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AZ CORP COMMISSION
DOCKET CONTROL

July 15, 2009

Via Overnight Courier

Brian C. McNeil, Executive Secretary
Arizona Corporation Commission
Utilities Division
1200 W. Washington Street
Phoenix, AZ 85007-2927

Re: Docket No. T-20396A-05-0542 - In the Matter of the Application of DelTel, Inc. for a Certificate of Convenience and Necessity to Provide Resold Long Distance Telecommunications Services
UPDATED APPLICATION INFORMATION

Dear Mr. McNeil:

On behalf of DelTel Inc. ("DelTel"), please find enclosed and updated Certificate of Convenience and Necessity application in response to Commission staff's request.

An original and thirteen (13) copies of this letter are enclosed for filing. Please date-stamp the extra copy and return it in the envelope provided. Should you have any questions please do not hesitate to contact Nguyen Vu at 202-373-6254.

Respectfully submitted,

Ronald W. Del Sesto, Jr.
Nguyen T. Vu

Counsel for DelTel, Inc.

cc: Janice Alward
Ernest Johnson

Arizona Corporation Commission
DOCKETED

JUL 16 2009

DOCKETED BY

Boston
Hartford
Hong Kong
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Los Angeles
New York
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San Francisco
Santa Monica
Silicon Valley
Tokyo
Washington

Bingham McCutchen LLP
2020 K Street NW
Washington, DC
20006-1806

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If the Applicant wants to provide any type of Non-Customer Owned Pay Telephone (“COPT”) telecommunications services in Arizona, provide the Arizona Corporation Commission (“Commission”) with information being requested.

Remember that information submitted for a Certificate of Convenience and Necessity (“CC&N”) will be made part of the public record (including financial statements). Any information designated as confidential will not be accepted by Docket Control. Mail your original CC&N application plus thirteen (13) copies to Arizona Corporation Commission, Docket Control, 1200 W. Washington Street, Phoenix, AZ 85007-2927.

Make sure you use the Application form dated July 7, 2006. Also, make sure you answer each numbered item and part of the item in each section of the Application form. If you do not use the correct Application form and/or do not completely answer the numbered item(s), Staff will request the Applicant to re-submit the Application form and/or complete any of the numbered item(s) and part of the item in a data request. In order for Staff to review your Application, complete the following form. Thank you.

ARIZONA CORPORATION COMMISSION

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

Mail original plus 13 copies of completed application to:

For Docket Control Only:
(Please Stamp Here)

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

Please indicate if you have current applications pending
in Arizona as an Interexchange reseller, AOS provider,
or as the provider of other telecommunication services.

Type of Service: Long distance telecommunications service

Docket No.: T-20396A-05-0542 Date: 7/15/09 Date Docketed: _____

Type of Service: _____

Docket No.: _____ Date: _____ Date Docketed: _____

A. COMPANY AND TELECOMMUNICATION SERVICE INFORMATION

(A-1) Please indicate the type of telecommunications services that you want to provide in Arizona and mark the appropriate boxes.

- 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)
- Other _____ (Please attach complete description)

(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:

Robert G. Huff
DeITel, Inc.
25531 Commercentre Drive, Suite 110
Lake Forest, CA 92630
Telephone: (949) 444-0150 Ext. 512
Facsimile: (949) 444-0150

(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):

AuctionFON

(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:

Robert G. Huff
DelTel, Inc.
25531 Commercentre Drive, Suite 110
Lake Forest, CA 92630
Telephone (949) 444-0150 Ext. 512
Facsimile: (949) 444-0150
Email: bob.huff@deltel.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:

Ronald W. Del Sesto, Jr.
Nguyen T. Vu
Bingham McCutchen LLP
2020 K Street, NW
Washington, D.C. 20006
Telephone: (202) 373-6754
Facsimile: (202) 373-6420
Email: r.delsesto@bingham.com; nguyen.vu@bingham.com

(A-6) The name, address, telephone number (including area code), facsimile number (including area code), and E-mail address of the Applicant's Complaint Contact Person:

Robert G. Huff
DelTel, Inc.
25531 Commercentre Drive, Suite 110
Lake Forest, CA 92630
Telephone: (949) 444-0150 Ext. 512
Facsimile: (949) 444-0150
Email: bob.huff@deltel.com

(A-7) What type of legal entity is the Applicant? Mark the appropriate box(s) and category.

- Sole proprietorship
- Partnership: _____ Limited, _____ General, _____ Arizona, _____ Foreign
- Limited Liability Company: _____ Arizona, _____ Foreign
- Corporation: _____ "S", X "C", _____ Non-profit
- 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 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).
Tariff No. 2 Page(s) No. 28-33 (Section 3 & 4)
2. Tariff Maximum Rate and Prices to be charged (reference by Tariff page number).
Tariff Page(s) No. – Rates provided are actual usage charges.
3. Terms and Conditions Applicable to provision of Service (reference by Tariff page number).
Tariff No. 2 Page(s) No: 16-27 (Section 2)
4. Deposits, Advances, and/or Prepayments Applicable to provision of Service (reference by Tariff page number).
Tariff No. 2 Page(s) No. 25 (2.8.7)
5. The proposed fee that will be charged for returned checks (reference by Tariff page number).
Tariff No. 2 Page(s) No. 27 (2.15)

(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.

See DelTel's responses to Staff's First and Second Sets of Data Requests provide with initial filing. Also see Attachment (A-11).

(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.

See DelTel's responses to Staff's First and Second Sets of Data Requests provide with initial filing. Also see Attachment (A-12).

(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 any box in (A-14) is marked "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 any box in (A-14) is marked "No", 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.

Tariff No.2: The company does not require deposits or advanced payments by Customers for Services. See Section 2.8.7, Page 28.

(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 you are advised to do so by the Hearing Division.

Applicant published legal notice in the Arizona Republic on June 2, 2006 and filed an Affidavit of Publications

on June 14, 2006.

(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 Arizona:

Yes No

If "Yes", provide the name of the company or companies whose telecommunications services the Applicant resells.

Qwest, XO Communications, Level3 and CCI Communications

(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 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 has authority to provide telephone service in the following jurisdictions: Arizona (Provisional Certification), Alabama, Alaska, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, District of Columbia.

Applicant has never been denied authority to provide intrastate telecommunications services.

(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 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.

Applicant currently provides interexchange telecommunications services in the following jurisdictions: Alabama, Alaska, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, and the District of Columbia.

(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 currently has no affiliates providing service in Arizona.

(A-21) 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

B. FINANCIAL INFORMATION

(B-1) Indicate if the Applicant has financial statements for the two (2) most recent years.

Yes No

If "No," explain why and give the date on which the Applicant began operations.

(B-2) Include "Attachment D".

Provide the Applicant's financial information for the two (2) most recent years.

1. A copy of the Applicant's balance sheet.
2. A copy of the Applicant's income statement.
3. A copy of the Applicant's audit report.
4. A copy of the Applicant's retained earnings balance.
5. A copy of all related notes to the financial statements and information.

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

Applicant is submitting unaudited financial statements for the years ended December 31, 2007 and December 31, 2008. Because these are unaudited, the financial statements do not include an audit report or notes. Applicant does not have audited financial statements.

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

NA

(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.

The projected value of all assets is zero.

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.

N/A

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 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 in 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 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 Arizona.

N/A

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 59421:

Yes No

N/A

(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

N/A

(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

N/A

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.

[Handwritten Signature]
(Signature of Authorized Representative)

7-8-09
(Date)

Robert G. Huff
(Print Name of Authorized Representative)

Vice President Operations
(Title)

SUBSCRIBED AND SWORN to before me this 8th day of July, 2009

Kira Riddle
NOTARY PUBLIC

My Commission Expires Aug 23, 2011



**CN&N Application – Company and Telecommunications Services
Information – Section A-11**

Note: See DelTel's responses to Staff's First and Second Sets of Data Requests provided for initial CC&N filing on July, 28, 2005. **(See attached Docket T-20396A-05-0542 Documents)**

Note: In January 2009 Applicant was involved in a civil suit (Workers' Compensation Appeals Board, State of California) - Wens Applicant v. DelTel, Inc. Defendants. On April 22, 2009, Workers' Compensation Administrative Law Judge determined the 132(a) claim filed dismissed with prejudice.

Neither DelTel nor any of its officers, directors, partners, or managers are currently involved in any formal or informal complaint proceedings pending before any state or federal regulatory commission, administrative agency, or law enforcement agency.

