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September 11, 2009

VIA OVERNIGHT DELIVERY

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

Re: McGraw Communications, Inc.
Docket No. T-04219A-09-0270

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DOCKET CONTROL

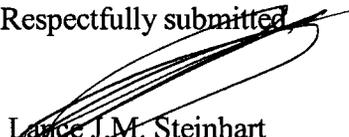
Dear Sir/Madam:

Enclosed please find for filing an original and thirteen (13) copies of McGraw Communications, Inc.'s responses to the Commission's request for information in McGraw Communications, Inc.'s Application and Petition for Certificate of Public Convenience and Necessity to Provide Resold and Facilities-Based Local Exchange Telecommunications Services.

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

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

Respectfully submitted,


Lance J.M. Steinhart
Attorney for McGraw Communications, Inc.

Arizona Corporation Commission

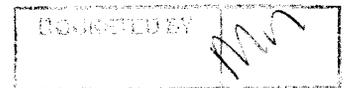
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SEP 15 2009

cc: Sadia Mendez

Michael W. Patten, Esq. – Via email

Lori Morrison, Utilities Division – Via email to: lmorrison@azcc.gov



STAFF'S FIRST SET OF DATA REQUESTS TO
MCGRAW COMMUNICATIONS, INC.
DOCKET NO. T-04219A-09-0270

STF 1.1 Referencing the proposed Arizona Tariff No. 2, Original Page 7, the definition for **Account** only discusses residential services. However, the Company is also proposing to offer business services as well. Moreover, the information contained in the definition of Account seems more of a term/condition for residential service rather than a general description of an account. Please provide a more broad definition for Account that would include all types of accounts for local exchange service, regardless if the service selected is residential or business.

RESPONSE: See attached Page 7.

STF 1.2 Referencing the proposed Arizona Tariff No. 2, Original Page 8, the definition for **Equal Access** does not describe access to the customer's choice of toll provider but rather only discusses accessing the Company's network. Since this is the Definitions portion of the tariff, please provide a general definition for Equal Access that indicates that it allows the customer to access their toll carrier of choice directly without using a special code or dialing extra digits or use the definition found in A.C.C. §14-2-1102.18 for 2-PIC Toll Equal Access.

RESPONSE: See attached Page 8.

STF 1.3 Referencing the proposed Arizona Tariff No. 2, Original Page 10, the definition for **Switched Access Origination/Termination**, the second line states, "... and the connection to the Customer is a LED-provided business or residential access line." Please clarify what is meant by LED-provided in this context.

RESPONSE: See attached Page 10.

All Contacts Providing Information/Response for the above question:

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STF 1.4 Referencing the proposed Arizona Tariff No. 2, Original Page 17, subsection 2.1.4.E, the tariff states, "The Company does not guarantee or make any warranty with respect to installations provided by it for use in an explosive atmosphere." Please explain what is meant by the term "explosive atmosphere" in this context.

RESPONSE: See attached Page 17.

STF 1.5 Referencing the proposed Arizona Tariff No. 2, Original Page 30, subsection 2.5.1, the last sentence states, "Customers will only be charged once, on either an interstate or intrastate basis, for any nonrecurring charges." Since this tariff is a local exchange tariff, when would there be a situation where a nonrecurring charge would be an interstate charge. Please give specific examples of situations where this might occur.

RESPONSE: See attached Page 30.

STF 1.6 Referencing the Arizona Tariff No. 2, Original Page 32:
A Subsection 2.5.3.B, would the Company be willing to add the Commission's website address and its local and 800 telephone numbers to this portion of the tariff? If not, why not?
B. Subsection 2.5.3.C, if a billing dispute is resolved in favor of the Company and the customer has withheld the disputed amount, would any interest, credits or penalties apply?

RESPONSE: See attached Page 32.

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STF 1.7 Referencing the Arizona Tariff No. 2, Original Pages 58 and 60, there are two rates for what appears to be the same service. If the first listed rate is for the Primary Line and the second listed rate is for the Secondary Line, would the Company be willing to modify these two tariff sheets to clarify what rates go with a specific service? If not, why not?

RESPONSE: See attached Pages 58 and 60.

STF 1.8 Referencing the Arizona Tariff No. 2, Original Page 62, there are maximum monthly rates listed for the Deluxe Service. However, on Original Page 60, there are maximum monthly rate listed for what appears to be the same service. Please clarify the difference in the two services and why they appear to be labeled the same with different maximum monthly rates.

RESPONSE: See attached Page 62.

