

ORIGINAL

Lance J.M. Steinhart, P.C.

1720 Windward Concourse

Suite 250

Alpharetta, Georgia 30005



0000073262

Also Admitted in New York
and Maryland

Telephone:(770) 232-9200

Facsimile:(770) 232-9208

Email: lsteinhart@telecomcounsel.com

May 22, 2007

VIA OVERNIGHT DELIVERY

Arizona Corporation Commission

DOCKETED

MAY 23 2007

Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007
(602) 542-2237

DOCKETED BY	<i>[Signature]</i>
-------------	--------------------

RECEIVED
 2007 MAY 23 A 11: 58
 AZ CORP COMMISSION
 DOCKET CONTROL

Re: AccessLine Communications Corporation
Docket No. T-04292A-04-0856

Dear Sir/Madam:

Enclosed please find for filing an original and thirteen (13) copies of AccessLine Communications Corporation's responses to the Commission's Second Request for information in AccessLine Communications Corporation's Application and Petition for Certificate of Public Convenience and Necessity to Provide Competitive Intrastate Telecommunications.

I have also enclosed an extra copy of this letter to be date stamped and returned to me in the enclosed, self-addressed, postage prepaid envelope.

If you have any questions or if I may provide you with additional information, please do not hesitate to contact me.

Respectfully submitted,

Angela Janssen,
Lance J.M. Steinhart

Attorney for AccessLine Communications Corporation

cc: Ann Furuya

Candrea Allen, Utilities Division/via e-mail to: CAllen@azcc.gov

**ARIZONA CORPORATION COMMISSION
STAFF'S SECOND SET OF DATA REQUESTS TO
ACCESSLINE COMMUNICATIONS CORPORATION ("AccessLine")**

Docket No. T-04292A-04-0856

May 22, 2007

1-1. If applicable, please update the proposed tariff submitted in the application.

ANSWER: Attached please find replacement pages 40 and 41 of Accessline Communications Corporations' Arizona CC Tariff No. 1 to reflect Arizona's new maximum payphone surcharge.

All Contacts Providing Information/Response for the above question:

Ann Furuya, Compliance Officer
11201 SE 8th Street, Suite 200, Bellevue, Washington 98004
E-Mail: afuruya@accessline.com
Telephone Number: (206) 621-3500

And

Lance J.M. Steinhart, Esq.
Lance J.M. Steinhart, P.C.
1720 Windward Concourse, Suite 250
Alpharetta, Georgia 30005
E-mail: lsteinhart@telecomcounsel.com
Telephone Number: 770-232-9200

4.11 Rate Periods

	Monday - Friday	Sat.	Sun.
8 a.m. to 5 p.m.*	Daytime Rate Period		
5 p.m. to 11 p.m.*	Evening Rate Period		Evening Rate Period
11 p.m. to 8 a.m.*	Night/Weekend Rate Period		

* To, but not including

When a message spans more than one rate period, total charges for the minutes in each rate period are calculated and the results for each rate period are totaled to obtain the total message charge. If the calculation results in a fractional charge, the amount will be rounded up to the higher cent.

4.12 Payphone Dial Around Surcharge

A dial around surcharge of \$.60 per call will be added to any completed INTRAstate toll access code and subscriber toll-free 800/888 type calls placed from a public or semi-public payphone.

4.13 Universal Service Fund Assessment & Presubscribed Interexchange Carrier Charge

The Customer will be assessed a monthly Universal Service Fund Contribution charge on all telecommunications services, which in no event shall be less than the prevailing contribution percentage rate charged the Company on intrastate traffic by the Universal Service Administrative Company (or any successor) or any state agency or its administrator. A Presubscribed Interexchange Carrier Charge ("PICC") applies on a monthly basis to all Customer monthly bills at the prevailing rate.

