



August 25, 1997  
OVERNIGHT

971111-TI

210 N. Park Ave.  
P.O. Drawer 200  
Winter Park, FL  
32790-0200

Florida Public Service Commission  
Division of Administration, Room G-50  
101 East Gaines Street  
Tallahassee, FL 32399-0850

DEPOSIT

DATE

D600

AUG 26 1997

Tel: 407-740-8575  
Fax: 407-740-0613

RE: Initial Application and Tariff of Direct Net Telecommunications for Authority to Provide Interexchange Telecommunications Services within the State of Florida.

Dear Sir/Madam:

Enclosed for filing are the original and twelve (12) copies of the above-referenced application of Direct Net Telecommunications.

Also enclosed is a Technologies Management, Inc. check in the amount of \$250, to cover the filing fee.

Please acknowledge receipt of this filing by returning, filed stamped, the extra copy of this letter in the self-addressed stamped envelope provided for that purpose.

I may be reached at (407) 740-8575 with any questions, comments or correspondence regarding this application. Thank you for your assistance.

Sincerely,

Thomas M. Forte  
Consultant to  
Direct Net Telecommunications

Enclosures

cc: M. Machado - Direct Net  
to file: Direct Net - FL  
TMX# FLd9700

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward a copy of check to R/R with proof of deposit.

Initials of person who forwarded check:

A.S.

610000 BARNETT BANK OF TALLAHASSEE  
FOR DEPOSIT ONLY  
PUBLIC SERVICE COMMISSION #610000  
FLORIDA STATE TREASURY  
CONCENTRATION ACCOUNT #10000444  
610000 610000

RECEIVED

Mas

DOCUMENT NUMBER-DATE

08606 AUG 26 97

FPSC-RECORDS/REPORTING



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OVERNIGHT

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32790-0200

Florida Public Service Commission  
Division of Administration, Room G-50  
101 East Gaines Street  
Tallahassee, FL 32399-0850

DEPOSIT DATE  
D600<sup>00</sup> AUG 26 1997

Tel: 407-740-8575  
Fax: 407-740-0613

RE: Initial Application and Tariff of Direct Net Telecommunications for Authority to Provide Interexchange Telecommunications Services within the State of Florida.

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to file: Direct Net - FL  
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A.S.

6100000 \ 6100000  
BANK OF TALLAHASSEE  
FOR DEPOSIT ONLY  
PUBLIC SERVICE COMMISSION #0100000  
FLORIDA STATE TREASURY  
CONCENTRATION ACCOUNT #10000444  
6100000 6100000

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FPSC-RECORDS/REPORTING

FLORIDA PUBLIC SERVICE COMMISSION

DIVISION OF COMMUNICATIONS  
BUREAU OF SERVICE EVALUATION

APPLICATION FORM  
for

AUTHORITY TO PROVIDE INTEREXCHANGE TELECOMMUNICATIONS SERVICE  
WITHIN THE STATE OF FLORIDA

---

Instructions

- A. This form is used for an original application for a certificate and for approval of sale, assignment or transfer of an existing certificate. In case of a sale, assignment or transfer, the information provided shall be for the purchaser, assignee or transferee (See Appendix A).
- B. Respond to each item requested in the application and appendices. If an item is not applicable, please explain why.
- C. Use a separate sheet for each answer which will not fit the allotted space.
- D. If you have questions about completing the form, contact:

Florida Public Service Commission  
Division of Communications  
Bureau of Service Evaluation  
2540 Shumard Oak Boulevard  
Gunter Building  
Tallahassee, Florida 32399-0850  
(904) 413-6600

- E. Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of \$250.00 to:

Florida Public Service Commission  
Division of Administration  
2540 Shumard Oak Blvd.  
Gunter Building  
Tallahassee, Florida 32399-0850  
(904) 413-6251

FORM PSC/CMU 31 (11/95)

Required by Commission Rule Nos. 25-24.471, 25-24.473, and 25-24.480(2).

