying notes are an integral part of the consolidated financial statements.

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AUDITED (RESTATED) (CONTINUED)

FOR THE YEARS ENDED MARCH 31, 2006 AND

DECEMBER 31, 2004

AND FOR THE THREE MONTHS ENDED MARCH 31,

2005

RESTATED	RESTATED	RESTATED	RESTATED	RESTATED
-----	-----	-----	-----	-----
	ADDITIONAL		COMMON STOCK	
ADDITIONAL	PAID - IN	ACCUMULATED	SHARES	AMOUNT
PAID - IN	CAPITAL-	DEFICIT		
CAPITAL	WARRANTS		-----	-----
Balance, March 31, 2005 (Restated)			91,783,730	\$ 91,783
\$ (1,172,836)	\$ -	\$ (977,326)		
			-----	-----
Issuance of 1,500,000 shares at \$0.05 per share for services rendered			1,500,000	1,500
73,500	-	-		
Issuance of 340,000 shares at \$0.025 per share for conversion of accounts payable			340,000	340
8,160	-	-		
Cancelation of 1,498,195 shares at \$0.025 per share for services rendered			(1,498,195)	
(1,498)	(35,957)	-		
Issuance of 300,000 shares at \$0.02 per share for services rendered			300,000	300
5,700	-	-		
Issuance of 175,000 shares at \$0.02 per share for conversion of accounts payable			175,000	175
3,325	-	-		
Issuance of 250,000 shares at \$0.025 per share for services rendered			250,000	250
5,250	-	-		
Issuance of 2,000,000 shares at \$0.04 per share for services rendered			2,000,000	2,000
78,000	-	-		
Issuance of 1,596,311 shares at \$0.05 per share for conversion of accounts payable			1,596,311	1,597
70,238	-	-		
Issuance of 30,219 shares at \$0.05 per share for conversion of accounts payable			30,219	30
1,330	-	-		
Issuance of 325,000 stock options at \$0.01				

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for services to be rendered, market price \$0.05	-	-
13,000	-	-
Adjust value of 4,109,637 shares by \$0.005 per share	-	-
(20,548)	-	-
Cancellation of stock options at \$0.01	-	-
for services to be rendered, market price \$0.05	-	-
(800)	-	-
Issuance of 44,875,000 shares at \$0.035 per share	44,875,000	44,875
for cash	-	-
1,525,750	-	-
Stock issuance costs	-	-
(216,563)	-	-
Issuance of warrants	-	-
(177,757)	177,757	-
Issuance of 250,000 shares at \$0.035 per share	250,000	250
for services rendered	-	-
8,500	-	-
Issuance of 3,380,000 shares	3,380,000	3,380
for conversion of accounts payable	-	-
140,620	-	-
Issuance of 914,286 shares at \$0.035 per share	914,286	914
for services rendered	-	-
31,086	-	-
Issuance of 5,870,000 shares	5,870,000	5,870
for services rendered	-	-
340,130	-	-
Issuance of 250,000 shares at \$0.11 per share	250,000	250
for services rendered	-	-
27,250	-	-
Issuance of 168,680 shares at \$0.11 per share	168,680	169
for conversion of accounts payable	-	-
18,385	-	-
Issuance of 4,700,000 shares at \$0.05 per share	4,700,000	4,700
for conversion of notes payable	-	-
230,300	-	-
Issuance of 2,150,000 shares	2,150,000	2,150
for conversion of accounts payable	-	-
105,350	-	-
Net loss for the year ended March 31, 2006	-	-
	(1,426,084)	-
-----	-----	-----
Balance March 31, 2006	159,035,031	\$ 159,035
\$ 1,061,413	\$ 177,757	\$ (2,403,410)
=====	=====	=====

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	----- RESTATED ----- UNEARNED COMPENSATION EXPENSE -----	TOTAL
----- Balance, March 31, 2005 (Restated) (2,058,379) -----	\$ -	\$ -
----- Issuance of 1,500,000 shares at \$0.05 per share for services 75,000	-	
Issuance of 340,000 shares at \$0.025 per share for conversion of accounts payable 8,500	-	
Cancellation of 1,498,195 shares at \$0.025 per share for services rendered (37,455)	-	
Issuance of 300,000 shares at \$0.02 per share for services rendered 6,000	-	
Issuance of 175,000 shares at \$0.02 per share for conversion of accounts payable 3,500	-	
Issuance of 250,000 shares at \$0.025 per share for services rendered 5,500	-	
Issuance of 2,000,000 shares at \$0.04 per share for services rendered 80,000	-	
Issuance of 1,596,311 shares at \$0.05 per share for conversion of accounts payable 71,835	-	
Issuance of 30,219 shares at \$0.05 per share for conversion of accounts payable 1,360	-	
Issuance of 325,000 stock options at \$0.01 for services to be rendered, market price \$0.05 0	(13,000)	
Adjust value of 4,109,637 shares by \$0.005 per share (20,548)	-	