ISSUE DATE: December 1, 2004 EFFECTIVE DATE:
ISSUED BY: Mark Klebanoff, Secretary and Treasurer
11201 SE 8th Street, Suite 200
Bellevue, Washington 98004

SECTION 5 - MINIMUM/MAXIMUM RATES

5.1 1 + Dialing

\$0.04 per minute Minimum

\$0.40 per minute Maximum

5.2 Travel Cards

\$0.05 per minute Minimum

\$0.40 per minute Maximum

5.3 Toll-Free Service

\$0.04 per minute Minimum

\$0.40 per minute Maximum

5.4 Reserved for Future Use.

5.5 Directory Assistance

\$0.50 Minimum

\$1.50 Maximum

5.6 Payphone Dial Around Surcharge

\$0.35 Minimum

\$0.50 Maximum

ISSUE DATE: December 1, 2004 EFFECTIVE DATE:
ISSUED BY: Mark Klebanoff, Secretary and Treasurer
 11201 SE 8th Street, Suite 200
 Bellevue, Washington 98004

**ARIZONA CORPORATION COMMISSION
STAFF'S SECOND SET OF DATA REQUESTS TO
ACCESSLINE COMMUNICATIONS CORPORATION ("AccessLine")**

Docket No. T-04292A-04-0856

May 22, 2007

1-2. Please complete and submit an Affidavit of Publication Form. Refer to question (A-16) of the application.

ANSWER: Affidavits for publication will be provided when publication process is completed.

All Contacts Providing Information/Response for the above question:

Ann Furuya, Compliance Officer
11201 SE 8th Street, Suite 200, Bellevue, Washington 98004
E-Mail: afuruya@accessline.com
Telephone Number: (206) 621-3500

And

Lance J.M. Steinhart, Esq.
Lance J.M. Steinhart, P.C.
1720 Windward Concourse, Suite 250
Alpharetta, Georgia 30005
E-mail: lsteinhart@telecomcounsel.com
Telephone Number: 770-232-9200

**ARIZONA CORPORATION COMMISSION
STAFF'S SECOND SET OF DATA REQUESTS TO
ACCESSLINE COMMUNICATIONS CORPORATION ("AccessLine")**

Docket No. T-04292A-04-0856

May 22, 2007

1-3. If applicable, please update your response to question (A-19) of the application.

ANSWER: AccessLine is providing service in Alabama, Arizona, Arkansas, California, Colorado, Connecticut, District of Columbia, Delaware, Florida, Georgia, Hawaii, Iowa, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Massachusetts, Maine, Michigan, Minnesota, Montana, North Carolina, North Dakota, Nebraska, New Hampshire, New Jersey, New Mexico, Nevada, New York, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Vermont and Washington.

All Contacts Providing Information/Response for the above question:

Ann Furuya, Compliance Officer
11201 SE 8th Street, Suite 200, Bellevue, Washington 98004
E-Mail: afuruya@accessline.com
Telephone Number: (206) 621-3500

And

Lance J.M. Steinhart, Esq.
Lance J.M. Steinhart, P.C.
1720 Windward Concourse, Suite 250
Alpharetta, Georgia 30005
E-mail: lsteinhart@telecomcounsel.com
Telephone Number: 770-232-9200

**ARIZONA CORPORATION COMMISSION
STAFF'S SECOND SET OF DATA REQUESTS TO
ACCESSLINE COMMUNICATIONS CORPORATION ("AccessLine")**

Docket No. T-04292A-04-0856

May 22, 2007

1-4. Please submit updated financial information requested in section (B) of the application.

ANSWER: Please see attached.

All Contacts Providing Information/Response for the above question:

Ann Furuya, Compliance Officer
11201 SE 8th Street, Suite 200, Bellevue, Washington 98004
E-Mail: afuruya@accessline.com
Telephone Number: (206) 621-3500

And

Lance J.M. Steinhart, Esq.
Lance J.M. Steinhart, P.C.
1720 Windward Concourse, Suite 250
Alpharetta, Georgia 30005
E-mail: lsteinhart@telecomcounsel.com
Telephone Number: 770-232-9200

AccessLine Holdings, Inc.
Consolidated Statements Of Operations
December 31, 2006