STF 1.9 Referencing the Arizona Tariff No. 2, Original Page 62, there are maximum Service Connection Fees listed. Please clarify for which services these connection fees would apply. Specifically, would these fees be applied to Arizona Home Edition services (Standard or Deluxe) in general or would they be applied to only to customers requesting Deluxe Services? If the connection fees would apply to either service, would the Company be willing to have a separate section for the connection fees so there is no confusion about whether they only apply to Deluxe service given their presentation in the proposed tariff?

RESPONSE: See attached Page 62.

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STF 1.10 Referencing the Arizona Tariff No. 2, Original Page 64, subsection 4.3.5, the second sentence states, "Customers who subscribe to this service must designate McGraw as the presubscribed carrier for local calling concurrent with enrollment for service." Since the customer is placing an order for McGraw's local exchange service, won't the order be processed by as a McGraw customer? Please explain in detail why the customer has to designate McGraw as their local exchange carrier when they sign up with McGraw for local exchange service.

RESPONSE: See attached Page 64.

STF 1.11 Referencing the Arizona Tariff No. 2, Original Page 64, referencing Footnote 1 on this page, please clarify if the service connection fee is waived for all lines (meaning more than one) who retain their existing telephone numbers when switching their service to McGraw.

RESPONSE: See attached Page 64.

STF 1.12 Referencing the Arizona Tariff No. 2, Original Page 81, the Company cites the FCC's pay telephone compensation plan. The Company is proposing a maximum rates of \$1.00 and a current rate of \$.75 (Page 123 from the proposed Price List). Since it is the Commission Staff's recommended practice to not allow a rate over \$.60 for the public telephone surcharge, would the Company be willing to charge the same rate as listed in their federal tariff, add a sentence to this page (Page 81) indicating the Company will charge the same rate as it is listed in their federal tariff and remove all other rates for the Public Telephone Surcharge in this proposed tariff? If not, please explain in detail why not.

RESPONSE: See attached Page 81.

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STF 1.13 Referencing the Arizona Tariff No. 2, Original Page 85, subsection 5.7.1, the second paragraph states, "There are no call allowances for Directory Assistance." However, on Page 71, subsection 4.3.6.g and on Page 73, subsection 4.3.7.g, both Arizona Business Edition packages indicate "Customers selecting Directory Assistance may make six calls above the allowance to the Company's 411 service."

- A. Is there a Directory Assistance allowance?
- B. If there are no Directory Assistance allowance, do the above provisions (4.3.6.g and 4.3.7.g) mean that each business line the customer subscribes to will receive six directory assistance calls per month included with their monthly service for those customers selecting the Directory Assistance feature? If not, please explain.

RESPONSE: See attached Page 85.

STF 1.14 Referencing the Arizona Tariff No. 2, Original Page 87, the third paragraph states, "A maximum of two(2) requested telephone numbers are allowed per call." Does this limit also apply to Basic Directory Assistance as well? If not, why not? If so, would the Company be willing to add this condition to Page 85 of their proposed tariff?

RESPONSE: See attached Page 87.

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- STF 1.15 Referencing the Arizona Tariff No. 2, Original Page 89, the first two sentences state, "The Company's operator services, available to presubscribed Customers, are accessible on a twenty-four(24) hour per day seven(7) days per week. In addition to the per call service charge, usage rates apply."
- A. Please explain what the term "presubscribed" means in the above context.
 - B. Please explain what usage rates are referred to in the above context and where those rates are listed in the proposed tariff.

RESPONSE: See attached Page 89.

- STF 1.16 Referencing the Arizona Tariff No. 2, Original Page 107, subsection 7.2.1, paragraph four (4), the tariff states, "Regional Toll and Long Distance Services must be PIC'd to the Company." (underline added)
- A. Please explain in full and complete detail why a customer subscribing to McGraw's ISDN PRI Service "must" utilize McGraw's Regional Toll and Long Distance Services.
 - B. Please explain in full and complete detail how this requirement doesn't violate the Commission's requirements for equal access.

RESPONSE: See attached Page 107.

- STF 1.17 Referencing the Arizona Tariff No. 2, Original Page 107, the Company is proposing to offer its ISDN PRI Service for rates based on an individual case basis ("ICB"). The Company is also not proposing maximum rates for this service. Since it is the Commission Staff's recommended practice to require a maximum rate for all ICB rates, please provide proposed maximum rates for the services listed on proposed Original Pages 107, 108, 109, 110, 111, and 112 and any other ICB rates proposed by the Company.

RESPONSE: See attached Pages 107-112.

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STF 1.18 Referencing the Arizona Tariff No. 2, Original Pages 107 and 108, there is an error for a footnote marker at the bottom of each page next to the Order Cancellation Charge. Please correct each tariff sheet and remove the footnote and the bookmark not defined message from each page.

RESPONSE: See attached Page 107 and 108.

