



0000135398

RECEIVED

2012 MAR 26 P 2:20

March 7, 2012

Via Overnight Delivery

AZ CORP COMMISSION  
DOCKET CONTROL

ORIGINAL

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

**Re: Wholesale Carrier Services, Inc. – Responses to Staff’s First Set of Data Requests**  
Docket No. T-04110A-11-0422

Dear Sir/Madam:

Enclosed for filing on behalf of Wholesale Carrier Services, Inc. are the original and thirteen (13) copies of the Responses to the First Set of Data Requests for the docket number referenced above.

Any questions you may have regarding this filing may be directed to my attention at (407) 740-3006 or via e-mail at [croesel@tminc.com](mailto:croesel@tminc.com).

Please acknowledge receipt of this filing by date stamping the extra copy of this cover letter and returning it in the self - addressed, stamped envelope enclosed for this purpose.

Thank you for your assistance.

Sincerely,

Carey Roesel  
Consultant to Wholesale Carrier Services, Inc.

CR/gs  
Enclosure

cc: Crystal Rodriguez - WCS  
Pamela Genung - AZ Staff Analyst  
File: WCS – AZ Local  
TMS: AZL1100a

Arizona Corporation Commission

DOCKETED

MAR 26 2012

DOCKETED BY	<i>MR</i>
-------------	-----------

RESPONSE TO STAFF'S FIRST SET OF DATA REQUESTS FOR  
WHOLESALE CARRIER SERVICES, INC.  
DOCKET NO. T-04110A-11-0422

Please make sure each numbered item and each part of the item is answered completely. In order for Staff to continue with its review of this Application, the following information must be submitted:

PJG 1-1 In Item (B-2) of the Application, financial information for the Applicant was requested for the two (2) most recent years. Please provide the following financial information for the twelve (12) months ending December 31, 2009 and for the twelve (12) months ending December 31, 2010:

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.

*Response: Please see attached.*

*Response Provided By:*  
*Crystal Rodriguez*  
*Executive Project Manager*  
*Wholesale Carrier Services, Inc.*  
*5471 N University Drive*  
*Coral Springs, FL 33067*  
*954-905-4202*  
*crodriguez@wcs.com*

PJG 1-2 In WCS' Application, at Attachment D, quarterly financials for January through September 2011 were provided. There appears to be a discrepancy between the Net Income figures shown on the Consolidated Income Statement and the Statement of Cash Flows for each of the quarters ending in 2011. Please provide an explanation and identify which Net Income figures are correct or provide updates to these documents containing the correct Net Income figures. Should the financial statements for the full twelve (12) months ending December 31, 2011 be available, please also provide that information.

*Response: Please see attached.*

*Response Provided By:*  
*Crystal Rodriguez*  
*Executive Project Manager*  
*Wholesale Carrier Services, Inc.*  
*5471 N University Drive*  
*Coral Springs, FL 33067*  
*954-905-4202*  
*crodriguez@wcs.com*

RESPONSE TO STAFF'S FIRST SET OF DATA REQUESTS FOR  
WHOLESALE CARRIER SERVICES, INC.  
DOCKET NO. T-04110A-11-0422

PJG 1-3 In Item (B-4) of the Application, the following information was not provided in Attachment E:

1. 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.

*Response: The net book value is zero.*

*Response Provided By:*  
Crystal Rodriguez  
Executive Project Manager  
Wholesale Carrier Services, Inc.  
5471 N University Drive  
Coral Springs, FL 33067  
954-905-4202  
crodriguez@wcs.com

2. If the projected value of all assets is zero, please specifically state this in your response.

*Response: The projected value of all assets is zero.*

*Response Provided By:*  
Crystal Rodriguez  
Executive Project Manager  
Wholesale Carrier Services, Inc.  
5471 N University Drive  
Coral Springs, FL 33067  
954-905-4202  
crodriguez@wcs.com

3. If the projected fair value of the assets is different than the projected net book value, also provide the corresponding projected fair value amounts.

*Response: There is no difference in the projected fair value and the projected net book value.*

*Response Provided By:*  
Crystal Rodriguez  
Executive Project Manager  
Wholesale Carrier Services, Inc.  
5471 N University Drive  
Coral Springs, FL 33067  
954-905-4202  
crodriguez@wcs.com

RESPONSE TO STAFF'S FIRST SET OF DATA REQUESTS FOR  
WHOLESALE CARRIER SERVICES, INC.  
DOCKET NO. T-04110A-11-0422

PJG 1-4 Please describe WCS' plan for providing customer service to its local exchange and access service customers in Arizona.

*Response: WCS's Coral Springs office is open for customer service inquiries from 8:30 am – 5:30 pm EST. All customers can call the main number at 954-227-1700 and enter "2" at the prompt, which will direct the customer to the customer service department. Customers may also email customer service at [customerservice@wcs.com](mailto:customerservice@wcs.com) and all responses are fulfilled within 24 hours.*

*Response Provided By:  
Crystal Rodriguez  
Executive Project Manager  
Wholesale Carrier Services, Inc.  
5471 N University Drive  
Coral Springs, FL 33067  
954-905-4202  
[crodriguez@wcs.com](mailto:crodriguez@wcs.com)*

PJG 1-5 Is WCS planning to have a customer service center in Arizona?

*Response: WCS does not plan to have a customer service center located in Arizona. The Applicant is able to serve the needs of its customers nationwide most efficiently through its centralized location in Coral Springs, Florida.*

*Response Provided By:  
Crystal Rodriguez  
Executive Project Manager  
Wholesale Carrier Services, Inc.  
5471 N University Drive  
Coral Springs, FL 33067  
954-905-4202  
[crodriguez@wcs.com](mailto:crodriguez@wcs.com)*

PJG 1-6 Is WCS planning to have employees in Arizona? If so, please indicate how many.

*Response: WCS does not plan to have any employees located in Arizona. The Applicant is able to serve the needs of its customers nationwide most efficiently through its centralized location in Coral Springs, Florida.*

*Response Provided By:  
Crystal Rodriguez  
Executive Project Manager  
Wholesale Carrier Services, Inc.  
5471 N University Drive  
Coral Springs, FL 33067  
954-905-4202  
[crodriguez@wcs.com](mailto:crodriguez@wcs.com)*

RESPONSE TO STAFF'S FIRST SET OF DATA REQUESTS FOR  
WHOLESALE CARRIER SERVICES, INC.  
DOCKET NO. T-04110A-11-0422

PJG 1-7 Please confirm whether the Annual Reports for WCS that are currently on file with the Commission are up to date.

*Response: The Company has attached its current Annual Report.*

*Response Provided By:*  
*Crystal Rodriguez*  
*Executive Project Manager*  
*Wholesale Carrier Services, Inc.*  
*5471 N University Drive*  
*Coral Springs, FL 33067*  
*954-905-4202*  
*crodriguez@wcs.com*

PJG 1-8 In WCS' proposed Arizona Tariff No. 2, on Original Page 22, at 2.5.2(F), there is a maximum charge of \$35.00 for each returned check. In WCS' proposed Arizona Tariff No. 3, on Original Sheet 26, at 2.10.5, there is a maximum fee of \$50.00 listed as a returned check charge. Please explain why there is a difference between the returned checks in the two tariffs. If it is an oversight, please submit a revised replacement tariff page for the appropriate tariff reflecting any changes.

*Response: Please see attached revised replacement pages.*

*Response Provided By:*  
*Carey Roesel*  
*Consultant to Wholesale Carrier Services, Inc.*  
*2600 Maitland Center Parkway, Suite 300*  
*Maitland, Florida 32751*  
*407-740-3006*  
*croesel@tminc.com*

PJG 1-9 In WCS' proposed Arizona Tariff No. 3, on Original Pages 56, 58, and 59 there are no rates listed for the various Switched Access Services shown on those pages. Please submit revised replacement tariff pages containing the maximum rates that WCS intends to charge its customers.

*Response: Please see attached revised replacement pages.*

*Response Provided By:*  
*Carey Roesel*  
*Consultant to Wholesale Carrier Services, Inc.*  
*2600 Maitland Center Parkway, Suite 300*  
*Maitland, Florida 32751*  
*407-740-3006*  
*croesel@tminc.com*

RESPONSE TO STAFF'S FIRST SET OF DATA REQUESTS FOR  
WHOLESALE CARRIER SERVICES, INC.  
DOCKET NO. T-04110A-11-0422

PJG 1-10 In WCS' proposed Arizona Tariff No. 3, on Original Pages 57, 61 and 62, WCS indicated that its proposed rates are Individual Case Basis ("ICB"). The Arizona Corporation Commission requires rates for all services within a Company's tariff regardless of the Company's intention to offer ICBs. Please review, make the appropriate corrections, and file replacement tariff pages for Original Pages 57, 61 and 62 in WCS' proposed Arizona Tariff No. 3.

*Response: Please see attached revised replacement pages.*

*Response Provided By:*  
*Carey Roesel*  
*Consultant to Wholesale Carrier Services, Inc.*  
*2600 Maitland Center Parkway, Suite 300*  
*Maitland, Florida 32751*  
*407-740-3006*  
*croesel@tminc.com*

PJG 1-11 Please confirm that WCS will comply with A.A.C. R14-2-1115(C)3.

*Response: Yes, WCS will comply with A.A.C. R14-2-1115(C)3.*

*Response Provided By:*  
*Carey Roesel*  
*Consultant to Wholesale Carrier Services, Inc.*  
*2600 Maitland Center Parkway, Suite 300*  
*Maitland, Florida 32751*  
*407-740-3006*  
*croesel@tminc.com*

RESPONSE TO STAFF'S FIRST SET OF DATA REQUESTS FOR  
WHOLESALE CARRIER SERVICES, INC.  
DOCKET NO. T-04110A-11-0422

PJG 1-12 Please indicate why you believe that your range of rates is just and reasonable using a competitive market analysis. Your analysis should contain publicly available examples of tariff rates and charges charged by the incumbent and other carriers for similar services. Please provide actual tariff pages and use the attached matrix format to show your actual or proposed tariff rates and charges. Then show each competitor's tariff rates and charges for comparable telecommunications services. At a minimum, show tariff information of Qwest and two other competitors in Arizona. The material you provide should enable Staff to determine whether the tariff rates and charges of the Applicant are just and reasonable compared to other competitors offering the same or similar telecommunications services in Arizona. *(See Attachments A & B - By Competitor) (For the Applicant's ease, an excel file can be provided by contacting Pamela Genung at pgenung@azcc.gov).*

*Response: Please see attached.*

*Response Provided By:*  
*Carey Roesel*  
*Consultant to Wholesale Carrier Services, Inc.*  
*2600 Maitland Center Parkway, Suite 300*  
*Maitland, Florida 32751*  
*407-740-3006*  
*croesel@tminc.com*

PJG 1-13 Please identify all other states/jurisdictions in which the Company or an affiliate provides telecommunications services. Please specify, in the attached matrix format, the tariff rates and charges that the Company and/or affiliate charges for telecommunications services in these other jurisdictions. If there is a difference between the tariff rates and charges that the Company will charge in Arizona and the tariff rates and charges that the Company and/or affiliate charges in other jurisdictions for telecommunications services; please explain why you are charging different tariff rates and charges in Arizona. The material you provide should enable Staff to determine whether these tariff rates and charges are comparable to the tariff rates and charges charged in other jurisdictions. If this information has already been provided in an earlier data response, please specify as such. *(See Attachments C & D - By State) (For the Applicant's ease, an excel file can be provided by contacting Pamela Genung at pgenung@azcc.gov).*

*Response: Please see attached.*

*Response Provided By:*  
*Carey Roesel*  
*Consultant to Wholesale Carrier Services, Inc.*  
*2600 Maitland Center Parkway, Suite 300*  
*Maitland, Florida 32751*  
*407-740-3006*  
*croesel@tminc.com*

ATTACHMENT  
PJG 1-1

**WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY**

---

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008



**WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY**

---

**TABLE OF CONTENTS**

---

ACCOUNTANT'S REVIEW REPORT	1
FINANCIAL STATEMENTS:	
Consolidated Balance Sheets	2
Consolidated Statements of Income	3
Consolidated Statements of Changes in Stockholder's Equity	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 13



## ACCOUNTANT'S REVIEW REPORT

Board of Directors and Stockholder  
Wholesale Carrier Services, Inc. and Subsidiary

We have reviewed the accompanying consolidated balance sheets of Wholesale Carrier Services, Inc. and Subsidiary (the "Company") as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in stockholder's equity and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these consolidated financial statements is the representation of the management of Wholesale Carrier Services, Inc and Subsidiary.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the consolidated financial statement taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Morrison, Brown, Argiz & Farra*

Fort Lauderdale, Florida  
August 24, 2010

**WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY**

CONSOLIDATED BALANCE SHEETS  
(SEE ACCOUNTANT'S REVIEW REPORT)  
DECEMBER 31,  
(IN THOUSANDS)

<b>ASSETS</b>	<b>2009</b>	<b>2008</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,397	\$ 3,516
Restricted cash (escrow account)	201	198
Accounts receivable, net	1,562	1,287
Unbilled revenue	831	781
Prepaid expenses and other assets	<u>31</u>	<u>100</u>
TOTAL CURRENT ASSETS	5,022	5,882
PROPERTY AND EQUIPMENT, NET	488	448
GOODWILL	188	-
INTANGIBLE ASSETS, NET	40	-
OTHER	<u>17</u>	<u>17</u>
	<b><u>\$ 5,755</u></b>	<b><u>\$ 6,347</u></b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 2,093	\$ 2,774
Other payables and accrued expenses	476	139
Deferred revenue	1,681	1,481
Customer deposits	193	188
Capital lease – current portion	14	14
Lines of credit	<u>188</u>	<u>1,250</u>
TOTAL CURRENT LIABILITIES	4,645	5,846
CAPITAL LEASES – non-current portion	<u>20</u>	<u>9</u>
TOTAL LIABILITIES	<u>4,665</u>	<u>5,855</u>
<b>STOCKHOLDER'S EQUITY</b>		
Common stock	1	1
Retained earnings	<u>1,058</u>	<u>491</u>
Total Wholesale Carrier Services, Inc. Stockholder's equity	1,059	492
Noncontrolling Interest	<u>31</u>	<u>-</u>
TOTAL STOCKHOLDER'S EQUITY	<u>1,090</u>	<u>492</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<b><u>\$ 5,755</u></b>	<b><u>\$ 6,347</u></b>

The accompanying notes are an integral part of these consolidated financial statements.

**WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY**

---

**CONSOLIDATED STATEMENTS OF INCOME  
(SEE ACCOUNTANT'S REVIEW REPORT)  
FOR THE YEARS ENDED DECEMBER 31,  
(IN THOUSANDS)**

	<b>2009</b>	<b>2008</b>
SALES	\$ 28,431	\$ 25,895
COST OF SALES	<u>17,767</u>	<u>15,755</u>
GROSS MARGIN	10,664	10,140
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>9,286</u>	<u>8,773</u>
INCOME FROM OPERATIONS	1,378	1,367
OTHER INCOME	-	24
INTEREST EXPENSE, NET	<u>(19)</u>	<u>(14)</u>
NET INCOME	1,359	1,377
EARNINGS ATTRIBUTABLE TO NONCONTROLLING INTEREST	<u>(43)</u>	<u>-</u>
NET INCOME ATTRIBUTABLE TO WHOLESALE CARRIER SERVICES, INC.	<u>\$ 1,316</u>	<u>\$ 1,377</u>

The accompanying notes are an integral part of these consolidated financial statements.

**WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY  
(SEE ACCOUNTANT'S REVIEW REPORT)  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(IN THOUSANDS, EXCEPT SHARE DATA)**

	Authorized Issued and Outstanding Common Stock Shares	Common Stock at \$1 Par	Retained Earnings	Non Controlling Interest	Total
Balances – January 1, 2008	100	\$ 1	\$ 1,014	\$ -	\$ 1,015
Net income	-	-	1,377	-	\$ 1,377
Distributions	<u>-</u>	<u>-</u>	<u>(1,900)</u>	<u>-</u>	<u>(1,900)</u>
Balances – December 31, 2008	100	1	491	-	492
Net income	-	-	1,316	43	1,359
Distributions	<u>-</u>	<u>-</u>	<u>(749)</u>	<u>(12)</u>	<u>(761)</u>
Balances – December 31, 2009	<u>100</u>	<u>\$ 1</u>	<u>\$ 1,058</u>	<u>\$ 31</u>	<u>\$ 1,090</u>

The accompanying notes are an integral part of these consolidated financial statements.

**WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
(SEE ACCOUNTANT'S REVIEW REPORT)  
FOR THE YEARS ENDED DECEMBER 31,  
(IN THOUSANDS)**

	<b>2009</b>	<b>2008</b>
<b>CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Net income	\$ <u>1,359</u>	\$ <u>1,377</u>
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	251	220
Bad debts	300	170
Change in operating assets and liabilities:		
Restricted cash	(3)	-
Accounts receivable, net	(575)	670
Unbilled revenue	(50)	(110)
Prepaid expenses and other assets	69	(85)
Deposits	-	(3)
Accounts payable	(681)	(242)
Other payables and accrued expenses	337	(147)
Deferred revenue	200	197
Customer deposits	<u>5</u>	<u>-</u>
<b>TOTAL ADJUSTMENTS</b>	<u>(147)</u>	<u>670</u>
<b>NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES</b>	<u>1,212</u>	<u>2,047</u>
<b>CASH AND CASH EQUIVALENTS USED IN INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(281)	(253)
Purchase of majority interest in subsidiary	(238)	-
Repayment of advances to related parties	<u>-</u>	<u>222</u>
<b>NET CASH AND CASH EQUIVALENTS USED IN INVESTING ACTIVITIES</b>	<u>(519)</u>	<u>(31)</u>
<b>CASH AND CASH EQUIVALENTS USED IN FINANCING ACTIVITIES:</b>		
Net (repayment) proceeds on lines of credit	(1,062)	1,225
Capital lease obligations	11	-
Distribution to noncontrolling interest holder	(12)	-
Distributions to stockholder	<u>(749)</u>	<u>(1,900)</u>
<b>NET CASH AND CASH EQUIVALENTS USED IN FINANCING ACTIVITIES</b>	<u>(1,812)</u>	<u>(675)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(1,119)	1,341
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>3,516</u>	<u>2,175</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ <u>2,397</u>	\$ <u>3,516</u>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

Cash paid during the year for interest	\$ <u>25</u>	\$ <u>14</u>
----------------------------------------	--------------	--------------

The accompanying notes are an integral part of these consolidated financial statements.

## WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY

---

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SEE ACCOUNTANT'S REVIEW REPORT) FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008 (IN THOUSANDS)

#### 1. ORGANIZATION, DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

---

Wholesale Carrier Services, Inc. (the "Company") was incorporated under the laws of the State of Florida in May, 1996. The Company is a full service telecommunication provider and sells long distance, local, internet and web conferencing services to small, medium and large size business customers. The Company is licensed to sell these services in approximately 35 states. Effective January 1, 2009, the Company created a new subsidiary called Barmont Telecom, LLC ("Barmont"). Barmont was created for the purpose of acquiring the assets of Deposition Conference Calling Services, Inc (NOTE 3). Barmont provides conference services for the court reporter community that specializes in multi-defendant depositions.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

##### FASB Accounting Standards Codification

On July 1, 2009, the Financial Accounting Standards Board ("FASB") issued "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles," which establishes the FASB Accounting Standards Codification (the "ASC") as the source of authoritative principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). This standard is effective for financial statements issued for interim and annual periods ending after September 15, 2009.

##### Basis of Presentation

The consolidated financial statements for the year ended December 31, 2009, includes the accounts of the Company and Barmont. All inter-company transactions and balances were eliminated in consolidation.

##### Cash and Cash Equivalents

The Company considers investments with a maturity of three months or less from their original purchase date to be cash equivalents. As of December 31, 2008, cash and cash equivalents include approximately \$750 of certificates of deposits with various financial institutions with maturity dates less than three months and yielded interest rates ranging from 1.5% to 2.00%. There were no certificates of deposit as of December 31, 2009.

The Company maintains a separate escrow account for customer deposits. This money market account yielded interest at .15% and .65% at December 31, 2009 and 2008, respectively. All interest is credited to the customer deposit accounts and will be returned to the customer or credited to the customer's accounts receivable at the conclusion of service. As of December 31, 2009 and 2008, this escrow account had a cash balance of \$201 and \$198, respectively.

##### Accounts Receivable

The Company extends credit based on an evaluation of the customers' financial condition generally without requiring collateral in most cases. Exposure to losses on receivables is expected to vary by customer due to the financial condition of each customer. The Company monitors exposure to credit losses and maintains allowances for anticipated losses considered necessary under the circumstances. The Company determines the allowance based on historical write-off experience and past due balances over 90 days. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company provided an allowance for doubtful accounts of approximately \$292 and \$70 for the years ended December 31, 2009 and 2008, respectively.

##### Property and Equipment

Property and equipment are recorded at cost. Major renewals and improvements are capitalized while maintenance, repairs and minor renewals are charged to expense as incurred. Depreciation is provided using the straight line method over the estimated useful economic lives of the assets, ranging from three to seven years. Amortization of leasehold improvements is computed over the shorter of the lease term or the useful life of the improvement. Upon sale or retirement of depreciable property, the related cost and accumulated depreciation are removed from the accounts and resulting gains or losses are recognized in operations.

## WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY

---

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SEE ACCOUNTANT'S REVIEW REPORT) FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008 (IN THOUSANDS)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

---

##### Impairment of Long-Lived Assets

The carrying value of long-lived assets is reviewed if the facts and circumstances, such as significant declines in revenues, earnings or cash flows or material adverse changes in the business climate, indicate that they may be impaired. The Company performs its review by comparing the carrying amounts of long-lived assets to the estimated undiscounted cash flows relating to such assets. If any impairment in the value of the long-lived assets is indicated, the carrying value of the long-lived assets is adjusted to reflect such impairment based on the fair value of the impaired assets or an estimate of fair value based on discounted cash flows. There were no such adjustments recorded during the years ended December 31, 2009 and 2008.

##### Revenue Recognition

Revenue is recognized in the period in which fees are fixed and determinable and the related services are provided. The Company recognizes revenue when all of the following criteria are met: persuasive evidence of an arrangement exists; services have been rendered; consideration to be received is fixed and determinable; and collectability is reasonably assured.

Unbilled revenues relate to services rendered, but not billed to customers at the year end. Deferred revenue relates to advance billings to customers for services, which have not yet been provided. As of December 31, 2009 and 2008, the Company has unbilled revenues of approximately \$831 and \$781, respectively. The Company has a liability for deferred revenue of approximately \$ 1,681 and \$ 1,481 as of December 31, 2009 and 2008, respectively.

##### Goodwill

Goodwill represents the allocation of the excess of purchase price over the fair value of net assets acquired (NOTE 3). The Company's goodwill is tested annually for impairment. Additional impairments tests are performed, if, for any reason, the Company believes that an event has occurred that may impair goodwill. No impairment loss was recorded for the year ended December 31, 2009. As of December 31, 2009, the carrying value of goodwill was \$188.

##### Noncontrolling Interest

Noncontrolling interest reflected in the Consolidated Statements of Income and Statements of Changes in Stockholder's equity represents the minority member's share of the income in Barmont. The noncontrolling interest in the Consolidated Balance Sheets reflects the minority member's share of the earnings reduced by the distributions during the year ending December 31, 2009.

##### Management Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management's estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the period which they become known.

##### Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits in excess of the FDIC insured limits. At times, such balances may temporarily exceed these insured limits.

## WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY

---

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SEE ACCOUNTANT'S REVIEW REPORT) FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008 (IN THOUSANDS)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

---

##### Concentration of Credit Risk (Continued)

The Company conducts ongoing credit evaluations of its customers and maintains an allowance for doubtful accounts. The Company does not require collateral and has historically not experienced significant losses on trade receivables. Such credit risk is considered by management to be limited due to the Company's broad customer base and the geographical diversification of its customers and management's knowledge of its exposure. For the years ended December 31, 2009 and 2008, the Company's largest customer accounted for approximately 8% of net sales for each year. As of December 31, 2009 and 2008, the outstanding receivable from this significant customer was approximately 14% and 28%, respectively of total accounts receivable.

##### Vendor Rebates

The Company has arrangements with some suppliers to receive certain rebates. The amount received or credited from these vendors are recorded as reduction of the prices paid, therefore, such amounts are reflected as reduction of the cost of sales. These vendors' rebates are dependent upon achieving certain sales thresholds and/or on achievement of certain other milestones. The Company evaluates the likelihood of the rebate as progress is made towards the achievement of sales threshold and other milestones.

For the year ended December 31, 2009, the Company received \$400 rebate from a vendor and recorded \$250 as a reduction of the cost of sales, remaining \$150 was recorded as accrued liability and is included in the accompanying Balance Sheets under the caption "Other Payable and accrued expenses." The Company did not receive any vendor rebates for the year ended December 31, 2008.

##### Suppliers of Services

The Company has contractual relationships with several telecommunications service providers to deliver the services the Company markets to its customers. For the years ended December 31, 2009 and 2008, purchases from three of the Company's suppliers represented approximately 49% and 43% of total purchases, respectively. Outstanding payables to these vendors accounted for approximately 44% and 21% of total accounts payable as of December 31, 2009 and 2008, respectively. Management believes that the loss of these suppliers would not have a material adverse effect on the Company's operations due to the availability of alternative supply sources.

##### Advertising Costs

The Company expenses advertising costs in the period in which they are incurred. For the years ended December 31, 2009 and 2008, total advertising expenses were approximately \$120 and \$65, respectively.

##### Income Taxes

The Company and its stockholders have elected S corporation status pursuant to section 1362(a) of the Internal Revenue Service Code. In accordance with the provisions of such election, the Company's income passes through to its stockholders; accordingly, no provision for income taxes has been made.

On January 1, 2009, the Company adopted the provisions of an accounting standard, which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with existing accounting guidance on income taxes, and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This standard also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Interest and penalties on tax liabilities, if any, would be recorded in operating expenses. No liability for unrecognized tax benefits was recorded as a result of implementing this standard.

## WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY

---

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (SEE ACCOUNTANT'S REVIEW REPORT) FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008 (IN THOUSANDS)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

---

##### Adopted Accounting Pronouncements

###### Fair Value Measurements

In April 2009, the FASB issued an accounting standard regarding determining fair value when the volume and level of activity for the asset or liability have significantly decreased and identifying transactions that are not orderly, which provides guidelines for making fair values measurements more consistent with the principles presented in existing accounting guidance regarding fair value. The guidance in this standard is effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The adoption of this standard did not have an effect on the Company's consolidated financial statements.

###### Subsequent Events

In May 2009, the FASB issued an accounting standard which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before financial statements are issued or available to be issued. The standard was adopted for the year ending December 31, 2009. The Company has evaluated subsequent events through August 24, 2010 which is the date the consolidated financial statements were available to be issued.

##### Recent Accounting Pronouncements

###### Consolidation of Variable Interest Entities

In June 2009, the FASB issued an accounting standard that amends existing guidance on the consolidation of variable interest entities. Among other provisions, the new accounting standard replaces the quantitative approach for determining the primary beneficiary of a variable interest entity with a qualitative approach and also requires ongoing reassessment of whether an entity is the primary beneficiary of a variable interest entity. The accounting standard is applicable for interim and annual periods beginning after November 15, 2009 with early application prohibited. The Company is currently evaluating the effect the accounting standard will have on its consolidated financial statements.

##### Reclassification

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

#### 3. ACQUISITION

---

On January 1, 2009, Barmont acquired the assets of Deposition Conference Calling Services, Inc. for a total consideration of \$238. The Company owns 70% interest in Barmont and 30% interest is owned by the previous owner. Barmont provides conference services for the court reporter community that specializes in multi-defendant depositions.

The purchase price was allocated based upon management's estimate at the date of acquisition and consists of the following assets at market value:

Trademark	\$	38
Customer relationship		<u>12</u>
<b>FAIR MARKET VALUE OF ASSETS ACQUIRED</b>	<b>\$</b>	<b><u>50</u></b>

## WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(SEE ACCOUNTANT'S REVIEW REPORT)  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(IN THOUSANDS)

### 3. ACQUISITION (CONTINUED)

The Company paid \$238 in cash for the assets acquired. This acquisition resulted in goodwill of \$188, which is included in the Consolidated Balance Sheets.

The acquisition was accounted under the purchase method of accounting. Accordingly, the consolidated financial statements include the results of Barmont from the effective date of acquisition of January 1, 2009 through December 31, 2009.

### 4. PROPERTY AND EQUIPMENT, NET

A summary of property and equipment, net, is as follows at December 31:

	<u>2009</u>	<u>2008</u>
Computers and equipment	\$ 523	\$ 426
Software	599	462
Office furniture	124	123
Capitalized Leased equipment	96	71
Leasehold improvements	<u>247</u>	<u>247</u>
	1,589	1,329
Less: accumulated depreciation and amortization	<u>(1,101)</u>	<u>(881)</u>
	<u>\$ 488</u>	<u>\$ 448</u>

Depreciation and amortization expense for the years ended December 31, 2009 and 2008 was approximately \$241 and \$220, respectively.

### 5. INTANGIBLE ASSETS, NET

Intangible assets relate to trademark and customer relationships acquired through the acquisition of Barmont. These intangible assets are being amortized over the life of 5 years.

Following is a summary of intangible assets at December 31, 2009:

Trademark	\$ 38
Customer relationships	<u>12</u>
	50
Less : Accumulated depreciation	<u>(10)</u>
	<u>\$ 40</u>

For the year ended December 31, 2009, amortization expense of the intangible assets was \$10. Estimated amortization expense for the next four years is expected to be \$10 each year.

## WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(SEE ACCOUNTANT'S REVIEW REPORT)  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(IN THOUSANDS)

### 6. ACCOUNTS PAYABLE

Accounts payable is comprised of the following at December 31:

	<u>2009</u>	<u>2008</u>
Trade payables	\$ 1,735	\$ 2,156
Credit card payable	<u>358</u>	<u>618</u>
	<u>\$ 2,093</u>	<u>\$ 2,774</u>

The Company maintains a credit line of \$750 on its credit card account with American Express. The Company utilizes credit cards to pay vendors who accept this method of payment for various operating expenses.

