

ORIGINAL

NEW APPLICATION



0000133953

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January 11, 2012

VIA OVERNIGHT DELIVERY

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

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2012 JAN 12 P 2:03
AZ CORP COMMISSION
DOCKET CONTROL

Re: 1 800 Collect, Inc. **T-20832A-12-0014**

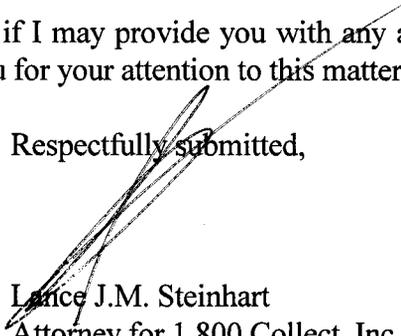
Dear Sir/Madam:

Enclosed please find for filing an original and thirteen (13) copies of 1 800 Collect, Inc.'s Application and Petition for Certificate of Public Convenience and Necessity to Provide Competitive Resold Long Distance 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 any additional information, please do not hesitate to contact me. Thank you for your attention to this matter.

Respectfully submitted,


Lance J.M. Steinhart
Attorney for 1 800 Collect, Inc.

Enclosures
cc: Maritza Morales

Arizona Corporation Commission
DOCKETED
JAN 12 2012
DOCKETED BY 

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: _____

Docket No.: _____ Date: _____ 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 box(s).

- 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:

1 800 Collect, Inc.
1658 Gales Blvd., Ste. B
San Diego, CA 92154
(800) 284-2913/Phone
(619) 710-0838/Fax
support@faircall.com /E-mail
www.faircall.com /Web Address

(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):

(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:

Maritza Morales
1658 Gales Blvd., Ste. B
San Diego, CA 92154
(800) 284-2913/Phone
(619) 710-0838/Fax
support@faircall.com /E-mail
www.faircall.com /Web Address

(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:

Lance J.M. Steinhart, Esq.
Lance J.M. Steinhart, P.C.
1725 Windward Concourse, Suite 150
Alpharetta, Georgia 30005
(770) 232-9200/Phone
(770) 232-9208/Fax
lsteinhart@telecomcounsel.com /E-mail

(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:

Alicia Castillo, Customer Service Manager
1658 Gales Blvd., Ste. B
San Diego, CA 92154
(800) 284-2913/Phone
(619) 710-0838/Fax
support@faircall.com /E-mail
www.faircall.com /Web Address

(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: X "S", ___ "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).
2. Tariff Maximum Rate and Prices to be charged (reference by Tariff page number).
3. Terms and Conditions Applicable to provision of Service (reference by Tariff page number).
4. Deposits, Advances, and/or Prepayments Applicable to provision of Service (reference by Tariff page number).
5. The proposed fee that will be charged for returned checks (reference by Tariff page number).

(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 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.

Neither Applicant nor any of its officers, directors, partners or managers have 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.

(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.

Neither Applicant nor any of its officers, directors, partners or managers have 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.

(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.

The Company will not collect advances, prepayments or deposits.

(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.

(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.

The company intends to resell services provided by: AT&T, Qwest and similar providers

(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.

The company is approved to provide service in Florida, Washington D.C., Idaho, Iowa, Kentucky, Michigan, New Jersey, North Carolina, North Dakota, Rhode Island, Virginia, Washington and Wisconsin

(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.

The company is not currently offer service in any states.

(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.

None.

(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.

This is a newly formed company that is not providing service at this time.

(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.

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

Not Applicable.

(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.

Please see "Attachment E"

C. RESOLD AND/OR FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

NOT APPLICABLE

(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.

D. FACILITIES-BASED LONG DISTANCE AND/OR FACILITIES BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

NOT APPLICABLE

(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.

E. FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES

NOT APPLICABLE

(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

(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

(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

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.

X 

(Signature of Authorized Representative)

X November 1, 2011

(Date)

Gregorio Galicot

(Print Name of Authorized Representative)

President

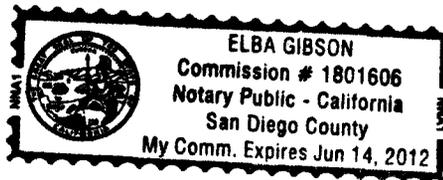
(Title)

X SUBSCRIBED AND SWORN to before me this 1 day of November, 2011.

Elba Gibson

NOTARY PUBLIC

My Commission Expires June 14, 2012



ATTACHMENTS

- A - Certificate of Good Standing, List of Officers and Directors or Owners and Percentage of Ownership
- B - Proposed Tariff
- C - Legal Notice
- D - Financial Information
- E - Arizona Projections

STATE OF ARIZONA



Office of the
CORPORATION COMMISSION
CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Ernest G. Johnson, Executive Director of the Arizona Corporation Commission, do hereby certify that

*****I 800 COLLECT, INC.*****

a foreign corporation organized under the laws of Florida did obtain authority to transact business in the State of Arizona on the 26th day of September 2011.