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Cancellation of stock options at \$0.01 for services to be rendered, market price \$0.05	800	
0		
Issuance of 44,875,000 shares at \$0.035 per share for cash	-	
1,570,625		
Stock issuance costs (38,806)	-	
Issuance of warrants (177,757)	-	
Issuance of 250,000 shares at \$0.035 per share for services rendered	-	
8,750		
Issuance of 3,380,000 shares for conversion of accounts payable	-	
144,000		
Issuance of 914,286 shares at \$0.035 per share for services rendered	-	
32,000		
Issuance of 5,870,000 shares for services rendered	-	
346,000		
Issuance of 250,000 shares at \$0.11 per share for services rendered	-	
27,500		
Issuance of 168,680 shares at \$0.11 per share for conversion of accounts payable	-	
18,555		
Issuance of 4,700,000 shares at \$0.05 per share for conversion of notes payable	-	
235,000		
Issuance of 2,150,000 shares for conversion of accounts payable	-	
107,500		
Net loss for the year ended March 31, 2006 (1,426,084)	-	

Balance March 31, 2006	\$ (12,200)	\$
(1,017,404)		
=====		

The accompanying notes are an integral part of the consolidated financial statements.

TELEMENT CORPORATION AND SUBSIDIARY
(FORMERLY MAILKEY CORPORATION)
CONSOLIDATED STATEMENTS OF CASH FLOWS

(RESTATED)

2004 AND 2003

AND 2004

FOR THE YEARS ENDED MARCH 31, 2006 AND DECEMBER 31,

AND FOR THE THREE MONTHS ENDED MARCH 31, 2005

RESTATED	RESTATED	RESTATED	RESTATED	RESTATED	
YEARS ENDED				THREE MONTHS ENDED	
31, DECEMBER	31, MARCH	31, MARCH	31, MARCH	MARCH 31,	DECEMBER
2003	2005	2004	2004	2006	2004
(AUDITED)	(AUDITED)	(AUDITED)	(UNAUDITED)	(AUDITED)	
CASH FLOWS FROM OPERATING ACTIVITIES					
Net (loss)					
(295,041)	\$ (265,056)	\$ (417,085)	\$ (68,280)	\$ (1,426,084)	\$
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Depreciation and amortization				279,398	
260,806	159,070	68,164	60,403		
Bad debt expense				86,800	
63,498	52,241	4,821	17,626		
Stock issued for services				522,748	
--	--	187,189	--		
Loss on disposal of equipment				--	
2,296	--	1,877	--		
CHANGES IN ASSETS AND LIABILITIES					
(Increase) decrease in accounts receivable				(68,753)	
96,436	(800,180)	62,540	221,720		
(Increase) decrease in other current assets				1,671	
(4,077)	(173)	2,470	(2,471)		
(Increase) decrease in deposits				(59,494)	
(14,517)	(40,006)	10,530	468		
Increase (decrease) in accounts payable				320,555	
154,463	(1,259,056)	294,777	(19,316)		
Increase (decrease) in liability for stock to be issued				(75,000)	
--	--	--	--		
Increase (decrease) in accrued interest				4,872	
77,364	56,507	--	17,289		
Increase (decrease) in payroll taxes payable				--	
17,230	--	(17,230)	27,232		
Increase (decrease) in customer deposits				(27,892)	
(35,010)	204,000	(4,878)	(14,819)		
Increase (decrease) in receivable financing payable				(83,863)	
(153,082)	657,003	(20,807)	(342,679)		
Increase (decrease) in lines of credit payable				6,027	
--	--	--	--		
Increase (decrease) in commissions payable				(161,772)	

IE 3-31-06 Audited Financials.txt				
98,994	58,731	18,411	43,786	
(936)	2,015	(1,079)	(1,526)	--
(262,959)	1,097,935	(19,940)	93,331	(138,277)

Total adjustments				607,020
300,506	188,087	586,845	101,044	

NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				(819,064)
5,465	(76,969)	169,760	32,764	

CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of fixed assets				--
3,451	--	2,800	--	
(233,396)	(251,023)	(9,485)	(163,766)	(99,519)

NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES				(99,519)
(229,945)	(251,023)	(6,685)	(163,766)	