STF 1.19 Referencing the Arizona Tariff No. 2, Original Pages 113 and 114, the Company is proposing only a current rate. Did the Company intend to propose maximum rates for its ISDN BRI and Digital Centrex Services?

RESPONSE: Not at this time.

STF 1.20 Please provide the telephone number and the location of the customer service call center that will provide assistance to Arizona customers.

RESPONSE: (888) 543-2000

STF 1.21 Will McGraw have any employees located in Arizona? If yes, please specify how many. If not, why not?

RESPONSE: No. We only have one corporate office, located in NYC, with no plans on opening satellite offices. No cost justification to open offices in AZ at this time.

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STF 1.21 Will McGraw have any investments and/or assets located in Arizona? If yes, please specify those investments and/or assets. If no, why not?

RESPONSE: No. All assets centered in NYC. No cost justification to go outside of NYC at this time.

STF 1.22 How will McGraw market their service in the Arizona market? Please provide any marketing material the Company will be using.

RESPONSE: Services will initially be available only to existing customers with locations in Arizona so marketing will be word-of-mouth. We have no marketing materials at this time.

STF 1.23 Will McGraw be offering any services on a prepaid basis? If yes, please specify what those services are and how the prepayments will be handled by the Company.

RESPONSE: We do not offer pre-paid services.

STF 1.24 Please explain how McGraw calculated the rates that are contained in your tariffs for each of your services.

RESPONSE: Actual rates are determined by cost of purchasing service from underlying carrier, minimum and maximum rates are determined by maximum possible rate decreases or increases.

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STF 1.25 Please explain why McGraw believes that its rates are just and reasonable using a fair value or cost basis. Please include economic justification or cost support data. Please include any and all supporting materials.

RESPONSE: Applicant believes that its fair value rate base (“FVRB”) is zero; therefore, is not useful in a fair value analysis, and is not useful in setting rates. In general, rates for competitive services are not set according to rate of return regulation. Applicant believes that its rates are just and reasonable as they are comparable to Qwest and other competitive local exchange carriers operating in Arizona. Furthermore, since Applicant has no market power, the reasonableness of its rates will be evaluated in a market with numerous competitors. Based upon the foregoing, Applicant believes that the rates in its proposed tariff will be just and reasonable.

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STF 1.26 Please indicate why the Company believes that its rates are just and reasonable using a competitive market analysis. The analysis should contain publicly available examples of tariff rates and charges charged by the incumbent and other carriers for similar services. Include supporting material and any other information that the Company believes demonstrates that the proposed tariff rates and charges are just and reasonable.

Use a matrix format to list the Company's proposed services, rates, and charges (see attached Excel file). Based on the Company's tariff, list all of the telecommunications services the company will provide in Arizona. For each of the telecommunications services listed, provide the Company's tariff page numbers that support each of the company's services, rates, and charges. Also, provide the same information requested of the Company for Qwest and two other Arizona local exchange competitors using the same matrix format. List each competitor's services, rates, and charges for the same or comparable services and include copies of the tariff page of each service, rate and charge of each competitor. For a list of telecommunications carriers certified in Arizona, go to www.azcc.gov/divisions/utilities/utilitylist.asp. For a list of Commission-approved telecommunications rates and tariffs, go to www.azcc.gov/Divisions/Utilities/Tariff/util-tariffs-telecom.asp.

RESPONSE: Applicant does not currently offer local service. The proposed rates are based upon wholesale rates provided by Qwest. The proposed rates are comparable to those charged by Qwest and other competitive local exchange carriers. Customers are free to purchase services from many companies since the telecom market is so competitive. The company believes that the economics of the market ensures just and reasonable pricing.

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SECTION 7 – ADVANCED SERVICES

7.2 Advanced Service Packages

7.2.1 ISDN PRI Service with Unlimited Local Calling

ISDN PRI offers an array of value-added features, such as calling number identification and call-by-call selection that enhance productivity. ISDN PRI is configured with 23 64 Kbps bi-directional B (Bearer) channels and one 64 Kbps D (Data) channel. Unique to ISDN PRI is its ability to designate the D channel to handle all of the signaling and call control requirements and leave the remaining 23 B channels free for any mix of circuit-switched voice and data.

Each of these products is offered under a 12, 24 or 36 month term agreement. Rates include unlimited local calling for sent-paid, directly dialed calls. Rates do not include calling card calls, information type calls to Time and Weather, 555, 700, 900, 976 Services, Directory Assistance or any other type of Operator Handled call.

ISDN PRI includes the following non-optional Feature Package: Inbound Calling Line ID-Name & Number and Call by Call Selection.

