

M Giles
Consulting, LLC

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AZ CORP COMMISSION
DOCKET CONTROL

Docket No. T-20544A-07-0456

Arizona Corporation Commission
DOCKETED

AUG - 7 2008

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

DOCKETED BY *MM*

RE: Supplemental Filing to the Application of Baldwin County Internet/DSSI Service, L.L.C. for a CCN as a Competitive Local Exchange Carrier, **Docket No. T-20544A-07-0456**

Baldwin County Internet/DSSI Service, L.L.C. (BCI) filed an application for a Certificate of Convenience and Necessity to Operate as a Competitive Local Exchange Carrier throughout the State of Arizona on July 30, 2007. It was assigned Docket No. T-20544A-07-0456. The Arizona Corporation Commission scheduled a Hearing in the proceeding on August 14, 2008, in its Procedural Order of June 18, 2008. Since an extended time period has occurred from the filing of the original application, BCI is providing this Supplemental Filing to update certain portions of the original application. The items being updated include:

- (1) Address change for BCI due to growth. (Q. A-2) The move is essentially complete, although mail will continue to be received at both addresses for a time.
- (2) Updating the in-house employee list to include Harold R. Bailes, the new Company President (Q. A-4 and A-19)
- (3) Updated list of states in which BCI has been authorized to operate (Q. A-18 and 2nd Data Request, Q. 2)
- (4) Updated list of key personnel and their qualifications (Q. A-19)
- (5) Updated financial schedules for 2007. BCI provided preliminary schedules in response to the Staff's Third Set of Data Requests. These schedules inadvertently omitted a 180-mile fiber transport loop in Alabama that was owned by BCI.

Enclosed for filing, please find an original and thirteen (13) copies of this Supplemental Filing which modifies the company's Application in Docket No. T-20544A-07-0456.

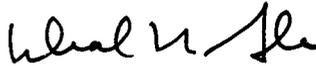
6601 County Rd 166
McKinney, Texas 75071-7309
P 214-762-7576 F 972-562-7449

mike.giles@att.net

Any questions regarding this filing may be directed to my attention at 214-762-7576, email at mike.giles@att.net, or physical address, 6601 County Rd 166, McKinney, TX 75071-7309.

Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael N. Giles".

Michael N. Giles
Consultant for
Baldwin County Internet/DSSI Service, L.L.C.

Enclosures

Cc: Ms. Candrea Allen (Overnight Mail and Email)

BEFORE THE ARIZONA CORPORATOIN COMMISSION

IN THE MATTER OF THE APPLICATION OF
BALDWIN COUNTY INTERNET/DSSI
SERVICE, L.L.C. FOR APPROVAL OF A
CERTIFICATE OF CONVENIENCE AND
NECESSITY FOR FACILITIES-BASED AND
RESOLD PRIVATE LINE SERVICES.

DOCKET NO. T-20544A-07-0456

FILING SUPPLEMENTING THE APPLICATION

On July 30, 2007, Baldwin County Internet/DSSI Service, L.L.C. (BCI) filed an application for a Certificate of Convenience and Necessity to provide facilities-based and resold long distance and local exchange telecommunications services in the State of Arizona. BCI also petitioned the Commission to have its proposed services classified as competitive. The Application was assigned Docket No. T-20544A-07-0456. Since an extended time period has occurred from the filing of the original application, BCI is providing updated information for certain portions of the original application. The items being updated do not change or impact the overall application and business plan of BCI.

The address listed in Question (A-2) has changed. Due to its expanding business, the Company is in completing a move to larger offices approximately 15 miles distance at:

Mailing Address: P.O. Box 1245, Gulf Shores, AL 36547

Physical Address: 1240 Commerce Drive, Suite A, Gulf Shores, AL 36542

The move is essentially complete; however mail will continue to be received at both locations for a short time period. All telephone numbers remain unchanged, except as indicated in this Supplemental Filing. There also is no change in email or web addresses which remain jeffh@dssitech.com and www.dssitech.com.