### 7. OTHER PAYABLES AND ACCRUED EXPENSES

Other payables and accrued expenses are comprised of the following at December 31:

	<u>2009</u>	<u>2008</u>
Communication taxes	\$ 376	72
Accrued salaries	77	57
Other	<u>23</u>	<u>10</u>
	<u>\$ 476</u>	<u>\$ 139</u>

### 8. RELATED PARTY TRANSACTIONS

The Company leases an office building from an affiliate owned by the sole stockholder under a 20 year lease which expires on September 30, 2024. The lease provides for adjustments in the monthly rent under certain circumstances. For the years ended December 31, 2009 and 2008, annual rent paid to this affiliate was approximately \$244 and \$242, respectively. The annual rent payments include common area maintenance charge of approximately \$116 and \$114 for the years ended December 31, 2009 and 2008, respectively.

For the years ended December 31, 2009 and 2008, the Company purchased telecommunication services of approximately \$302 and \$144, respectively from an affiliate under common control.

### 9. OBLIGATIONS UNDER CAPITAL AND OPERATING LEASES

#### Capital Leases

The Company has entered into capital leases with two vendors of telecommunications and copier equipment. Both leases contain \$1 purchase options upon expiration of the lease term which transfers ownership to the Company.

## WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(SEE ACCOUNTANT'S REVIEW REPORT)  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(IN THOUSANDS)

### 9. OBLIGATIONS UNDER CAPITAL AND OPERATING LEASES (CONTINUED)

The future minimum lease payments under all capital leases at December 31, 2009 are as follows:

2010	\$	17
2011		10
2012		10
2013		<u>9</u>
Total minimum lease payments		46
Less: Amount representing interest		<u>(12)</u>
Present value of minimum lease payments		34
Less: current portion		<u>(14)</u>
Long-term obligation	\$	<u>20</u>

#### Operating Leases

The Company rents office space from an affiliate (NOTE 8). The future minimum rental payment required for non-cancelable lease terms in excess of one year as of December 31, 2009 are payable as follows:

<u>Years ending December</u>		
2010	\$	242
2011		242
2012		242
2013		242
2014		242
Thereafter		<u>2,360</u>
	\$	<u>3,570</u>

Total rent expense under the operating lease was \$244 and \$ 242 for the years ended December 31, 2009 and 2008, respectively. The lease expires on September 30, 2024.

### 10. LINES OF CREDIT

As of December 31, 2009 and 2008, the Company maintained a revolving line of credit agreement of \$250 with a financial institution which had an outstanding balance of \$188 and \$250, respectively. The line of credit is unsecured and payable on demand and bears interest at the one-month London Interbank Offered Rate plus 1.00%. As of December 31, 2009 and 2008, the effective interest rate was 3.25% and 1.43%, respectively. On July 16, 2010, the line was cancelled and the outstanding balance on line of credit was paid in full.

As of December 31, 2008 the Company maintained a revolving line of credit agreement of \$1,000 with a financial institution which had an outstanding balance of \$1,000. The line bore interest at the one-month London Interbank Offered Rate plus 2.35%. The effective interest rate as of December 31, 2008 was 2.78%. The line was collateralized by substantially all the assets of the Company. The line had certain financial covenants related to maintenance of funded debt to earnings before interest and depreciation ratio and the maintenance of a \$1,000 compensating balance with the financial institution. As of December 31, 2008, the Company was in compliance with these covenants. The line of credit matured on September 30, 2009 and the Company did not renew the line of credit. The outstanding balance on line of credit was paid in full on the maturity date.

## WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY

---

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(SEE ACCOUNTANT'S REVIEW REPORT)  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(IN THOUSANDS)

### 11. COMMITMENTS AND CONTINGENCIES

---

#### Litigation

The Company is exposed to various asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the Company's financial position or results of operations.

#### Letter of Credit

As of December 31, 2008, the Company had a non-cancelable letter of credit outstanding of \$25. This letter of credit was released in August 2009. As of December 31, 2009, the Company has no non-cancelable letter of credit outstanding.

#### Purchase Contract

On February 2, 2009, the Company entered into a purchase contract with a leading telecommunication provider. Future minimum commitments under this non-cancelable telecommunication services agreement are as follows:

#### Years ending December 31,

2010	\$	7,000
2011		8,000
2012		<u>9,000</u>
<b>Total minimum purchase commitments</b>	<b>\$</b>	<b><u>24,000</u></b>

### 12. 401(K) PENSION PLAN

---

The Company has a 401(k) Pension Plan (the "Plan") covering substantially all employees upon attaining the age and length of service requirements. The Plan's inception date was July 1, 2000. Employer contribution expense for the years ended December 31, 2009 and 2008, was \$10 and \$7, respectively.

**WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY**

---

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2009 AND 2008**

## **ACCOUNTANT'S REVIEW REPORT**

**Board of Directors and Stockholder  
Wholesale Carrier Services, Inc. and Subsidiary**

We have reviewed the accompanying consolidated balance sheets of Wholesale Carrier Services, Inc. and Subsidiary (the "Company") as of December 31, 2009 and 2008, and the related consolidated statements of income, changes in stockholder's equity and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these consolidated financial statements is the representation of the management of Wholesale Carrier Services, Inc and Subsidiary.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the consolidated financial statement taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Morrison, Brown, Aring & Fane*

Fort Lauderdale, Florida  
August 24, 2010

**WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY**

---

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010



**WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY**

---

**TABLE OF CONTENTS**

---

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1
FINANCIAL STATEMENTS	
Consolidated Balance Sheet	2
Consolidated Statement of Income	3
Consolidated Statement of Changes in Stockholder's Equity	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 12



## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Stockholder  
Wholesale Carrier Services, Inc. and Subsidiary

We have audited the accompanying consolidated balance sheet of Wholesale Carrier Services, Inc. and Subsidiary (the "Company") as of December 31, 2010, and the related consolidated statements of income, changes in stockholder's equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wholesale Carrier Services, Inc. and Subsidiary as of December 31, 2010, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Morrison, Brown, Argiz & Farra*

Fort Lauderdale, Florida  
May 9, 2011

An Independent Member of the Florida Institute of Certified Public Accountants

**WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY**

---

CONSOLIDATED BALANCE SHEET  
DECEMBER 31, 2010  
(IN THOUSANDS)

**ASSETS**

---

**CURRENT ASSETS**

Cash and cash equivalents	\$ 1,277
Restricted cash (escrow account)	257
Accounts receivable, net	2,308
Unbilled revenue	774
Prepaid carrier costs	660
Prepaid expenses and other assets	<u>125</u>

TOTAL CURRENT ASSETS 5,401

PROPERTY AND EQUIPMENT, NET 426

GOODWILL 188

INTANGIBLE ASSETS, NET 30

SECURITY DEPOSITS 37

\$ 6,082

**LIABILITIES AND STOCKHOLDER'S EQUITY**

---

**CURRENT LIABILITIES**

Accounts payable	\$ 1,644
Other payables and accrued expenses	1,736
Deferred revenue	1,439
Customer deposits	244
Capital lease – current portion	<u>26</u>

TOTAL CURRENT LIABILITIES 5,089

CAPITAL LEASES – net of current portion 49

TOTAL LIABILITIES 5,138

**STOCKHOLDER'S EQUITY**

Common stock	1
Retained earnings	<u>931</u>

Total Wholesale Carrier Services, Inc. Stockholder's equity 932

Noncontrolling Interest 12

TOTAL STOCKHOLDER'S EQUITY 944

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY \$ 6,082

The accompanying notes are an integral part of these consolidated financial statements.

**WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY**

---

**CONSOLIDATED STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(IN THOUSANDS)**

---

SALES	\$ 31,426
COST OF SALES	<u>20,797</u>
GROSS MARGIN	10,629
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>9,979</u>
NET INCOME	650
EARNINGS ATTRIBUTABLE TO NONCONTROLLING INTEREST	<u>(53)</u>
NET INCOME ATTRIBUTABLE TO WHOLESALE CARRIER SERVICES, INC.	<u>\$ 597</u>

The accompanying notes are an integral part of these consolidated financial statements.

**WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(IN THOUSANDS, EXCEPT SHARE DATA)**

---

	<u>Authorized Issued and Outstanding Common Stock Shares</u>	<u>Common Stock at \$1 Par</u>	<u>Retained Earnings</u>	<u>Non Controlling Interest</u>	<u>Total</u>
Balances – January 1, 2010	100	\$ 1	\$ 1,058	\$ 31	\$ 1,090
Net income	-	-	597	53	650
Distributions	<u>-</u>	<u>-</u>	<u>(724)</u>	<u>(72)</u>	<u>(796)</u>
Balances – December 31, 2010	<u>100</u>	<u>\$ 1</u>	<u>\$ 931</u>	<u>\$ 12</u>	<u>\$ 944</u>

The accompanying notes are an integral part of these consolidated financial statements.

**WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(IN THOUSANDS)**

---

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Net income	\$ <u>650</u>
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:	
Depreciation and amortization	214
Bad debts	190
Change in operating assets and liabilities:	
Restricted cash (escrow account)	(56)
Accounts receivable, net	(936)
Unbilled revenue	(99)
Prepaid carrier costs	(280)
Prepaid expenses and other assets	62
Security deposits	(20)
Accounts payable	(95)
Other payables and accrued expenses	526
Deferred revenue	(242)
Customer deposits	<u>51</u>
<b>TOTAL ADJUSTMENTS</b>	<u>(685)</u>
<b>NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES</b>	<u>(35)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchases of property and equipment, net	<u>(80)</u>
<b>NET CASH AND CASH EQUIVALENTS USED IN INVESTING ACTIVITIES</b>	<u>(80)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Repayment on line of credit	(188)
Capital lease obligations	(21)
Distribution to noncontrolling interest holder	(72)
Distributions to stockholder	<u>(724)</u>
<b>NET CASH AND CASH EQUIVALENTS USED IN FINANCING ACTIVITIES</b>	<u>(1,005)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(1,120)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>2,397</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,277</u>
<hr/>	
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>	
Cash paid during the year for interest	\$ <u>4</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:</b>	
Equipment acquired under capital lease	\$ <u>62</u>

The accompanying notes are an integral part of these consolidated financial statements.

## WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY

---

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010 (IN THOUSANDS)

#### 1. ORGANIZATION, DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

---

Wholesale Carrier Services, Inc. (the "Company") was incorporated under the laws of the State of Florida in May, 1996. The Company is a full service telecommunication provider and sells long distance, local, internet and web conferencing services to small, medium and large size business customers. The Company is licensed to sell these services in approximately 35 states. Effective January 1, 2009, the Company created a new subsidiary called Barmont Telecom, LLC ("Barmont"). Barmont was created for the purpose of acquiring the assets of Deposition Conference Calling Services, Inc (NOTE 3). Barmont provides conference services for the court reporter community that specializes in multi-defendant depositions.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

##### Basis of Presentation

The consolidated financial statements of the Company have been prepared on the accrual basis of accounting presented in accordance with an accounting standard issued by the Financial Accounting Standards Board ("FASB"). The consolidated financial statements for the year ended December 31, 2010, includes the accounts of the Company and Barmont. All inter-company transactions and balances were eliminated in consolidation.

##### Cash and Cash Equivalents

The Company considers investments with a maturity of three months or less from their original purchase date to be cash equivalents.

##### Restricted Cash

The Company maintains a separate escrow account for customer deposits. This money market account yielded interest at .15% at December 31, 2010. All interest is credited to the customer deposit accounts and will be returned to the customer or credited to the customer's accounts receivable at the conclusion of service. As of December 31, 2010, this escrow account had a cash balance of \$257.

##### Accounts Receivable, Net

The Company extends credit based on an evaluation of the customers' financial condition generally without requiring collateral in most cases. Exposure to losses on receivables is expected to vary by customer due to the financial condition of each customer. The Company monitors exposure to credit losses and maintains allowances for anticipated losses considered necessary under the circumstances. The Company determines the allowance based on historical write-off experience and past due balances over 90 days. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company provided an allowance for doubtful accounts of approximately \$313 for the year ended December 31, 2010.

##### Prepaid Carrier Costs

Prepaid carrier costs relate to advanced billings from carriers for services to be performed in the future. The Company has prepaid carrier costs of approximately \$660 as of December 31, 2010.

##### Property and Equipment, Net

Property and equipment are recorded at cost. Major renewals and improvements are capitalized while maintenance, repairs and minor renewals are charged to expense as incurred. Depreciation is provided using the straight line method over the estimated useful economic lives of the assets, ranging from three to seven years. Amortization of leasehold improvements is computed over the shorter of the lease term or the useful life of the improvement. Upon sale or retirement of depreciable property, the related cost and accumulated depreciation are removed from the accounts and resulting gains or losses are recognized in operations.

## WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY

---

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010 (IN THOUSANDS)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

---

##### Impairment of Long-Lived Assets

The carrying value of long-lived assets is reviewed if the facts and circumstances, such as significant declines in revenues, earnings or cash flows or material adverse changes in the business climate, indicate that they may be impaired. The Company performs its review by comparing the carrying amounts of long-lived assets to the estimated undiscounted cash flows relating to such assets. If any impairment in the value of the long-lived assets is indicated, the carrying value of the long-lived assets is adjusted to reflect such impairment based on the fair value of the impaired assets or an estimate of fair value based on discounted cash flows. There were no such adjustments recorded during the year ended December 31, 2010.

##### Revenue Recognition

Revenue is recognized in the period in which fees are fixed and determinable and the related services are provided. The Company recognizes revenue when all of the following criteria are met: persuasive evidence of an arrangement exists; services have been rendered; consideration to be received is fixed and determinable; and collectability is reasonably assured.

Unbilled revenues relate to services rendered, but not billed to customers as of year end. Deferred revenue relates to advance billings to customers for services, which have not yet been provided. As of December 31, 2010, the Company has unbilled revenues of approximately \$774. The Company has a liability for deferred revenue of approximately \$1,439 as of December 31, 2010.

##### Goodwill

Goodwill represents the allocation of the excess of purchase price over the fair value of net assets acquired in the Barmont purchase (NOTE 3). The Company's goodwill is tested annually for impairment. Additional impairment tests are performed, if, for any reason, the Company believes that an event has occurred that may impair goodwill. No impairment loss was recorded for the year ended December 31, 2010. As of December 31, 2010, the carrying value of goodwill was \$188.

##### Noncontrolling Interest

Noncontrolling interest reflected in the Consolidated Statement of Income and Statement of Changes in Stockholder's equity represents the minority member's share of the income in Barmont. The noncontrolling interest in the Consolidated Balance Sheet reflects the minority member's share of the earnings reduced by the distributions during the year ending December 31, 2010.

##### Management Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the period which they become known. Actual results could differ from those estimates.

##### Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits in excess of the FDIC insured limits. At times, such balances may temporarily exceed these insured limits.

The Company conducts ongoing credit evaluations of its customers and maintains an allowance for doubtful accounts. The Company does not require collateral and has historically not experienced significant losses on trade receivables. Such credit risk is considered by management to be limited due to the Company's broad customer base and the geographical diversification of its customers and management's knowledge of its exposure. For the year ended December 31, 2010, the Company's largest customer accounted for approximately 9% of net sales. As of December 31, 2010, the outstanding receivable from this significant customer was approximately 15% of total accounts receivable.

## WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY

---

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010 (IN THOUSANDS)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

---

##### Suppliers of Services

The Company has contractual relationships with several telecommunications service providers to deliver the services the Company markets to its customers. For the year ended December 31, 2010, purchases from the Company's largest supplier represented approximately 12% of total purchases. Outstanding payables to these vendors accounted for approximately 24% of total accounts payable as of December 31, 2010. Management believes that the loss of these suppliers would not have a material adverse effect on the Company's operations due to the availability of alternative supply sources.

##### Advertising Costs

The Company expenses advertising costs in the period in which they are incurred. For the year ended December 31, 2010, total advertising expenses were approximately \$69.

##### Income Taxes

The Company and its stockholder have elected to be an "S" corporation under the Internal Revenue Service Code. In accordance with the provisions of such election, the Company's income passes through to its stockholder; accordingly, no provision for income taxes has been made.

On January 1, 2009, the Company adopted the provisions of an accounting standard, which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with existing accounting guidance on income taxes, and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This standard also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Interest and penalties on tax liabilities, if any, would be recorded in operating expenses. No liability for unrecognized tax benefits was recorded as a result of implementing this standard. The Company is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2007.

##### Subsequent Events

The Company has evaluated subsequent events through May 9, 2011 which is the date the consolidated financial statements were available to be issued.

##### Adopted Accounting Pronouncements

##### Fair Value Measurements – Liabilities

In August 2009, the FASB issued an accounting standard update to guidance on fair value measurements and disclosure. The updated guidance clarifies that the fair value of a liability can be measured in relation to the quoted price of the liability when the liability trades as an asset in an active market, without adjusting the price for restrictions that prevent the transfer of the liability. This update is effective for annual and interim periods beginning after August 31, 2009. The Company has adopted this accounting standard update effective January 1, 2010.

##### Fair Value Measurements

In September 2009, the FASB issued an accounting standard update which amends existing guidance on fair value measurements and disclosures. The update allows an entity to measure the fair value of an investment that has no readily determinable fair market value, on the basis of the net asset value per share as provided by the investee. The Company has adopted this accounting standard update effective January 1, 2010.

## WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010 (IN THOUSANDS)

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Recent Accounting Pronouncements

##### Fair Value Measurements

In January 2010, the FASB issued an accounting standard update on fair value measurements and disclosures. The update requires more robust disclosures about (1) the different classes of assets and liabilities measured at fair value, (2) the valuation techniques and inputs used, (3) the activity in Level 3 fair value measurements, and (4) the transfers between Levels 1, 2, and 3. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. This update is not expected to have an effect on the Company's consolidated financial statements.

##### Performing Step 2 of the Impairment Analysis

In December 2010, the FASB issued an accounting standard update which amends the criteria for performing Step 2 of the goodwill impairment test for reporting units with zero or negative carrying amounts and requires performing Step 2 if qualitative factors indicate that it is more likely than not that a goodwill impairment exists. The update is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Nonpublic entities may early adopt the amendments for years beginning after December 15, 2010. Any impairment that may be recorded upon adoption will be recognized as an adjustment to beginning retained earnings in the year of adoption. The Company is currently evaluating the effect the update will have on its consolidated financial statements.

#### 3. ACQUISITION

On January 1, 2009, Barmont acquired the assets of Deposition Conference Calling Services, Inc. for a total consideration of \$238. The Company owns 70% interest in Barmont and 30% interest is owned by the previous owner. Barmont provides conference services for the court reporter community that specializes in multi-defendant depositions.

The purchase price was allocated based upon management's estimate at the date of acquisition and consists of the following assets at market value:

Trademark	\$	38
Customer relationship		<u>12</u>
<b>FAIR MARKET VALUE OF ASSETS ACQUIRED</b>	<b>\$</b>	<b><u>50</u></b>

The Company paid \$238 in cash for the assets acquired. This acquisition resulted in goodwill of \$188, which is included in the Consolidated Balance Sheet.

## WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY

---

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010 (IN THOUSANDS)

#### 4. PROPERTY AND EQUIPMENT, NET

---

A summary of property and equipment, net, is as follows at December 31, 2010:

Computers and equipment	\$	565
Software		617
Office furniture		140
Capitalized leased equipment		172
Leasehold improvements		<u>249</u>
		1,743
Less: accumulated depreciation and amortization (including \$47 related to capital leases)		<u>(1,317)</u>
	\$	<u>426</u>

Depreciation and amortization expense for the year ended December 31, 2010 was approximately \$204 including \$31 related to capital leases.

#### 5. INTANGIBLE ASSETS, NET

---

Intangible assets relate to trademark and customer relationships acquired through the acquisition of Barmont. These intangible assets are being amortized over the life of 5 years.

Following is a summary of intangible assets at December 31, 2010:

Trademark	\$	38
Customer relationships		<u>12</u>
		50
Less : Accumulated amortization		<u>(20)</u>
	\$	<u>30</u>

For the year ended December 31, 2010, amortization expense of the intangible assets was \$10. Estimated amortization expense for the next three years is expected to be \$10 each year.

#### 6. ACCOUNTS PAYABLE

---

Accounts payable is comprised of the following at December 31, 2010:

Trade payables	\$	1,167
Credit card payable		<u>477</u>
	\$	<u>1,644</u>

The Company maintains a credit line of \$750 on its credit card account with American Express. The Company utilizes credit cards to pay vendors who accept this method of payment for various operating expenses.

## WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010 (IN THOUSANDS)

#### 7. OTHER PAYABLES AND ACCRUED EXPENSES

Other payables and accrued expenses are comprised of the following at December 31, 2010:

Communication taxes	\$	673
Accrued salaries		158
Accrued carrier costs		404
Accrued commissions and other		<u>501</u>
	\$	<u>1,736</u>

#### 8. RELATED PARTY TRANSACTIONS

The Company leases an office building from an affiliate owned by the sole stockholder under a 20 year lease which expires on January 1, 2025. The lease provides for adjustments in the monthly rent under certain circumstances. For the year ended December 31, 2010, annual rent paid to this affiliate was approximately \$242. The annual rent payments include common area maintenance charge of approximately \$114 for the year ended December 31, 2010.

For the year ended December 31, 2010, the Company purchased telecommunication services of approximately \$157 from an affiliate under common control.

#### 9. OBLIGATIONS UNDER CAPITAL AND OPERATING LEASES

##### Capital Leases

The Company has entered into capital leases with multiple vendors of telecommunications and copier equipment. All leases contain \$1 purchase options upon expiration of the lease term which transfers ownership to the Company.

The future minimum lease payments under all capital leases at December 31, 2010 are as follows:

##### Year ending December 31,

2011	\$	37
2012		32
2013		28
2014		<u>3</u>
Total minimum lease payments		100
Less: amount representing interest		<u>(25)</u>
Present value of minimum lease payments		75
Less: current portion		<u>(26)</u>
Long-term obligation	\$	<u>49</u>

## WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY

---

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010 (IN THOUSANDS)

#### 9. OBLIGATIONS UNDER CAPITAL AND OPERATING LEASES (CONTINUED)

---

##### Operating Leases

The Company rents office space from an affiliate (NOTE 8). The future minimum rental payment required for non-cancelable lease terms in excess of one year as of December 31, 2010 are payable as follows:

##### Years ending December 31,

2011	\$	242
2012		242
2013		242
2014		242
2015		242
Thereafter		<u>2,175</u>
	\$	<u>3,385</u>

#### 10. COMMITMENTS AND CONTINGENCIES

---

##### Litigation

The Company is exposed to various asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the Company's financial position or results of operations.

##### Purchase Contract

On February 2, 2009, the Company entered into a purchase contract with a leading telecommunication provider. Future minimum commitments under this non-cancelable telecommunication services agreement are as follows:

##### Years ending December 31,

2011	\$	8,000
2012		<u>9,000</u>
Total minimum purchase commitments	\$	<u>17,000</u>

#### 11. 401(K) PENSION PLAN

---

The Company has a 401(k) Pension Plan (the "Plan") covering substantially all employees upon attaining the age and length of service requirements. The Plan's inception date was July 1, 2000. Employer contribution expense for the year ended December 31, 2010 was \$10.

#### 12. SUBSEQUENT EVENTS

---

In February 2011, an affiliate of the Company who owns and leases the office building, which the Company leases, refinanced its mortgage. The affiliate borrowed \$900 at 5.23%, which was guaranteed by the Company.

In February 2011, the Company purchased the remaining minority interest of Barmont Telecom LLC ("Barmont"). The purchase price was \$137 and will be allocated to Goodwill. Barmont became a wholly-owned subsidiary of the Company on March 1, 2011.

**WHOLESALE CARRIER SERVICES, INC. AND SUBSIDIARY**

---

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors and Stockholder  
Wholesale Carrier Services, Inc. and Subsidiary

We have audited the accompanying consolidated balance sheet of Wholesale Carrier Services, Inc. and Subsidiary (the "Company") as of December 31, 2010, and the related consolidated statements of income, changes in stockholder's equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wholesale Carrier Services, Inc. and Subsidiary as of December 31, 2010, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Monison, Brown, Ogilvy & Fane*

Fort Lauderdale, Florida  
May 9, 2011

ATTACHMENT  
PJG 1-2

**Wholesale Carrier Services, Inc.**  
**Consolidated Income Statement**

January through December 2011

Quarterly Data Unaudited



Period Ending	Q1	Q2	Q3	Q4	Total 2011
	Mar 31, 2011	Jun 30, 2011	Sep 30, 2011	Dec 31, 2011	
<b>Total Revenue</b>	\$ 8,330,114	\$ 8,500,573	\$ 9,044,277	\$ 9,014,024	\$ 34,888,988
<b>Cost of Revenue</b>	5,513,072	6,163,746	6,234,254	6,082,814	23,993,887
<b>Gross Profit</b>	<b>2,817,041</b>	<b>2,336,827</b>	<b>2,810,023</b>	<b>2,931,210</b>	<b>10,895,102</b>
<b>Operating Expenses</b>					
<b>Selling General &amp; Administrative</b>	2,521,106	2,501,741	2,442,642	2,428,156	9,893,645
<b>Others</b>	68,456	76,893	80,159	78,905	304,413
<b>Total Operating Expense</b>	<b>2,589,563</b>	<b>2,578,634</b>	<b>2,522,801</b>	<b>2,507,061</b>	<b>10,198,058</b>
<b>Net Ordinary Income</b>	<b>227,479</b>	<b>(241,807)</b>	<b>287,222</b>	<b>424,150</b>	<b>697,044</b>
<b>Other Income/Expense</b>					
<b>Total Other Income</b>	43,732	72,186	382,738	371,185	869,841
<b>Total Other Expense</b>	3,743	2,418	2,758	1,564	10,484
<b>Net Other Income</b>	39,989	69,768	379,979	369,621	859,357
<b>Net Income</b>	<b>\$ 267,467</b>	<b>\$ (172,039)</b>	<b>\$ 667,202</b>	<b>\$ 793,771</b>	<b>\$ 1,556,401</b>

*We are not independent with respect to Wholesale Carrier Services, Inc., and the accompanying balance sheet as of December 31, 2011, and the related statements of income, retained earnings, and cash flows for the period then ended were not audited by us and, accordingly, we do not express an opinion on them.*

# Wholesale Carrier Services, Inc. Consolidated Balance Sheet

As of December 31, 2011  
Quarterly Data Unaudited



Period Ending	Q1 Mar 31, 2011	Q2 Jun 30, 2011	Q3 Sep 30, 2011	Q4 Dec 31, 2011
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents	\$ 2,064,511	\$ 1,770,087	\$ 2,327,670	\$ 2,900,830
Net Receivables	1,712,489	1,736,776	1,729,541	1,726,328
Other Current Assets	1,706,751	1,799,589	1,607,054	1,544,448
<b>Total Current Assets</b>	<b>5,483,751</b>	<b>5,306,452</b>	<b>5,664,265</b>	<b>6,171,606</b>
<b>Goodwill</b>				
Property, Plant, and Equipment	1,118,295	1,140,015	1,164,316	1,184,966
Intangible Assets	697,196	697,196	697,196	752,831
Accumulated Amortizations	(1,404,693)	(1,482,193)	(1,509,693)	(1,587,193)
Other Assets	427,900	472,338	831,644	806,443
<b>TOTAL ASSETS</b>	<b>6,322,450</b>	<b>6,133,807</b>	<b>6,847,728</b>	<b>7,328,653</b>
<b>Liabilities</b>				
Accounts Payable	1,391,473	1,561,995	1,599,812	1,749,741
Unearned Revenues*	1,469,320	1,488,971	1,637,230	1,661,947
ST/LT Liability	2,772,326	2,908,165	2,736,146	2,254,554
<b>Total Liabilities</b>	<b>5,633,118</b>	<b>5,959,131</b>	<b>5,973,188</b>	<b>5,666,242</b>
<b>Total Equity</b>	<b>689,331</b>	<b>174,676</b>	<b>874,540</b>	<b>1,662,411</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 6,322,450</b>	<b>\$ 6,133,807</b>	<b>\$ 6,847,728</b>	<b>\$ 7,328,653</b>

\*As is standard practice in the utility industry WCS bills in advance one month for services provided. This results in a higher than average impact to liabilities in the form of "unearned revenues". Operations are conducted on a business-to-business level thereby minimizing risk of loss resulting from delinquent or insolvent customers traditionally seen in consumer markets. Management believes that based on historical figures and its diverse relations with its service providers and customers that unearned revenues should carry less weight on its impact to tangible net worth.

*We are not independent with respect to Wholesale Carrier Services, Inc., and the accompanying balance sheet as of December 31, 2011, and the related statements of income, retained earnings, and cash flows for the period then ended were not audited by us and, accordingly, we do not express an opinion on them.*

**Wholesale Carrier Services, Inc.**  
**Statement of Cash Flows**  
 January through December 2011  
 Quarterly Data Unaudited



Period Ending	Q1 Mar 31, 2011	Q2 Jun 30, 2011	Q3 Sep 30, 2011	Q4 Dec 31, 2011	Total 2011
<b>Net Income</b>	267,467	(172,039)	667,202	793,771	1,556,401
<b>Operating Activities, Cash Flows Provided By or Used In</b>					
Changes In Accounts Receivables	322,384	62,303	64,853	252,695	917,717
Changes In Liabilities	(52,855)	282,818	158,654	(299,255)	341,221
Changes In Other Operating Activities	295,498	(179,429)	134,917	(186,887)	82,696
<b>Total Cash Flow From Operating Activities</b>	<b>832,495</b>	<b>(6,346)</b>	<b>1,025,626</b>	<b>560,324</b>	<b>2,898,034</b>
<b>Investing Activities, Cash Flows Provided By or Used In</b>					
Capital Expenditures	43,200	53,280	699	(1,285)	95,894
Investments	(152,124)	(66,642)	(101,884)	(57,184)	(377,834)
Other Cash flows from Investing Activities	(21,739)	24,705	(254,922)	84,885	(167,071)
<b>Total Cash Flows From Investing Activities</b>	<b>(130,662)</b>	<b>11,343</b>	<b>(356,108)</b>	<b>26,416</b>	<b>(449,011)</b>
<b>Financing Activities, Cash Flows Provided By or Used In</b>					
Net Borrowings	(6,611)	(6,806)	(7,066)	(45,018)	(65,500)
Other Cash Flows from Financing Activities	(245,721)	(359,258)	(206,754)	(25,757)	(837,490)
<b>Total Cash Flows From Financing Activities</b>	<b>(252,332)</b>	<b>(366,064)</b>	<b>(213,820)</b>	<b>(70,775)</b>	<b>(902,990)</b>
Effect Of Exchange Rate Changes					
<b>Change In Cash and Cash Equivalents</b>	<b>449,501</b>	<b>(361,067)</b>	<b>455,699</b>	<b>515,965</b>	<b>1,546,033</b>
<b>Cash at beginning of period</b>	<b>1,559,775</b>	<b>2,064,501</b>	<b>1,770,087</b>	<b>2,327,670</b>	<b>1,559,775</b>
<b>Cash at end of period</b>	<b>2,009,276</b>	<b>1,703,434</b>	<b>2,225,786</b>	<b>2,843,635</b>	<b>3,105,808</b>

*We are not independent with respect to Wholesale Carrier Services, Inc., and the accompanying balance sheet as of December 31, 2011, and the related statements of income, retained earnings, and cash flows for the period then ended were not audited by us and, accordingly, we do not express an opinion on them.*

ATTACHMENT  
PJG 1-7



Telcom Tax Services  
Sales Tax Services  
Tax Rating Services

407-260-1011 • 407-260-1033/fax • mark@csilongwood.com • 740 Florida Central Pkwy., Ste. 2028, Longwood, FL 32750

February 7, 2011  
Via US Mail

Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, AZ 85007

RE: Wholesale Carrier Services, Inc.  
Company # T-04110-A  
Annual Report and Verification & Sworn Statement

Dear Staff,

Enclosed for filing are the following items filed on behalf of Wholesale Carrier Services, Inc..