Recurring Charges

	Monthly Recurring Charge		
	12 Months	24 Months	36 Months
	\$650	\$600	\$550

Non-Recurring Charges

		Non-Recurring Charge		
		12 Months	24 Months	36 Months
	First Line	\$500	\$250	\$250
	Each Add'l Line	ICB	ICB	ICB
Expedite Service Charge ¹		Per PRI		
		\$1,000		
Order Supplement Charge ²		First Change	Subsequent Change	
	Verizon	\$150	\$150	
Order Cancellation Charge		Per PRI		
		\$750		

¹ Expedite Service Charges apply when customer requests installation of service in less time than normal installation interval of 30 business days.

² Order Supplement Charges apply when a change of the Requested Service Date is requested by customer. A change of requested service date must be within 30 days of the previous requested service date. In no event will the Company be obligated to accept more than three (3) changes to a requested service date. The service will be deemed canceled upon the fourth (4) such request and applicable Order Cancellation Charges will apply.

SECTION 7 – ADVANCED SERVICES**7.2 Advanced Service Packages, (Cont'd.)****7.2.2 Digital DS-1 PBX Service with Unlimited Local Calling**

This service provides a trunk side DS1 electrical interface from the customer's digital PBX system to a digital port on a local Company switch for the origination and termination of calls. Traffic to and from the digital PBX can be received or dialed directly from any PBX station without the need for an attendant.

These digital trunks deliver a high-speed DS1 (T1) connection between your PBX and the Company network. There are up to 24 channels on one facility, each of which can be used to place or receive calls. This multi-channel capability dramatically reduces the need for additional PBX circuit cards.

Each of these products is offered under a 12, 24 or 36 month term agreement. Rates include unlimited local calling for sent-paid, directly dialed calls. Rates do not include calling card calls, information type calls to Time and Weather, 555, 700, 900, 976 Services, Directory Assistance or any other type of Operator Handled call.

Monthly Recurring Charges

	Monthly Recurring Charge		
	12 Months	24 Months	36 Months
	\$650	\$600	\$550

Non-Recurring Charges

	Non-Recurring Charge		
	12 Months	24 Months	36 Months
First Line	\$500	\$250	\$250
Each Add'l Line	ICB	ICB	ICB
Expedite Service Charge ³ SBC/Pacific Bell	Per DS1 \$1,000		
Order Supplement Charge ⁴	First Change \$150	Subsequent Change \$150	
Order Cancellation Charge	Per DS1 \$750		

³ Expedite Service Charges apply when customer requests installation of service in less time than normal installation interval of 30 business days.

⁴ Order Supplement Charges apply when a change of the Requested Service Date is requested by customer. A change of requested service date must be within 30 days of the previous requested service date. In no event will the Company be obligated to accept more than three (3) changes to a requested service date. The service will be deemed canceled upon the fourth (4) such request and applicable Order Cancellation Charges will apply.

SECTION 7 – ADVANCED SERVICES

7.2 Advanced Service Packages, (Cont'd.)

7.2.3 ISDN PRI Service with Unlimited Local Calling and Bundled Toll/LD Service

ISDN PRI offers an array of value-added features, such as calling number identification and call-by-call selection that enhance productivity. ISDN PRI is configured with 23 64 Kbps bi-directional B (Bearer) channels and one 64 Kbps D (Data) channel. Unique to ISDN PRI is its ability to designate the D channel to handle all of the signaling and call control requirements and leave the remaining 23 B channels free for any mix of circuit-switched voice and data.

This product is offered under a 12, 24 or 36 month term agreement. Rates include unlimited local calling for sent-paid, directly dialed calls. Rates do not include calling card calls, information type calls to Time and Weather, 555, 700, 900, 976 Services, Directory Assistance or any other type of Operator Handled call.

The Unlimited Local Calling and Bundled Toll/LD Service Products are offered with six different increments of Toll/LD Minutes of Use: 5,000, 10,000, 15,000, 30,000, 50,000 and 100,000. Installation charges are included in the monthly recurring charges.

ISDN PRI with Unlimited Local and Bundled 5,000 Long Distance MOU

This package includes unlimited local and 5,000 long distance minutes of use. Also included is Inbound Calling Line ID-Name & Number & Call-by-Call Selection (ISDN PRI) long distance usage @ 5,000 MOUs (including regional toll). Usage over the selected LD package will be billed at \$0.049 per minute.

Monthly Recurring Charge		
12 Months	24 Months	36 Months
\$850	\$800	\$750

ISDN PRI with Unlimited Local and Bundled 10,000 Long Distance MOU

This package includes unlimited local and 10,000 long distance minutes of use. Also included is Inbound Calling Line ID-Name & Number & Call-by-Call Selection (ISDN PRI) long distance usage @ 10,000 MOUs (including regional toll). Usage over the selected LD package will be billed at \$0.049 per minute.