BCI's Management Contact (Question (A-4)) has changed. Mr. Harold R. (Harry) Bailes has joined BCI as the Company President. He will now handle all management contacts and can be reached at:

Harold R. (Harry) Bailes, President
1240 Commerce Drive, Suite A
Gulf Shores, AL 36542
Telephone 919-454-4176, Fax 919-882-9338
Email: harry.bailes@beyondcommunications.net

In the response to Question (A-5), the consultant, Michael N. Giles is no longer representing Huron Consulting Group. Instead he is working independently.

BCI's Complaint Contact Person (Question (A-6)) has changed. Ms. Reid is no longer in this position. Ms. Michele Levingston has replaced her:

Michele Levingston, Director – Customer Service
Address: 111 Corning Road, Suite 250, Cary, NC 27511
Telephone: 919-535-7322
Wireless Telephone: 919-337-8844
Fax No.: 919-882-1125
Email: michele.levingston@cnxntech.com

Question (A-8) and Attachment A remain unchanged. Mr. Hathaway retains 100% ownership of the Company. Mr. Bailes is an internal employee of the company as Company President.

The responses to Question (A-18) and (A-19) have also changed. During the last year, Baldwin County Internet/DSSI Service, L.L.C. has been authorized to provide competitive local exchange and interexchange service in several additional states, beyond those listed in its Application. The current list of states includes:

- Florida
- Alabama
- Mississippi
- Nevada
- Wisconsin
- Virginia
- Colorado (CLEC transport and interexchange services are not regulated in Colorado)
- Utah
- Texas
- Georgia
- New Mexico
- Illinois
- Tennessee

In the response to Question (A-19) of its Application, BCI provided qualifications of its key personnel. Mr. Hathaway, the Chief Executive Officer remains in his position. Mr. Jones, Mr. Barstow and Ms. Reid have moved on to other positions. Their replacements and their qualifications follow.

Harold R. Bailes (Harry), President, has spent his professional career in and around leading edge technology ventures. Harry graduated from law school at the University of Virginia and practiced law in Charlottesville, Virginia from 1971 until the mid 1980's.

Harry was one of the first lawyers in Virginia to use a computer in the practice of law and designed one of the first timekeeping and billing systems for attorneys in the marketplace. Harry became Vice President of Strategic Business Development for Image Technology, Inc. in Greensboro, North Carolina in the early 1990's and was instrumental in the investment by then U. S. West in the company and the company's ultimate sale to MCI. Following that purchase, Harry left Image Technology, Inc. to form KOZ.Com, one of the first companies to build sophisticated community publishing software for the internet with a focus on media. Harry joined Connexion Technologies as one of its first 10 employees and served until this year as its Executive Vice President. He left Connexion Technologies to assume this position with Baldwin County Internet.

Richard M. Alder, Executive Officer and Vice President of Operations, has been with Connexion Technologies/Accelera since 2006. Prior to his association with Connexion Technologies/Accelera he was Executive Vice President for Madison River Communications, which was Connexion/Accelera's original Service Provider, from 1999 - 2006. He served in various capacities during his tenure at Madison River including President of MebTel, one of Madison River's independent telephone companies (CLECs), Executive Vice President of Business Analysis and Marketing, Executive Vice President – North Carolina Operations, and Vice President of Business Analysis. He held the position of Vice President of Major Account Sales for TAMCO/TelImagine in 1996-1999 and worked as a Project Manager/Consultant for USRobotics/3COM from 1996-1997. From 1993 – 1996, he was President of Telecommute Solutions. From 1983 – 1993, he served in various positions in Centel/Central Telephone/Centel Business Systems and prior to those positions, he worked for Southwestern Bell as a Network Service Supervisor. Mr. Alder has over 27 years of operational experience in the telecommunications industry. He holds a B.S. in Mechanical Engineering from Texas Tech University (1976) and an MBA from the University of Houston (1987).

Eric Landry, NOC (Network Operations Center) Director, has been with Accelera/Connexion Technologies since 2007. He has over 20 years of telecommunications experience planning, managing, maintaining and administering all aspects of voice, data, wireless, and IP (Internet Protocol) networks. Prior to his association with Accelera/Connexion Technologies Mr. Landry was Director of Service Management Centers for Talk America. He also held various technical and engineering positions with Network Telephone Corporation, AirAd, Sjoberg, Landry and St.Pierre, Inc., and also served as Vice President, Systems and Engineering for Network USA, a division of Network Paging Corporation. Mr. Landry holds a B.S. in Computer Science from the University of Louisiana, Lafayette, Louisiana (1984).