CN&N Application – Company and Telecommunications Services Information – Section A-12

Note: See DelTel's responses to Staff's First and Second Sets of Data Requests provided for initial CC&N filing. **(See attached Docket T-20396A-05-0542 Documents)**

Applicant has been party to civil lawsuits, none of which are currently pending and none of which resulted in judgment other than in favor of DelTel, Inc. **(See attached summaries)**

Neither DelTel nor any of its officers, directors, partners, or managers are currently involved in any civil or criminal investigations or proceedings levied by any administrative or regulatory agency, or been convicted of any criminal acts within the last ten (10) years.

Attachment A

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Michael P. Kearns, Interim Executive Director of the Arizona Corporation Commission, do hereby certify that

*****DELTEL, INC.*****

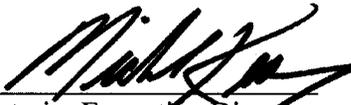
a foreign corporation organized under the laws of California did obtain authority to transact business in the State of Arizona on the 7th day of December 2004.

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 22nd Day of May, 2009, A. D.




Interim Executive Director

Order Number: 351078

DelTel, Inc. Shareholder Information

Kirk E. Waldfogel 25531 Commercentre Drive Suite 250 Lake Forest, CA 92630	94,000 shares	31%
Rob Zahr 25531 Commercentre Drive Suite 250 Lake Forest, CA 92630	94,000 shares	31%
End70 Corp. 20271 S. W. Acacia Suite 200 Newport Beach, CA 92660	91,000 shares	30%
Luis Villalobos 4220 Park Newport, #410 Newport Beach, CA 92660	10,500 shares	0.035
Shulman Hodges & Bastian LLP 26632 Town Center Drive Suite 300 Foothill Ranch, CA 92610	9,000 shares	0.03
D & M Gittleson 30621 Falling Star Circle Valley Center, CA 92082	1,500 shares	0.005

DeITel, Inc. Officers and Directors

Pres/CEO/Sec/Director	Kirk E. Waldfoael	25531 Commercentre Drive Lake Forest, CA 92630	NA
Vice President of Operations	Robert G. Huff	25531 Commercentre Drive Lake Forest, CA 92630	NA
Treasurer/Director	Ian Welsh	25531 Commercentre Drive Lake Forest, CA 92630	NA

Attachment B

ARIZONA TELECOMMUNICATIONS TARIFF

This Tariff contains the descriptions, regulations, and rates applicable to the furnishing of service and facilities for telecommunications services within the State of Arizona by DELTEL, INC. d/b/a AuctionFÓN ("Company"). This tariff is on file with the Arizona Corporation Commission, and copies may also be inspected, during normal business hours, at the following location: 25331 Commercentre Drive, STE 110, Lake Forest, CA 92630

Issued:

Effective:

Issued by: Kirk Waldfogel, President
DELTEL, INC. d/b/a AuctionFÓN
25331 Commercentre Drive, STE 110
Lake Forest, CA 92630

CHECK SHEET

The title page and pages 1-34 inclusive of this Tariff are effective as of the date shown. Original and revised sheets, as named below, comprise all changes from the original Tariff in effect on the date indicated.

<u>SHEET</u>	<u>REVISION</u>	<u>SHEET</u>	<u>REVISION</u>	<u>SHEET</u>	<u>REVISION</u>
1	Original	18	Original		
2	Original	19	Original		
3	Original	20	Original		
4	Original	21	Original		
5	Original	22	Original		
6	Original	23	Original		
7	Original	24	Original		
8	Original	25	Original		
9	Original	26	Original		
10	Original	27	Original		
11	Original	28	Original		
12	Original	29	Original		
13	Original	30	Original		
14	Original	31	Original		
15	Original	32	Original		
16	Original	33	Original		
17	Original	34	Original		

* New or Revised Sheets

Issued:

Effective:

Issued by: Kirk Waldfogel, President
DELTEL, INC. d/b/a AuctionFÓN
25331 Commercentre Drive, STE 110
Lake Forest, CA 92630

CONCURRING, CONNECTING AND OTHER PARTICIPATING CARRIERS

CONCURRING CARRIERS:

No Concurring Carriers

CONNECTING CARRIERS:

No Connecting Carriers

OTHER PARTICIPATING CARRIERS:

No Participating Carriers

Issued:

Effective:

Issued by: Kirk Waldfogel, President
DELTEL, INC. d/b/a AuctionFÓN
25331 Commercentre Drive, STE 110
Lake Forest, CA 92630

TARIFF FORMAT

Sheet Numbering - Sheet numbers appear in the upper right hand corner of the page. Sheets are numbered sequentially and 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 Sheets 3 and 4 would be numbered 3.1.

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).

Check Sheets - When a Tariff filing is made with the Commission, an updated check sheet accompanies the Tariff 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 designed by an asterisk (*). There will 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.

Issued:

Effective:

Issued by: Kirk Waldfogel, President
DELTEL, INC. d/b/a AuctionFÓN
25331 Commercentre Drive, STE 110
Lake Forest, CA 92630

APPLICABILITY

This Tariff contains the Service offerings, rates, terms and conditions applicable to the furnishing of intrastate interexchange telecommunications services within the State of Arizona by DELTEL, INC. d/b/a AuctionFÓN ("Company").

Issued:

Effective:

Issued by: Kirk Waldfogel, President
DELTEL, INC. d/b/a AuctionFÓN
25331 Commercentre Drive, STE 110
Lake Forest, CA 92630

EXPLANATION OF SYMBOLS

- (D) To signify discontinued material
- (I) To signify a rate or change increase
- (M) To signify material relocated without change in text or rate
- (N) To signify new material
- (R) To signify a reduction
- (T) To signify a change in text but no change in rate or regulation

Issued:

Effective:

Issued by: Kirk Waldfogel, President
DELTEL, INC. d/b/a AuctionFÓN
25331 Commercentre Drive, STE 110
Lake Forest, CA 92630

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Issued:

Effective:

Issued by: Kirk Waldfogel, President
 DELTEL, INC. d/b/a AuctionFÓN
 25331 Commercentre Drive, STE 110
 Lake Forest, CA 92630

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Issued:

Effective:

Issued by: Kirk Waldfogel, President
DELTEL, INC. d/b/a AuctionFÓN
25331 Commercentre Drive, STE 110
Lake Forest, CA 92630

1. TECHNICAL TERMS AND ABBREVIATIONS

For the purpose of this Tariff, the following definitions will apply:

Access Coordination

Provides for the design, ordering, installation, coordination, pre-service testing, service turn-up and maintenance on a Company or Customer provided Local Access Channel.

Administrative Change

A change in Customer billing address or contact name.

Alternate Access

Alternate Access is 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. The charges for Alternate Access may be subject to private agreement rather than published or special tariff if permitted by applicable governmental rules.

Application for Service

A standard Company order form that includes all pertinent billing, technical and other descriptive information that will enable the Company to provide a communication Service as required.

ASR

ASR (Access Service Request) means an order placed with a Local Access Provider for Local Access.

AuctionFON

The name of one of DelTel, Inc.'s service offering. See also "Company."

Authorized User

A person, firm, corporation or other entity that either is authorized by the Customer to receive or send communications or is placed in a position by the Customer, either through acts or omissions, to send or receive communications.

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1. TECHNICAL TERMS AND ABBREVIATIONS (Cont'd)

Bandwidth

The total frequency band, in hertz, allocated for a channel.

Bill Date

The date on which billing information is compiled and sent to the Customer.

Call

A completed connection between the Calling and Called Stations.

Called Station

The telephone number called.

Calling Station

The telephone number from which a Call originates.

Cancellation of Order

A Customer initiated request to discontinue processing a Service order, either in part or in its entirety, prior to its completion. Cancellation charges will be assessed for each Circuit-end or Dedicated Access line canceled from an order prior to its completion by the Company, under the following circumstances: (1) if the LEC has confirmed in writing to the Company that the Circuit-end or Dedicated Access line will be installed; or (2) if the Company has already submitted facilities orders to and interconnecting telephone company.

Channel or Circuit

A dedicated communications path between two or more points having a Bandwidth or Transmission Speed specified in this Tariff and selected by a Customer.

Commission

Arizona Corporation Commission

Company

DELTEL, INC. d/b/a AuctionFÓN

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1. TECHNICAL TERMS AND ABBREVIATIONS (Cont'd)

Company Recognized National Holidays

The following are Company Recognized National Holidays determined at the location of the originator of the Call: New Year's Day, Martin Luther King Day, President's Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veteran's Day, Thanksgiving Day, Christmas Day. The evening rate is used unless a lower rate would normally apply. When a Call begins in one rate period and ends in another, the rate in effect in each rate period applies to the portion of the Call occurring within that rate period. In the event that a minute is split between two rate periods, the rate in effect at the start of that minute applies.