1. Select what type of business your company will be conducting (check all that apply):

- ( ) **Facilities based carrier** - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.
- ( ) **Operator Service Provider** - company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.
- (X) **Reseller** - company has or plans to have one or more switches but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.
- ( ) **Switchless rebiller** - company has no switch or transmission facilities but may have a billing computer. Aggregates traffic to obtain bulk discounts from underlying carrier. Rebills end users at a rate above its discount but generally below the rate end users would pay for unaggregated traffic.
- ( ) **Multi-Location Discount Aggregator** - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers. Then offers the resold service by enrolling unaffiliated customers.
- (X) **Prepaid Debit Card Provider** - any person or entity that purchases 800 access from an underlying carrier or unaffiliated entity for use with prepaid debit card service and/or encodes the cards with personal identification numbers.

FORM PSC/CMU 31 (11/95)

Required by Commission Rule Nos. 25-24.471, 25-24.473, and 25-24.480(2).

2. This is an application for:

- Original Authority (new company)
- Approval of transfer (to another certificated company)
- Approval of assignment of existing certificate (to a noncertificated company)
- Approval for transfer of control (To another certificated company).

3. Name of corporation, partnership, cooperative, joint venture or sole proprietorship:

Direct Net Telecommunications

4. Name under which the applicant will do business (fictitious name, etc.):

Not Applicable

5. National address (including street name & number, post office box, city, state and zip code).

Direct Net Telecommunications  
4400 MacArthur Boulevard, Suite 410  
Newport Beach, California 92660  
Telephone: (714) 474-1001  
Facsimile: (714) 474-1078

6. Florida address (including street name & number, post office box, city, state and zip code).

See #5 Above

7. Structure of organization:

- Individual
- Foreign Corporation
- General Partnership
- Corporation
- Foreign Partnership
- Limited Partnership
- Other, Limited-liability company

FORM PSC/CMU 31 (11/95)

Required by Commission Rule Nos. 25-24.471, 25-24.473, and 25-24.480(2).

8. If applicant is an individual or partnership, please give name, title and address of sole proprietor or partners.

Not applicable.

- (a) Provide proof of compliance with the foreign partnership statute (Chapter 620.169 FS), if applicable.
- (b) Indicate if the individual or any of the partners have previously been:
- (1) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings.
- (2) officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with the company, give reason why not.

9. If incorporated, please give:

- (a) Proof from the Florida Secretary of State that the applicant has authority to operate in Florida.

Corporate charter number: M97000000488

- (b) Name and address of the company's Florida registered agent.

C.T. Corporation System  
1200 South Pine Island Road  
Plantation, Florida 33324

- (c) Provide proof of compliance with the fictitious name statute (Chapter 865.09 FS), if applicable.

Fictitious name registration number: Not Applicable

(d) Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

- (1) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings.

No officer, director or stockholder of the Company has been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime. No officer, director or stockholder of the Company are involved in proceedings which may result in such action.

- (2) officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with the company, give reason why not.

No officer, director, partner or stockholder of the Company is an officer, director or stockholder in any other Florida certificated telephone company.

10. Who will serve as liaison with the Commission in regard to (please give name, title, address and telephone number):

- (a) The application:

Thomas M. Forte  
Consultant to Direct Net  
Technologies Management, Inc.  
P.O. Drawer 200  
Winter Park, FL 32790-0200  
Telephone: (407) 740-8575  
Facsimile: (407) 740-0613

- (b) Official Point of Contact for the ongoing operations of the company:

Ms. Michelle Machado, Director of Marketing  
Direct Net Telecommunications  
4400 MacArthur Boulevard, Suite 410  
Newport Beach, California 92660  
Telephone: (714) 474-1001  
Facsimile: (714) 474-1078

(c) Tariff:

Thomas M. Forte  
Consultant to Direct Net  
Technologies Management, Inc.  
P.O. Drawer 200  
Winter Park, FL 32790-0200  
Telephone: (407) 740-8575  
Facsimile: (407) 740-0613

(d) Complaints/Inquiries from customers:

Customer Service Manager  
Direct Net Telecommunications  
4400 MacArthur Boulevard, Suite 410  
Newport Beach, California 92660  
Toll Free: (800) 399-2464  
Facsimile: (714) 474-1078

11. List the states in which the applicant:

(a) Has operated as an interexchange carrier.

None.

(b) Has applications pending to be certificated as an interexchange carrier.

Direct Net is embarking on filing applications on a limited basis in 1997.

(c) Is certificated to operate as an interexchange carrier.

None.

(d) Has been denied authority to operate as an interexchange carrier and the circumstances involved.

None

(e) Has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.

None



(f) Has been involved in civil court proceedings with an interexchange carrier, local exchange carrier or other telecommunications entity, and the circumstances involved.