Monthly Recurring Charge		
12 Months	24 Months	36 Months
\$1,000	\$950	\$900

Issued: May 22, 2009
Issued by:

Francis X. Ahearn
CEO
228 East 45th Street, 12th Floor
New York, New York 10017

Effective: June 21, 2009

SECTION 7 – ADVANCED SERVICES**7.2 Advanced Service Packages, (Cont'd.)****7.2.3 ISDN PRI Service with Unlimited Local Calling and Bundled Toll/LD Service, (Cont'd.)**ISDN PRI with Unlimited Local and Bundled 15,000 Long Distance MOU

This package includes unlimited local and 15,000 long distance minutes of use. Also included is Inbound Calling Line ID-Name & Number & Call-by-Call Selection (ISDN PRI) long distance usage @ 15,000 MOUs (including regional toll). Usage over the selected LD package will be billed at \$0.049 per minute.

		Monthly Recurring Charge	
12 Months	24 Months	36 Months	
\$1,200	\$1,150	\$1,100	

Issued: May 22, 2009
Issued by:

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New York, New York 10017

Effective: June 21, 2009

SECTION 7 – ADVANCED SERVICES**7.2 Advanced Service Packages, (Cont'd.)****7.2.4 Digital DS-1 PBX Service with Unlimited Local Calling and Bundled Toll/LD Service**

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These digital trunks deliver a high-speed DS1 (T1) connection between your PBX and the Company network. There are up to 24 channels on one facility, each of which can be used to place or receive calls. This multi-channel capability dramatically reduces the need for additional PBX circuit cards.

Each of these products is offered under a 12, 24 or 36 month term agreement. Rates include unlimited local calling for sent-paid, directly dialed calls. Rates do not include calling card calls, information type calls to Time and Weather, 555, 700, 900, 976 Services, Directory Assistance or any other type of Operator Handled call.

The Digital DS-1 PBX Service with Unlimited Local Calling and Bundled Toll/LD Service Products are offered with six different increments of Toll/LD Minutes of Use: 5,000, 10,000, 15,000, 30,000, 50,000 and 100,000. Installation charges are included in the monthly recurring charges.

ISDN DS1 with Unlimited Local and Bundled 5,000 Long Distance MOU

This package includes unlimited local and 5,000 long distance minutes of use. Also included is Inbound Calling Line ID-Name & Number and long distance usage @ 5,000 MOUs (including regional toll). Usage over the selected LD package will be billed at \$0.049 per minute.

	Monthly Recurring Charge		
	12 Months	24 Months	36 Months
	\$850	\$800	\$750

ISDN DS1 with Unlimited Local and Bundled 10,000 Long Distance MOU

This package includes unlimited local and 10,000 long distance minutes of use. Also included is Inbound Calling Line ID-Name & Number and long distance usage @ 10,000 MOUs (including regional toll). Usage over the selected LD package will be billed at \$0.049 per minute.

	Monthly Recurring Charge		
	12 Months	24 Months	36 Months
	\$1,000	\$950	\$900

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Effective: June 21, 2009

SECTION 7 – ADVANCED SERVICES**7.2 Advanced Service Packages, (Cont'd.)****7.2.4 Digital DS-1 PBX Service with Unlimited Local Calling and Bundled Toll/LD Service, (Cont'd.)**ISDN DS1 with Unlimited Local and Bundled 15,000 Long Distance MOU

This package includes unlimited local and 15,000 long distance minutes of use. Also included is Inbound Calling Line ID-Name & Number and long distance usage @ 15,000 MOUs (including regional toll). Usage over the selected LD package will be billed at \$0.049 per minute.

Monthly Recurring Charge		
12 Months	24 Months	36 Months
\$1,200	\$1,150	\$1,100

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SECTION 1.0 – DEFINITIONS

Access Line - An arrangement from a local exchange telephone company or other common carrier, using either dedicated or switched access, which connects a Customer's location to Carrier's location or switching center.

Account - A Company accounting category containing local exchange access lines billed to the same Customer at the same address.

Account Codes - Permits Centrex Stations and attendants to dial an account code number of up to eight digits. For use when placing calls over facilities arranged for Automatic Message Accounting (AMA) recording. The account or project number must be input prior to dialing the called number.

Advance Payment - Part or all of a payment required before the start of service.

Authorization Code - A numerical code, one or more of which may be assigned to a Customer, to enable Carrier to identify the origin of service of the Customer so it may rate and bill the call. All authorization codes shall be the sole property of Carrier and no Customer shall have any property or other right or interest in the use of any particular authorization code. Automatic numbering identification (ANI) may be used as or in connection with the authorization code.

Authorized User - A person, firm or corporation authorized by the Customer to be an end-user of the service of the Customer.