Customer

The person, firm, corporation or governmental unit which orders Service and which is responsible for the payment of charges and for compliance with the Company's Tariff regulations. A Customer is considered to be an account for billing purposes. The term Customer also includes an entity that remains presubscribed to the Company Service after its account(s) are removed from the Company's billing system, subsequently continues to use Company's network, and is billed by a local exchange carrier for such use, or otherwise uses Service for which no other Customer is obligated to compensate Company.

Customer Premises/Customer's Premises

Locations designated by a Customer where Service is originated/terminated whether for its own communications needs or for the use of its resale customers.

DCS

DCS means Digital Cross-Connect System.

Dedicated Access/Special Access

Dedicated Local Access between the Customer's Premises or serving wire center and the Company's Point-of-Presence for origination or termination of Calls.

DS-0

DS-0 means Digital Signal Level 0 Service and is a 64 Kbps signal.

DS-1

DS-1 means Digital Signal Level 1 Service and is a 1.544 Mbps signal.

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1. TECHNICAL TERMS AND ABBREVIATIONS (Cont'd)

DS-0 with VF Access

DS-0 Service with VF Local Access facilities provides for the transmission of analog voice and/or data within 300 Hz to 3000 Hz frequency range.

DS-0 with DDS Access

DS-0 Service with DDS Access facilities provides for the transmission of digital data at speeds 2.4, 4.8, 9.6 or 56 Kbps.

Due Date

The Due Date is the date on which payment is due.

Exemption Certificate

A written Customer designation which certifies that its dedicated facility should be exempted from the monthly Special Access Surcharge because the Service:

- (a) terminates on a device incapable of connecting the Company's network with the local exchange network; or
- (b) is associated with a Switched Access Service that is subject to Carrier Common Line charges; or
- (c) constitutes a Private Line facility used for Telex Service or radio or television transmissions; or,
- (d) is an open-end termination in a Local Exchange Carrier's switch of an FX line; or
- (e) is a termination that could not make use of a Local Exchange Carrier's common lines.

Expedite

A Service order initiated at the request of the Customer that is processed in a time period shorter than the Company's standard Service interval.

FCC

Federal Communications Commission

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1. TECHNICAL TERMS AND ABBREVIATIONS (Cont'd)

Individual Case Basis (ICB)

Individual Case Basis (ICB) determinations involve situations where complex Customer-specific Company arrangements are required to satisfactorily serve the Customer. 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 will be offered pursuant to such terms and conditions.

Installation

The connection of a Circuit, Dedicated Access line, or port for new, changed or an additional Service.

Interexchange Service

Interexchange Service means that portion of a communications channel between a Company-designated Point-of-Presence in one exchange and a Point-of-Presence in another exchange.

Interruption

Interruption shall mean a condition whereby the Service or a portion thereof is inoperative, beginning at the time of notice by the Customer to Company that such Service is inoperative and ending at the time of restoration.

Kbps

Kilobits per second.

LATA (Local Access Transport Area)

A geographical area established for the provision and administration of communications Service of a local exchange company.

Local Access

Local Access means the Service between a Customer Premises and a Company designated Point-of-Presence.

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1. TECHNICAL TERMS AND ABBREVIATIONS (Cont'd)

Local Access Provider

Local Access Provider means an entity providing Local Access. Local Exchange Carrier (LEC) The local telephone utility that provides telephone exchange services. Mbps Megabits per second.

Multiplexing

Multiplexing is the sequential combining of lower bit rate Private Line Services onto a higher bit rate Private Line Service for more efficient facility capacity usage or vice versa.

N/A

Not available.

Nonrecurring Charges

Nonrecurring Charges are one-time charges.

Payment Method

The manner that the Customer designates as the means of billing charges for Calls using the Company's Service.

PBNext

The name of one of DelTel, Inc.'s service offering. See also "Company."

PBNext System

Refers to both the AuctionFON and PBNext service offerings made available by DelTel, Inc.

Physical Change

The modification of an existing Circuit, Dedicated Access line or port, at the request of the Customer, requiring some Physical Change or retermination.

Point-of-Presence (POP)

A Company-designated location where a facility is maintained for the purpose of providing access to its Service.

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1. TECHNICAL TERMS AND ABBREVIATIONS (Cont'd)

Primary Route

The route that in the absence of Customer-designated routing or temporary re-routing would be used by the Company in the provision of Service.

Private Line

A dedicated transmission channel furnished to a customer without intermediate switching arrangements for full-time customer use.

Private Line Service

A dedicated full-time transmission Service utilizing dedicated access arrangements.

Rate Center

A specified geographical location used for determining mileage measurements.

Requested Service Date

The Requested Service Date is the date requested by the Customer for commencement of Service and agreed to by the Company.

Restore

To make Service operative following an interruption by repair, reassignment, re-routing, substitution of component parts, or otherwise, as determined by the carrier(s) involved.

Route Diversity

Two channels that are furnished partially or entirely over two physically separate routes.

Service

Service means any or all Service(s) provided pursuant to this Tariff.

Service Commitment Period

The term elected by the Customer and stated on the Service order during which the Company will provide the Services subscribed to by the Customer. The term can be monthly or in the case of Private Line Services for a period of up to 5 years.

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1. TECHNICAL TERMS AND ABBREVIATIONS (Cont'd)

Special Promotional Offerings

Special trial offerings, discounts, or modifications of its regular Service offerings that the Company may, from time to time, offer to its Customers for a particular Service. Such offerings may be limited to certain dates, times, and locations.

Start of Service Date

The Requested Service Date or the date Service first is made available by the Company whichever is later.

Tariff

The current Intrastate Services Tariff and effective revisions thereto filed by the Company with the Commission.

Transmission Speed

Data transmission speed or rate, in bits per seconds (bps).

Two-Way Conversation

A Two-Way Conversation is a telephone conversation between or among two or more parties.

VF

VF is voice frequency or voice-grade Service designed for private-line Service. Normal transmission is in the 300 hertz to 3000-hertz frequency band.

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2. RULES AND REGULATIONS**2.1. Description and Limitations of Services**

- 2.1.1. Intrastate Telecommunications Service ("Service") is the furnishing of Company communication Services contained herein between specified locations under the terms of this Tariff.
- 2.1.2. Any member of the general public (including any natural person or legally organized entity such as a corporation, partnership, or governmental body) is entitled to obtain Service under this Tariff, provided that the Company reserves the right to deny Service: (A) to any Customer that, in the Company's reasonable opinion, presents an undue risk of nonpayment, (B) in circumstances in which the 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 (C) if insufficient facilities are available to provide the Service (in such cases Company shall make best efforts to accommodate the needs of all potential Customers by means of facility improvements or purchases, of capacity, if such efforts will, in the Company's opinion, provide the Company with a reasonable return on its expenditures), but only for so long as such unavailability exists.
- 2.1.3. Company, when acting at the Customer's request and as its authorized agent, will make reasonable efforts to arrange for Service requirements, such as special routing, Diversity, Alternate Access, or circuit conditioning.
- 2.1.4. Service is offered in equal access exchanges subject to the availability of facilities and the provisions of this Tariff. Company reserves the right to refuse to provide Service to or from any location where the necessary facilities and/or equipment are not available.
- 2.1.5. Service may be discontinued after five business days written notice to the Customer if:
- 2.1.5.A. the Customer is using the Service in violation of this Tariff; or
- 2.1.5.B. the Customer is using the Service in violation of the law or Commission regulation.
- 2.1.6. Service begins on the date that billing becomes effective and is provided on the basis of a minimum period of at least one month, 24 hours per day. For the purposes of computing charges in this Tariff, a month is considered to have 30 days.
- 2.1.7. Service will be provided until canceled, by the Customer on not less than thirty (30) days' written notice from the date of postmark on the letter giving notice of cancellation.

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2. RULES AND REGULATIONS (CONT'D)**2.1. Description and Limitations of Services (Cont'd)**

- 2.1.8. Nothing herein, or in any other provision of this Tariff, or in any marketing materials issued by the Company shall give any person any ownership, interest, or proprietary right in any code or 800 number issued by the Company to its Customers.
- 2.1.9. The Company reserves the right to discontinue furnishing Services or billing options, upon written notice, when necessitated by conditions beyond its control. Conditions beyond the Company's control include, but are not limited to, a Customer's having Call volume or a calling pattern that results, or may result, in network blockage or other Service degradation which adversely affects Service to the calling party, the Customer, or other Customers of the Company.
- 2.1.10. Except as otherwise provided in this Tariff or as specified in writing by the party entitled to receive Service, notice may be given orally or in writing to the persons whose names and business addresses appear on the executed Service order and the effective date of any notice shall be the date of delivery of such notice, not the date of mailing. By written notice, Company or Customer may change the party to receive notice and/or the address to which such notice is to be delivered. In the event no Customer or Company address is provided in the executed Service order, notice shall be given to the last known business address of Customer or, as appropriate.