None

12. What services will the applicant offer to other certified telephone companies:

- |   |                                    |
|---|------------------------------------|
| <input type="checkbox"/> Facilities   | <input type="checkbox"/> Operators |
| <input type="checkbox"/> Billing and Collection                                 | <input type="checkbox"/> Sales     |
| <input type="checkbox"/> Maintenance  |                                    |
| <input checked="" type="checkbox"/> Other: <u>None anticipated at this time</u> |                                    |

13. Do you have a marketing program?

No

14. Will your marketing program:

Not Applicable

- Pay commissions?
- Offer sales franchises?
- Offer multi-level sales incentives?
- Offer other sales incentives?

15. Explain any of the offers checked in question 14 (to whom, what amount, type of franchise, etc.).

16. Who will receive the bills for your service (check all that apply)?

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Residential customers   | <input checked="" type="checkbox"/> Business customers |
| <input type="checkbox"/> PATS providers   | <input type="checkbox"/> PATS station end-users        |
| <input type="checkbox"/> Hotels & motels  | <input type="checkbox"/> Hotel & motel guests          |
| <input type="checkbox"/> Universities   | <input type="checkbox"/> Univ. dormitory residents     |
| <input checked="" type="checkbox"/> Other: (specify) <u>Anyone who uses the Company's service</u> |  |

FORM PSC/CMU 31 (11/95)

Required by Commission Rule Nos. 25-24.471, 25-24.473, and 25-24.480(2).

17. Please provide the following (if applicable):

- (a) Will the name of your company appear on the bill for your services, and if not, who will the billed party contact to ask questions about the bill (provide name and phone number) and how is this information provided?

Presently Direct Net will only be providing Debit Card Services. If and when the Company provides any other types of services, the Company's name will appear on the bill.

- (b) The name and address of the firm who will bill for your service.

The Company will utilize either LEC billing arrangements or in-house billing depending on the customer type when the Company starts providing other than Debit Card services.

18. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide interexchange telecommunications service in Florida.

A. Financial capability.

Regarding the showing of financial capability, the following applies:

The application should contain the applicant's financial statements for the most recent 3 years, including:

1. the balance sheet
2. income statement
3. statement of retained earnings

See Attachment III.

Further, a written explanation, which can include supporting documentation, regarding the following should be provided to show financial capability.

1. Please provide documentation that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.

2. Please provide documentation that the applicant has sufficient financial capability to maintain the requested service.

3. Please provide documentation that the applicant has sufficient financial capability to meet its lease or ownership obligations.

**NOTE:** This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.

If available, the financial statements should be audited financial statements.

If the applicant does not have audited financial statements, it shall be so stated. The unaudited financial statements should then be signed by the applicant's chief executive officer and chief financial officer. The signatures should affirm that the financial statements are true and correct.

B. Managerial capability.

See Attachment IV.

C. Technical capability.

As a reseller, Applicant relies on the technical expertise of its underlying carrier for maintenance of the network.

19. Please submit the proposed tariff under which the company plans to begin operation. Use the format required by Commission Rule 25-24.485 (example enclosed).

See Attachment II.

20. The applicant will provide the following interexchange carrier services (Check all that apply):

MTS with distance sensitive per minute rates

- Method of access is FGA
- Method of access is FGB
- Method of access is FGD
- Method of access is 800

MTS with route specific rates per minute

- Method of access is FGA
- Method of access is FGB
- Method of access is FGD
- Method of access is 800

MTS with statewide flat rates per minute (i.e. not distance sensitive)

- Method of access is FGA
- Method of access is FGB
- Method of access is FGD
- Method of access is 800

MTS for pay telephone service providers.

Block of time calling plan (Reach Out Florida, Ring America, etc.)

800 Service (Toll free)

WATS type service (Bulk or volume discount)  
 Method of access is via dedicated facilities  
 Method of access is via switched facilities

Private line services (Channel Services)  
(For ex. 1.544 mbps, DS-3, etc.)

Travel service

- Method of access is 950
- Method of access is 800

900 service

FORM PSC/CMU 31 (11/95)

Required by Commission Rule Nos. 25-24.471, 25-24.473, and 25-24.480(2).