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 11th Day of January, 2012, A. D.



Handwritten signature of Ernest G. Johnson.

Executive Director

By: _____ 708382

A - Certificate of Good Standing and Officers, Directors and Owners,

Officers

Gregorio Galicot	President
Rafael Galicot	Vice President/Secretary
Brian Rhys	Treasurer

Directors

Gregorio Galicot	President
Rafael Galicot	Vice President/Secretary
Brian Rhys	Treasurer

**All the above referenced Officers & Directors are located at:
1658 Gales Boulevard, Suite B.
San Diego, CA 92154**

Shareholders

Percentage Ownership

RKG 2011 Irrevocable Trust	50%
GMG 2011 Irrevocable Trust	50%

B - Proposed Tariff

1 800 COLLECT, INC.

ORIGINAL SHEET NO. 1
ARIZONA CC TARIFF NO. 2

ALTERNATIVE OPERATOR SERVICES TARIFF

TITLE SHEET

1 800 COLLECT, INC.

SCHEDULE OF RATES, CHARGES AND REGULATIONS

APPLYING TO ALTERNATIVE OPERATOR SERVICES

WITHIN THE STATE OF ARIZONA

Issued:

Issued by:

Gregorio Galicot, President
1658 Gales Boulevard, Suite B.,
San Diego, CA 92154

Effective:

ALTERNATIVE OPERATOR SERVICES TARIFF

CHECK SHEET

The Title Page and pages listed below are inclusive and effective as of the date shown. Original and Original pages as named below contain all changes from the original tariff that are in effect on the date shown on each page.

Page	Number of Revisions	Page	Number of Revisions
Title	Original	26	Original
1	Original	27	Original
2	Original		
3	Original		
4	Original		
5	Original		
6	Original		
7	Original		
8	Original		
9	Original		
10	Original		
11	Original		
12	Original		
13	Original		
14	Original		
15	Original		
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17	Original		
18	Original		
19	Original		
20	Original		
21	Original		
22	Original		
23	Original		
24	Original		
25	Original		

Issued:

Effective:

Issued by:

Gregorio Galicot, President
1658 Gailes Boulevard, Suite B.,
San Diego, CA 92154

ALTERNATIVE OPERATOR SERVICES TARIFF

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Issued:

Issued by:

Gregorio Galicot, President
1658 Gales Boulevard, Suite B.,
San Diego, CA 92154

Effective:

ALTERNATIVE OPERATOR SERVICES TARIFF

SYMBOLS

The following are the only symbols used for the purposes indicated below:

C - Changed regulation

D - Delete or discontinue

I - Change resulting in an increase to a Customer's bill

M - Moved from another tariff location

N - New

R - Change resulting in a reduction to a Customer's bill

T - Change in text or regulation but no change in rate or charge

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Issued by:

Gregorio Galicot, President
1658 Gailes Boulevard, Suite B.,
San Diego, CA 92154

Effective:

ALTERNATIVE OPERATOR SERVICES TARIFF

TARIFF FORMAT

A. Page Numbering - Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.

B. Page Revision Numbers - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current sheet version on file with the Commission. For example, the 4th Original Sheet 14 cancels the 3rd Original Sheet 14. Because of various suspension periods, deferrals, etc., the most current sheet number on file with the Commission is not always the tariff page in effect. Consult the Check Sheet for the sheet currently in effect.

C. 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).

D. Check Sheets - When a tariff filing is made with the Commission, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the sheets 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 designated by an asterisk (*). There will be no other symbols used on this page if these are the only changes made to it (i.e., the format, etc. remain the same, just Original revision levels on some pages.) 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.

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ALTERNATIVE OPERATOR SERVICES TARIFF

SECTION 1 - TERMS AND ABBREVIATIONS

Authorized User - A person, firm, partnership, corporation or other entity who is authorized by the Customer to be connected to and utilize the Carrier's services under the terms and regulations of this tariff.

Collect Billing - A billing arrangement whereby the originating caller may bill the charges for a call to the called party, provided the called party agrees to accept the charges.

Commission - The Arizona Corporation Commission

Company or Carrier - 1 800 Collect, Inc., unless otherwise clearly indicated.

Customer - A person, firm, partnership, corporation or other entity which arranges for the Carrier to provide, discontinue or rearrange telecommunications services on behalf of itself or others; uses the Carrier's telecommunications services; and is responsible for payment of charges, all under the provisions and terms of this tariff.

The Company - Used throughout this tariff to refer to 1 800 Collect, Inc.

V & H Coordinates - Geographic points which define the originating and terminating points of a call in mathematical terms so that the airline mileage of the call may be determined. Call mileage may be used for the purpose of rating calls.