2.2. Other Terms and Conditions

- 2.2.1. The name(s) of the Customer(s) desiring to use the Service must be stipulated in the Application for Service.
- 2.2.2. The Customer agrees to operate the Company provided equipment in accordance with instructions of the Company or the Company's agent. Failure to do so will void the Company liability for interruption of Service and may make Customer responsible for damage to equipment pursuant to Section 2.2.3 below.
- 2.2.3. Customer agrees to return to the Company all Company-provided equipment delivered to Customer 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 only excepted. Customer shall reimburse the Company, upon demand, for any costs incurred by the Company due to Customer's failure to comply with this provision.
- 2.2.4. 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.

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2. RULES AND REGULATIONS (CONT'D)**2.2. Other Terms and Conditions (Cont'd)**

- 2.2.5. In the event suit is brought or any 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.
- 2.2.6. The provision of Service will not create a partnership or joint venture between the Company and the Customer nor result in joint Service offerings to their respective Customers.
- 2.2.7. The rate or volume discount level applicable to a Customer for a particular Service or Services shall be the rate or volume discount level in effect at the beginning of the monthly billing period applicable to the Customer for the particular Service or Services. When a Service is subject to a minimum monthly charge, account charge, port charge or other recurring charge or Nonrecurring Charge for both intrastate and interstate Service, only one such charge shall apply per account and that charge shall be the interstate charge.
- 2.2.8. Service requested by Customer and to be provided pursuant to this Tariff shall be requested on Company Service Order forms in effect from time to time or Customer's forms accepted in writing by an authorized headquarters representative of the Company (collectively referred to as "Service Orders").
- 2.2.9. If an entity other than the company (e.g., another carrier or a supplier) imposes charges on the Company in connection with a Service that entity's charges will be passed through to the Customer also.
- 2.2.10. The Service Commitment Period for any Service shall be established by the Service Order relevant thereto and commence on the Start of Service Date. Upon expiration, each Service Commitment Period for such Service shall automatically be extended subject to written notice of termination by either Company or Customer as of a date not less than thirty (30) days after delivery of said notice to the other. The charges for Interexchange Service during any such extension shall not exceed the then current Company month-to-month charges applicable to such Service.

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2. RULES AND REGULATIONS (CONT'D)**2.3. Liability**

- 2.3.1. Except as provided otherwise in this Tariff, the Company 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, 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, 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.
- 2.3.2. With respect to the Services contained herein and except as otherwise provided herein, the Company's liability shall not exceed an amount equal to the charge applicable to a one minute Call to the Called Station at the time the affected Call was made. If the initial minute rate is higher than the additional minute rate, the higher rate shall apply. For those Services with monthly recurring charges, the Company's liability is limited to an amount equal to the proportionate monthly recurring charges for the period during which Service was affected.
- 2.3.3. The Company is not liable for any act or omission of any other company or companies (including any Company affiliate that is a participating or concurring carrier) furnishing a portion of the Service or facilities, equipment, or Services associated with such Service.
- 2.3.4. The Customer is responsible for taking all necessary legal steps for interconnecting the Customer provided terminal equipment with the Company facilities. The Customer shall ensure that the signals emitted into the Company's network do not damage Company equipment, injure personnel or degrade Service to other Customers. The Customer is responsible for securing all licenses, permits, rights-of-way, and other arrangements necessary for such interconnection. In addition, the customer shall comply with applicable LEC signal power limitations.
- 2.3.5. The Company may rely on Local Exchange Carriers or other third parties for the performance of other Services such as Local Access. Upon Customer request and execution and delivery of appropriate authorizing documents, the Company may act as agent for Customer in obtaining such other Services. Customer's liability for charges hereunder shall not be reduced by untimely Installation or non-operation of Customer provided facilities and equipment.

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2. RULES AND REGULATIONS (CONT'D)

2.3. Liability (Cont'd)

2.3.6. 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.

2.3.7. The Company shall not be liable to the Customer or any other person, firm or entity in any respect whatsoever as a result of mistakes, accidents, errors, omissions, interruptions, delays, or defects in Service (collectively "Defects"). Defects caused by or contributed to, directly or indirectly, by any act or omission of Customer or its 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 penalties incurred by the Company as a result thereof, including 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, or sold by 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. THE COMPANY SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, SPECIAL, ACTUAL, PUNITIVE OR ANY OTHER DAMAGES, OR BUSINESS INTERRUPTION, FOR ANY LOST PROFITS OF ANY KIND OR NATURE WHATSOEVER ARISING OUT OF ANY DEFECTS OR ANY OTHER CAUSE. THE COMPANY'S LIABILITY, IF ANY, WITH REGARD TO THE DELAYED INSTALLATION OF THE COMPANY'S FACILITIES OR COMMENCEMENT OF SERVICE SHALL NOT EXCEED \$1,000. THIS WARRANTY AND THESE REMEDIES ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES OR REMEDIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. IN THE EVENT OF AN INTERRUPTION IN SERVICE OR ANY DEFECT IN THE SERVICE WHATSOEVER, NEITHER COMPANY NOR ANY AFFILIATED OR UNAFFILIATED THIRD PARTY, 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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2. RULES AND REGULATIONS (CONT'D)

2.3. Liability (Cont'd)

- 2.3.8. With respect to the routing of Calls by the Company to public safety answering points or municipal Emergency Service providers, Company liability, if any, will be limited to the lesser of: (a) the actual monetary damages incurred and proved by the Customer as the direct result of the Company's action, or failure to act, in routing the Call, or (b) the sum of \$1,000.00.
- 2.3.9. In the event parties other than Customer (e.g., Customer's customers) shall have use of the Service directly or indirectly through Customer, then Customer agrees to forever indemnify and hold Company and any affiliated or unaffiliated third-party, 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.
- 2.3.10. In the event that Company is required to perform a Circuit redesign due to inaccurate information provided by the Customer; or, circumstances in which such costs and expenses are caused by the Customer or reasonably incurred by the Company for the benefit of the Customer, the Customer is responsible for the payment of all such charges.
- 2.3.11. Inclusion of this Section 2.3 does not prevent a court of competent jurisdiction from determining the validity of the limitation of liability provision, or any exculpatory clause under applicable law or adjudicating negligence and consequential damage claims.

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2. RULES AND REGULATIONS (CONT'D)**2.4. Cancellation of Service by a Customer**

2.4.1. If a Customer cancels a Service Order before the Service begins, before completion of the Minimum Period, or before completion of some other period mutually agreed upon by the Customer and the Company, a charge will be levied upon the Customer for the nonrecoverable portions of expenditures or liabilities incurred expressly on behalf of the Customer by the Company and not fully reimbursed by Installation and monthly charges. If, based on a Service order by a Customer, any construction has either begun or been completed, but no Services provided, the nonrecoverable costs of such construction shall be borne by the Customer.

2.4.2. Upon thirty (30) days' prior written notice, either Customer or Company shall have the right, without cancellation charge or other liability, to cancel the affected portion of the Service, if the Company is prohibited by governmental authority from furnishing said portion, or if any material rate or term contained herein and relevant to the affected Service is substantially changed by order of the highest court of competent jurisdiction to which the matter is appeal, the Federal Communications Commission, or other local, state or federal government authority.

2.5. Cancellation for Cause by the Company

2.5.1. Upon nonpayment of any sum owing to the Company, or upon a violation of any of the provisions governing the furnishing of Service under this Tariff, the Company may, upon five business days written notification to the Customer, except in extreme cases, without incurring any liability, immediately discontinue the furnishing of such Service. The written notice may be separate and apart from the regular monthly bill for service. Customer shall be deemed to have canceled Service as of the date of such disconnection and shall be liable for any cancellation charges set forth in this Tariff.

2.5.2. Without incurring any liability, the Company may discontinue the furnishing of Service(s) to a Customer upon five business days written 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 under the following circumstances, except under extreme cases where the customer may be disconnected immediately and without notice:

2.5.2.A. if the Customer refuses to furnish information to the Company regarding the Customer's credit-worthiness, its past or current use of common carrier communications Services or its planned use of Service(s);

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2. RULES AND REGULATIONS (CONT'D)

2.5. Cancellation for Cause by the Company (Cont'd)

2.5.1. (Cont'd)

2.5.2.B. if the Customer provides false information to the Company regarding the Customer's identity, address, credit-worthiness, past or current use of Customer communications Services, or its planned use of the Company Service(s);

2.5.2.C. if the Customer states that it will not comply with a request of the Company for reasonable security for the payment for Service(s);

2.5.2.D. if the Customer has been given five business days written notice in a separate mailing by the Company of any past due amount (which remains unpaid in whole or in part) for any of the Company's communications Services to which the Customer either subscribes or had subscribed or used;

2.5.2.E. in the event of unauthorized use.