\_\_\_ **Operator Services**

- \_\_\_ Available to presubscribed customers
- \_\_\_ Available to non presubscribed customers (for example, patrons of hotels, students in universities, patients in hospitals.
- \_\_\_ Available to inmates

**Services included are:**

- Station assistance
- \_\_\_ Person to person assistance
- \_\_\_ Directory assistance
- \_\_\_ Operator verify and interrupt
- \_\_\_ Conference calling

21. What does the end user dial for each of the interexchange carrier services that were checked in services included (above).

For travel service calls: an 800 access number, plus identification number, plus the destination telephone number.

22. Other:

**\*\* APPLICANT ACKNOWLEDGMENT STATEMENT \*\***

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of its gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.
2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.
3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.
4. **APPLICATION FEE:** A non-refundable application fee of \$250.00 must be submitted with the application.
5. **RECEIPT AND UNDERSTANDING OF RULES:** I acknowledge receipt and understanding of the Florida Public Service Commission's Rules and Orders relating to my provision of interexchange telephone service in Florida. I also understand that it is my responsibility to comply with all current and future Commission requirements regarding interexchange service.
7. **ACCURACY OF APPLICATION:** By my signature below, I the undersigned owner or officer of the named utility in the application, attest to the accuracy of the information contained in this application and associated attachments. I have read the foregoing and declare that to the best of my knowledge and belief, the information is a true and correct statement.

Further, I am aware that pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083".

UTILITY OFFICIAL:

  
\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Daniel S. Gee

President

(714) 474-1001

FORM PSC/CMU 31 (11/95)

Required by Commission Rule Nos. 25-24.471, 25-24.473, and 25-24.480(2).

APPENDICES:

- A - CERTIFICATE TRANSFER STATEMENT
- B - CUSTOMER DEPOSITS AND ADVANCE PAYMENTS
- C - INTRASTATE NETWORK
- D - FLORIDA TELEPHONE EXCHANGES AND EAS ROUTES

ATTACHMENTS:

- I - AUTHORITY TO OPERATE IN FLORIDA
- II - PROPOSED TARIFF
- III - FINANCIAL STATEMENTS
- IV - MANAGERIAL AND TECHNICAL CAPABILITIES

**\*\* APPENDIX A \*\***

**CERTIFICATE OF TRANSFER STATEMENT**

I, (TYPE NAME) \_\_\_\_\_,  
(TITLE) \_\_\_\_\_, of (NAME OF COMPANY)  
\_\_\_\_\_, and current  
holder of certificate number \_\_\_\_\_, have  
reviewed this application and join in the petitioner's  
request for a transfer of the above-mention certificate.

**Not Applicable.**

**UTILITY OFFICIAL:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
\_\_\_\_\_  
Title

\_\_\_\_\_  
Telephone

FORM PSC/CMU 31 (11/95)

Required by Commission Rule Nos. 25-24.471, 25-24.473, and 25-24.480(2).



\*\* APPENDIX B \*\*

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

A statement of how the Commission can be assured of the security of the customer's deposits and advance payments may be responded to in one of the following ways (applicant please check one):

- (X) The applicant will not collect deposits nor will it collect payments for service more than one month in advance.
  
- ( ) The applicant will file with the Commission and maintain a surety bond in an amount equal to the current balance of deposits and advance payments in excess of one month. (Bond must accompany application.)

UTILITY OFFICIAL: \_\_\_\_\_ *D. S. Gee* \_\_\_\_\_ 8/18/97  
Signature Date  
  
\_\_\_\_\_ Daniel S. Gee \_\_\_\_\_  
\_\_\_\_\_ President \_\_\_\_\_ (714) 474-1001

**\*\* APPENDIX C \*\***

INTRASTATE NETWORK

1. POP: Addresses where located, and indicate if owned or leased.

1) None. 2)

3) 4)

2. SWITCHES: Address where located, by type of switch and indicate if owned or leased.

1) None 2)

3) 4)

3. TRANSMISSION FACILITIES: POP-to-POP facilities by type of facilities (microwave, fiber copper, satellite, etc.) and indicate if owned or leased.

POP-to-POP                      TYPE                      OWNERSHIP

1) None

2)

3)

4. ORIGINATING SERVICE: Please provide the list of exchanges where you are proposing to provide originating service within thirty (30) days after the effective date of the certificate. (Appendix D)

Statewide.

FORM PSC/CMU 31 (11/95)

Required by Commission Rule Nos. 25-24.471, 25-24.473, and 25-24.480(2).