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San Diego, CA 92154

Effective:

ALTERNATIVE OPERATOR SERVICES TARIFF

SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of 1 800 Collect, Inc.

The Company's services and facilities are furnished for communications originating and terminating within the State of Arizona under terms of this tariff. The Company's services and facilities are available twenty-four (24) hours per day, seven (7) days per week.

The Company arranges for installation, operation, and maintenance of the communications services provided in this tariff for Customers in accordance with the terms and conditions set forth under this tariff. The Company may act as the Customer's agent for ordering access connection facilities provided by other carriers or entities, when authorized by the Customer, to allow connection of a Customer's location to the Company network. The Customer shall be responsible for all charges due for such service arrangements.

2.2 Use

The Customer may use services provided under this tariff for any lawful telecommunications purpose for which the service is technically suited.

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ALTERNATIVE OPERATOR SERVICES TARIFF

SECTION 2 - RULES AND REGULATIONS, (CONT'D)

2.3 Limitations

2.3.1 The Company reserves the right to discontinue service when necessitated by conditions beyond its control, or when the Customer is using the service in violation of the provisions of this tariff, or in violation of the law.

2.3.2 Service is offered subject to the availability of the necessary facilities and equipment, or both facilities and equipment, and subject to the provisions of this tariff.

2.3.3 The Company does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for errors in transmission or for failure to establish connections.

2.3.4 The Company reserves the right to block service to or from certain NPA-NXX's to control the risk of fraud. Service will be restored as soon as it can be restored without undue risk.

2.4 Assignment and Transfer

All facilities provided under this tariff are directly or indirectly controlled by the Company and the Customer may not transfer or assign the use of service or facilities without the express written consent of the Company. All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions of service. Such transfer or assignment, when permitted, shall only apply where there is no interruption of the use or location of the service or facilities.

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Effective:

ALTERNATIVE OPERATOR SERVICES TARIFF

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)**2.5 Liability of the Company**

- 2.5.1** The Company's liability for damages arising out of mistakes, interruptions, omissions, delays, errors, or defects in transmission which occur in the course of furnishing service or facilities, in no event shall exceed \$100.00 or an amount equivalent to the proportionate charge to the Customer, whichever is greater, for the period during which the faults in transmission occur.
- 2.5.2** The Company shall not be liable for any claim or loss, expense or damage (including indirect, special or consequential damage), for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff, if caused by any person or entity other than the Company, by any malfunction of any service or facility provided by any other carrier, by an Act of God, fire, war, civil disturbance, or act of government, or by any other cause beyond the Company's direct control.
- 2.5.3** The Company shall not be liable for, and shall be fully indemnified and held harmless by the Customer against any claim or loss, expense, or damage (including indirect, special or consequential damage) for defamation, libel, slander, invasion, infringement of copyright or patent, unauthorized use of any trademark, trade name or service mark, unfair competition, interference with or misappropriation or violation of any contract, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data, information, or other content revealed to, transmitted, or used by the Company under this tariff; or for any act or omission of the Customer; or for any personal injury or death of any person caused directly or indirectly by the installation, maintenance, location, condition, operation, failure, presence, use or removal of equipment or wiring provided by the Company, if not directly caused by negligence of the Company.
- 2.5.4** Service furnished by the Company may be interconnected with the services or facilities of other carriers or private systems. However, service furnished is provided solely by the Company and is not a joint undertaking with other parties.
- 2.5.5** The Company is not liable for any act or omission of any other entity furnishing a portion of the service or any acts or omission of the Customer

Issued:

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San Diego, CA 92154

Effective:

ALTERNATIVE OPERATOR SERVICES TARIFF

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.6 Billing and Payment For Service

2.6.1 Responsibility for Charges

The Customer is responsible for payment of all charges for services and equipment furnished to the Customer for transmission of calls via the Company. In particular and without limitation to the foregoing, the Customer is responsible for any and all cost(s) incurred as the result of:

- A. Any delegation of authority resulting in the use of his or her communications equipment and/or network services which result in the placement of calls via the Company;
- B. Any and all use of the services provided by the Company, including calls which the Customer did not individually authorize;
- C. Any calls placed by or through the Customer's equipment via any remote access feature(s);
- D. Charges for installations, service connections, moves, rearrangements, and prepaid services, where applicable, are payable upon demand to the Company or its authorized agent. Billing thereafter will include recurring charges and actual usage as defined in this tariff.

Issued:

Issued by:

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San Diego, CA 92154

Effective:

ALTERNATIVE OPERATOR SERVICES TARIFF

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.6 Billing and Payment For Service, (Cont'd)

2.6.2 Payment for Service

The Customer is responsible for payment of all charges for services and equipment furnished to the Customer by the Company.

- A. For operator assisted service calls, all charges due by the Customer are payable to the Company or any agent duly authorized to receive such payments. The billing agency may be the Company, a local exchange telephone company, or other billing service. Terms of payment shall be according to the rules and regulations of the agent and subject to the rules of regulatory agencies having jurisdiction.