2.5.2.F. following the disconnection of service for any of these reasons, the Company or the local exchange utility acting as Company agent, will notify the telephone user/customer that service was disconnected and why. The notice will include all reasons for the disconnection and will include a toll-free number where an end user/customer can obtain additional information. Notice shall be deemed given upon deposit, postage prepaid, in the U.S. Mail to the end user's/customer's last known address and in compliance with the Commission's rules.

2.5.3. The discontinuance of Service(s) by the Company pursuant to this Section does not relieve the Customer of any obligations to pay the company for charges due and owing for Service(s) furnished up to the time of discontinuance. 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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2. RULES AND REGULATIONS (CONT'D)**2.6. Credit Allowance**

- 2.6.1. Credit allowance for the interruption of Service is subject to the general liability provisions set forth in this Tariff. Customers shall receive no credit allowance for the interruption of service that is due to the Company's testing or adjusting, negligence of the Customer, or to the failure of channels or equipment provided by the Customer. The Customer should notify the Company when the Customer is aware of any interruption in Service for which a credit allowance is desired. Before giving such notice, the Customer shall ascertain that the trouble is not being caused by any action or omission within Customer's control, or is not in wiring or equipment, if any, furnished by the Customer in connection with the Company's Services.
- 2.6.2. No credit is allowed in the event service must be interrupted in order to provide routine service quality or related investigations.
- 2.6.3. No credit shall be allowed:
- 2.6.3.A. For failure of services or facilities of Customer; or
- 2.6.3.B. For failure of services or equipment caused by the negligence or willful acts of Customer.
- 2.6.4. Credit for an interruption shall commence after Customer notifies Company of the interruption and ceases when services have been restored.
- 2.6.5. Credits are applicable only to that portion of Service interrupted.
- 2.6.6. For purposes of credit computation, every month shall be considered to have 720 hours.
- 2.6.7. No credit shall be allowed for an interruption of a continuous duration of less than two hours.
- 2.6.8. The Customer shall be credited for an interruption of two hours or more at a rate of 1/720th of the monthly recurring charge for the service affected for each hour or major fraction thereof that the interruption continues. Calculations of the credit shall be made in accordance with the following formula.

Credit Formula: Credit = $\frac{A \times B}{720}$

"A" = outage time in hours

"B" = total monthly charge for affected facility

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 DELTEL, INC. d/b/a AuctionFÓN
 25331 Commercentre Drive, STE 110
 Lake Forest, CA 92630

2. RULES AND REGULATIONS (CONT'D)

2.7. Use of Service

- 2.7.1. The Services offered herein may be used for any lawful purpose, including residential, business, governmental, or other use. There are no restrictions on sharing or resale of Services. However, the Customer remains liable for all obligations under this Tariff notwithstanding such sharing or resale and regardless of the Company's knowledge of same. The Company shall have no liability to any person or entity other than the Customer and only as set forth in Section 2.3. 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.
- 2.7.2. Service furnished by the Company may be arranged for joint use or authorized use. The joint user or Authorized User shall be permitted to use such Service in the same manner as the Customer, but subject to the following:
- 2.7.2.A. One joint user or Authorized User must be designated as the Customer.
- 2.7.2.B. All charges for the Service will be computed as if the Service were to be billed to one Customer. The joint user or Authorized User that has been designated as the Customer will be billed for all components of the Service and will be responsible for all payments to the Company. In the event that the designated Customer fails to pay the Company, each joint user or Authorized User shall be liable to the Company for all charges incurred as a result of its use of the Company's Service.
- 2.7.3. In addition to the other provisions in this Tariff, Customers reselling Company Services shall be responsible for all interaction and interface with their own subscribers or customers. The provision of the Service will not create a partnership or joint venture between Company and Customer nor result in a joint communications Service offering to the Customers of either the Company or the Customer.
- 2.7.4. Service furnished by the Company shall not be used for any unlawful or fraudulent purposes.
- 2.7.5. The Customer will be billed directly by the LEC for certain Dedicated Access arrangements selected by the Customer for the provisioning of direct access arrangements. In those instances where the Company at the Customer's request may act as agent in the ordering of such arrangements, the Company will bill the Customer Local Access charges.

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2. RULES AND REGULATIONS (CONT'D)**2.8. Payment Arrangements**

- 2.8.1. The Customer is responsible for payment of all charges for Services furnished to the Customer or its joint or Authorized Users. 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.
- 2.8.2. The Company's bills are due upon receipt. Amounts not paid within 30 days from the Bill Date of the invoice will be considered past due. Customers will be assessed a late fee on past due amounts in the amount not to exceed the maximum lawful rate under applicable state law. If a Customer presents an undue risk of nonpayment at any time, the Company may require that Customer to pay its bills within a specified number of days and to make such payments in cash or the equivalent of cash.
- 2.8.3. In determining whether a Customer presents an undue risk of nonpayment, the Company shall consider the following factors: (A) the Customer's payment history (if any) with the Company and its affiliates, (B) Customer's ability to demonstrate adequate ability to pay for the Service, (C) credit and related information provided by Customer, lawfully obtained from third parties or publicly available, and (D) information relating to Customer's management, owners and affiliates (if any).
- 2.8.4. Disputes with respect to charges must be presented to the Company in writing within thirty days from the date the invoice is rendered or such invoice will be deemed to be correct and binding on the Customer. The Company's address for submitting complaints is 26741 Portolia Pkwy – Suite 1E.PMB714 – Foothill Ranch, CA 92610. The toll free number for contacting the Company regarding disputes is 1-877-772-6398. Customer shall submit all documentation as may reasonably be required to support the claim. Payment may be withheld for the amounts subject to a dispute submitted prior to the Due Date.
- Any Customer who has a dispute shall be advised by the Company that the Customer may file a formal or informal complaint with the Commission. Any unresolved dispute may be directed to the Arizona Corporation Commission, Consumer Services Section, 1200 West Washington Street, Phoenix, AZ 85007, 602-542-4251 (Within Metro Phoenix) or 520-628-6550 (Within Metro Tucson).
- 2.8.5. If a LEC has established or establishes a Special Access surcharge, the Company will bill the surcharge beginning on the effective date of such surcharge for Special Access arrangements presently in Service. The Company will cease billing the Special Access surcharge upon receipt of an Exemption Certificate or if the surcharge is removed by the LEC.

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2. RULES AND REGULATIONS (CONT'D)**2.8. Payment Arrangements (Cont'd)**

2.8.6. In the event the Company incurs fees or expenses, including attorney's fees, in collecting, or attempting to collect, any charges owed the Company, the Customer will be liable to the Company for the payment of all such fees and expenses reasonably incurred.

2.8.7. Company will not require deposits or advance payments by Customers for Services.

2.8.8. The Company will automatically bill Customers for each months bill using ACH or by credit card.

2.9. Assignment

2.9.1. The obligations set forth in this Tariff shall be binding upon and inure to the benefit of the parties hereto and their respective successors or assigns, provided, however, the Customer shall not assign or transfer its rights or obligations without the prior written consent of the Company.

2.10. Tax and Fee Adjustments

2.10.1. All state and local taxes (i.e., gross receipts tax, sales tax, and municipal utilities tax) are listed as separate line items and are not included in the quoted rates.

2.10.2. If at any future time a municipality acquires the legal right to impose an occupation tax, license tax, permit fee, franchise fee or other similar charge upon the Carrier, and imposes the same by ordinance or otherwise, such taxes, fees or charges shall be billed to the end users receiving service within the territorial limits of such municipality. Such billing shall allocate the tax, fee or charge among end users uniformly on the basis of each end user's monthly charges for the types of service made subject to such tax, fee or charge.

2.10.3. If at any future time a county or other local taxing authority acquires the legal right to impose an occupation tax, license tax, permit fee, franchise fee or other similar charge upon the Carrier, and imposes the same by ordinance or otherwise, such taxes, fees or charges shall be billed to the end users receiving service within the territorial limits of such county or other taxing authority. Such billing shall allocate the tax, fee or charge among end users uniformly on the basis of each end user's monthly charges for the types of service made subject to such tax, fee or charge.