Automatic Numbering Identification (ANI) - A type of signaling provided by a local exchange telephone company which automatically identifies the local exchange line from which a call originates.

Commission - Arizona Corporation Commission.

Common Carrier - An authorized company or entity providing telecommunications services to the public

Company - McGraw Communications, Inc., the issuer of this tariff.

Customer - The person, firm or corporation that orders service and is responsible for the payment of charges and compliance with the terms and conditions of this tariff.

Customer Premises - A location designated by the Customer for the purposes of connecting to the Company's services.

Customer Terminal Equipment - Terminal equipment provided by the Customer.

SECTION 1.0 - DEFINITIONS, (CONT'D.)

Deposit - Refers to a cash or equivalent of cash security held as a guarantee for payment of the charges.

End Office - The LEC switching system office or serving wire center where Customer station loops are terminated for purposes of interconnection to each other and/or to trunks.

Equal Access - A form of dialed access provided by local exchange companies that allows the customer to access their toll carrier of choice directly without using a special code or dialing extra digits.

Exchange Telephone Company or Telephone Company - Denotes any individual, partnership, association, joint-stock company, trust, or corporation authorized by the appropriate regulatory bodies to engage in providing public switched communication service throughout an exchange area, and between exchange areas within the LATA.

ICB - Individual Case Basis.

IXC or Interexchange Carrier- A long distance telecommunications services provider.

Interruption - The inability to complete calls due to equipment malfunctions or human errors. Interruption shall not include, and no allowance shall be given for service difficulties such as slow dial tone, circuits busy or other network and/or switching capability shortages. Nor shall Interruption include the failure of any service or facilities provided by a common carrier or other entity other than the Carrier. Any Interruption allowance provided within this Tariff by Carrier shall not apply where service is interrupted by the negligence or willful act of the Customer, or where the Carrier, pursuant to the terms of this Tariff, terminates service because of non-payment of bills, unlawful or improper use of the Carrier's facilities or service, or any other reason covered by this Tariff or by applicable law.

LATA - A Local Access and Transport Area established pursuant to the Modification of Final Judgment entered by the United States District Court for the District of Columbia in Civil Action No. 82-0192; or any other geographic area designated as a LATA in the National Exchange Carrier Association, Inc. Tariff F.C.C. No. 4, or its successor tariff(s).

LEC - Local Exchange Company refers to the dominant, monopoly local telephone company in the area also served by the Company.

SECTION 1.0 - DEFINITIONS, (CONT'D.)

Station - The network control signaling unit and any other equipment provided at the Customer's premises which enables the Customer to establish communications connections and to effect communications through such connections.

Subscriber - The person, firm, partnership, corporation, or other entity who orders telecommunications service from McGraw. Service may be ordered by, or on behalf of, those who own, lease or otherwise manage the pay telephone, PBX, or other switch vehicle from which an End User places a call utilizing the services of the Company.

Switched Access Origination/Termination - Where access between the Customer and the interexchange carrier is provided on local exchange company Feature Group circuits and the connection to the Customer is provided a business or residential access line. The cost of switched Feature Group access is billed to the interexchange carrier.

Terminal Equipment - Any telecommunications equipment other than the transmission or receiving equipment installed at a Company location.

Usage Charges - Charges for minutes or messages traversing over local exchange facilities.

User or End User - A Customer, Joint User, or any other person authorized by a Customer to use service provided under this tariff.

SECTION 2.0 - REGULATIONS, (CONT'D.)**2.1 Undertaking of the Company, (Cont'd.)****2.1.4 Limitations on Liability, (Cont'd.)**

2.1.4.E. Reserved for future use.

2.1.4.F. The Company makes no warranties or representations, EXPRESS OR IMPLIED, either in fact or by operation of law, statutory or otherwise, including warranties of merchantability or fitness for a particular use, except those expressly set forth herein.

2.1.4.G. Failure by the Company to assert its rights pursuant to one provision of this rate sheet does not preclude the Company from asserting its rights under other provisions.

2.1.4.H. Directory Errors - In the absence of gross negligence or willful misconduct, no liability for damages arising from errors or mistakes in or omissions of directory listings, or errors or mistakes in or omissions of listing obtainable from the directory assistance operator, including errors in the reporting thereof, shall attach to the Company. An allowance for errors or mistakes in or omissions of published directory listings or for errors or mistakes in or omissions of listing obtainable from the directory assistance operator shall be at the monthly tariff rate for each listing, or in the case of a free or no-charge directory listing, credit shall equal two times the monthly tariff rate for an additional listing, for the life of the directory or the charge period during which the error, mistake or omission occurs.