1. Annual Report
2. Arizona Specific Financial Statements
3. Verification and Sworn Statement and the Sworn Statement of Residential Revenue

Please acknowledge receipt of this filing by date-stamping the extra copy of this cover letter and returning it to me in the self-addressed, stamped envelope provided for that purpose.

Please do not hesitate to contact me at 407-260-1011 or [mark@csilongwood.com](mailto:mark@csilongwood.com) if you have any questions or concerns.

Thank you for your assistance in processing this filing.

Sincerely,

Mark G. Lammert, CPA  
Tax Preparer for Wholesale Carrier Services, Inc.

cc: Wholesale Carrier Services, Inc.  
file: Wholesale Carrier Services, Inc. -- PUC - AZ

**Pamela Genung**

---

**From:** Carey Roesel [croesel@tminc.com]

**Sent:** Monday, March 26, 2012 1:11 PM

**To:** Pamela Genung

**Cc:** gstanley@tminc.com

**Subject:** WCS -- T-04110A-11-0422

As discussed, Staff is authorized to remove the 2010 annual report for WCS which was provided as a response in attachment PJG 1-7.

ATTACHMENT  
PJG 1-8

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

**2.5 Payment Arrangements, (Cont'd.)**

**2.5.2 Billing and Collection of Charges, (Cont'd.)**

- E.** If any portion of the payment is not received by the Company, or if any portion of the payment is received by the Company in funds that are not immediately available, thirty (30) days following the invoice date, then a late payment penalty shall be due the Company. The late payment penalty shall be that portion of the payment not received by the date due minus any charges billed as local taxes multiplied by 1.5%.
- F.** The Customer will be assessed the maximum amount permitted by state law or thirty-five dollars (\$35.00), whichever is less, for each check or other payment type submitted by the Customer to the Company that a bank or other financial institution refuses to honor.
- G.** If service is disconnected by the Company in accordance with Section 2.6 following and later restored, restoration of service will be subject to all applicable installation charges. Service shall, at the Company's discretion, be restored when all past due amounts are paid or the event giving rise to the discontinuance (if other than nonpayment) is corrected.

---

Issued: November 22, 2011

Effective Date:

Issued By: Chris S. Barton, President  
5471 N. University Drive  
Coral Springs, Florida 33067

---

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

**2.10 Billing and Payment for Service (Continued)**

**2.10.5 Returned Check Charge**

The Customer will be assessed the maximum amount permitted by state law or thirty-five dollars (\$35.00), whichever is less, for each check or other payment type submitted by the Customer to the Company that a bank or other financial institution refuses to honor.

**2.11 Taxes, Surcharges and Fees**

**2.11.1** All state and local taxes (i.e., gross receipts tax, sales tax, municipal utilities tax) are listed as separate line items on the Customer's bill and are not included in the quoted rates and charges set forth in this tariff. To the extent that a municipality, other political subdivision or local agency of government, or Commission imposes upon and collects from the Company a gross receipts tax, sales tax, occupation tax, license tax, permit fee, rights-of-way fee, franchise fee, or other regulatory fee or tax, such and fees and taxes shall, insofar as practicable and allowed by law, be billed pro rata to Customers receiving service from the Company within the territorial limits of such municipality, other political subdivision or local agency of government. It shall be the responsibility of the Customer to pay any such taxes and fees that subsequently become applicable retroactively.

**2.11.2** The Company may adjust its rates and charges or impose additional rates and charges on its Customers in order to recover amounts it is required by governmental or quasi-governmental authorities to collect from or pay to others in support of statutory or regulatory programs.

---

Issued: November 22, 2011

Effective Date:

Issued By: Chris S. Barton, President  
5471 N. University Drive  
Coral Springs, Florida 33067

ATTACHMENT  
PJG 1-9

---

**SECTION 3 - SWITCHED ACCESS SERVICE, (CONT'D)**

**3.9 Rates and Charges**

**3.9.1 Common Line Access Service**

**A. Carrier Common Line**

- Per Originating Minute	\$0.00
- Per Terminating Minute	\$0.00

---

Issued: November 22, 2011

Effective Date:

Issued By: Chris S. Barton, President  
5471 N. University Drive  
Coral Springs, Florida 33067

---

**SECTION 3 - SWITCHED ACCESS SERVICE, (CONT'D)**
**3.9 Rates and Charges (Continued)****3.9.2 Switched Transport Service (Continued)****B. Monthly Recurring Charges**

[Reserved for Future Use]

**C. Usage Charges**

## 1. Tandem Switched Transport

A.	Tandem Switched Transport	
	- Per Originating or Terminating Minute	
	Over 0-8 miles	\$0.000199
	Over 8-25 miles	\$0.000255
	Over 25-50 miles	\$0.000263
	Over 50 miles	\$0.000265
B.	Tandem Switched Transport	
	- Per Originating or Terminating Minute, per Mile	
	Over 0-8 miles	\$0.000020
	Over 8-25 miles	\$0.000023
	Over 25-50 miles	\$0.000023
	Over 50 miles	\$0.000023
C.	Tandem Switching	
	- Per Originating or Terminating Minute	\$0.005000
D.	Common Transport Multiplexing	
	- Per Originating or Terminating Minute	\$0.000137

---

 Issued: November 22, 2011

Effective Date:

 Issued By: Chris S. Barton, President  
 5471 N. University Drive  
 Coral Springs, Florida 33067

---

**SECTION 3 - SWITCHED ACCESS SERVICE, (CONT'D)**

**3.9 Rates and Charges (Continued)**

**3.9.3 End Office Switching**

<b>A. Local Switching</b>	
Per Originating or Terminating Minute	\$0.016270
<b>B. Common Trunk Port</b>	
Per Originating or Terminating Minute	\$0.001300
<b>C. Transport Interconnection Charge</b>	
- Per Originating or Terminating Minute	N/A
<b>D. Information Surcharge</b>	
- Per Originating or Terminating Minute	N/A

---

Issued: November 22, 2011

Effective Date:

Issued By: Chris S. Barton, President  
5471 N. University Drive  
Coral Springs, Florida 33067

ATTACHMENT  
PJG 1-10

**SECTION 3 - SWITCHED ACCESS SERVICE, (CONT'D)**

**3.9 Rates and Charges (Continued)**

**3.9.2 Switched Transport Service**

**A. Nonrecurring Charges**

[Reserved for Future Use]

---

Issued: November 22, 2011

Effective Date:

Issued By: Chris S. Barton, President  
5471 N. University Drive  
Coral Springs, Florida 33067

**SECTION 3 - SWITCHED ACCESS SERVICE, (CONT'D)**

**3.9 Rates and Charges (Continued)**

**3.9.6 Service Order Charges**

[Reserved for Future Use]

---

Issued: November 22, 2011

Effective Date:

Issued By: Chris S. Barton, President  
5471 N. University Drive  
Coral Springs, Florida 33067

**SECTION 4 - [RESERVED FOR FUTURE USE]**

---

Issued: November 22, 2011

Effective Date:

Issued By: Chris S. Barton, President  
5471 N. University Drive  
Coral Springs, Florida 33067

ATTACHMENT  
PJG 1-12

ATTACHMENT A  
BY COMPETITOR

Residence Rate Comparison of Telecommunications Services provided by Competitor's in Arizona	Applicant's Arizona Tariff Attach Tariff Sheets for Support			Qwest's Arizona Tariff Attach Tariff Sheets for Support		
	Charges & Rates (\$)	Section Number	Page Number	Charges & Rates (\$)	Section Number	Page Number
<b>Product/Services</b>						
Basic Local Service	N/A					
Service Connect Fee	N/A					
Dispatch Call & Trouble isolated on cust. equip.	N/A					
Feature Change Order	N/A					
Toll Restriction Fee Order	N/A					
Transfer of Service (move order)	N/A					
Restoration of Service	N/A					
Directory Assistance	N/A					
<b>Miscellaneous Services &amp; Rates</b>						
Returned Check Charge (NSF)	N/A					
<b>Listings</b>						
Directory Listing Service	N/A					
Primary Listing	N/A					
Non-Published	N/A					
<b>PRI Service with Unlimited Local Calling</b>						
12 Months	N/A					
24 Months	N/A					
36 Months	N/A					
Non-Recurring on a PRI Install	N/A					
Order Cancellation Charge	N/A					
Order Sup Charge	N/A					

Residence Rate Comparison of Telecommunications Services provided by Competitor's in Arizona	Competitor #1 Arizona Tariff Name of Competitor			Competitor #2 Arizona Tariff Name of Competitor		
	Charges & Rates (\$)	Section Number	Page Number	Charges & Rates (\$)	Section Number	Page Number
<b>Product/Services</b>						
Basic Local Service						
Service Connect Fee						
Dispatch Call & Trouble isolated on cust. equip.						
Feature Change Order						
Transfer of Service (move order)						
Restoration of Service						
Directory Assistance						
<b>Miscellaneous Services &amp; Rates</b>						
Returned Check Charge (NSF)						
<b>Listings</b>						
Directory Listing Service						
Primary Listing						
Non-Published						
<b>PRI Service with Unlimited Local Calling</b>						
12 Months						
24 Months						
36 Months						
Non-Recurring on a PRI Install						
Order Cancellation Charge						
Order Sup Charge						

\*The Company does not propose to provide service to residential customers.

ATTACHMENT B  
BY COMPETITOR

Business Rate Comparison of Telecommunications Services provided by Competitor's in Arizona	Applicant's Arizona Tariff Attach Tariff Sheets for Support			Qwest's Arizona Tariff Attach Tariff Sheets for Support		
	Charges & Rates (\$)	Section Number	Page Number	Charges & Rates (\$)	Section Number	Page Number
	<b>Product/Services</b>					
Basic Local Service	\$60	10	2	\$30.40	5	2
Service Connect Fee	\$60	10	1	\$42.50	5	2
Dispatch Call & Trouble isolated on cust. equip.	\$91 (1/2 hour)	10	1	\$88 (1/2 hour)	13	17.1
Feature Change Order	\$25	10	1	?	?	?
Toll Restriction Fee Order	N/A	N/A	N/A	N/A	N/A	N/A
Transfer of Service (move order)	\$25	10	1	?	?	?
Restoration of Service	\$40	10	1	?	?	?
Directory Assistance	\$1.25	10	2	\$1.15	6	20
<b>Miscellaneous Services &amp; Rates</b>						
Returned Check Charge (NSF)	\$35	10	3	\$10	2	36
<b>Listings</b>						
Directory Listing Service - Primary Listing	\$0	10	3	\$0	5	147
Directory Listing Service - Non-Published	\$4.50	10	3	\$2.35	5	117
<b>Primary Rate Interface (DS0) Service</b>						
Month-to-month	N/A	N/A	N/A	N/A	N/A	N/A
12 Months	N/A	N/A	N/A	N/A	N/A	N/A
24 Months	N/A	N/A	N/A	N/A	N/A	N/A
36 Months	N/A	N/A	N/A	N/A	N/A	N/A
<b>Long Distance</b>						
Direct Dialed Station-to-Station (include all relevant billing elements used to make the comparison)	\$ .15/min	Tariff 1	29	\$.42/min	6	9

Business Rate Comparison of Telecommunications Services provided by Competitor's in Arizona	Competitor #1 Arizona Tariff Bullseye Telecom, Inc.			Competitor #2 Arizona Tariff Matrix Telecom, Inc.		
	Charges & Rates (\$)	Section Number	Page Number	Charges & Rates (\$)	Section Number	Page Number
	<b>Product/Services</b>					
Basic Local Service	\$30.40	11	3	\$37.50	3	46
Service Connect Fee	\$50	11	3	\$52.50	3	46
Dispatch Call & Trouble isolated on cust. equip.	\$95	11	1	\$61	3	48
Feature Change Order	\$27.50	11	1	\$27.50	3	48
Toll Restriction Fee Order	N/A	N/A	N/A	N/A	N/A	N/A
Transfer of Service (move order)	\$42.50	11	1	\$27.50	3	48
Restoration of Service	\$16.00	11	2	\$55.00	3	48
Directory Assistance	\$1.15	11	7.1	\$0.59	3	47
<b>Miscellaneous Services &amp; Rates</b>						
Returned Check Charge (NSF)	\$25.00	11	3	\$15.00	1	26
<b>Listings</b>						
Directory Listing Service - Primary Listing	\$0	6	15	\$0	3	47
Directory Listing Service - Non-Published	\$2.35	11	9	\$1.70	3	47
<b>Primary Rate Interface (DS0) Service</b>						
Month-to-month	N/A	N/A	N/A	N/A	N/A	N/A
12 Months	N/A	N/A	N/A	N/A	N/A	N/A
24 Months	N/A	N/A	N/A	N/A	N/A	N/A
36 Months	N/A	N/A	N/A	N/A	N/A	N/A
<b>Long Distance</b>						
Direct Dialed Station-to-Station (include all relevant billing elements used to make the comparison)	\$0.1989/Min	Tariff 2	39	\$0.045/min	10	13

Issued: 3-4-10

Effective: 4-5-10

5. EXCHANGE SERVICES

5.2 LOCAL EXCHANGE SERVICE (CONT'D)

5.2.4 FLAT RATE SERVICE[1]

This service entitles customers to an unlimited number of calls within the local calling area. Incremental charges, as shown in 5.1.6.A. of the Exchange and Network Services Price Cap Tariff, apply to service outside the exchange base rate area.

A. Rates and Charges

1. The nonrecurring charge associated with the provision of flat rate service applies:
  - To install each access line;
  - For connecting an access line when changing a grade of service from PBX service.