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2. RULES AND REGULATIONS (CONT'D)**2.10. Tax and Fee Adjustments (Cont'd)**

- 2.10.4. When utility or telecommunications assessments, franchise fees, or privilege, license, occupational, excise, or other similar taxes or fees, based on interstate or intrastate receipts are imposed by certain taxing jurisdictions upon the Company or upon local exchange companies and passed on to the Company through or with interstate or intrastate access charges, the amounts of such taxes or fees will be billed to Customers in such a taxing jurisdiction on a prorated basis. The amount of charge that is prorated to each Customer's bill is determined by the interstate or intrastate telecommunications service provided to and billed to an end user/customer service location in such a taxing jurisdiction with the aggregate of such charges equal to the amount of the tax or fee imposed upon or passed on to the Company.
- 2.10.5. When any municipality, or other political subdivision, local agency of government, or department of public utilities imposes upon and collects from the Company a gross receipts tax, occupation tax, license tax, permit fee, franchise fee or regulatory fee, such taxes and fees shall, insofar as practicable, be billed pro rata to the Company's Customers receiving service within the territorial limits of such municipality, other political subdivision, local agency of government, or public utility commission.
- 2.10.6. The Company may adjust its rates and charges or impose additional rates and charges on its Customers in order to recover amount it is required by governmental or quasi-governmental authorities to collect from or pay to others in support of statutory or regulatory programs. Examples of such programs include, but are not limited to, the Universal Service Fund, the Primary Interexchange Carrier Charge, and compensation to payphone service providers for use of their payphones to access the Company's services.

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2. RULES AND REGULATIONS (CONT'D)2.11. Method for Calculation of Airline Mileage

2.11.1. The airline mileage between two cities can be calculated using the Vertical (V) and Horizontal (H) coordinates of the serving wire centers associated with the Company's POP locations. The method for calculating the airline mileage is obtained by reference to AT&T's Tariff F.C.C. No. 10 in accordance with the following formula:

$$\text{the square root of: } \frac{(V1-V2)^2 + (H1-H2)^2}{10}$$

where V1 and H1 correspond to the V&H coordinates of City 1 and V2 and H2 correspond to the V&H coordinates of City 2.

Example:	<u>V</u>	<u>H</u>
City1	5004	1406
City2	5987	3424

$$\text{the square root of: } \frac{(5004-5987)^2 + (1406-3424)^2}{10}$$

The result is 709.83 miles. Any fractional miles are rounded to the next higher whole number; therefore, the airline mileage for this example is 710 miles.

2.12. Time of Day Rate Periods

2.12.1. Time of Day Rate Periods are determined by the time of day at the location of the Calling Station. The rates shown in Section 4 apply as follows:

DAY:	From 8:01 AM to 5:00 PM Monday - Friday
EVENING:	From 5:01 PM to 11:00 PM Monday - Friday and Sunday
NIGHT/WEEKEND:	From 11:01 PM to 8:00 AM Everyday From 8:01 AM to 11:00 PM Saturday From 8:01 AM to 5:00 PM Sunday

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2. RULES AND REGULATIONS (CONT'D)

2.13. Special Customer Arrangements

2.13.1. In cases where a Customer requests a special or unique arrangement which may include engineering, conditioning, Installation, construction, facilities, assembly, purchase or lease of facilities and/or other special Services not offered under this Tariff, the Company, at this option, may provide the requested Services. Appropriate recurring charges and/or Nonrecurring Charges and other terms and conditions will be developed for the Customer for the provisioning of such arrangements.

2.14. Inspection

2.14.1. 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 or the Company equipment. The Company may interrupt the Service at any time, without penalty to the Company, should Customer violate any provision herein.

2.15. Bad Check Charges

2.15.1. The Company charges Customers \$20.00 for checks that are returned.

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3. DESCRIPTION OF SERVICES

DelTel, Inc.'s Service Offerings. DelTel, Inc. offers both AuctionFÓN and PBNext services referred collectively as the "PBNext System"

3.1. PBNext System

3.1.1. The PBNext System is designed to give small, medium, and home businesses the same office phone functionality available to large corporations. Customers must subscribe to a local service with at least one DID from an unrelated third party in order to make use of the PBNext system. It offers extensive call management features including an auto attendant, voicemail, conference calling, caller identification, multi-user extensions and music-on-hold. The PBNext system operates with a users PC in conjunction with any analog phone line. The software is installed in the customer's computer system. The system is connected to a server-based control center which the Customer accesses through the use of a Personal Computer. The system, allows for customized smart call routing, i.e., rule-based call forwarding, software enhanced call routing and a plethora of other features and functionalities. . The advanced features and functionalities are included in the monthly service charge and include, but are not limited to, the following:

PBNext system features

- PBNext system software for PC (A Full-featured PBX system)
- Toll-free 8xx number
- Operating capability with any standard phone line
- Connects to one of the nation's largest communications networks over any standard phone line
- Provides multi-user extensions (queues)
- Voicemail forwarding
- Three-way calling
- Call waiting
- Caller ID (Unblockable)
- Call Waiting ID
- Interactive hold music
- "Follow Me" rules
- Automatically stays up-to-date as features are enhanced
- Requires no installation and there are no maintenance fees
- Provides professional look, sound and feel
- Manages multiple calls with multiple callers instantly
- Allows creation of own voice menus & queues
- Allows listening to voicemail over the Internet or any telephone when away from office

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3. DESCRIPTION OF SERVICES

3.2. Timing of Calls

3.2.1. Long distance usage charges are based on the actual usage of the Company network. Chargeable time begins when a connection is established between the Calling Station and the Called Station. Chargeable time ends when either party "hangs up" thereby releasing the network connection.

3.2.2. Unless otherwise specified in this Tariff, the minimum call duration for billing purposes is sixty (60) seconds. In addition, unless otherwise specified in this Tariff, usage is measured thereafter in sixty (60) second increments and rounded to the next higher sixty (60) second period.

3.3. Minimum Call Completion Rate

3.3.1. A Customer can expect a call completion rate of not less than 90% during peak use periods for all Feature Group D services.

3.4. Special Promotional Offering

3.4.1. The Company may from time to time engage in Special Promotional Offerings or Trial Service Offerings limited to certain dates, times or locations designed to attract new subscribers or increase subscriber usage when approved by Commission. Company will not have special promotional offerings for more than 90 days in any 12-month period. In all such cases, the rates charged will not exceed those specified in Section 4 hereof.

3.5. Emergency Calls

3.5.1. Customer shall configure its PBX or other switch vehicle from which a customer places a call so that 911 emergency calls, where available, and similar emergency calls will be automatically routed to the emergency answering point for the geographical location where the call originated without the intervention of Company.

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4. RATES AND CHARGES-MINIMUM AND MAXIMUM RATES

4.1. Usage Rates

4.1.1. The following are the minimum and maximum per minute usage charges which apply to all calls. These charges are in addition to the Non-recurring Charges and Recurring Charges referred to herein.

4.2. PBNext System Unlimited

Customers receive the PBNext System features described above in Section 3.1.

<u>Monthly Charges</u>	<u>Minimum</u>	<u>Maximum</u>
Unlimited minutes	\$24.95	\$99.95
Add/Move Charges	\$1.95	\$99.95

4.3. PBNext System Tiered Plan

Customers receive the PBNext System features described above in Section 3.1.

Monthly Service Fees:

	<u>Minimum</u>	<u>Maximum</u>
1 user	\$2.95	\$59.95
up to 3 users	\$19.95	\$79.95
up to 5 users	\$24.95	\$99.95
each additional user after 5 users	\$4.95	\$19.95

In addition to the monthly service charges, users under the tiered plan incur the per minute usage charges below:

Usage Rates

All usage is rounded up to whole minutes.

	<u>Minimum</u>	<u>Maximum</u>
All Inbound Toll-Free calls (per minute)	\$0.014	\$0.26
Outbound Intralata	\$0.014	\$0.26
Outbound Intrastate	\$0.014	\$0.26
All Inbound calls to the local number (per min)	\$0.007	\$0.13
Add/Move Charges	\$1.95	\$99.95

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5. RATES AND CHARGES-CURRENT RATES**5.1. Usage Rates**

5.1.1. The following are the current per minute usage charges which apply to all calls. These charges are in addition to the Non-recurring Charges and Recurring Charges referred to herein.

5.2. PBNext System Unlimited

Customers receive the PBNext System features described above in Section 3.1.

Monthly Charges

Unlimited minutes	\$59.95
Per User with Maximum of 5 Users	

Add or move a number to PBNext for a one time fee of \$24.95 and a monthly fee of \$2.95 (note: Customer must subscribe to a third party certified local exchange carrier).

5.2.1 Limitations on PBNext System Unlimited Plan and Tiered Plan

The Company reserves the right, at its discretion, to modify the functionality of the Services at any time upon thirty (30) days prior written notice. In addition, if PBNext determines, in its reasonable business judgment, that Customer has materially breached the terms of a particular service plan (e.g., by allowing more than one person to make or receive calls on a single user plan), PBNext may, in its sole discretion, either (i) switch Customer to the plan that corresponds to Customer's actual usage at the then-applicable rates, which plan may include per-minute fees; or (ii) immediately suspend Customer's access to the Services and bill Customer the difference between the fees Customer has paid and the fees Customer owes based upon Customer's actual use of the Services. Customer will have the right to terminate the Services by providing PBNext written notice within fifteen (15) days following receipt of notice of such modifications if either (a) any such modifications of the Services materially degrades the functionality of the Services or (b) you do not accept any such modifications of this Agreement. Failure to so terminate will constitute your acceptance of such modifications.