Unaudited	January 2008	February 2008	March 2008	April 2008	May 2008	June 2008	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008
REVENUE:												
Revenue	1,953,286.04	1,932,383.00	2,316,218.90	1,896,982.30	1,968,425.70	1,968,957.83	1,932,272.32	2,078,094.75	2,056,779.38	2,078,655.20	2,028,103.40	2,012,378.04
Total Revenue	1,953,286.04	1,932,383.00	2,316,218.90	1,896,982.30	1,968,425.70	1,968,957.83	1,932,272.32	2,078,094.75	2,056,779.38	2,078,655.20	2,028,103.40	2,012,378.04
Operating Expense:												
Network Costs:												
Fixed	336,583.94	455,912.49	455,927.91	461,056.87	473,629.73	496,690.53	481,237.69	456,893.94	492,816.01	443,421.04	520,176.40	480,022.09
Variable	292,448.46	324,279.94	308,066.11	299,482.94	263,866.73	277,542.80	261,759.89	292,209.02	275,849.29	303,266.94	286,182.22	184,625.84
Smart Voice	0.00	3,644.10	2,869.24	4,405.25	15,102.06	12,749.98	33,010.43	13,373.80	41,447.54	89,402.02	49,454.83	55,560.10
Subtotal	629,030.40	784,836.53	766,863.26	764,945.06	772,700.52	786,953.11	776,007.97	752,476.76	810,112.84	836,090.00	855,815.45	720,208.03
Personnel Expenses:												
Salaries, Benefits & Taxes	788,459.98	709,887.91	768,324.82	748,160.33	781,735.06	749,424.35	752,785.01	774,138.93	781,851.87	805,555.70	784,344.22	791,689.02
Transfer to Capitalized Labor	(141,862.00)	(132,765.00)	(121,379.00)	(92,897.00)	(94,355.00)	(91,159.00)	(75,937.00)	(73,120.00)	(42,968.00)	(52,830.00)	(45,291.00)	(54,228.00)
Severance & Bonuses	31,250.00	30,596.69	23,288.00	35,959.79	21,806.12	30,791.13	29,928.84	33,288.03	41,319.45	31,551.27	33,295.97	68,917.13
Contractor Fees	10,000.00	10,000.00	10,000.00	11,250.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Subtotal	687,847.98	617,679.60	684,080.22	703,481.12	719,286.18	709,058.48	718,756.85	744,306.96	790,303.32	794,276.87	782,349.19	817,359.15
Office Facilities Expense	57,170.96	57,323.28	56,801.96	57,715.42	51,414.71	56,991.96	62,465.94	61,019.82	78,300.60	62,541.25	62,506.95	66,064.10
Telephone Services	5,162.71	41,968.56	59,008.43	50,282.46	45,538.13	41,614.76	49,014.82	67,336.08	56,303.83	48,340.35	46,528.22	31,985.54
Travel & Entertainment	7,947.13	7,217.45	6,700.08	8,080.20	7,675.78	7,269.22	7,269.22	8,133.72	8,457.91	6,589.50	10,589.22	9,930.32
Professional Fees	26,895.56	10,320.00	19,256.85	20,866.85	14,117.95	17,895.78	17,038.01	14,810.45	20,971.69	17,125.12	22,860.81	40,889.70
Tax & Registration Expense	14,342.97	10,183.15	10,320.00	22,891.21	25,772.08	23,427.08	33,327.63	28,129.93	31,830.80	37,845.56	4,655.49	3,158.89
E-commerce acquisition costs	69,219.34	75,758.66	81,275.00	83,410.47	93,259.75	9,208.70	29,226.07	16,394.10	37,314.04	37,314.04	1,279.00	(1,915.28)