2. Residence Flat Rate Service

	USOC	NONRECURRING CHARGE MAXIMUM	CURRENT
• Additional individual line, each	AFH	\$55.00	\$27.50

3. Business Flat Rate Service

• Additional individual line, each	AFK	85.00	42.50
------------------------------------	-----	-------	-------

2. Residence Flat Rate Service

	USOC	MAXIMUM MONTHLY RATE	CURRENT MONTHLY RATE
• Additional individual line, each	AFH	\$30.00	\$10.40 (I)

3. Business Flat Rate Service

• Additional individual line, each	AFK	91.20	30.40
------------------------------------	-----	-------	-------

[1] A Basket 2 Service. See Preface Page 1, preceding.

Issued: 5-22-09

Effective: 7-20-09

13. CUSTOMER PREMISES WIRE AND MAINTENANCE PLANS

13.2 PREMISES WORK CHARGES

13.2.1 NETWORK PREMISES WORK CHARGES (CONT'D)

(M)

C. Charges

1. Network Premises Work Charges - each 15 minutes or fraction thereof of billable premises work.

	USOC	NONCOMPLEX MAXIMUM	CURRENT
• Schedule I			
Applicable to work Performed during regularly scheduled business hours.			
- Initial Premises Work Charge			
First 15-minute Increments or fraction thereof, of billable premises work	HRH11	\$63.00	\$63.00
- Additional Premises Work Charge			
Each additional 15- minute increment, or fraction thereof, of billable premises work	HRHA1	27.00	25.00

(M) Material moved from Page 17.

Issued: 4-24-06

Effective: 5-1-06  
Per Decision No. 68604

**6. MESSAGE TELECOMMUNICATION SERVICE**

**6.2 STANDARD SERVICE OFFERINGS**

**6.2.4 DIRECTORY ASSISTANCE SERVICE**

**A. Directory Assistance (Cont'd)**

**2. Allowances**

- a. A customer is allowed one directly dialed Directory Assistance call per month at no charge for each central office line or trunk, excluding PALs.
- b. Centrex customers receive one directly dialed Directory Assistance call per month at no charge for each eight Centrex main station lines or fraction thereof if the total number of stations is not divisible by eight.
- c. For School Centrex service, the Centrex allowance applies for administrative main station lines. The regular central office line allowance applies to each dormitory station line or special student billing number.
- d. The call allowance is not transferable between separate accounts of the same customer.

**3. Charges**

- a. In locations, including Public Access Lines, where the customer has the capability to direct dial Directory Assistance but chooses to place the call as a mechanized or operator-assisted customer-dialed calling card call or operator-assisted station-to-station call, the appropriate charge, specified in 6.2.1, preceding, applies in addition to the Directory Assistance charge.

	CHARGE	
	MAXIMUM	CURRENT
• Each call dialed directly by customer[1]	\$1.15	\$1.15
• Each call placed from Public Access Lines[2]		
- Direct Dial	0.60	0.60
- Alternately Billed	1.15	1.15

[1] Effective 04-01-2001, the maximum charge of each call dialed directly by the customer into Directory Assistance will be \$1.15.

[2] Sec 6.2.1, preceding, for additional charge applications.

Issued: 7-30-01

Effective: 8-29-01

## 2. GENERAL REGULATIONS - CONDITIONS OF OFFERING

### 2.3 PAYMENT FOR SERVICE

#### 2.3.2 PAYMENT OF BILLS (CONT'D)

- E. Payment of bills for telephone service may be made by any means mutually acceptable to the customer and the Company. Payment which is not honored or paid by the customer's designated financial institution will be considered as nonpayment. A charge will apply whenever a payment for service on an active account is not accepted by the customer's designated financial institution.

**CHARGE**

**\$10.00**

- Returned Payment Charge, per occasion
- F. The customer bill is due upon receipt. Customers have the following options as to the method of paying bills for telephone service:
- At any Company payment depository location.
  - At the office of any authorized payment agent of the Company.
  - By U.S. Mail, by check or money order.
  - Through an agent of the customer.
  - By electronic funds transfer.
- G. In order to avoid collection procedures which could result in a temporary disconnection of service, payment must be received no later than the due and payable date shown on the customer's bill.
- H. Payments received by the Company on or before the due and payable date on the customer's bill will prevent collection procedures which could result in a disconnect of service, provided the following billing information is remitted with payment. The following items are all contained on the customer's bill:
- Customer's name
  - Customer's telephone number
  - Customer's customer code
  - Customer's account type
  - Amount of payment

Issued: 7-24-09

Effective: 9-10-09

5. EXCHANGE SERVICES

5.7 DIRECTORY SERVICES

5.7.1 LISTING SERVICES[1]

J. Rates and Charges (Cont'd)

(T)

	USOC	MAXIMUM MONTHLY RATE	CURRENT MONTHLY RATE
• Each Listing changed to Nonpublished Service - Business[2]	NPU	\$4.65	\$2.35
• Each Listing changed to Nonlisted Service - Business[2]	NLT	3.60	1.85
• WATS Listings, each - Business	SZS	7.50	4.75
• Telephone Answering Service Bureau Patron Line Listing, each	9FK	18.60	6.20
• "No Solicitation" Listing - Residence	NSW	0.75	0.25

(M)

[1] A Basket 2 Service. See Preface Page 1, preceding.

[2] See the Exchange and Network Services Price Cap Tariff for Residence Nonpublished and Nonlisted Service.

[3] Same rates and charges as (CLT).

(M) Material moved to 105.7.1.

Issued: 1-3-11

Effective: 2-3-11

## 5. EXCHANGE SERVICES

### 5.7 DIRECTORY SERVICES

#### 5.7.1 LISTING SERVICES (CONT'D)

##### C. Primary Listing

1. One listing, the Primary Listing, is provided without charge for:

a. Each exchange access line.

Dual name listings may be provided to customers referred to by two names, if such listings facilitate the use of the directory. Where two or more exchange access lines are served on a Hunting Service basis, only one Primary Listing for the group will be provided.

(D)

(D)

b. Each PBX, *CENTRON*-Custom System with the following exceptions:

(T)

(1) Where a customer has PBX Service served by trunks from different exchanges, a Primary Listing may be provided in the directory of each of the exchanges to which the trunks are connected.

(2) In connection with residence PBX Service, where the customer has two nonconsecutive trunks or trunk groups, one of which is for family use and the other for business use, two Primary Listings may be provided without charge.

2. In those cases in which the business of the customer is so conducted, the Primary Listing may be the trade name of an article or service, provided the customer is the authorized agent or representative for the particular article or service.

3. At the request of the customer, the Primary Listing may be omitted from the directory (Nonlisted Service) or from both the directory and the information records (Nonpublished Service). Nonlisted and Nonpublished Services are furnished subject to the terms, conditions and rates specified herein.

4. Listings of Access Service Customers

Primary listings may be furnished to interLATA customers using Access Service. Such listings are furnished under the terms, conditions, rates and charges specified for the business additional listing.

**SECTION 11 – CURRENT PRICE LIST**

**11.1 Service Charges and Surcharges**

**11.1.1 Service Order and Change Charges**

New Installation Charge			
Qwest Area, per line	\$42.50		(T)
Citizens Rural Area			(N)
Initial Line	\$72.00		
Each Additional Line	\$60.00		
White Mountain			
Initial Line	\$82.00		
Each Additional Line	\$70.00		
Navajo			
Initial Line	\$30.00		
Each Additional Line	\$18.00		(N)
Technician Dispatch Charge, per visit:	\$95.00		
Service Order Change Charge, per order:	\$27.50		
Move Charge, per request:	\$42.50		
Telephone Number Change Charge, per request:	\$30.50		

Issued: October 12, 2010

Effective: November 11, 2010

By

Vice President – Corporate Development  
25900 Greenfield Road, Suite 330  
Oak Park, Michigan 48237

AZf1002

**SECTION 11 – CURRENT PRICE LIST**

**11.1 Service Charges and Surcharges, (Cont'd.)**

**11.1.2 Restoral Charge**

Restoration, per line: \$16.00

**11.1.3 Premises Visit Charge**

Premises Visit Charge, per visit \$25.00

Premises Work Charge:

Initial 30 minutes \$60.00

Each Additional 15 minutes \$30.00

**11.1.4 Carrier Presubscription**

Per business or residence line, trunk, or port

Initial Line, or Trunk or Port \$5.00

Additional Line, Trunk or Port \$5.00

---

Issued: April 15, 2005

Effective: May 16, 2005

By:

Scott Loney, Vice President – Marketing  
25900 Greenfield Road, Suite 330  
Oak Park, Michigan 48237

azl0501

**SECTION 11 – CURRENT PRICE LIST, (CONT'D.)**

**11.1 Service Charges and Surcharges, (Cont'd.)**

**11.1.5 Public Telephone Surcharge**

Rate Per Call: \$0.60

**11.1.6 Return Check Charge**

Per Check Returned: \$25.00

**11.2 Local Exchange Services**

**11.2.1 Local Exchange Term Services**

**A. Corporate Advantage Standard Business Local Exchange Service**

1. Flat Rate Service

a. Set Up Fee

A one-time set up fee, applied per Account.

	<u>Term</u>	
	<u>1 year</u>	<u>3 year</u>
NRC, per account	\$50.00	\$0.00

b. Access Line Charge, per month, per line

(1) Qwest Area

	<u>Term</u>	
	<u>1 year</u>	<u>3 year</u>
Initial Line:	\$30.40	\$30.40
Additional line, each:	\$30.40	\$30.40

(T)

Issued: October 12, 2010

Effective: November 11, 2010

By

Vice President – Corporate Development  
25900 Greenfield Road, Suite 330  
Oak Park, Michigan 48237

AZf1002

**SECTION 11 – CURRENT PRICE LIST, (CONT'D.)**

**11.3 Supplemental Services, (Cont'd.)**

**11.3.2 Directory Assistance Services**

<b>A.</b>	<b>Local Directory Assistance</b>		<b>(M)</b>
	1. <u>Qwest Area</u>		(T)
		<u>Per query</u>	
	Local Directory Assistance		
	Direct dialed:	\$1.15	
	Via operator :	\$3.45	<b>(M)</b>
	2. <u>Citizens Rural, White Mountain and Navajo Areas</u>		(N)
		<u>Per query</u>	
	Local Directory Assistance	\$0.50	<b>(N)</b>
<b>B.</b>	<b>Call Completion</b>		<b>(M)</b>
	Per completed call		
	Qwest Area	\$0.30	(T) (M)
	Citizens Rural, White Mountain & Navajo Areas	\$0.45	<b>(N)</b>
<b>C.</b>	<b>National Directory Assistance Service</b>		<b>(M)</b>
	Per Call:		
	Qwest Area	\$1.15	(T) (M)
	Citizens Rural, White Mountain & Navajo Areas	\$0.85	<b>(N)</b>

*Some material now found on this page moved from Section 11, 1<sup>st</sup> Revised Page 7*

**SECTION 11 - CURRENT PRICE LIST, (CONT'D.)**

**11.3 Supplemental Services, (Cont'd.)**

**11.3.4 Busy Line Verification and Interrupt Service**

- A. Qwest Area (T)**
  - Busy Verification Charge, each request: \$3.00
  - Emergency Interrupt Charge, each request: \$6.00
- B. Citizens Rural, White Mountain and Navajo Areas (N)**
  - Busy Verification Charge, each request: \$3.00
  - Emergency Interrupt Charge, each request: \$6.00 (N)

**11.3.5 Directory Listing Services**

- A. Qwest Area (T)**
  - Monthly
  - Additional Listing, per listing: \$3.80
  - Alternate Listing, per listing: \$3.80
  - Foreign Listing: \$3.80
  - Non-published Service, per listing: \$2.35 (N)
  - Non-directory Listed Service, per listing: \$1.85 (N)
- B. Citizens Rural, White Mountain and Navajo Areas (N)**
  - Monthly
  - Additional Listing, per listing: \$1.00
  - Alternate Listing, per listing: \$1.00
  - Foreign Listing: \$1.00
  - Non-published Service, per listing: \$1.50
  - Non-directory Listed Service, per listing: \$1.00

**11.3.6 Toll Restriction Service**

- A. Qwest Area (T)**
  - Nonrecurring Charge: \$27.50
  - Monthly Recurring Charge: \$5.85
- B. Citizens Rural, White Mountain and Navajo Areas (N)**
  - Nonrecurring Charge: \$0.00
  - Monthly Recurring Charge: \$3.00 (N)

*Some material previously found on this page moved to Section 11, Original Page 10*

Issued: October 12, 2010

Effective: November 11, 2010

By

Vice President – Corporate Development  
25900 Greenfield Road, Suite 330  
Oak Park, Michigan 48237

AZf1002

**SECTION 6 – SUPPLEMENTAL SERVICES, (CONT'D.)**

**6.5 Directory Listing Service, (Cont'd.)**

**6.5.2 Listings**

**A. Primary Listing**

One listing, termed the initial listing is included with each Customer's service, and with the initial line of a line hunting group.

**B. Additional Listings**

At a charge, additional listings may be included in the alphabetical directory and on directory assistance records, or appear on directory assistance records only. The monthly rate for additional listings apply when the listings appear in Directory Assistance records in accordance with the date requested by the Customer.

If an additional listing is ordered discontinued by the Customer after the closing of the directory, the monthly rate continues through that issue of the directory and up to the date for rates to be effective for the next directory. If the additional listing is ordered discontinued before the closing date of the directory in which it would first appear the monthly rate continues only to the date of cancellation by the Customer, with a minimum service period of one month.

**C. Foreign Listing**

Where available, a listing in a telephone directory which is not in the Customer's immediate calling area. The Customer will be charged the rates specified in the tariff published by the specific local exchange carrier providing the Foreign Listing.

**SECTION 1- REGULATIONS (cont'd)**

1.9 Payment Arrangements (cont'd)

1.9.2 Bills and Collection of Charges

(T)

- A Bills will be rendered monthly to Customer. Fixed monthly recurring charges are billed in advance. Usage charges and minimum charges for service are billed in arrears. Customer shall be liable for all accrued local charges, directory charges, long distance charges and other charges arising prior to the service commencement date, as defined herein, and shall pay the Company for any such charges which may be assessed against the Company in any manner.
- B All service, installation, monthly recurring charges and non-recurring charges are due and payable upon receipt.
- C For new customers or existing customers whose service is disconnected, the charge for the fraction of the month in which service was furnished will be calculated on a pro rata basis. For this purpose, every month is considered to have 30 days.
- D Amounts not paid within 30 days after the date of invoice are considered past due. A late payment charge of 1.5%, or lower if required by law, per month shall apply to amounts shown on a monthly bill which remain after the due date. The late payment charge does not apply to any taxes the Company is required by law to levy on a customer. In the event the Company incurs fees or expenses, including attorney's fees, in collecting or attempting to collect any charges owed the Company, the Customer will be liable to the Company for payment of all such fees and expenses reasonably incurred.
- E A \$15.00 charge will be assessed for checks with insufficient funds or non-existing accounts.
- F If Customer chooses to place calls or receives calls via a non-Matrix Telecom affiliated carrier, the Company will not be liable for any charges related to such calls

(R)

(T)

---

Issued: November 6, 2006

Effective: December 10, 2006

Scott Klopack,  
Vice President of Regulatory Affairs and General Counsel  
Matrix Telecom, Inc. d/b/a Matrix Business Technologies  
7171 Forest Lane, Suite 700  
Dallas, TX 75230  
800-406-0705  
[www.matrixbt.com](http://www.matrixbt.com)

**SECTION 3 - RATES – BUSINESS SERVICES**

(N)

3.1 Business Service Monthly Recurring Charge

Business Line Local Only	\$37.50 per line
Business Line Local plus Long Distance <sup>1</sup>	\$30.50 per line
Analog PBX Trunk Local Only	\$68.00 per trunk
Analog PBX Trunk plus Long Distance <sup>1</sup>	\$61.00 per trunk
DID CO Termination	\$50.25 per trunk

3.2 Initial Service Conversion Charge

\$26.00 per business line or trunk converted, non-recurring  
\$57.00 per DID CO termination per trunk, non-recurring

3.3 Installation Charge

~~\$52.50~~ per business line installed, non-recurring  
\$53.00 per trunk installed, non-recurring

(N)

<sup>1</sup> When a Customer chooses to use the Company's Long Distance in addition to its local service, the Customer receives a \$7.00 subsidy on local service.