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5. RATES AND CHARGES-CURRENT RATES (CONT'D)

5.2. PBNext System Unlimited (Cont'd)

5.2.2 Residential use of PBNext Home Long Distance Service

If Customer has subscribed to the PBNext residential home long distance Service, the Service is intended for residential use only. Customer is expressly prohibited from using the Service for autodialing, telemarketing (including without limitation charitable or political solicitation or polling), continuous or extensive call forwarding, fax broadcast, fax blasting or any other activity that results in excessive usage inconsistent with normal residential usage patterns as determined by PBNext in its sole discretion. If PBNext determines, in its sole discretion, that Customer is reselling the Service, allowing persons residing outside of Customer's household to regularly use the Service, or that Customer's Service is being used for any of the aforementioned activities, the Company reserves the right to immediately terminate without notice or modify the Service and to assess additional charges for each month in which excessive usage occurred. If the Company detects usage that exceeds the average calling patterns for Customer's class of service, Customer's account may be restricted or Customer may be charged for excess usage.

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5. RATES AND CHARGES-CURRENT RATES (CONT'D)

5.3. PBNext System Tiered Plan

Customers receive the PBNext System features described above in Section 3.1.

PBNext Tiered Retail Pricing:

- One Time Setup Fee per Customer up to 5 Users \$199.95 one time
 - Each additional User setup fee: \$9.95 one time

Monthly Service Fees:

1 user	\$29.95
up to 3 users	\$39.95
up to 5 users	\$49.95
each additional user after 5 users	\$9.95

5.3. PBNext System Tiered Plan (Cont'd)

- Usage Fees:
 - All outbound intrastate calls are charged at \$0.26 per minute
 - All outbound interstate calls are charged at \$0.039 per minute
 - All inbound calls to the user's toll-free number(s) are charged at \$0.26 per minute
 - All other inbound calls to a DID that are forwarded to another number, or processed by the auto attendant, are charged \$0.13 per minute.
 - The rate above include the costs for the second leg (forwarded leg) of a forwarded call and domestic call forwarding never incurs additional per-minute charges
 - All usage is rounded up to whole minutes. All usage charges are rounded up to whole cents at the end of the call.
 - Add or move a number to PBNext for a one time fee of \$19.95 and a monthly fee of \$2.95 (note: Customer must subscribe to a third party certified local exchange carrier).

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5. RATES AND CHARGES-CURRENT RATES (CONT'D)

5.4. Payphone Use Service Charge

5.4.1. A Payphone Use Service Charge applies to each completed interLATA and intraLATA non-sent paid message made over a pay phone owned by a utility or Customer Owned Pay Telephone (COPT) Service. This includes calling card service, collect calls, calls billed to a third number, completed calls to Directory Assistance and Prepaid Card Service calls. This charge is collected on behalf of the pay phone owner. All Customers will pay the Company a per call service charge of \$0.30.

5.5. Universal Connectivity Charge

5.5.1. The Customer will be assessed a monthly Universal Service Fund Contribution charge on all telecommunication services, which in no event shall be less than the prevailing contribution percentage rate charged the Company on intrastate traffic by the Universal Service Administrator Company (or any successor) or any state agency or its administrator.

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Attachment D

2008 Balance Sheet

DeITel, Inc.
Balance Sheet
As of September 30, 2008

Sep 30, 08

ASSETS

Current Assets

Checking/Savings

Cal Fed Expense Account	1.29
CalFed Main Checking	258.42
Deposit Only Account	16.58
Swift Checking	2,801.51
UB - Deposit Only	1,493.30
UB - Expense Account	1,610.51
UB - Main	11,975.86
UB - Savings	6,914.57

Total Checking/Savings 25,072.04

Accounts Receivable

Accounts Receivable 3,124.00

Total Accounts Receivable 3,124.00

Other Current Assets

Advanced Commissions	85,016.00
Employee Advances	92,410.66
Non - Reimbursable Expenses	1,214.76
Undeposited Funds	-1,982.22

Total Other Current Assets 176,659.20

Total Current Assets 204,855.24

Fixed Assets

Accumulated Depreciation	-319,805.14
Computer Equipment	257,604.54
Furniture & Fixtures	46,698.02
Software Costs	105,732.37
Telco Equipment	83,039.75

Total Fixed Assets 173,269.54

TOTAL ASSETS 378,124.78

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable	
Accounts Payable	<u>254,272.56</u>

Total Accounts Payable 254,272.56

Credit Cards

Advanta	15,806.40
Bank of America CC	16,810.11
Bofa 8453	39,115.44
CapitalOne Visa	421.77
Credit Card at American Expres	83,445.54
SWIFT	45,050.31

DeITel, Inc.
Balance Sheet
As of September 30, 2008

	<u>Sep 30, 08</u>
Wells Fargo	79,486.09
Total Credit Cards	<u>280,135.66</u>
Total Current Liabilities	534,408.22
Long Term Liabilities	
Powerteam Reserve	470.00
Total Long Term Liabilities	<u>470.00</u>
Total Liabilities	534,878.22
Equity	
Capital Stock	50,000.00
Retained Earnings	-91,800.06
Net Income	-114,953.38
Total Equity	<u>-156,753.44</u>
TOTAL LIABILITIES & EQUITY	<u><u>378,124.78</u></u>

DeITel, Inc.
Profit & Loss
October 2007 through September 2008

	<u>Oct '07 - Sep 08</u>
Ordinary Income/Expense	
Income	
Consulting Services	866,188.45
eBay API Fees	68,522.56
MAP Monthly Fee	321,873.00
PBNext COGS	
MAP COGS	4,390.00
PBNext COGS - Other	64,149.99
Total PBNext COGS	<u>68,539.99</u>
PBNext Monthly Fee	4,568,523.33
PBNext Setup Fee	45,725.04
Services	
MAT Hosting	539,850.00
Services - Other	143,681.13
Total Services	<u>683,531.13</u>
VoiceCast Dials	1,778.25
Total Income	<u>6,624,681.75</u>
Gross Profit	6,624,681.75
Expense	
Advertising	
Marketing PR	49,894.54
Advertising - Other	20,300.06
Total Advertising	<u>70,194.60</u>
Automobile Expense	23,001.00
Bank Service Charges	
Merchant Account Fees	232,263.01
UNIM - NSF FEES	408.00
Bank Service Charges - Other	3,930.56
Total Bank Service Charges	<u>236,601.57</u>
Co-Location	101,650.00
Customer Service	250,965.81
Dues and Subscriptions	23,220.55
Equipment Rental	
Equipment Lease	219,526.06
Total Equipment Rental	<u>219,526.06</u>
Gifts	3,583.15
Insurance	86,064.44
Interest Expense	
Finance Charge	13,000.32
Interest Expense - Other	21,893.89
Total Interest Expense	<u>34,894.21</u>
Licenses and Permits	

DeITel, Inc.
Profit & Loss
October 2007 through September 2008

	<u>Oct '07 - Sep 08</u>
Tarriffing	4,491.94
Total Licenses and Permits	<u>4,491.94</u>
Local PRI	240,671.19
Miscellaneous	-1,926.23
Network Messaging	12,933.12
Office Supplies	9,784.77
Outside Services	
Hosting Commission	164,602.50
Professional Voice Recordings	2,762.50
VSA - V2I	21,933.67
Outside Services - Other	265,240.54
Total Outside Services	<u>454,539.21</u>
Payroll Expenses	
401K - Employee Contribution	97,608.92
CS	5,765.29
Payroll Expenses - Other	1,341,921.23
Total Payroll Expenses	<u>1,445,295.44</u>
Payroll Expenses - Equimine	121,000.51
PBNext Commissions	
MAP MRC Comm	127,476.25
MAP Setup Comm	20,299.04
MAP Usage Comm	985.40
PBNext Recurring Commission	1,246,812.42
PBNext Setup Fee Commission	280,233.58
PBNext Usage Comm	1,648.90
PBNext Commissions - Other	5,320.70
Total PBNext Commissions	<u>1,682,776.29</u>
Postage and Delivery	27,734.61
Printing and Reproduction	25,428.28
Professional Fees	
Accounting	12,103.75
Legal Fees	182,507.53
Professional Fees - Other	1,467.50
Total Professional Fees	<u>196,078.78</u>
Reimbursed Expenses	3,632.32
Rent	140,039.58
Resporg Fees	75,404.86
Security	
Verisign Security	39,872.00
Security - Other	1,409.00
Total Security	<u>41,281.00</u>
Settlement Expense	77,183.91
Software	23,980.77
Taxes	