5. **TRAFFIC RESTRICTIONS:** Please explain how the applicant will comply with the EAEA requirements contained in Commission Rule 25-24.471 (4) (a) (copy enclosed).

Not applicable.

6. **CURRENT FLORIDA INTRASTATE SERVICES:** Applicant has ( ) or has not (X) previously provided intrastate telecommunications in Florida. If the answer is has, fully describe the following:

- (a) What services have been provided and when did these service begin?

Not applicable.

- (b) If the services are not currently offered, when were they discontinued?

Not applicable.

UTILITY OFFICIAL: \_\_\_\_\_ CPJ \_\_\_\_\_ 2/12/97 \_\_\_\_\_  
Signature Date  
\_\_\_\_\_  
Daniel S. Gee  
\_\_\_\_\_  
President (714) 474-1001

**\*\* APPENDIX D \*\***

FLORIDA TELEPHONE EXCHANGES

AND

EAS ROUTES

Describe the service area in which you hold yourself out to provide service by telephone company exchange. If all services listed in your tariff are not offered at all locations, so indicate.

In an effort to assist you, attached is a list of major exchanges in Florida showing the small exchanges with which each has extended area service (EAS).

**\*\* FLORIDA EAS FOR MAJOR EXCHANGES \*\***

<u>Extended Service Area</u>	<u>with</u>	<u>These Exchanges</u>
PENSACOLA:		Cantonment, Gulf Breeze, Pace, Milton Holley-Navarre.
PANAMA CITY:		Lynn Haven, Panama City Beach, Youngstown-Fountain and Tyndall AFB.
TALLAHASSEE:		Crawfordville, Havana, Monticello, Panacea, Sopchoppy and St. Marks.
GAINESVILLE:		Alachua, Archer, Brooker, Hawthorne, High Springs, Melrose, Micanopy, Newberry and Waldo.
OCALA:		Belleview, Citra, Dunnellon, Forest Lady Lake (B21), McIntosh, Iklawaha, Orange Springs, Salt Springs and Silver Springs Shores.
DAYTONA BEACH:		New Smyrna Beach.

FORM PSC/CMU 31 (11/95)  
Required by Commission Rule Nos. 25-24.471, 25-24.473, and 25-24.480(2).

TAMPA:	Central    None East        Plant City North      Zephyrhills South      Palmetto West        Clearwater
CLEARWATER:	St. Petersburg, Tampa-West and Tarpon Springs.
ST. PETERSBURG:	Clearwater.
LAKELAND:	Bartow, Mulberry, Plant City, Polk City and Winter Haven.
ORLANDO:	Apopka, East Orange, Lake Buena Vista, Oviedo, Windermere, Winter Garden, Winter Park, Montverde, Reedy Creet, and Oviedo-Winter Springs.
WINTER PARK:	Apopka, East Orange, Lake Buena Vista, Orlando, Oviedo, Sanford, Windermere, Winter Garden, Oviedo-Winter Springs, Reedy Creek, Geneva and Montverde.
TITUSVILLE:	Cocoa and Cocoa Beach.
COCOA:	Cocoa Beach, Eau Gallie, Melbourne and Titusville.
MELBOURNE:	Cocoa, Cocoa Beach, Eau Gallie and Sebastian.
SARASOTA:	Bradenton, Myakka and Venice.
FT. MYERS:	Cape Coral, Ft. Myers Beach, North Cape Coral, North Ft. Myers, Pine Island, Lehigh Acres and Sanibel-Captiva Islands.
NAPLES:	Marco Island and North Naples.

WEST PALM BEACH:

Boynton Beach and Jupiter.

POMPANO BEACH:

Boca Raton, Coral Springs,  
Deerfield Beach and Ft.  
Lauderdale.

FT. LAUDERDALE:

Coral Springs, Deerfield Beach,  
Hollywood and Pompano Beach.

HOLLYWOOD:

Ft. Lauderdale and North Dade.

NORTH DADE:

Hollywood, Miami and Perrine.

MIAMI:

Homestead, North Dade and  
Perrine.

Direct Net Telecommunications intends to offer service  
throughout the State of Florida.

FORM PSC/CMU 31 (11/95)

Required by Commission Rule Nos. 25-24.471, 25-24.473, and 25-  
24.480(2).