SECTION 2.0 - REGULATIONS, (CONT'D.)**2.5 Payment Arrangements****2.5.1 Payment for Service**

The Customer is responsible for the payment of all charges for facilities and services furnished by the Company to the Customer and to all Authorized Users by the Customer, regardless of whether those services are used by the Customer itself or are resold to or shared with other persons.

The Customer is responsible for payment of any sales, use, gross receipts, excise, access or other local, state, federal and 911 taxes, charges or surcharges (however designated) (excluding taxes on Company's net income) imposed on or based upon the provision, sale or use of Network Services.

The security of the Customer's PIN is the responsibility of the Customer. All calls placed using a PIN shall be billed to and shall be the obligation of the Customer. The Customer shall not be responsible for charges in connection with the unauthorized use of PINs arising after the Customer notifies the Company of the loss, theft, or other breach of security of such PINs.

Customers will only be charged once for any nonrecurring charges.

2.5.2 Billing and Collection of Charges

The Customer is responsible for payment of all charges incurred by the Customer or other Authorized Users for services and facilities furnished to the Customer by the Company.

- A. Nonrecurring charges are due and payable within thirty (30) days after the invoice date, unless otherwise agreed to in advance.
- B. The Company shall present invoices for recurring charges monthly to the Customer, in advance of the month in which service is provided, and Recurring Charges shall be due and payable within thirty (30) days after the invoice date. When billing is based on customer usage, charges will be billed monthly for the preceding billing periods.

SECTION 2.0 - REGULATIONS, (CONT'D.)**2.5 Payment Arrangements, (Cont'd.)****2.5.3 Disputed Bills**

- A.** In the event that a billing dispute occurs concerning any charges billed to the Customer by the Company, the Company may require the Customer to pay the undisputed portion of the bill to avoid discontinuance of service for non-payment. The Customer must submit a documented claim for the disputed amount. The Customer will submit all documentation as may reasonably be required to support the claim. All claims must be submitted to the Company within 90 days of receipt of billing for those services. If the Customer does not submit a claim as stated above, the Customer waives all rights to filing a claim thereafter.
- B.** Unless disputed the invoice shall be deemed to be correct and payable in full by the Customer. If the Customer is unable to resolve any dispute with the Company, then the Customer may file a complaint with the Arizona Corporation Commission, 1200 West Washington Street, Phoenix, Arizona 85007.
- C.** If the dispute is resolved in favor of the Customer and the Customer has withheld the disputed amount, no interest, credits or penalties will apply.

Customer inquiries or complaints regarding service or accounting may be made in writing or by telephone to the Company at:

228 East 45th Street, 12th Floor
New York, New York 10017
(888) 543-2000

2.5.4 Advance Payments

The Company does not collect advance payments.

SECTION 4.0 - BASIC SERVICES AND RATES, (CONT'D.)**4.3 Network Exchange Bundled Service, (Cont'd.)****4.3.2 Arizona Home Edition - Standard Service, (Cont'd.)**

Rates

Arizona Home Edition will be provided at the following rates:

	MAXIMUM MONTHLY RATE
• Per individual flat rate residence line with three features (Primary Line)	\$25.00
• Per additional flat rate residence line with three features (Secondary Line)	30.00

SECTION 4.0 - BASIC SERVICES AND RATES, (CONT'D.)**4.3 Network Exchange Bundled Service, (Cont'd.)****4.3.3 Arizona Home Edition - Deluxe Service, (Cont'd.)**

Rates

Arizona Home Edition – Deluxe Service will be provided at the following rates:

	MAXIMUM MONTHLY RATE
• Per individual flat rate residence line with three features (Primary Line)	\$40.00
• Per additional flat rate residence line with three features (Secondary Line)	40.00

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SECTION 4.0 - BASIC SERVICES AND RATES, (CONT'D.)**4.3 Network Exchange Bundled Service, (Cont'd.)****4.3.4 Arizona Home Edition - Deluxe Service**

Package Price for Deluxe Service

	Maximum
Primary Line, per month	\$40.00
Secondary Line, per month	\$40.00
Service Connection Fee, one time charge per line *	
Primary Line	\$40.00
Secondary Line	\$40.00

* Service Connection fee waived for those customers who meet the Company's enrollment criteria and who retain their existing telephone number when switching their service to McGraw.

SECTION 4.0 - BASIC SERVICES AND RATES, (CONT'D.)**4.3 Network Exchange Bundled Service, (Cont'd.)****4.3.5 Business A La Carte Service**

Business A La Carte service is targeted at small business Customers and provides options based on the Customers calling patterns and estimated usage. Business A La Carte provides Customers with the option of selecting McGraw for toll services.