Marketing & Public Relations	9,721.79	20,638.32	11,076.98	26,658.39	15,407.01	83,068.70	87,184.12	100,782.38	81,816.39	97,989.26	86,287.25	39,859.49
Credit Card & Invoice Processing Expense	56,926.96	46,186.06	52,010.00	47,236.84	57,883.78	50,625.74	44,621.06	46,984.27	59,378.02	47,773.93	58,813.79	57,261.53
Outside Sales Agent Commission	37,110.06	44,955.00	45,000.00	62,049.09	35,063.01	45,000.51	40,199.96	44,839.81	44,074.67	44,810.83	45,000.00	195,000.00
Bad Debt Expense	14,247.14	12,558.42	16,511.54	14,665.95	13,413.89	12,795.66	6,633.42	6,619.39	8,633.42	18,374.76	9,138.48	10,988.81
Insurance	4,342.97	52,933.21	19,047.58	9,316.40	13,497.28	7,649.83	6,463.70	3,090.63	2,650.84	499.73	1,885.20	6,838.28
Other Operating Expenses	372,872.66	440,972.57	461,075.83	485,209.44	429,295.54	439,753.59	462,666.89	507,251.13	471,794.78	490,191.43	424,408.49	619,159.54
Subtotal	1,689,751.04	1,843,468.70	1,912,019.31	1,953,635.62	1,921,282.04	1,935,793.18	1,955,431.61	2,004,034.85	2,072,210.94	2,120,559.40	2,062,573.13	2,156,726.52
Total Operating Expenses	263,544.96	88,904.30	404,199.59	(56,653.32)	67,143.86	51,164.75	(23,159.29)	74,059.90	(15,431.56)	(41,903.20)	(34,468.73)	(144,348.48)
EBITDA	(255,844.91)	(248,853.96)	(268,059.49)	(263,967.24)	(290,233.38)	(319,569.39)	(186,803.73)	(260,140.55)	(250,277.64)	(258,403.00)	(232,713.82)	(238,802.28)
Depreciation Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Stock-based compensation	(448,581.89)	(427,415.21)	(445,945.68)	(441,943.99)	(452,806.12)	(448,985.72)	(901,204.94)	(483,608.32)	(468,307.45)	(478,845.33)	(470,682.34)	(480,535.90)
Interest Income (Expense)	0.00	0.00	0.00	0.00	0.00	(75,000.00)	(188,289.43)	0.00	0.00	4,824.00	0.00	0.00
Other Expenses - Non-recurring	(438,881.88)	(597,364.27)	(307,805.98)	(762,564.51)	(675,995.64)	(789,790.38)	(1,289,457.39)	(689,688.97)	(734,016.65)	(770,327.53)	(737,865.88)	(863,786.66)
Net Income (Loss) before tax and non-recurring expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income Tax	(438,881.88)	(597,364.27)	(307,805.98)	(762,564.51)	(675,995.64)	(789,790.38)	(1,289,457.39)	(689,688.97)	(734,016.65)	(770,327.53)	(737,865.88)	(863,786.66)
Net Income (Loss)	(438,881.88)	(597,364.27)	(307,805.98)	(762,564.51)	(675,995.64)	(789,790.38)	(1,289,457.39)	(689,688.97)	(734,016.65)	(770,327.53)	(737,865.88)	(863,786.66)
Mandatory Redeemable Preferred Stock	(457,244.95)	(457,244.95)	(457,244.95)	(457,244.95)	(457,244.95)	(457,244.95)	(457,244.95)	(457,244.95)	(457,244.95)	(457,244.95)	(457,244.95)	(457,244.95)
Dividends and Accretion	(896,128.83)	(1,044,609.22)	(785,050.53)	(1,219,809.46)	(1,133,240.79)	(1,247,035.31)	(1,756,702.34)	(1,126,933.92)	(1,191,281.60)	(1,227,572.46)	(1,195,110.84)	(1,321,031.61)
Net Income (Loss) applicable to common stockholders												