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ALTERNATIVE OPERATOR SERVICES TARIFF

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.6 Billing and Payment For Service, (Cont'd)

2.6.3 Disputed Charges

Any objections to billed charges must be reported to the Company or its billing agent within sixty (60) days of the closing date printed on the bill issued to the Customer. Adjustments to Customers' bills shall be made to the extent that circumstances exist which reasonably indicate that such changes are appropriate. Customers may contact the Arizona Corporation Commission with 1) any unresolved dispute or 2) disputed charges for which the Company refuses an adjustment if disputed charges were reported to the Company after sixty (60) days from the closing date on the Customer's bill. All billing disputes are subject to the review and authority of the Arizona Corporation Commission which may be reached at the following address:

Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.6 Billing and Payment For Service, (Cont'd)

2.6.4 Taxes

The Company reserves the right to bill any and all applicable taxes in addition to normal long distance usage charges, including, but not limited to: Federal Excise Tax, State Sales Tax, Municipal Taxes and Gross Receipts Tax. Unless otherwise specified in this tariff, such taxes will be itemized separately on Customer bills.

2.6.5 Late Payment Fees

A late payment fee of 1.5% per month will be charged on any past due balance, excluding past due late payment fees. Any applicable late payment fees will be assessed according to the terms and conditions of the Company or its billing agent and pursuant to Arizona law.

2.6.6 Return Check Charge

A return check charge of \$15.00 will be assessed for checks returned for insufficient funds. Any applicable return check charges will be assessed according to the terms and conditions of the Company or its billing agent and pursuant to Arizona law.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)**2.7 Deposits and Advanced Payments**

The Company does not require deposits or advanced payments.

2.8 Refunds or Credits for Service Outages or Deficiencies

2.8.1 Credit allowances for interruptions of service which are not due to the Company's testing or adjusting, to the negligence of the Customer, or to the failure of channels, equipment and/or communications systems provided by the Customer, are subject to the general liability provisions set forth in this tariff. It shall be the obligation of the Customer to notify Company immediately of any interruption in service for which a credit allowance is desired by Customer. Before giving such notice, the Customer shall ascertain that the trouble is not within his or her control, or is not in wiring or equipment, if any, furnished by Customer.

2.8.2 For purposes of credit computation every month shall be considered to have thirty (30) days. For services with a monthly recurring charge, no credit shall be allowed for an interruption of continuous duration of less than twenty-four (24) hours. The Customer shall be credited for an interruption of one day (24 hours) or more at the rate of 1/30th of the monthly charge for the services affected for each day that the interruption continues. The formula used for computation of credits is as follows:

$$\text{Credit} = A/30 \times B$$

A = outage time in days
B = total monthly charge for affected service

2.8.3 For message rated toll services, credits will be limited to, at maximum, the price of the initial period of the individual call that was interrupted plus any operator service charges or surcharges required to reconnect the caller.

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SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.9 Cancellation or Termination of Service

2.9.1 The Company may terminate service to a Customer for nonpayment of undisputed charges or other violation of this tariff or provision of law upon five (5) days written notice to the Customer without incurring any liability for damages due to loss of telephone service to the Customer.

2.9.2 The Company may refuse or discontinue service under the following conditions provided that, unless otherwise stated, the Customer shall be given five (5) days notice to comply with any rule or remedy any deficiency:

- A. For non-compliance with or violation of any State, municipal, or Federal law, ordinance or regulation pertaining to telephone service.
- B. For use of telephone service for any purpose other than that described in the application.
- C. For neglect or refusal to provide reasonable access to the Company or its agents for the purpose of inspection and maintenance of equipment owned by the Company or its agents.
- D. For noncompliance with or violation of Commission regulation or the Company's rules and regulations on file with the Commission.
- E. Without notice in the event of Customer Authorized User use of equipment in such a manner as to adversely affect the Company's equipment or service to others.
- F. Without notice in the event of tampering with the equipment or services owned by the Company or its agents.
- G. Without notice in the event of unauthorized or fraudulent use of service. Whenever service is discontinued for fraudulent use of service, the Company may, before restoring service, require the Customer to make, at his or her own expense, all changes in facilities or equipment necessary to eliminate illegal use and to pay an amount reasonably estimated as the loss in revenues resulting from such fraudulent use

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ALTERNATIVE OPERATOR SERVICES TARIFF

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)**2.9 Cancellation or Termination of Service, (Cont'd.)****2.9.2 (Cont'd.)**

- H. Without notice by reason of any order or decision of a court or other government authority having jurisdiction, which prohibits Carrier from furnishing such services.

2.10 Interconnection

Service furnished by the Company may be connected with the services or facilities of other carriers. Such service or facilities are provided under the terms, rates and conditions of the other carrier. The Customer is responsible for all charges billed by other carriers for use in connection with the Company's service. Any special interface equipment or facilities necessary to achieve compatibility between carriers is the responsibility of the Customer.