Issued: November 6, 2006

Effective: December 10, 2006

Scott Klopach,  
Vice President of Regulatory Affairs and General Counsel  
Matrix Telecom, Inc. d/b/a Matrix Business Technologies  
7171 Forest Lane, Suite 700  
Dallas, TX 75230  
800-406-0705  
[www.matrixbt.com](http://www.matrixbt.com)

**SECTION 3 - RATES – BUSINESS SERVICES (cont)**

(M)

3.6	<u>Directory Listings</u>	Monthly Recurring Charge	Non - Recurring Charge
	Primary Listing	\$0.00	\$0.00
	Additional Listing	\$2.75	\$20.75
	Cross Reference Listing	\$2.75	\$20.75
	Extra Line Listing	\$2.75	\$20.75
	Foreign Listing	\$2.75	\$20.75
	Non-Published Listing	\$1.70	\$20.75
	Non-Listed Number	\$1.35	\$20.75

3.7 Local Directory Assistance

\$0.59 per call

3.8 Directory Assistance Call Completion

\$0.35 per call<sup>1</sup>

3.9 Operator Services

		surcharge	per minute charge
	Third Party Billing	\$1.30	\$.2700
	Collect	\$1.30	\$.2700
	Person to Person	\$3.50	\$.2700
	Busy Line Verification	\$1.40	\$.0000
	Busy Line Verification 3 <sup>rd</sup> # Billed	\$2.75	\$.0000
	Busy Line Verification w/Interrupt	\$2.75	\$.0000

3.10 Presubscription

A Customer may change their intra and/or interLATA long distance carrier. The Customer will incur a \$10.00 per line, per occurrence charge. A single occurrence can include a change of both the intraLATA and interLATA carriers.

(M)

<sup>1</sup> Provided where facilities permit; charge in addition to charge in 3.8

Scott Klopach,  
Vice President of Regulatory Affairs and General Counsel  
Matrix Telecom, Inc. d/b/a Matrix Business Technologies  
7171 Forest Lane, Suite 700  
Dallas, TX 75230  
800-406-0705  
[www.matrixbt.com](http://www.matrixbt.com)

**SECTION 3 - RATES – BUSINESS SERVICES (cont)**

(M)

3.11 Service Restoration Charge

\$55.00 per occurrence

3.12 Service Change Charge

\$27.50 per occurrence

3.13 Intercept Service

When a switching arrangement for an individual customer (a single line or entire hunt group) is discontinued at an end office, an intercept announcement is provided. This arrangement provides, for ninety (90) days, an announcement that the service associated with the number dialed has been disconnected. There is no charge for this service.

3.14 Time and Material Charges

Trip Charge	\$61.00
Each 15 min increment	\$16.00

(M)

Issued: November 6, 2006

Effective: December 10, 2006

Scott Klopach,  
Vice President of Regulatory Affairs and General Counsel  
Matrix Telecom, Inc. d/b/a Matrix Business Technologies  
7171 Forest Lane, Suite 700  
Dallas, TX 75230  
800-406-0705  
[www.matrixbt.com](http://www.matrixbt.com)

ATTACHMENT  
PJG 1-13

ATTACHMENT C  
BY STATE

Residence Rate Comparison of Telecommunications Services provided by Applicant in other States	Applicant's Arizona Tariff			Applicant's Tariff (State #1)		
	Attach Tariff Sheets for Support			Attach Tariff Sheets for Support		
	Charges & Rates (\$)	Section Number	Page Number	Charges & Rates (\$)	Section Number	Page Number
<b>Product/Services</b>						
Basic Local Service	N/A*					
Service Connect Fee	N/A*					
Dispatch Call & Trouble isolated on cust. equip.	N/A*					
Telephone Number Change order	N/A*					
Feature ChangeOrder	N/A*					
Toll Restriction Fee Order	N/A*					
Record Change Order	N/A*					
Transfer of Service (move order)	N/A*					
Restoration of Service	N/A*					
Temporary Suspension Fee	N/A*					
Payphone Surcharge	N/A*					
Directory Assistance	N/A*					
Directory Assistance via Operator	N/A*					
<b>Miscellaneous Services &amp; Rates</b>						
Returned Check Charge (NSF)	N/A*					
<b>Listings</b>						
Directory Listing Service						
Primary Listing	N/A*					
Non-Published	N/A*					
Toll Free Directory Listings	N/A*					
Straight Line Under Directory Listing (indent listing)	N/A*					
<b>PRI Service with Unlimited Local Calling</b>						
12 Months	N/A*					
24 Months	N/A*					
36 Months	N/A*					
Non-Recurring on a PRI Install	N/A*					
Order Cancellation Charge	N/A*					
Order Sup Charge	N/A*					
Residence Rate Comparison of Telecommunications Services provided by Applicant in other States	Applicant's Tariff (State #2)			Applicant's Tariff (State #3)		
	Attach Tariff Sheets for Support			Attach Tariff Sheets for Support		
	Charges & Rates (\$)	Section Number	Page Number	Charges & Rates (\$)	Section Number	Page Number
<b>Product/Services</b>						
Basic Local Service						
Service Connect Fee						
Dispatch Call & Trouble isolated on cust. equip.						
Telephone Number Change order						
Feature ChangeOrder						
Toll Restriction Fee Order						
Record Change Order						
Transfer of Service (move order)						
Restoration of Service						
Temporary Suspension Fee						
Payphone Surcharge						
Directory Assistance						
Directory Assistance via Operator						
<b>Miscellaneous Services &amp; Rates</b>						
Returned Check Charge (NSF)						
<b>Listings</b>						
Directory Listing Service						
Primary Listing						
Non-Published						
Toll Free Directory Listings						
Straight Line Under Directory Listing (indent listing)						
<b>PRI Service with Unlimited Local Calling</b>						
12 Months						
24 Months						
36 Months						
Non-Recurring on a PRI Install						
Order Cancellation Charge						
Order Sup Charge						

\*The Company does not propose to provide service to residential customers.

ATTACHMENT D  
BY STATE

Business Rate Comparison of Telecommunications Services provided by Applicant in other States	Applicant's Arizona Tariff Attach Tariff Sheets for Support			Applicant's Tariff (New York) Attach Tariff Sheets for Support		
	Charges & Rates (\$)	Section Number	Page Number	Charges & Rates (\$)	Section Number	Page Number
<b>Product/Services</b>						
Basic Local Service	\$60	10	2	\$14.59	RS	9
Service Connect Fee	\$60	10	1	\$58.56	RS	9
Dispatch Call & Trouble isolated on cust. equip.	\$91 (1/2 hr)	10	1	\$110.00	RS	1
Telephone Number Change order	\$25	10	1	\$6.06	RS	1
Feature Change Order	\$25	10	1	\$6.06	RS	1
Toll Restriction Fee Order	N/A	N/A	N/A	N/A	N/A	N/A
Record Change Order	\$25	10	1	\$16.15	RS	1
Transfer of Service (move order)	\$25	10	1	\$20.19	RS	1
Restoration of Service	\$40	10	1	\$40.00	RS	1
Temporary Suspension Fee	N/A	N/A	N/A	N/A	N/A	N/A
Payphone Surcharge	\$0.60	10	1	N/A	N/A	N/A
Directory Assistance	\$1.25	10	2	\$0.75	RS	6
Directory Assistance via Operator	\$1.25	10	2	\$0.75	RS	6
<b>Miscellaneous Services &amp; Rates</b>						
Returned Check Charge (NSF)	\$35.00	10	3	\$10.00	2	14
<b>Listings</b>						
Directory Listing Service						
Primary Listing	\$0	10	3	N/A	N/A	N/A
Non-Published	\$4.50	10	3	N/A	N/A	N/A
Toll Free Directory Listings	N/A	N/A	N/A	N/A	N/A	N/A
Straight Line Under Directory Listing (indent listing)	N/A	N/A	N/A	N/A	N/A	N/A
<b>PRI Service with Unlimited Local Calling</b>						
12 Months	N/A	N/A	N/A	N/A	N/A	N/A
24 Months	N/A	N/A	N/A	N/A	N/A	N/A
36 Months	N/A	N/A	N/A	N/A	N/A	N/A
Non-Recurring on a PRI Install	N/A	N/A	N/A	N/A	N/A	N/A
Order Cancellation Charge	N/A	N/A	N/A	N/A	N/A	N/A
Order Sup Charge	N/A	N/A	N/A	N/A	N/A	N/A
Business Rate Comparison of Telecommunications Services provided by Applicant in other States	Applicant's Tariff (Massachusetts) Attach Tariff Sheets for Support			Applicant's Tariff (West Virginia) Attach Tariff Sheets for Support		
	Charges & Rates (\$)	Section Number	Page Number	Charges & Rates (\$)	Section Number	Page Number
<b>Product/Services</b>						
Basic Local Service	\$39.77	7	68	\$55.00	7	58
Service Connect Fee	\$93.02	4	43	\$79.00	4	42
Dispatch Call & Trouble isolated on cust. equip.	\$27.50 (1/2 hr)	4	43	\$25 (1/2 hr)	4	42
Telephone Number Change order	\$34.71	4	43	\$39.05	4	42
Feature Change Order	\$34.71	4	43	\$39.05	4	42
Toll Restriction Fee Order	N/A	N/A	N/A	N/A	N/A	N/A
Record Change Order	\$34.71	4	43	\$39.05	4	42
Transfer of Service (move order)	\$34.71	4	43	\$39.05	4	42
Restoration of Service	\$50.00	4	43	\$30.00	4	42
Temporary Suspension Fee	N/A	N/A	N/A	N/A	N/A	N/A
Payphone Surcharge	N/A	N/A	N/A	N/A	N/A	N/A
Directory Assistance	\$0.34	8	83	\$0.50	8	66
Directory Assistance via Operator	\$0.34	8	83	\$0.50	8	66
<b>Miscellaneous Services &amp; Rates</b>						
Returned Check Charge (NSF)	\$20	2	33	\$20	2	33
<b>Listings</b>						
Directory Listing Service						
Primary Listing	\$0	8	81	\$0	8	65
Non-Published	\$2.60	8	82	\$2.22	8	65
Toll Free Directory Listings	N/A	N/A	N/A	N/A	N/A	N/A
Straight Line Under Directory Listing (indent listing)	N/A	N/A	N/A	N/A	N/A	N/A
<b>PRI Service with Unlimited Local Calling</b>						
12 Months	N/A	N/A	N/A	N/A	N/A	N/A
24 Months	N/A	N/A	N/A	N/A	N/A	N/A
36 Months	N/A	N/A	N/A	N/A	N/A	N/A
Non-Recurring on a PRI Install	N/A	N/A	N/A	N/A	N/A	N/A
Order Cancellation Charge	N/A	N/A	N/A	N/A	N/A	N/A
Order Sup Charge	N/A	N/A	N/A	N/A	N/A	N/A

---

**CURRENT RATES****SECTION 3 - CONNECTION CHARGES****3.1 SERVICE CONNECTION CHARGES**

Line Connection Charge		
Residence (per Line)		\$21.71
Business (per Line)		\$21.71
Feature Change Charge		
Residence (per Line)		\$6.06
Business (per Line)		\$6.06
PIC Change Charge		
Residence (per Line)		\$5.00
Business (per Line)		\$5.00

**3.2 RESTORAL CHARGE**

Residence (per Line)	\$40.00
Business (per Line or Trunk)	\$40.00

**3.3 MOVES, ADDS AND CHANGES**

Residence Install Order Charge – Per Order	\$58.56
Residence Record Order Charge – Per Order	\$16.15
Residence Service Order Charge - Per Order	\$20.19
Business Install Order Charge – Per Order	\$58.56
Business Record Order Charge – Per Order	\$16.15
Business Service Order Charge - Per Order	\$20.19

**3.4 CHARGES ASSOCIATED WITH PREMISES VISIT****3.4.1 Technician Dispatch Charge**

Residence	\$110.00
Business	\$110.00

**3.4.2 Customer Not Ready Charge**

Residence	\$60.00
Business	\$60.00

**CURRENT RATES**

Section 5 - SUPPLEMENTAL SERVICES (cont'd)

5.3 NATIONAL DIRECTORY ASSISTANCE SERVICE

Per query \$0.75

5.4 LOCAL OPERATOR SERVICE

	Business	Residential
Local Operator Assistance, per call:	\$0.85	\$0.85
Collect – Customer Dialed, per call:	\$1.00	\$1.00
Collect – Operator Dialed, per call:	\$2.50	\$2.50
Bill to 3rd Party – Operator Dialed, per call:	\$2.50	\$2.50
Person to Person – Customer Dialed	\$3.50	\$3.50
Person to Person – Operator Dialed	\$3.50	\$3.50
Call Completion	\$0.30	\$0.30

5.5 STAND ALONE VOICE MAIL SERVICE

Per Individual Mail Address (up to 100 Mail Addresses):

	Residence	Business
Nonrecurring Charge	20.19	20.19
Recurring Charges:	4.67	4.88

Over 100 Mail Addresses:

Individual Case Basis

---

**CURRENT RATES**

## Section 7 - BUSINESS NETWORK SWITCHED SERVICES

## 7.1 Basic Business Line Service

## Basic Business Line Service Rates

Nonrecurring Connection Charge:	\$58.56
---------------------------------	---------

Monthly Recurring Charges: Each Base Service Line	\$14.59
------------------------------------------------------	---------

Usage Charges

Local Calling	
per minute of use	\$0.015
Local Toll/Regional Calling	
per minute of use	\$0.050
Domestic Long Distance	
per minute of use	\$0.049

Custom Calling Features (per line, per month)

Three Way Calling	\$4.67
Call Forward	\$4.67
Call Forward – Busy	\$2.48
Call Forward – No Answer	\$2.25
Call Forward Busy/No Answer (included with voicemail)	\$3.56
Call Waiting	\$8.76
Call Waiting ID Deluxe	\$7.13
Distinctive Ringing	
1st Additional Number	\$5.65
2nd Additional Number	\$5.65
Regular Hunting	Included in Basic Service
Speed Dial	
8 Number List	\$4.67
30 Number List	\$7.79
Anonymous Call Rejection	\$3.38
Call Return (*69)	\$3.38
Selective Forwarding	\$3.03

CLASS Features (per line, per month)

Caller ID with Name	\$7.13
Busy Redial	\$3.38

---

Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.4 PAYMENT FOR SERVICE RENDERED (cont'd)

2.4.4 Return Check Charge

When the bank returns a check that has been presented to the Company by a customer in payment for charges, the customer shall be responsible for the payment of a Returned Check Charge of \$10.00.

