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AZ CORP COMMISSION  
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May 17, 2002

David Wm. West, P.C.  
Law Offices  
1340 East Missouri Avenue  
Phoenix, Arizona 85014

Arizona Corporation Commission  
**DOCKETED**

MAY 17 2002

RE: Staff's Letter of Sufficiency and First Set of Data Requests to OCMC, Inc.  
Docket Nos. T-04103A-02-0274 and T-02565A-02-0274

DOCKETED BY	
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Dear Mr. West:

On April 9, 2002, OCMC, Inc. ("OCMC") filed an application for a CC&N to provide telecommunication services in the State of Arizona. The application is not sufficient. This data request list the information Staff needs to complete its analysis of your application. Please treat this, as Staff's first set of data requests to OCMC in the above-referenced matter.

For purposes of this data request set, the words "OCMC", "Applicant", "the Company", "you", and "your" refer to OCMC, Inc. and any representative, including every person and/or entity acting with, under the control of, or on behalf of OCMC, Inc. For each answer, please identify by name, title, and address each person providing information that forms the basis for the response provided.

These data requests are continuing, and your answers or any documents supplied in response to these data requests should be supplemented with any additional information or documents that come to your attention after you have provided your initial responses.

Please provide Docket Control with the information being requested within **60 days** of the date of this letter. Mail an original plus 10 copies to Docket Control, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007-2927. If no response is received, Staff will recommend that the application be terminated. If the application is terminated, the Applicant cannot provide the same telecommunications services in Arizona for which it is currently applying, until such time as a new application is filed with and approved by the Commission.

May 9, 2002  
Page 2

Remember that information submitted for a CC&N will be made a part of the public record (including financial statements). Any information designated as confidential will not be accepted by Docket Control. If you have any questions, please contact me at (602) 542-0856. Thank you for your prompt response to this request.

Respectfully,



John Bostwick  
Administrative Services Officer II  
Utilities Division

Enclosure(s)

CC: Docket Control Center (ten copies)

STAFF'S FIRST SET OF DATA REQUESTS TO  
OCMC, INC.  
DOCKET NOS. T-04103A-02-0274 AND T-02565A-02-0274

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Please make sure each numbered item and each part of the item is answered completely. If it is not, Staff will resubmit the numbered item(s) and/or part(s) of the item in a following data request. In order for Staff to continue with its review of this application, the following information must be submitted:

1. Please be advised that a new form has been developed to process CC&N applications to provide resold local exchange and/or long distance; facilities-based local exchange and/or long distance; and/or alternative operator services (AOS) telecommunications services. The form is located on the Arizona Corporation Commission website at [www.cc.state.az.us/utility/forms](http://www.cc.state.az.us/utility/forms). Please use the new CC&N application form for Docket Nos. T-04103A-02-0274 and T-02565A-02-0274.
2. Please include "Attachment A". Make sure you provide percentage of ownership. Refer to item (A-8) on the new CC&N application form.
3. Please indicate if the Applicant's customers will be able to access alternative toll service providers or resellers via 1+ 101XXXX access. Resellers usually answer this item (A-13) "yes".
4. Submit copies of affidavits of publication that the Applicant has, as required, published legal notice of the Application in all counties where the services will be provided. Refer to item (A-16) on the new CC&N application form.
5. Indicate if the Applicant is a switchless reseller of the type of telecommunications services that the Applicant will or intends to resell in the State of Arizona. Resellers usually answer this item (A-17) "yes".
6. Provide a list of the states in which the Applicant currently offers telecommunications services similar to those that the Applicant will or intends to offer in the State of Arizona. Refer to item (A-19) on the new CC&N application form.
7. Please provide 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. Refer to item (A-20) on the new CC&N application form.
8. Current financial statements are needed to complete your application. Please make sure the financial statements reflect information for a specific period in this calendar year 2002. Refer to item (B-2) on the new CC&N application form.

STAFF'S FIRST SET OF DATA REQUESTS TO  
EMERITUS COMMUNICATIONS, INC.  
DOCKET NO. T-03188A-96-00302

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9. The fair value information being requested is also listed on the new CC&N application form as item (B-4). Fair value information is needed to complete your application.
10. Make sure you answer all questions/items in Sections A, B, and C on the new CC&N application form.
11. Please be advised that the transfer of an existing CC&N in these two dockets involves a CC&N to provide resold interexchange services and a CC&N to provide Alternative Operator Services ("AOS"). Answer the questions in Sections A and B on the new application form to apply for a CC&N to provide AOS telecommunications services. Your answers to these items will help expedite your request to transfer the existing CC&N to provide AOS services. The rules and regulations covering AOS providers are listed in Article 10 of the Arizona Administrative Code. The rules and regulations covering providers of resold and facilities-based telecommunications services are listed in Article 11 of the Arizona Administrative Code.