Michele Levingston, Director – Customer Service, has almost 20 years experience in the telecommunications industry. Her experience covers several markets, including North

Carolina, Virginia, South Carolina, Georgia, Florida, Alabama, Louisiana, Mississippi, Texas, California, Arizona, Illinois, Kansas, Missouri, and Nevada. Ms. Levingston joined the Accelera Service Bureau in October 2007, bringing with her a successful track record of commitment to excellent customer service. She has dealt with both business and residential customers during her 20-year career. Her call center and customer service experience runs the gamut from customer service representative to management positions at Sprint, Madison River Communications and Central Telephone Company. She has been in call center management for the last 10 years. Ms. Levingston's current team includes 9 managers and growth for up to 75 agents.

Note that Accelera Services, LLC, referred to frequently in the above qualification lists, is a related company of Connexion Technologies. It is a support services company that provides various regulatory, accounts payable, customer billing, and vendor assistance services to small ISP/VoIP/video service providers such as BCI.

The financial information for 2007 provided in the Application (Questions (B-1) and (B-2) and Attachment D) and BCI's response to the Staff's Third Set of Data Requests (Question CLA 3.1) and the Staff's Fourth's Set of Data Requests (Q1 and Q2) was filed as preliminary information. Since that time, the support Accounting function of Accelera has determined that a 180-mile fiber backbone loop in Alabama was not properly included in the assets. The attached financials now include this fiber backbone loop on the Balance Sheet. The financial schedules for 2007, including the Balance Sheet, Income Statement and Statement of Cash Flows, are included with this Supplemental Filing. Since BCI is a private company, they continue to be unaudited financial statements.

In its response to Question CLA 3.2 in the Staff's Third Set of Data Requests, BCI provided the Articles of Organization for the company. Since that filing, the company determined that the articles as they existed did not reflect the current ownership – Jeffery Hathaway as the sole/100% owner. Attached is the Amendment to the Articles of Organization which correctly states the current ownership.

Baldwin County Internet/DSSI Service, L.L.C. is providing this updated information to ensure that the Commission has the latest data on which to base its decision on granting the company a Certificate of Convenience and Necessity for facilities-based and resold private line services. The Company has the technical, managerial, and financial capabilities to provide superb service throughout the State of Arizona. The company feels strongly that it is in the public interest to grant BCI a Certificate of Convenience and Necessity.

Baldwin County Internet
Balance Sheet
For the Twelve Months Ending December 31, 2007

Assets

Current assets:	
Cash and cash equivalents	\$ 94,046
Accounts receivable	395,865
Prepaid expenses	750
 Total current assets	 <u>490,661</u>
Fixed assets:	
Fiber network, net of depreciation	7,028,450
 Total fixed assets	 <u>7,028,450</u>
Other assets:	
Franchise agreements	6,750
Security deposits	60,000
Receivable from affiliate	4,004,412
 Total other assets	 <u>4,071,162</u>
 Total Assets	 <u>\$ 11,590,273</u>

Liabilities and members' capital

Current Liabilities:	
Accounts payable	\$ 642,494
Taxes payable	5,837
Unearned revenue	5,967
Accrued expenses	50,000
 Total current liabilities:	 <u>704,298</u>
Long-term obligations:	
Notes payable - affiliated party	70,000
Line of credit	-
 Total long-term obligations	 <u>70,000</u>
 Total liabilities	 <u>774,298</u>
Members' capital:	
Membership interests	18,083,818
Accumulated deficit	(7,267,843)
 Total members' capital	 <u>10,815,975</u>
 Total liabilities and members' capital	 <u>\$ 11,590,273</u>

Baldwin County Internet
Income Statement
For the Twelve Months Ending December 31, 2007