A. Local Exchange Service

.1	Local Access Line	Maximum
	Local Business Line	
	Monthly Rate	\$120.00
	Service Connection Fee, one-time charge per line ¹	
	Per Line	\$200.00
.2	PBX	Maximum
	Monthly Rate	\$120.00
	Service Connection Fee, one-time charge per line ¹	
	Per Line	\$200.00

¹ Service Connection fee for the primary line is waived for those customers who retain their existing telephone number when switching their service to McGraw. The charge will apply if additional lines are transferred to McGraw after the initial order.

SECTION 5.0 - MISCELLANEOUS SERVICES AND RATES, (CONT'D.)**5.5 Public Telephone Surcharge**

In order to recover the Company's expenses to comply with the FCC's pay telephone compensation plan effective on October 7, 1997 (FCC 97-371), an undiscountable per call charge is applicable to all intrastate calls that originate from any pay telephone, not presubscribed to the Company, used to access Company provided services. This surcharge, which is in addition to standard tarified usage charges and any applicable service charges and surcharges associated with service, applies for the use of the instrument used to access Company provided service and is unrelated to the service accessed from the pay telephone.

Pay telephones include coin-operated and coinless phones owned by local telephone companies, independent companies and interexchange carriers. The Public Pay Telephone Surcharge applies to the initial completed call and any reoriginated call. The Public Pay Telephone Surcharge does not apply to calls placed from pay telephones at which the Customer pays for service by inserting coins during the progress of the call.

Whenever possible, the Public Pay Telephone Surcharge will appear on the same invoice containing the usage charges for the surcharged call. In cases where proper pay telephone coding digits are not transmitted to the Company prior to completion of a call, the Public Pay Telephone Surcharge may be billed on a subsequent invoice after the Company has obtained information from a carrier that the originating station is an eligible pay telephone.

The Company will charge the same rate as listed in their FCC Tariff.

SECTION 5.0 - MISCELLANEOUS SERVICES AND RATES, (CONT'D.)**5.7 Directory Assistance Services**

A Customer may obtain assistance, for a charge, in determining a telephone number by dialing Directory Assistance Service. A Customer can also receive assistance by writing the Company with a list of names and addresses for which telephone numbers are desired.

5.7.1 Basic Directory Assistance

The rates specified following apply when Customers request company assistance in determining telephone numbers of Customers who are located in the same local service area or who are not located in the same local service area but who are located within the same NPA.

A maximum of two (2) requested telephone numbers are allowed per call.

Charges will not apply for calls placed from hospital services or calls placed from telephones where the Customer or, in the case of residence service, a member of the Customer's household, has been affirmed in writing as unable to use a Company provided directory because of a visual, physical or reading handicap.

SECTION 5.0 - MISCELLANEOUS SERVICES AND RATES, (CONT'D.)

5.7 Directory Assistance Services, (Cont'd.)

5.7.3 National Directory Assistance Service

National Directory Assistance Service is provided to customers of the Company for the purpose of requesting telephone numbers of individuals or businesses who are located outside the customer's local Directory Assistance service area.

There are no call allowances or exemptions for National Directory Assistance.

This service may be alternately billed by using a calling card, billing to a third number, or collect. Operator-handled charges, as specified in 5.8, apply as appropriate.

SECTION 5.0 - MISCELLANEOUS SERVICES AND RATES, (CONT'D.)**5.8 Local Operator Service**

The Company's operator services are accessible on a twenty-four (24) hour per day seven (7) days per week basis. The types of calls handled are as follows:

Customer Dialed Calling/Credit Card Call - This charge applies in addition to usage charges for station to station calls billed to an authorized Calling Card or Commercial Credit Card. The Customer must dial the destination telephone number where the capability exists for the Customer to do so. A separate rate applies in the event operator assistance is requested for entering the Customer's card number for billing purposes.

Operator Dialed Calling/Credit Card Call - This charge applies in addition to usage charges for station to station calls billed to an authorized telephone Calling Card or Commercial Credit Card and the operator dials the destination telephone number at the request of the Customer.

Operator Station - These charges apply in addition to usage charges for non-Person-to-Person calls placed using the assistance of a Company operator and billed Collect, to a Third Party, by deposit of coins in Pay Telephones, or via some method other than a Calling Card or Commercial Credit Card.

Person-to-Person - This charge applies in addition to usage charges for calls placed with the assistance of a Company operator to a particular party at the destination number. This charge applies regardless of billing method, including but not limited to billing to a Calling Card, Commercial Credit Card, Collect, by deposit of coins in Pay Telephones, or to a Third Party. Charges do not apply unless the specified party or an acceptable substitute is available.

Usage charges for local operator assisted calls are those usage charges that would normally apply to the calling party's service. In addition to usage charges, an operator assistance charge applies to each call.