T-04103A-02-0274

ORIGINAL

**LAW OFFICES OF DAVID WM. WEST, P.C.**

**PRIVATE  
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CONFIDENTIAL**

*1340 East Missouri Ave.  
Phoenix, Arizona 85014  
(602) 263-7891-Telephone  
(602) 263-5031 - Fax*



**FAX TRANSMISSION COVER SHEET**

**Date:** *September 9, 2002*

**To:** *Mr. John Bostwick  
Utilities Division of the AZ Corporation Commission*

**Fax:** *(602) 364-2270*

**Sender:** *DAVID WM. WEST*

Arizona Corporation Commission  
**DOCKETED**

SEP 10 2002

DOCKETED BY *CAW*

**YOU SHOULD RECEIVE 6 page(s) including cover sheet . IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CALL 263-7891.**

**REMARKS:** Docket Nos. T-04103A-02-0274 and T-02565A-02-0274  
Mr. Bostwick,

Enclosed are a Balance Sheet and an Income Statement through June, 2002, for OCMC, Inc. The financials are cumulative with OCMC, Inc. formally beginning in business in February, 2002, and thus the financials represent four months of operation.

Please advise if you need further information.

Encl's.

*David W. West*

**\* This facsimile may contain information that is privileged, confidential and exempt from disclosure under applicable law and is intended only for the use of the individual or entity to which it is addressed. If the reader of this facsimile is not the recipient, you are notified that any dissemination, distribution or copying of this facsimile is strictly prohibited. If you have received this facsimile in error, please notify us immediately by telephone and return the original facsimile to us at the above address via the United States postal service. Thank you!**

OCMC, INC.  
BALANCE SHEET  
Current Period: JUN-02

ASSETS

CURRENT ASSETS	
PETTY CASH	1,400
CASH - FUNDING	113,965
CASH - GENERAL	(1,028,298)
CASH - OPTICOM	(777,407)
CASH - PAYROLL	1,215
CASH - COLLECTIONS	<u>23,670</u>
TOTAL CASH	(1,668,555)
A/R - LONG DISTANCE	1,506,727
A/R - OPTICOM	20,094,947
A/R - UNBILLED	176,316
A/R - UNBILLED USF	647,180
A/R - AGENTS	1,513,858
A/R - EMPLOYEES	54,112
A/R - CLEARING NSF	(23,387)
A/R - OTHER	<u>(61,447)</u>
TOTAL ACCOUNTS RECEIVABLE	23,808,306
BAD DEBT RESERVE - LONG DISTANCE	(91,903)
BAD DEBT RESERVE - OPTICOM	<u>(1,306,155)</u>
A/R NET OF BAD DEBT	22,411,247
PREPAID INSURANCE	135,867
PREPAID EXPENSES	297,244
PREPAID ADVERTISING	750
DEPOSITS	11,947
PREPAID TRANSMISSION	355,401
PREPAID AGENT COMMISSIONS	417,818
PREPAID POSTAGE	<u>11,519</u>
TOTAL OTHER CURRENT ASSETS	1,230,534
TOTAL CURRENT ASSETS	<u>21,976,228</u>