2.11 Terminal Equipment

The Company's facilities and service may be used with or terminated in terminal equipment or communications systems such as a PBX, key system, single line telephone, or pay telephone. Such terminal equipment shall be furnished and maintained at the expense of the Customer. The Customer is responsible for all costs at his or her premises, including personnel, wiring, electrical power, and the like, incurred in the use of the Company's service. When such terminal equipment is used, the equipment shall comply with the generally accepted minimum protective criteria standards of the telecommunications industry.

2.12 Inspection, Testing and Adjustment

Upon reasonable notice, the facilities or equipment provided by the Company shall be made available to the Company for such tests and adjustments as may be necessary for their maintenance in a condition satisfactory to the Company. No interruption allowance shall be granted for the time during which such tests and adjustments are made, unless such interruption exceeds twenty-four hours in length and credit for the interruption is requested by the Customer.

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ALTERNATIVE OPERATOR SERVICES TARIFF

SECTION 3 - SERVICE DESCRIPTIONS AND RATES**3.1 General**

The Company provides message telecommunications and operator assisted calling services for use by transient customers for communications originating and terminating within the State of Arizona. The Company's services are available twenty-four hours per day, seven days a week. Intrastate service is offered in conjunction with interstate service.

Customers are charged individually for each call placed through the Company's network. Charges may vary by service offering, mileage band, class of call, time of day, day of week and/or call duration. Customers are billed based on their use of the Company's services and network. No installation charges apply.

3.2 Timing of Calls

Billing for calls placed over the Company network is based in part on the duration of the call as follows, unless otherwise specified in this tariff:

3.2.1 Timing of each call begins when the called station is answered (i.e. when two way communications are established.) Answer detection is based on standard industry answer detection methods, including hardware and software answer detection. For Collect Calls, charges apply only if the called party accepts the responsibility for payment. For Person to Person Calls, charges apply only if the calling party is connected with the designated called party or an agreed upon substitute.

3.2.2 Chargeable time for calls ends when one of the parties disconnects from the call.

3.2.3 Unless otherwise specified in this tariff, the minimum initial period for billing purposes is 5 minutes. (C)

3.2.4 Unless otherwise specified in this tariff, billing for usage after the initial period is in full one (1) minute increments.

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ALTERNATIVE OPERATOR SERVICES TARIFF

SECTION 3 - SERVICE DESCRIPTIONS AND RATES, (CONT'D.)

3.3 Rate Periods and Holidays

For time of day sensitive services, the following rate periods apply unless otherwise specified in this tariff:

	MON	TUE S	WED	THU R	FRI	SAT	SUN
8:00 AM TO 5:00 PM*	DAYTIME RATE PERIOD						
5:00 PM TO 11:00 PM*	EVENING RATE PERIOD						EVE
11:00 PM TO 8:00 AM*	NIGHT/WEEKEND RATE PERIOD						

* Up to but not including.

Calls are billed based on the rate in effect for the actual time period(s) during which the call occurs. Calls that cross rate period boundaries are billed the rates in effect in that boundary for each portion of the call, based on the time of day at the Customer location.

For services subject to holiday discounts, the following are Company recognized national holidays, determined at the location of the calling station. The evening rate is used on national holidays, unless a lower rate normally would apply.

New Year's Day	January 1
Memorial Day	As Federally Observed
Independence Day	July 4
Thanksgiving Day	As Federally Observed
Christmas Day	December 25

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ALTERNATIVE OPERATOR SERVICES TARIFF

SECTION 3 - SERVICE DESCRIPTIONS AND RATES, (CONT'D.)**3.4 Calculation of Distance**

Usage charges for all mileage sensitive products are based on the airline distance between serving wire centers associated with the originating and terminating points of the call.

The serving wire centers of a call are determined by the area codes and exchanges of the origination and destination points.

The distance between the Wire Center of the Customer's equipment and that of the destination point is calculated by using the "V" and "H" coordinates found in BellCore's V&H Tape and NECA FCC Tariff No. 4.

Step 1 - Obtain the "V" and "H" coordinates for the Wire Centers serving the Customer and the destination point.

Step 2 - Obtain the difference between the "V" coordinates of each of the Wire Centers. Obtain the Difference between the "H" coordinates.

Step 3 - Square the differences obtained in Step 2.

Step 4 - Add the squares of the "V" difference and "H" difference obtained in Step 3.

Step 5 - Divide the sum of the square obtained in Step 4 by ten (10). Round to the next higher whole number if any fraction results from the division.

Step 6 - Obtain the square root of the whole number obtained in Step 5. Round to the next higher whole number if any fraction is obtained. This is the distance between the Wire Centers.