Revenue:	Totals
Local fixed fees	99,723
Long distance	27,000
PRI Telephone numbers	-
CABS Billing	11,537
Miscellaneous voice	8,946
Other	5,467
Broadband access	67,480
Internet services other	6,612
Transportation maintenance	59,199
Channel lease	42,000
Dark fiber lease	114,501
NCTC Revenue reimbursement from affiliate	135,961
Total revenue	<u>578,426</u>
Cost of services:	
Voice Bulk Residential	23,626
Voice Take Residential	11,664
Data Bulk Residential	12,670
NCTC costs paid by affiliate	194,107
Total cost of services	<u>242,067</u>
Gross margin	<u>336,358</u>
Operating expenses:	
Consulting	414,515
Professional Services	250
Bank Service Charges	6,892
Travel	16,179
Repairs & Maintenance	3,147
Dues & Subscriptions	8,200
Computer supplies	4,852
Licenses & Permits	923
Marketing & Advertising	224
Utilities	(9,330)
Communications Tax	905
Commercial Package Insurance	3,957
Work's Comp Insurance	2,257
Depreciation	198,512
Miscellaneous	30,141
Interest expense	153,965
Interest income	14,993
Bad debt expense	211,212
Total Operating expenses	<u>1,061,794</u>
Net Income (Loss)	<u>\$ (725,436)</u>

Baldwin County Internet
Statements of Cash Flows
For the Twelve Months Ending December 31, 2007

Cash Flows From Operating Activities	
Net Income/(loss)	\$ (725,436)
Adjustments to reconcile net income/(loss) used in operating activities:	
Depreciation	198,512
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(141,451)
Prepaid expenses	130,954
Security deposits	(49,600)
Loans receivable from affiliate	166,411
Other assets	333
(Increase) decrease in:	
Accounts payable	(20,427)
Accrued expenses	59,636
Net cash used in operating activities	<u>(381,067)</u>
Cash Flows Used In Investing Activities	
Purchase of property and equipment	(191,783)
Net cash used by investing activities	<u>(191,783)</u>
Cash Flows From Financing Activities	
Proceeds from sale of assets	13,700,000
Payments on credit line	(4,999,311)
Payments on notes payable	(8,044,661)
Net cash provided by financing activities	<u>656,028</u>
Net increase (decrease) in cash	<u>83,178</u>
Cash and cash equivalents:	
Cash at Beginning of period	<u>10,868</u>
End of period	<u>\$ 94,046</u>

AMENDMENT TO ARTICLES OF ORGANIZATION
OF BALDWIN COUNTY INTERNET/DSSI SERVICE, L.L.C.

Pursuant to 10-12-11 of the Alabama Limited Liability Company Act, the undersigned hereby adopts the following Articles of Amendment:

Article 1
Name

The name of this Limited Liability Company shall be Baldwin County Internet/DSSI Service, L.L.C. (hereinafter the "L.L.C.").

Article 2

The following amendment was adopted in the manner provided for by the Alabama Limited Liability Act:

Article IV
Members

The members of the L.L.C. shall be amended as follows (collectively hereinafter the "Members"):

JEFFERY L. HATHAWAY, a resident of the full age of Foley, Alabama, and whose mailing address is 204 Oxford Way, Foley, Alabama 36535.

The percentage of ownership of the L.L.C. among the members shall be as follows:

JEFFERY L. HATHAWAY 100%

Third persons dealing with the L.L.C. shall be entitled to conclusively presume that there are no additional or substituted Members of the L.L.C. unless and until these Articles are amended to include such additional or substituted Members.

Article VI
Management

The L.L.C. shall be managed by Jeffery L. Hathaway.

Article 3

The amendment, constituent with the Limited Liability Company Act, was approved by a majority vote of the members entitled to vote or in accordance with the requirements set forth in the Articles of Organization and prescribed by law.

Date: April 17, 2008

Jeffery L. Hathaway
Jeffery L. Hathaway, Managing Member

Prepared by:
Linda Price
111 Corning Road, Ste 250
Cary, NC 27518

1113608
BALDWIN COUNTY, ALABAMA
JUDGE ADRIAN T. JOHNS
Filed Oct. 5/1/2008 9:48 AM
TOTAL \$ 20.00
1 Pages

STATE OF ALABAMA I, ADRIAN T. JOHNS
BALDWIN COUNTY Judge of Probate in and
for said State and County do hereby certify that the within
and foregoing is a true and correct copy of
Articles of Amendment
as the same appears of record in my office on this date.
Instrument # 1113608
Given under my hand and seal
this 1st day of May 2008
Adrian T. Johns
JUDGE OF PROBATE