The accompanying notes are an integral part of these consolidated financial statements

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TELEMENT CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS (RESTATED)
(FORMERLY MAILKEY CORPORATION)
FOR THE YEARS ENDED MARCH 31, 2006 AND DECEMBER
AND FOR THE THREE MONTHS ENDED MARCH 31, 2005
AND 2004

	RESTATED	RESTATED	RESTATED	RESTATED	RESTATED
ENDED	THREE MONTHS ENDED			YEARS	
31,	DECEMBER 31,	MARCH 31,	MARCH 31,	MARCH 31,	DECEMBER
	2003	2005	2004	2006	2004
	(AUDITED)	(AUDITED)	(AUDITED)	(AUDITED)	
			(UNAUDITED)		

IE 3-31-06 Audited Financials.txt

CASH FLOWS FROM FINANCING ACTIVITIES						
Payments of notes payable				\$ (56,350)	\$	
(465,344)	\$ (46,193)	\$ (32,909)	\$ (32,600)			
Proceeds from notes payable				625,331		
467,054	22,450	100,000				
Common stock issued for cash				1,570,625		
119,300	-	-	-			
Stock issuance costs				(216,563)		
Proceeds in exercise of stock options				-		
75	-	39,954	-			
NET CASH PROVIDED BY FINANCING ACTIVITIES					1,297,712	
279,362	420,861	29,495	67,400			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS					379,129	
54,882	92,869	192,570	(63,602)			
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR / PERIOD					340,321	
92,869	-	147,751	92,869			
CASH AND CASH EQUIVALENTS - END OF YEAR / PERIOD					\$ 719,450	\$
147,751	\$ 92,869	\$ 340,321	\$ 29,267			
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:						
CASH PAID DURING THE YEAR FOR:						
Interest expense				\$ 114	\$	
34,983	\$ 6,459	\$ 2,563	\$ 3,890			
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:						
Common stock issued for conversion of accounts payable				\$ 355,250	\$	
5,000	\$ 0	\$ 17,332	\$ 5,000			
Accounts payable converted to debt				\$ 170,384	\$	
50,000	\$ 0	\$ 70,000	\$ 0			
Issuance of stock for redemption of ICCS shares				\$ 0	\$	
0	\$ 4,123	\$ 0	\$ 0			
Common stock issued for conversion of notes payable				\$ 235,000	\$	

IE 3-31-06 Audited Financials.txt						
248,000	\$	0	\$	852,078	\$	0
=====						
0					\$	0
	\$	0	\$	126,000	\$	0
=====						
0					\$	0
	\$	2,079,665	\$	0	\$	0
=====						
0					\$	0
	\$	0	\$	5,828	\$	0
=====						
0					\$	0
	\$	0	\$	63,343	\$	0
=====						
0					\$	0
	\$	0	\$	337,945	\$	0
=====						
0					\$	522,748
	\$	0	\$	187,189	\$	0
=====						

The accompanying notes are an integral part of these consolidated financial statements

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IELEMENT CORPORATION AND SUBSIDIARY
(FORMERLY MAILKEY CORPORATION)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2006 AND DECEMBER 31, 2004 AND 2003
AND FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004

NOTE 1- ORGANIZATION AND BASIS OF PRESENTATION

MK Secure Solutions Ltd. was established as a messaging security and Management company. On March 25, 2004, pursuant to an Agreement and Plan of Merger, Global Diversified Acquisition Corp. ("GDAC"), acquired all of the outstanding capital stock of MK Secure Solutions Ltd ("MKSS"), a holding company incorporated on March 11, 2003, under the laws of the British Virgin Islands. The transaction was effected by the issuance of shares such that the former MKSS shareholders owned approximately 90% of the outstanding MailKey stock after the transaction. GDAC then changed its name to MailKey Corporation ("MailKey").

ATTACHMENT D

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.

Applicant expects to have 25 customers after its first year in operations. With average monthly revenue at \$500, Applicant expects to receive revenue of approximately \$150,000 during its first year of operations.

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

As Applicant begins operations, costs will be relatively high for the first twelve months. Applicant expects the cost of services sold to Arizona consumers to be approximately \$125,000 during its first year of operations. After Applicant's operations solidify, Applicant expects profitability to improve.

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.

Applicant will be using switching facilities in Dallas, Texas to serve the Arizona market during the first year of operations. Applicant will not maintain an office in Arizona during the first year. If the market develops well, Applicant may install switching facilities and perhaps a sales office in Phoenix. That is unlikely, however, to occur for the first few years of Arizona operations. As such, 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 is zero.

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

Not applicable.

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.

Not applicable.