Formula:

$$\sqrt{\frac{(V_1V_2)^2 + (H_1H_2)^2}{10}}$$

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ALTERNATIVE OPERATOR SERVICES TARIFF

SECTION 3 - SERVICE DESCRIPTIONS AND RATES, (CONT'D.)

3.5 Service Offerings

3.5.1 1+ Service I

1+ Service consists of the furnishing of presubscribed switched message telephone service between telephone stations located within the State. Such service is available twenty-four (24) hours a day, seven (7) days a week. This service is provided for customers with estimated monthly billing that exceeds \$50.00.

Customers will be charged for calls based on the duration of the call as set forth in 4.1 below.

1+ Service II

1+ Service consists of the furnishing of presubscribed switched message telephone service between telephone stations located within the State. Such service is available twenty-four (24) hours a day, seven (7) days a week.

Customers will be charged for calls based on the duration of the call as set forth in 4.2 below.

800/888 Service I

800/888 Service consists of the furnishing of inbound switched message telephone service between telephone stations located within the State. Such service is available twenty-four (24) hours a day, seven (7) days a week. This service is provided for customers with estimated monthly billing that exceeds \$50.00. Monthly recurring fee is waived if monthly billing exceeds \$10.00.

Customers will be charged for calls based on the duration of the call as set forth in 4.3 below.

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ALTERNATIVE OPERATOR SERVICES TARIFF

SECTION 3 - SERVICE DESCRIPTIONS AND RATES (CONT'D.)

3.5 Service Offerings (cont'd)

3.5.2 Travel Card Service

Travel Card Service allows customers to gain access to their long distance service from anywhere in the state to anywhere in the state via discount service billed back to the user's account.

Customers will be charged for calls based on the duration of the call as set forth in 4.5 below.

Pay Telephone Discount Toll Service

Pay Telephone Discount Toll Service consists of the furnishing switched message telephone service originating from a pay telephone and terminating at a telephone station located within the State. Such service is available twenty-four (24) hours a day, seven (7) days a week. Billable time is measured in 1 minute increments with a 5 minute minimum.

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SECTION 3 - SERVICE DESCRIPTIONS AND RATES (CONT'D.)

3.6 Directory Assistance

A. Local Directory Assistance

The Customer dials "411" to reach the local directory assistance bureau.

Per Local Directory Assistance Call \$2.00

B. Intrastate Directory Assistance

The Customer must dial an area code followed by "555-1212" to reach intrastate non-local directory assistance.

Per Intrastate Directory Assistance Call \$2.00

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SECTION 3 - SERVICE DESCRIPTIONS AND RATES (CONT'D.)

3.7 Operator Assisted Service

Operator Assisted Calling is available for use by transient end users. Service is only available where facilities and equipment permit. Calls are billed in 1 minute increments with a 5 minute minimum.

3.7.1 Operator Service Charges

Each Operator Assisted call incurs a per call operator service charge in addition to per-minute usage charges. Operator service charges are not discounted for time of day and are as follows:

A. Customer Dialed Calling Card Call

This charge applies in addition to the normal long distance usage charges for calls placed utilizing an authorized telephone Calling Card. The Customer must dial all of the digits required to route and bill the call where the capability exists for the Customer to do so.

B. Operator Station

This charge applies in addition to the normal long distance usage charges for non-Person-to-Person calls billed to a Calling Card, Collect or to a Third Party and using operator assistance.

C. Person-to-Person

This charge applies in addition to the normal long distance usage charges for calls placed to a particular party at the destination number and billed to a Calling Card, Collect, or to a Third Party. Charges do not apply unless the specified party or an acceptable substitute is available.

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SECTION 3 - SERVICE DESCRIPTIONS AND RATES (CONT'D.)**3.7.1 Rates****1+ Service I**

Per Minute	
Day	Evening/Night/Weekend
\$0.14	\$0.14

Monthly Recurring Fee \$2.00
Calls are billed in 1 minute increments with a 5 minute minimum.

1+ Service II

Per Minute	
Day	Evening/Night/Weekend
\$0.14	\$0.14

Monthly Recurring Fee \$2.00
Calls are billed in 1 minute increments with a 5 minute minimum.

Travel Card Service

Per Minute	
Day	Evening/Night/Weekend
\$0.25	\$0.25

Calls are billed in 1 minute increments with a 5 minute minimum.

Pay Telephone Discount Toll Service

Per Minute	
Day	Evening/Night/Weekend
\$0.25	\$0.25

Calls are billed in 1 minute increments with a 5 minute minimum.

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SECTION 3 - SERVICE DESCRIPTIONS AND RATES (CONT'D.)

3.7.1 Operator Assisted Calling (cont'd)

InterLATA Rates (Cont'd.)