FIXED ASSETS

FURNITURE & FIXTURES	2,548,308
OFFICE EQUIPMENT	2,079,394
SOFTWARE	1,000,000
SWITCH EQUIPMENT	3,950,609
LEASEHOLD IMPROVEMENTS	1,310,503
CONSTRUCTION IN PROCESS	6,757
OCMC START UP	3,502,637
NON COMPETE AGREEMENT	100,000
	<hr/>
TOTAL FIXED ASSETS	14,498,205
LESS ACCUMULATED DEPR & AMORT	(830,260)
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NET FIXED ASSETS	13,667,945
LMDS LICENSE AQUISITION	700,000
PREPAID INSTALLATION	304,185
NOTES RECEIVABLE	170,946
GOODWILL	4,887,331
	<hr/>
TOTAL OTHER ASSETS	6,062,472
TOTAL FIXED ASSETS	<hr/>
	19,730,417
TOTAL ASSETS	<hr/>
	41,706,544
LIABILITIES & STOCKHOLDERS EQUITY	
CURRENT LIABILITIES	
A/P - TRANSMISSION	800,631
A/P - PICC COSTS	42,413
A/P - USF COSTS	204,428
A/P - OTHER	631,937
A/P - OPTICOM	1,861,689
A/P - OPTICOM OUTCLEARING	369,440
A/P - RESERVES HELD FOR OPTICOM AGENTS	111,578
ACCRUED INTEREST PAYABLE	179,614
ACCRUED EXPENSES	(1,827)
	<hr/>
ACCOUNTS PAYABLE	4,200,081
ACCRUED INCOME & OTHER TAXES	18,848
SALES & EXCISE TAXES PAYBLE	120,417
ACCRUED PAYROLL	130,873
PROPERTY TAX PAYABLE	17,100
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ACCRUED EXPENSES PAYABLE	285,038
CUSTOMER DEPOSITS	1,180
REVOLVING CREDIT FACILITY (PNC)	15,001,487
TOTAL CURRENT LIABILITIES	<u>19,487,786</u>
LONG TERM LIABILITIES	
SENIOR TERM NOTE A	1,417,578
SENIOR SUBORDINATE NOTE	10,700,000
JUNIOR SUBORDINATE NOTE A	4,024,419
JUNIOR SUBORDINATE NOTE B	<u>1,000,000</u>
TOTAL LONG TERM LIABILITIES	17,141,995
TOTAL LIABILITIES	<u>36,629,781</u>
STOCKHOLDERS EQUITY	
COMMON STOCK	4,500,000
CURRENT YEAR EARNING	<u>576,863</u>
TOTAL STOCKHOLDERS EQUITY	5,076,863
TOTAL LIABILITIES & EQUITY	<u>41,706,644</u>