2.4.5 Late Payment Charges

- a. Customer bills for telephone service are due on the due date specified on the bill. A customer is in default unless payment is made on or before the due date specified on the bill. If payment is not received by the customer's next billing date, a late payment charge of 1.5% will be applied to all amounts previously billed under this Tariff, excluding one month's local service charge, but including arrears and unpaid late payment charges.
- b. Late payment charges do not apply to those portions (and only those portions) of unpaid balances that are associated with disputed amounts. Undisputed amounts on the same bill are subject to late payment charges if unpaid and carried forward to the next bill.
- c. Late payment charges do not apply to final accounts.
- d. Late payment charges do not apply to government agencies of the State of New York. These agencies are required to make payment in accordance with the provisions of Article XI-A of the State Finance Law (Chapter 153 of the Laws of 1984).

**SECTION 2.0 - RULES AND REGULATIONS, (CONTINUED)**

**2.6 Payment Arrangements, (Continued)**

**2.6.6 Changes in Services Requested**

If the Customer makes or requests material changes in circuit engineering, equipment specifications, service parameters, premises locations, or otherwise materially modifies any provision of the application for service, the Customer's installation fee shall be adjusted accordingly.

**2.6.7 Bad Check Charge**

A service charge of \$20.00 will be assessed for all checks returned by a bank or other financial institution for: Insufficient or uncollected funds, closed account, apparent tampering, missing signature or endorsement, or any other insufficiency or discrepancy necessitating return of the instrument at the discretion of the drawee bank or other financial institution.

**2.7 Allowances for Interruptions in Service**

**2.7.1 General**

- (A) A credit allowance will be given when service is interrupted, except as specified in Section 2.7.2 following. A service is interrupted when it becomes inoperative to the Customer, e.g., the Customer is unable to transmit or receive, because of a failure of a component furnished by the Company under this tariff.
- (B) An interruption period begins when the Customer reports a service, facility or circuit to be inoperative and, if necessary, releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative.

**SECTION 4.0 - SERVICE CHARGES AND SURCHARGES**

**4.1 Service Order and Change Charges**

Non-recurring charges apply to processing Service Orders for new service, for changes in service.

	<u>Business</u>
Line Connection Charge	
First Line	\$93.02
Each Additional Line	\$51.48
Line Change Charge	
First Line	\$34.71
Each Additional Line	\$34.71

**4.2 Maintenance Visit Charges**

Maintenance Visit Charges apply when the Company dispatches personnel to a Customer's premises to perform work necessary for installing new service, effecting changes in service or resolving troubles reported by the Customer when the trouble is found to be caused by the Customer's facilities.

Maintenance Visit Charges will be credited to the Customer's account in the event trouble is not found in the Company facilities, but the trouble is later determined to be in those facilities.

The time period for which the Maintenance Visit Charges is applied will commence when Company personnel are dispatched at the Customer premises and end when work is completed. The rates for Maintenance of Service vary by time per Customer request.

<u>Duration of time, per technician</u>	<u>Business</u>
Initial 30 minute increment	\$27.50
Each Additional 15 minute increment	\$13.75

**4.3 Restoration of Service**

A restoration charge applies to the restoration of suspended service and facilities because of nonpayment of bills and is payable at the time that the restoration of the suspended service and facilities is arranged. The restoration charge does not apply when, after disconnection of service, service is later re-installed.

	<u>Business</u>
Per occasion	\$50.00

Issued: August 24, 2007  
Issued by:

Chris S. Barton, President  
Wholesale Carrier Services, Inc.  
5471 N. University Drive  
Coral Springs, Florida 33067

Effective: September 24, 2007

**SECTION 7.0 - LOCAL RESALE SERVICES PRICE LIST (CONTINUED)**

**7.3 Standard Business Local Exchange Service, (Continued)**

**7.3.1 Monthly Recurring Charges**

The following charges apply to Standard Business Local Exchange Service lines per month. Rates and charges include Touchtone Service for each line. The rates and charges below apply to service provided on a month-to-month basis. Unlimited Calling Service provides for unlimited calling within the primary calling area.

Individual Line & Multiline Key			
	Area	Flat Rate	Measured Rate
Local Calling Areas in LATA 128		\$39.77*	\$16.25
Local Calling Areas in LATA 126		\$39.77*	\$16.25
Local Calling Areas in Metropolitan Boston		N/A	\$21.32

\*Includes unlimited calling usage component of \$26.77.

**Business PBX Trunk Service**

PBX Trunk service provides a Customer with a single, voice-grade telephonic communications channel which can be used to place one call at a time. Trunks are provided for connection of Customer-provided private branch exchanges (PBX) or other station equipment to the public switched telecommunications network. Unlimited Calling Service provides for unlimited calling within the primary calling area.

PBX Trunks may also be equipped with Direct Inward Dialing (DID) capability and DID number blocks for additional charges (see Section 7.5).

PBX Trunk			
	Area	Flat Rate	Measured Rate
Local Calling Areas in LATA 128		\$59.99*	\$16.25
Local Calling Areas in LATA 126		\$59.99*	\$16.25
Local Calling Areas in Metropolitan Boston		N/A	\$21.32

\*Includes unlimited calling usage component of \$46.99.

**SECTION 8.0 - DIRECTORY ASSISTANCE AND LISTING SERVICES**

**8.1 Directory Listings, (Cont'd.)**

**8.1.4 Free Listings**

The following listings are provided at no additional charge to the Customer: one listing for each individual line service, auxiliary line or PBX system.

**8.1.5 Rates for Additional Listings - Business Customers**

The following rates and charges apply to additional listings requested by the Customer over and above those free listings provided for in Section 8.1.4.

Type of Listing	Residential Charge	Business Charge
Reference/Cross Reference - Each Listing	\$1.75	\$2.50
Alternate Telephone Number/Night Listing:		
- Recurring	\$1.75	\$2.50
- Non-Recurring	\$4.95	\$10.50
Additional Listing - Non-Recurring	\$4.95	\$10.50
Foreign Listing	TBD	TBD
Dual Name Liking - Non Recurring	\$4.95	\$10.50
Dual Name Liking - Recurring	\$1.75	\$2.50
Directory Listing - Custom Ring	\$1.75	\$2.50
Directory Listing - Duplicate	\$1.75	\$2.50
Directory Listing - DA	\$1.60	\$1.50
Directory Listing - Designer	\$1.75	\$2.50
Directory Listing - Designer Line	\$1.75	\$2.50

Issued: August 24, 2007  
 Issued by:

Chris S. Barton, President  
 Wholesale Carrier Services, Inc.  
 5471 N. University Drive  
 Coral Springs, Florida 33067

Effective: September 24, 2007

**SECTION 8.0 - DIRECTORY ASSISTANCE AND LISTING SERVICES**

**8.2 Non-Published Service**

**8.2.1 General**

Non-published service means that the Customer's telephone number is not listed in the directory, not does it appear in the Company's Directory Assistance Records.

**8.2.2 Regulations**

This service is subject to the rules and regulations for E911 service, where applicable.

The Company will complete calls to a non-published number only when the caller dials direct or gives the operator number. No exceptions will be made, even if the caller says it is an emergency.

When the Company agrees to keep a number unlisted, it does so without any obligation. Except for cases of gross negligence or willful misconduct, the Company is not liable for any damages that might arise from publishing a non-published number in the directory or disclosing it to some. If, in error, the telephone number is published in the directory, the Company's only obligation is to credit or refund any monthly charges the Customer paid for non-published service.

The subscriber indemnifies (i.e., promises to reimburse the Company for any amount the Company must pay as a result of) and save the Company harmless against any and all claims for damages caused or claimed to have been caused, directly or indirectly, by the publication of a non-published service or the disclosing of said number to any person.

**8.2.3 Rates and Charges**

There is a monthly charge for each non-published service. This charge does not apply if the Customer has other listed service at the same location; if the Customer lives in a hotel, boarding house or club with listed service; or if the service is installed for a temporary period.

Non-published service charge, per month	\$2.60
-----------------------------------------	--------

Issued: August 24, 2007  
Issued by:

Chris S. Barton, President  
Wholesale Carrier Services, Inc.  
5471 N. University Drive  
Coral Springs, Florida 33067

Effective: September 24, 2007

**SECTION 8.0 - DIRECTORY ASSISTANCE AND LISTING SERVICES**

**8.3 Directory Assistance Services**

**8.3.1 Directory Assistance**

Per state requirements, no charge applies for the first ten (10) local directory assistance calls per month per local exchange line. A Directory Assistance charge does apply per local directory assistance call thereafter. The Customer may make two (2) requests for a telephone number per call. The Directory Assistance Charge applies regardless of whether the Directory Assistance operator is able to supply the requested number. National Directory Assistance calls are exempt from the ten (10) call allowance.

Each Local Directory Assistance Call, after the tenth call           \$0.34

Directly dialed calls to directory assistance are exempt from rates and regulations when placed from:

- a. single-line telephone exchange line of a handicapped user. Any line may be registered for exemption with the carrier in those instances where one of the users of the line is considered to be legally blind, or visually or physically handicapped as defined by the Federal Register, Vol. 35 # 126. Where a user's handicap prevents the dialing of a telephone in a conventional manner or permits only the dialing of "0", those calls placed from the registered line, and not directly dialed, will also be exempt;
- b. exchange lines of the Commonwealth of Massachusetts and its political subdivisions;
- c. payphones.

Directory assistance calls for telephone numbers which are non-listed, or non-listed and non-published are exempt from the rate, and shall not be included in the ten-call allowance.

- d. a person of the age 65 or older is exempt from being charged directory assistance.

**SECTION 2.0 - RULES AND REGULATIONS, (CONTINUED)**

**2.6 Payment Arrangements, (Continued)**

**2.6.6 Changes in Services Requested**

If the Customer makes or requests material changes in circuit engineering, equipment specifications, service parameters, premises locations, or otherwise materially modifies any provision of the application for service, the Customer's installation fee shall be adjusted accordingly.

**2.6.7 Bad Check Charge**

A service charge of \$20.00 will be assessed for all checks returned by a bank or other financial institution for: Insufficient or uncollected funds, closed account, apparent tampering, missing signature or endorsement, or any other insufficiency or discrepancy necessitating return of the instrument at the discretion of the drawee bank or other financial institution.

**2.7 Allowances for Interruptions in Service**

**2.7.1 General**

- (A) A credit allowance will be given when service is interrupted, except as specified in Section 2.7.2 following. A service is interrupted when it becomes inoperative to the Customer, e.g., the Customer is unable to transmit or receive, because of a failure of a component furnished by the Company under this tariff.
- (B) An interruption period begins when the Customer reports a service, facility or circuit to be inoperative and, if necessary, releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative.

**SECTION 4.0 - SERVICE CHARGES AND SURCHARGES**

**4.1 Service Order and Change Charges**

Non-recurring charges apply to processing Service Orders for new service, for changes in service.

	<u>Business</u>
Line Connection Charge	
First Line	\$79.00
Each Additional Line	\$79.00
Line Change Charge	
First Line	\$39.05
Each Additional Line	\$39.05

**4.2 Maintenance Visit Charges**

Maintenance Visit Charges apply when the Company dispatches personnel to a Customer's premises to perform work necessary for installing new service, effecting changes in service or resolving troubles reported by the Customer when the trouble is found to be caused by the Customer's facilities.

Maintenance Visit Charges will be credited to the Customer's account in the event trouble is not found in the Company facilities, but the trouble is later determined to be in those facilities.

The time period for which the Maintenance Visit Charges is applied will commence when Company personnel are dispatched at the Customer premises and end when work is completed. The rates for Maintenance of Service vary by time per Customer request.

<u>Duration of time, per technician</u>	<u>Business</u>
Initial 15 minute increment	\$25.00
Each Additional 15 minute increment	\$12.50

**4.3 Restoration of Service**

A restoration charge applies to the restoration of suspended service and facilities because of nonpayment of bills and is payable at the time that the restoration of the suspended service and facilities is arranged. The restoration charge does not apply when, after disconnection of service, service is later re-installed.

	<u>Business</u>
Per occasion	\$30.00

Issued: November 2, 2007  
Issued by:

Chris S. Barton, President  
Wholesale Carrier Services, Inc.  
5471 N. University Drive  
Coral Springs, Florida 33067

Effective: November 22, 2007

**SECTION 7.0 - LOCAL RESALE SERVICES PRICE LIST (CONTINUED)**

**7.3 Standard Business Local Exchange Service, (Continued)**

**7.3.1 Monthly Recurring Charges**

The following charges apply to Standard Business Local Exchange Service lines per month. Rates and charges include Touchtone Service for each line. The rates and charges below apply to service provided on a month-to-month basis.

	SERVICE TYPE	
	Thrifty Caller Plan	Community Plus Plan
Individual Line	\$24.50	\$55.00
PBX Trunk	\$24.50	\$70.00

Thrifty Caller Plan - is economy rate exchange service which provides measured rate calling only and has no usage charge allowance.

Community Plus Plan - provides for flat rate calling to specified areas with measured calling to all other exchanges or zones within the local service area and has no usage charge allowance.

**7.3.2 Hunting (a/k/a Rotary or Grouping)**

The following charges apply to Standard Business Local Exchange lines equipped with Hunting.

Non-Recurring Charge	\$39.05
Recurring Charge	\$1.40

**SECTION 8.0 - DIRECTORY ASSISTANCE AND LISTING SERVICES**

**8.1 Directory Listings**

**8.1.1 General**

The following rules apply to standard listings in light face type in the white pages (alphabetical section) of the telephone directory and to the Directory Assistance records of the Company.

Only information necessary to identify the Customer is included in these listings. The Company use abbreviations in listings. The Company may reject a residence listing, which is judged to be advertising. It may also reject a listing it judges to be objectionable. A name made up by adding a term such as Company, Shop, Agency, Works, etc. to the name of a commodity or service willing to be accepted as a listing unless the subscriber is legally doing business under that name.

**8.1.2 Free Listings**

The following listings are provided at no additional charge to the Customer: one listing for each individual line service, auxiliary line or PBX system.

Additional listing service charge	\$0.83
-----------------------------------	--------

**8.1.3 Non-Published Service**

Non-published service means that the Customer's telephone number is not listed in the directory, not does it appear in the Company's Directory Assistance Records. There is a monthly charge for each non-published service.

Non-published service charge, per month	\$2.22
-----------------------------------------	--------

**8.1.4 Non-Listed Service**

Non-listed service means that the Customer's telephone number is not listed in the directory, but does it appear in the Company's Directory Assistance Records. There is a monthly charge for each non-listed service.

Non-listed service charge, per month:	\$1.39
---------------------------------------	--------

**SECTION 8.0 - DIRECTORY ASSISTANCE AND LISTING SERVICES**

**8.2 Directory Assistance Services**

**8.2.1 Directory Assistance**

A Directory Assistance charge applies per local directory assistance call. The Customer may make two (2) requests for a telephone number per call. The Directory Assistance Charge applies regardless of whether the Directory Assistance operator is able to supply the requested number.

Each Local Directory Assistance Call	\$0.50
--------------------------------------	--------

Issued: November 2, 2007  
Issued by:

Chris S. Barton, President  
Wholesale Carrier Services, Inc.  
5471 N. University Drive  
Coral Springs, Florida 33067

Effective: November 22, 2007