Maximum InterLATA Usage Rates

0	10	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
11	16	0.4000	0.3000	0.3000	0.3000	0.3000	0.3000
17	22	0.4000	0.3000	0.3000	0.3000	0.3000	0.3000
23	30	0.4500	0.3000	0.3135	0.3000	0.3000	0.3000
31	40	0.5065	0.3000	0.3135	0.3000	0.3000	0.3000
41	55	0.5307	0.3332	0.3135	0.3000	0.3000	0.3000
56	70	0.5560	0.3732	0.3590	0.3000	0.3000	0.3000
71	124	0.5560	0.3865	0.3590	0.3000	0.3000	0.3000
125	196	0.5560	0.4265	0.3590	0.3000	0.3000	0.3000
197	292	0.5560	0.4799	0.3590	0.3000	0.3000	0.3000
293	Over	0.5800	0.4820	0.3908	0.3000	0.3000	0.3000

Maximum InterLATA Service Charges

Customer Dialed Calling or Credit Card -	\$1.50
Operator Dialed Calling or Credit Card -	\$2.50
Station-to-Station Collect	\$2.33
Person-to-Person Collect	\$4.66
Third Party Station-to-Station	\$2.33
Third Party Person-to-Person	\$4.66
Person-to-Person	\$4.50
Station-to-Station	\$3.50
Operator Dialed Surcharge	\$2.00
Location Specific Charge	\$1.00
Directory Assistance	\$2.00

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SECTION 3 - SERVICE DESCRIPTIONS AND RATES (CONT'D.)

3.7 Operator Assisted Calling (cont'd)

3.7.2 IntraLATA Rates

Maximum IntraLATA Usage Rates

0	10	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
11	16	0.4000	0.3000	0.3000	0.3000	0.3000	0.3000
17	22	0.4000	0.3000	0.3000	0.3000	0.3000	0.3000
23	30	0.4500	0.3000	0.3135	0.3000	0.3000	0.3000
31	40	0.4500	0.3000	0.3135	0.3000	0.3000	0.3000
41	55	0.4500	0.3000	0.3135	0.3000	0.3000	0.3000
56	70	0.5200	0.3300	0.3590	0.3000	0.3000	0.3000
71	124	0.5200	0.3300	0.3590	0.3000	0.3000	0.3000
125	196	0.5300	0.3600	0.3590	0.3000	0.3000	0.3000
197	292	0.5800	0.3600	0.3590	0.3000	0.3000	0.3000
293	Over	0.5800	0.3800	0.3908	0.3000	0.3000	0.3000

Maximum IntraLATA Service Charges

Customer Dialed Calling or Credit Card -	\$1.50
Operator Dialed Calling or Credit Card -	\$2.50
Station-to-Station Collect	\$2.30
Person-to-Person Collect	\$4.50
Third Party Station-to-Station	\$2.30
Third Party Person-to-Person	\$4.50
Person-to-Person	\$4.50
Station-to-Station	\$3.50
Operator Dialed Surcharge	\$2.00
Location Specific Charge	\$1.00
Directory Assistance	\$2.00

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SECTION 3 - SERVICE DESCRIPTIONS AND RATES (CONT'D.)

3.7 Operator Assisted Calling (cont'd)

3.7.2 IntraLATA Rates

Vanity

Per Minute		1.15
Operator Surcharges:		
Collect:	Auto	9.75
	0+ Op Assist	9.75
	0- Op Assist	9.75
Calling Card:	Auto	9.75
	0+ Op Assist	9.75
	0- Op Assist	9.75
Third Party:	Auto	9.75
	0+ Op Assist	9.75
	0- Op Assist	9.75
Bank Card:	Auto	9.75
	0+ Op Assist	9.75
	0- Op Assist	9.75
Person to Person:		9.75

Miscellaneous Charges

Property Imposed Fee		\$6.00
Non-Subscriber Fee		\$3.50
Universal Service Fund	FCC Rate for Interstate/International State Rate for Intrastate Calls	
Billing Statement Fee		\$3.99
Carrier Cost Recovery Fee		\$2.93
Paystation Surcharge		\$1.50
Tax Recovery Surcharge		\$0.99
Dial Around Surcharge		\$1.50

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C - Legal Notice

Will be submitted when Docket No. Assigned by Commission.

D - Financial Information

Faircall, Inc.
BALANCE SHEET SUMMARY
FISCAL YEAR 2010
As of 1/31/2010

	Current YTD 2010
ASSETS	
Current Assets	
Wells Fargo	\$186,596.63
Accounts Receivable -	\$1,467,116.78
Accounts Receivable -	2,674.34
Total Current Assets	\$1,656,387.75
Intangible Assets: Goodwill	\$25,000.00
Intangible Assets: Covenant/Non Compete	25,000.00
Intangible Assets: Contracts	51,000.00
Intangible Assets: Intellectual Property	25,000.00
TOTAL ASSETS	\$1,782,387.75
LIABILITIES AND EQUITY	
Current Liabilities	
Accounts Payable	\$14,631.34
Accrual Others	\$24,806.51
Dividends Payable	\$2,124.20
Intercompany Payable -	\$214,371.59
Total Current Liabilities	\$255,933.64
Common Stock	\$4,500,000.00
Retained Earnings	\$739,419.04
Owners Dividends	(\$3,776,237.67)
Net Profit/(Loss)	\$63,272.74
Total Equity	\$1,526,454.11
TOTAL LIABILITIES AND EQUITY	\$1,782,387.75