This document and its contents are confidential and
proprietary to AccessLine Holdings, Inc.
Unaudited - Prepared in accordance with GAAP
Internal Use Only

AccessLine Holdings, Inc.

Statement of Cash Flows

For the Twelve Months Ending December 31, 2006

	January 2006	February 2006	March 2006	April 2006	May 2006	June 2006	July 2006	August 2006	September 2006	October 2006	November 2006	December 2006
Unaudited												
Cash From (Used By) Operations												
Net Income	(850,009.77)	(507,106.33)	(222,854.43)	(677,606.30)	(946,262.36)	(699,626.18)	(670,617.28)	(543,589.52)	(619,698.59)	(655,902.29)	(625,881.16)	(747,853.35)
Depreciation and Amortization	255,844.91	246,853.36	288,059.48	285,972.26	286,291.02	193,658.39	186,843.73	260,140.55	250,277.64	256,403.00	232,713.82	238,902.28
Accounts Receivable	305,425.40	(48,103.77)	(4,297.78)	(273,167.26)	287,291.02	(153,073.48)	(168,843.73)	(260,140.55)	225,290.95	(80,950.37)	118,881.64	(83,881.76)
Other Receivable	(1,118,800.00)	(1,118,800.00)	(1,118,800.00)	(1,118,800.00)	(1,118,800.00)	(1,118,800.00)	(1,118,800.00)	(1,118,800.00)	(1,118,800.00)	(1,118,800.00)	(1,118,800.00)	(1,118,800.00)
Deferred Costs on Contract in Process	(7,718.01)	(7,718.01)	(7,718.01)	(7,718.01)	(7,718.01)	(7,718.01)	(7,718.01)	(7,718.01)	(7,718.01)	(7,718.01)	(7,718.01)	(7,718.01)
Prepaid Expenses and Deposits	440,731.59	(150,478.97)	120,526.89	(92,867.00)	(94,355.00)	(81,159.00)	(76,987.00)	(73,120.00)	(42,866.00)	(52,630.00)	(6,291.00)	(4,226.00)
Accrued Wages, Benefits and Payroll Taxes	13,333.99	13,333.99	13,333.99	13,333.99	13,333.99	13,333.99	13,333.99	13,333.99	13,333.99	13,333.99	13,333.99	13,333.99
Accrued Liabilities	(81,227.01)	(81,227.01)	(81,227.01)	(81,227.01)	(81,227.01)	(81,227.01)	(81,227.01)	(81,227.01)	(81,227.01)	(81,227.01)	(81,227.01)	(81,227.01)
Deferred Revenue	(22,543.00)	(22,543.00)	(22,543.00)	(22,543.00)	(22,543.00)	(22,543.00)	(22,543.00)	(22,543.00)	(22,543.00)	(22,543.00)	(22,543.00)	(22,543.00)
Deferred Rent Payable	(4,482.76)	(4,482.76)	(4,482.76)	(4,482.76)	(4,482.76)	(4,482.76)	(4,482.76)	(4,482.76)	(4,482.76)	(4,482.76)	(4,482.76)	(4,482.76)
Cash From Operations	(843,384.65)	(653,700.96)	(238,811.14)	(1,019,456.96)	168,571.30	(747,465.82)	(1,292,401.18)	(282,078.83)	(652,881.57)	(198,318.41)	(655,965.47)	(838,167.74)
Plus: Cash From (Used by) Investment Activities												
Capital Expenditures	(59,396.35)	(40,380.20)	(503,105.22)	(112,325.30)	(131,666.72)	(150,900.73)	(73,131.45)	(21,615.02)	(131,203.97)	(256,227.97)	(42,813.54)	(174,678.04)
Restricted Cash Deposit	0.00	0.00	125,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,000.00
Deferred Legal Fees	3,864.11	3,864.11	3,864.11	3,864.11	3,864.11	3,864.11	3,864.11	3,864.11	3,864.11	3,864.11	3,864.11	3,864.11
Cash From Investing	(56,132.22)	(36,516.09)	(213,241.11)	(108,461.19)	(127,802.61)	(147,036.62)	(73,266.34)	(21,615.02)	(131,203.97)	(252,227.97)	(42,813.54)	(154,678.04)
Plus: Cash From (Used By) Financing Activities												
Capital Lease Principal Payments	(65,748.09)	(53,181.61)	(71,896.16)	(83,074.49)	(70,600.82)	(88,618.90)	(106,026.66)	(76,853.45)	(83,885.90)	(67,032.29)	(82,571.74)	(107,610.01)
Capital Lease Interest Payments	(28,151.35)	(23,668.04)	(21,847.05)	(23,743.79)	(25,437.72)	(26,509.75)	(31,649.59)	(29,120.25)	(28,120.00)	(25,387.75)	(25,987.75)	(28,784.19)
Proceeds from Issuance of Stock	20,957.00	128,093.05	326,242.10	66,798.47	206,652.68	147,331.30	51,958.49	0.00	68,652.69	130,916.00	33,700.00	0.00
Proceeds from Issuance of Debt	0.00	0.00	0.00	196.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bridge Loan Financing Obligations	244,586.76	244,586.68	244,586.68	244,586.68	244,586.68	244,586.68	244,586.68	244,586.68	244,586.68	244,586.68	244,586.68	244,586.68
Interest Expense - Other	(60,420.76)	(56,891.90)	(63,041.91)	(61,214.90)	(64,265.76)	(63,712.43)	(68,880.41)	(66,579.20)	(66,196.96)	(66,196.96)	(66,196.96)	(66,196.96)
Interest Expense - RRM	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash From Financing	110,729.56	234,240.18	413,881.47	165,549.91	290,104.86	213,076.90	2,308,680.50	39,401.68	115,474.35	171,716.29	63,612.10	107,976.40
Equal: Increase (Decrease) in Cash	(888,793.31)	(465,976.77)	(86,070.78)	(842,367.14)	326,973.65	(631,425.54)	1,021,417.30	(264,292.27)	(670,611.19)	(262,831.09)	(945,183.91)	(204,870.38)
Net Change in Cash												
BEGINNING CASH AND CASH EQUIVALENTS	5,807,208.68	5,618,410.37	5,124,433.60	5,124,362.82	4,181,995.68	4,507,869.33	3,626,443.79	4,847,061.08	4,565,568.82	3,912,857.63	3,630,125.54	3,284,942.83
ENDING CASH AND CASH EQUIVALENTS	5,818,410.37	5,124,433.60	5,124,362.82	4,181,995.68	4,507,869.33	3,626,443.79	4,847,061.08	4,583,568.82	3,912,857.63	3,630,125.54	3,284,942.83	3,080,072.25
CHECK	(288,793.31)	(455,976.77)	(88,070.78)	(842,367.14)	325,973.65	(631,425.54)	1,021,417.30	(264,292.27)	(670,611.19)	(262,831.09)	(945,183.91)	(204,870.38)