DeITel, Inc.
Profit & Loss
October 2007 through September 2008

	<u>Oct '07 - Sep 08</u>
Federal	2,590.51
Local	3,730.80
State	1,652.16
Total Taxes	<u>7,973.47</u>
Telco Tax Services	19,663.00
Telco Taxes	
USF	4,758.78
Telco Taxes - Other	293,465.26
Total Telco Taxes	<u>298,224.04</u>
Telecommunication	
Dial Around	8,387.14
Internet T1	34,826.00
Total Telecommunication	<u>43,213.14</u>
Telephone	
Cellular	11,392.65
Telephone - Other	5,225.28
Total Telephone	<u>16,617.93</u>
Trade Show Expense	29,661.31
Travel & Ent	
Entertainment	1,043.89
Meals	22,873.94
Travel	-31.03
Travel & Ent - Other	37,563.78
Total Travel & Ent	<u>61,450.58</u>
Usage	632,588.02
Utilities	
Water	245.20
Total Utilities	<u>245.20</u>
Total Expense	<u>6,739,668.43</u>
Net Ordinary Income	-114,986.68
Other Income/Expense	
Other Income	
Interest Income	33.30
Total Other Income	<u>33.30</u>
Net Other Income	<u>33.30</u>
Net Income	<u><u>-114,953.38</u></u>

2007 Balance Sheet

11:53 AM
03/05/08
Accrual Basis

DeTel, Inc.
Balance Sheet
As of September 30, 2007

	<u>Sep 30, 07</u>
ASSETS	
Current Assets	
Checking/Savings	
Cal Fed Expense Account	1.29
CalFed Main Checking Deposit Only Account	258.42
UB - Deposit Only	3,324.76
UB - Expense Account	4,609.54
UB - Main	6,100.88
UB - Savings	12,148.71
Total Checking/Savings	<u>26,460.18</u>
Accounts Receivable	
Accounts Receivable	66,698.81
Total Accounts Receivable	<u>66,698.81</u>
Other Current Assets	
Advanced Commissions	75,016.00
Employee Advances	91,124.97
Non - Reimbursable Expenses	64.57
Security Deposit	25,000.00
Undeposited Funds	-2,381.97
Total Other Current Assets	<u>188,823.57</u>
Total Current Assets	<u>281,982.56</u>
Fixed Assets	
Accumulated Depreciation	-272,119.14
Computer Equipment	238,519.22
Furniture & Fixtures	46,698.02
Software Costs	72,048.37
Telco Equipment	83,039.75
Total Fixed Assets	<u>168,186.22</u>
Other Assets	
Usage Deposit	4,000.00
Total Other Assets	<u>4,000.00</u>
TOTAL ASSETS	<u><u>454,168.78</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	212,960.72
Total Accounts Payable	<u>212,960.72</u>
Credit Cards	
Advanta	2,340.49
AMEX Business Capital Line	250.00
Bank of America CC	15,730.57
Bofa 8453	28,692.70
Capital One - 2178	16,013.82
CapitalOne Visa	-119.00
Credit Card at American Expres	85,042.09
First Equity	4,435.77
Wells Fargo	82,478.81
Total Credit Cards	<u>234,865.25</u>
Total Current Liabilities	<u>447,825.97</u>
Long Term Liabilities	
Powerteam Reserve	470.00
Total Long Term Liabilities	<u>470.00</u>
Total Liabilities	<u>448,295.97</u>

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Accrual Basis

DeTel, Inc.
Balance Sheet
As of September 30, 2007

	<u>Sep 30, 07</u>
Equity	
Capital Stock	50,000.00
Opening Bal Equity	-13.13
Retained Earnings	-32,651.53
Net Income	-11,462.53
Total Equity	<u>5,872.81</u>
TOTAL LIABILITIES & EQUITY	<u>454,168.78</u>

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 03/05/08
 Accrual Basis

DeITel, Inc.
Profit & Loss
 October 2006 through September 2007

	Oct '06 - Sep 07
Ordinary Income/Expense	
Income	
Consulting Services	251,085.69
eBay API Fees	111,087.90
MAP Monthly Fee	98,534.39
PBNext COGS	
MAP COGS	4,835.00
PBNext COGS - Other	98,445.00
Total PBNext COGS	103,280.00
PBNext Monthly Fee	4,789,031.30
PBNext Setup Fee	48,373.32
Sales	484.85
Services	
hosting - non eBay	27,577.50
hosting - with eBay	357,897.03
MAT Hosting	70,220.00
Services - Other	194,500.38
Total Services	650,194.91
Total Income	6,052,072.36
Gross Profit	6,052,072.36
Expense	
Advertising	
MAP Advertising	5,692.20
Marketing PR	63,001.37
Advertising - Other	12,514.86
Total Advertising	81,208.43
Automobile Expense	32,268.20
Bank Service Charges	
Merchant Account Fees	223,294.49
UNIM - NSF FEES	678.00
Bank Service Charges - Other	4,059.39
Total Bank Service Charges	228,031.88
Co-Location	103,468.09
Customer Service	342,847.73
Dues and Subscriptions	23,214.65
Equipment Rental	
Equipment Lease	169,901.73
Total Equipment Rental	169,901.73
Gifts	6,423.38
Insurance	78,638.82
Interest Expense	
Finance Charge	10,823.54
Interest Expense - Other	11,203.50
Total Interest Expense	22,027.04
Licenses and Permits	
Tarriffing	
AuctionFON DBA	24,715.17
Tarriffing - Other	41,640.59
Total Tarriffing	66,355.76
Licenses and Permits - Other	3,411.37
Total Licenses and Permits	69,767.13
Local PRI	158,164.58
Miscellaneous	9,328.87
Network Messaging	13,498.15
Office Supplies	12,412.77

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 Accrual Basis

DeITel, Inc.
Profit & Loss
 October 2006 through September 2007

	Oct '06 - Sep 07
Outside Services	
Hosting Commission	16,100.00
Professional Voice Recordings	2,338.00
VSA - V2I	1,100.00
Outside Services - Other	256,101.20
Total Outside Services	275,639.20
Payroll Expenses	
401K - Employee Contribution	83,622.21
Payroll Expenses - Other	1,245,328.86
Total Payroll Expenses	1,328,951.07
Payroll Expenses - Equimine	106,220.32
PBNext Commissions	
MAP MRC Comm	84,965.51
MAP Setup Comm	37,295.97
MAP Usage Comm	1,712.08
PBNext Recurring Commission	1,055,905.80
PBNext Setup Fee Commission	311,022.14
PBNext Usage Comm	2,528.83
PBNext Commissions - Other	155,640.05
Total PBNext Commissions	1,649,070.38
Postage and Delivery	27,809.12
Printing and Reproduction	
MAP Printing	5,554.74
Printing and Reproduction - Other	43,678.13
Total Printing and Reproduction	49,232.87
Professional Fees	
Accounting	12,265.00
Legal Fees	98,995.63
Professional Fees - Other	2,438.75
Total Professional Fees	113,699.38
Reconciliation Discrepancies	-11,407.30
Reimbursed Expenses	3,355.61
Rent	117,231.52
Resporq Fees	94,032.24
Security	
Verisign Security	31,328.00
Security - Other	3,523.00
Total Security	34,851.00
Settlement Expense	83,199.22
Software	3,341.27
Taxes	
Local	1,829.38
State	12,361.00
Total Taxes	14,190.38
Telco Tax Services	15,319.93
Telco Taxes	62,101.17
Telecommunication	
Dial Around	11,720.98
Internet T1	6,300.00
Total Telecommunication	18,020.98
Telephone	
Cellular	14,298.60
Telephone - Other	7,198.49
Total Telephone	21,497.09
Trade Show Expense	41,092.14

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Accrual Basis

DeITel, Inc.
Profit & Loss
October 2006 through September 2007

	<u>Oct '06 - Sep 07</u>
Travel & Ent	
Entertainment	7,430.11
Meals	28,044.14
Travel	37,608.62
Travel & Ent - Other	47,282.79
Total Travel & Ent	<u>120,365.66</u>
Usage	
HLD Usage	1,269.33
Usage - Other	542,825.00
Total Usage	<u>544,094.33</u>
Utilities	
Water	557.58
Total Utilities	<u>557.58</u>
Total Expense	<u>6,063,666.61</u>
Net Ordinary Income	-11,594.25
Other Income/Expense	
Other Income	
Interest Income	131.72
Total Other Income	<u>131.72</u>
Net Other Income	<u>131.72</u>
Net Income	<u><u>-11,462.53</u></u>