Confidential & Proprietary

Faircall, Inc.
Income Statement - Summary
From 2/1/2009 To 1/31/2010

	Current YTD 2010	% of Net Rev.
GROSS REVENUE	\$1,303,304	100.00%
NET REVENUE	<u>\$1,303,304</u>	<u>100.00%</u>
COST OF SALES		
Cost of Phone Services	\$228,468	17.53%
Billing and Collection	\$289,968	22.25%
TOTAL COST OF SALES	<u>\$518,436</u>	<u>39.78%</u>
GROSS PROFIT	<u>\$784,868</u>	<u>60.22%</u>
SELLING AND ADMINISTRATIVE		
Advertising and Promotion	\$0	0.00%
Administrative Expense	\$360,538	27.66%
SELLING AND ADMINISTRATIVE EXPENSES	<u>\$360,538</u>	<u>27.66%</u>
INTEREST EXPENSE		
Interest Expense	\$0	0.00%
TOTAL INTEREST EXPENSE	<u>\$0</u>	<u>0.00%</u>
NET OPERATING INCOME	<u>\$424,330</u>	<u>32.56%</u>
Other Income and (Expenses)	(\$361,056)	-27.70%
NET INCOME BEFORE TAXES	<u>\$63,274</u>	<u>4.86%</u>
Income Tax Expense	\$0	0.00%
NET INCOME	<u><u>\$63,274</u></u>	<u><u>4.86%</u></u>

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Faircall, Inc.
BALANCE SHEET SUMMARY
FISCAL YEAR 2011
As of 01/31/11

	Current YTD 2011
ASSETS	
Current Assets	
Wells Fargo	\$203,625.93
Accounts Receivable -	\$1,781,948.06
Accounts Receivable -	163,829.32
Advance - Commissions - Agents	\$10,000.00
Total Current Assets	\$2,159,403.31
Intangible Assets:Goodwill	\$25,000.00
Intangible Assets:Covenant/Non Compete	25,000.00
Intangible Assets:Contracts	51,000.00
Intangible Assets:Intellectual Property	25,000.00
TOTAL ASSETS	\$2,285,403.31
LIABILITIES AND EQUITY	
Current Liabilities	
Accounts Payable	\$21,979.29
Accrual Others	\$33,467.82
Intercompany Payable -	\$18,290.76
Total Current Liabilities	\$73,737.87
Common Stock	\$4,500,000.00
Retained Earnings	\$802,691.78
Owners Dividends	(\$3,776,237.67)
Net Profit/(Loss)	\$685,211.33
Total Equity	\$2,211,665.44
TOTAL LIABILITIES AND EQUITY	\$2,285,403.31

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Faircall, Inc.
Income Statement - Summary
From 2/1/2010 To 01/31/2011

	Current YTD 2011	% of Net Rev.
GROSS REVENUE	\$1,353,160	100.00%
NET REVENUE	<u>\$1,353,160</u>	<u>100.00%</u>
COST OF SALES		
Cost of Phone Services	\$192,999	14.26%
Billing and Collection	\$252,837	18.69%
TOTAL COST OF SALES	<u>\$445,836</u>	<u>32.95%</u>
GROSS PROFIT	<u>\$907,324</u>	<u>67.05%</u>
SELLING AND ADMINISTRATIVE		
Advertising and Promotion	\$0	0.00%
Administrative Expense	\$228,197	16.86%
SELLING AND ADMINISTRATIVE EXPENSES	<u>\$228,197</u>	<u>16.86%</u>
INTEREST EXPENSE		
Interest Expense	\$0	0.00%
TOTAL INTEREST EXPENSE	<u>\$0</u>	<u>0.00%</u>
NET OPERATING INCOME	<u>\$679,127</u>	<u>50.19%</u>
Other Income and (Expenses)	\$6,885	0.51%
NET INCOME BEFORE TAXES	<u>\$686,012</u>	<u>50.70%</u>
Income Tax Expense	\$800	0.06%
NET INCOME	<u><u>\$685,212</u></u>	<u><u>50.64%</u></u>

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E - Arizona Projections

- A. Projected total intrastate revenue for the first 12 months of service: \$1,000
- B. Projected value of total intrastate operating expenses for the first 12 months of service: \$800.00
- C. Projected net book value of all Arizona jurisdictional assets to be used to provide telecommunications services to Arizona customers for the first 12 months of service: \$100.00
- D. Current net book value: \$0.00