This document and its contents are confidential and proprietary to AccessLine Holdings, Inc.
Unaudited - Prepared in accordance with GAAP
Internal Use Only

AccessLine Holdings, Inc.
Consolidated Balance Sheets
December 31, 2006

	in(000's)
ASSETS	
Cash/Equivalents	\$ 3,080
Accounts Receivable	1,910
Allowance Reserve	(136)
Other Receivables	1
Prepaid Expenses	167
Total Current Assets	5,022
Fixed Assets (Net)	5,008
Restricted Cash	294
Other Assets	162
Total Assets	\$ 10,486
LIABILITIES AND EQUITY	
Accounts Payable	\$ 1,341
Payroll and Benefits-related Liabilities	1,071
Accrued Liabilities	176
Accrued Sales Tax Liabilities	534
AudioFax Liabilities	388
Accrued IBM Rebate	115
Current Portion of Capital Lease Obligations	987
Total Current Liabilities	4,613
Preferred Stock - A	6,545
Long-term Debt - RAM Opportunity	7,579
Bridge Loan Liabilities	18,859
Interest on Bridge Notes	2,798
Capital Lease Obligations, less current portion	1,177
Total Liabilities	41,570
Shareowners' Equity	
Preferred Stock Series B	7,108
Preferred Stock Series C	41,451
Preferred Stock Series D	36,241
Common Stock	58
Additional Paid-in Capital	10,244
Accumulated Deficit	(126,185)
Total Equity	(31,084)
Total Liab. & Sh. Equity	\$ 10,486

Unaudited