OCMC, INC.  
 INCOME STATEMENT  
 Current Period: Jun-02

	PTD-Actual Jun-02	Ratio	PTD-Budget Jun-02	Ratio	YTD-Actual Jun-02	Ratio	YTD-Budget Jun-02	Ratio
REVENUE								
0- BUNDLED REVENUE	9,463,811	86.08	8,011,816	87.04	34,183,426	86.78	37,760,074	87.05
1+ REVENUE	801,898	8.39	886,438	9.40	4,122,916	10.34	4,001,835	8.23
OTHER REVENUE	378,860	3.53	327,483	3.56	1,553,897	3.80	1,614,915	3.72
GROSS REVENUE	10,744,669	100.00	8,204,437	100.00	39,860,237	100.00	48,376,824	100.00
CUSTOMER ALLOWANCES	(690,799)	(6.43)	(633,826)	(8.89)	(3,017,111)	(7.57)	(2,988,326)	(6.89)
NET REVENUE	10,053,870	93.57	6,670,612	83.11	36,843,127	92.43	40,388,498	93.11
COST OF SALES								
TRANSMISSION EXPENSES	1,215,867	11.32	1,361,354	14.78	5,380,888	13.52	6,879,801	18.40
PICG/USF EXPENSES	369,994	3.44	680,033	8.18	1,897,437	4.78	2,873,873	6.16
SWITCH EXPENSES	8,466	0.08	0	0.00	20,785	0.05	0	0.00
DEPRECIATION EXPENSES	37,831	0.36	66,067	0.72	172,467	0.43	333,336	0.77
DIALER EXPENSES	18,134	0.16	31,867	0.34	68,251	0.17	168,333	0.37
OPERATOR SERVICE EXPENSES	356,470	3.31	501,357	5.45	1,842,005	4.12	2,886,608	6.50
OUTCLEARING COSTS	436,729	4.06	356,391	3.86	1,891,863	4.75	1,691,896	3.80
OTHER COST OF SALES EXPENSE	8,688	0.08	79,888	0.87	38,864	0.10	322,269	0.74
TOTAL COST OF SALES	2,448,823	22.78	2,985,457	32.22	11,120,017	27.90	14,245,297	32.84
GROSS MARGIN	7,605,047	70.78	6,605,065	80.80	25,723,110	64.53	28,143,198	60.27
SELLING EXPENSES								
SALES SALARIES & COMMISSIONS	100,574	0.94	0	0.00	404,738	1.02	0	0.00
AGENT COMMISSIONS	4,734,813	44.00	3,358,859	36.50	18,151,140	40.82	15,868,997	36.58
ADVERTISING AND PROMOTION	188,832	1.77	183,329	2.10	449,917	1.13	840,749	2.17
TOTAL SELLING EXPENSES	3,028,018	48.77	3,563,188	38.80	17,006,795	42.86	16,807,746	38.75
GENERAL & ADMINISTRATIVE EXPENSES								
BAD DEBT	871,116	8.11	548,487	5.98	2,743,818	6.98	2,884,368	5.96
COMPUTER BILLING CHARGES	3,473	0.03	0	0.00	11,842	0.03	0	0.00
CONSULTING FEES	0	0.00	0	0.00	27,348	0.07	0	0.00
CONTRIBUTIONS	0	0.00	0	0.00	800	0.00	0	0.00
DEPRECIATION	139,027	1.29	108,000	1.14	657,793	1.68	825,000	1.21
DUES AND SUBSCRIPTIONS	5,339	0.05	7,600	0.08	34,027	0.08	37,000	0.08
FRINGE BENEFITS	1,483	0.01	2,867	0.03	8,846	0.02	13,335	0.03
401K EXPENSE	111	0.00	18,887	0.17	338	0.00	79,435	0.18
INSURANCE	43,435	0.40	70,833	0.77	287,448	0.72	304,166	0.82
INTEREST EXPENSE	260,431	1.87	218,328	2.35	1,034,686	2.60	1,113,344	2.67
LEGAL AND ACCOUNTING FEES	8,707	0.09	18,067	0.18	47,766	0.12	63,335	0.16
LICENSE AND FEES	25,759	0.23	20,833	0.23	187,249	0.39	104,165	0.24
MANAGEMENT FEES	27,333	0.26	22,917	0.26	129,574	0.33	114,588	0.28
MEALS AND ENTERTAINMENT	7,464	0.07	2,083	0.02	21,037	0.05	10,415	0.02
MISCELLANEOUS	0	0.00	333	0.00	0	0.00	1,085	0.00
OFFICE SERVICES	81,882	0.85	41,667	0.45	282,750	0.71	208,333	0.48
OFFICE SUPPLIES	28,273	0.24	33,333	0.36	84,533	0.21	168,685	0.38
OTHER TAXES	3,760	0.03	18,000	0.18	19,488	0.05	76,000	0.17
PAYROLL TAXES	27,891	0.26	44,289	0.46	191,599	0.48	221,295	0.51
POSTAGE	12,037	0.11	13,000	0.16	81,994	0.18	75,000	0.17
RENT - BUILDING	84,829	0.78	83,333	0.91	408,961	1.03	418,886	0.90
RENT - EQUIPMENT	10,200	0.09	14,383	0.16	78,879	0.19	72,915	0.17
REPAIR AND MAINTENANCE	34,368	0.32	86,867	0.72	138,458	0.34	333,335	0.77
SALARIES	275,318	2.66	308,774	3.35	1,408,310	3.64	1,843,870	3.66
SEMINARS AND TRAINING	0	0.00	1,000	0.01	140	0.00	8,000	0.01
TELEPHONE	18,880	0.18	20,833	0.23	78,303	0.20	104,166	0.24
TRAVEL	13,047	0.12	12,500	0.14	27,089	0.07	62,500	0.14
UTILITIES	10,806	0.10	16,333	0.17	68,489	0.17	76,885	0.18
OTHER NON-RECURRING ITEMS	0	0.00	200,000	2.17	0	0.00	1,780,000	4.03

TOTAL GEN & ADMIN EXPENSES	1,850,576	18.15	1,901,815	20.88	8,007,804	20.09	10,132,722	23.58
TOTAL EXPENSES	6,975,594	64.82	5,455,003	59.26	25,013,589	62.75	25,940,458	62.11
INCOME FROM OPERATIONS	829,354	8.08	150,052	1.63	708,511	1.78	(797,270)	(1.84)
OTHER INCOME								
SERVICE CHARGES	9,827	0.09	8,333	0.09	38,924	0.10	41,665	0.10
INTEREST INCOME	5,792	0.05	18,867	0.18	30,208	0.08	83,335	0.18
MISCELLANEOUS INCOME	7,218	0.07	8,333	0.09	7,219	0.02	41,665	0.10
GAIN (LOSS) ON SALE OF ASSETS	0	0.00	5,000	0.05	0	0.00	25,000	0.06
TOTAL OTHER REVENUE	22,638	0.21	38,333	0.42	76,352	0.19	191,665	0.48
PRETAX INCOME	651,991	6.07	188,385	2.05	785,863	1.97	(605,605)	(1.40)
CORPORATE TAXES	(88,200)	(0.82)	(71,566)	(0.78)	(209,000)	(0.52)	(212,757)	(0.48)
NET INCOME	563,791	5.25	116,819	1.27	576,863	1.45	(818,362)	(1.88)
EBITDA	1,008,442	n/m	738,045	n/m	2,574,437	n/m	2,924,408	n/m