ATTACHMENT I

AUTHORITY TO OPERATE IN FLORIDA



FLORIDA DEPARTMENT OF STATE  
Sandra B. Mortham  
Secretary of State

August 8, 1997

C T CORPORATION SYSTEM  
TALLAHASSEE, FL

Qualification documents for DIRECT NET TELECOMMUNICATIONS, A LIMITED LIABILITY COMPANY were filed on August 8, 1997, and assigned document number M97000000488. Please refer to this number whenever corresponding with this office.

Your limited liability company is now qualified and authorized to transact business in Florida as of the file date.

A limited liability company annual report will be due this office between January 1 and May 1 of the year following the calendar year of the file date. A Federal Employer Identification (FEI) number will be required before this report can be filed. If you do not already have an FEI number, please apply NOW with the Internal Revenue by calling 1-800-829-3676 and requesting form SS-4.

Please be aware if the limited liability company address changes, it is the responsibility of the corporation to notify this office.

Should you have any questions regarding this matter, please telephone (850) 487-6051, the Registration and Qualification Section.

Buck Kohr  
Corporate Specialist  
Division of Corporations

Letter Number: 097A00040396



**APPLICATION BY FOREIGN LIMITED LIABILITY COMPANY FOR AUTHORIZATION TO TRANSACT BUSINESS IN FLORIDA**

*IN COMPLIANCE WITH SECTION 608.503, FLORIDA STATUTES, THE FOLLOWING IS SUBMITTED TO REGISTER A FOREIGN LIMITED LIABILITY COMPANY TO TRANSACT BUSINESS IN THE STATE OF FLORIDA:*

1. Direct Net Telecommunications, a Limited Liability Company  
(Name of foreign limited liability company must end with the words "limited company" or their abbreviation "L.C." if not so contained in the name at present. Please Note: L.L.C. is not an acceptable suffix in Florida.)

2. Nevada  
(Jurisdiction under the law of which foreign limited liability company is organized)

3. 33-0575828  
(FEI number, if applicable)

4. August 12, 1993  
(Date of Organization)

5. July 31, 2023  
(Duration: Year limited liability company will cease to exist or "perpetual")

6. upon filing  
(Date first transacted business in Florida. (See sections 608.501, 608.502, and 617.150, F.S.)

7. 4400 MacArthur Blvd., Ste. 410  
Newport Beach, CA 92660  
(Street address of principal office)

8. List and indicate in title space provided the name, title, and business address of each managing member[MGRM] or manager[MGR]. It is not necessary to list members.  
(attach additional page if necessary)

**NAME & ADDRESS:**

**TITLE:**

**NAME & ADDRESS:**

**TITLE:**

see attached  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

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FILED  
 SECRETARY OF STATE  
 DIVISION OF CORPORATIONS  
 27 AUG - 8 PM 1:01

**Filing Fee: \$ 52.50 for Application**

**Direct Net Telecommunications,  
a Limited Liability Company**

**List of Managers**

Timothy B. Anderson, Manager  
4400 MacArthur Blvd., Suite 410  
Newport Beach, CA 92660

Frederick R. Andresen, Manager  
4400 MacArthur Blvd., Suite 410  
Newport Beach, CA 92660

Fredric J. Fourcher, Manager  
4400 MacArthur Blvd., Suite 410  
Newport Beach, CA 92660

Daniel S. Gee, Manager  
4400 MacArthur Blvd., Suite 410  
Newport Beach, CA 92660

Robert S. Smart, Manager  
4400 MacArthur Blvd., Suite 410  
Newport Beach, CA 92660

FILED  
SECRETARY OF STATE  
DIVISION OF CORPORATIONS  
97 AUG - 8 PM 1:01

ATTACHMENT II  
PROPOSED TARIFF

TITLE PAGE  
FLORIDA TELECOMMUNICATIONS TARIFF  
OF  
DIRECT NET TELECOMMUNICATIONS

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of resold telecommunication services provided by Direct Net Telecommunications ("Direct Net") with principal offices located at 4400 MacArthur Boulevard, Suite 410, Newport Beach, California 92660. This tariff applies to services furnished within the State of Florida. This tariff is on file with the Florida Public Service Commission, and copies may be inspected, during normal business hours, at the Company's principal place of business.

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ISSUED: August 26, 1997

EFFECTIVE:

ISSUED BY: Daniel S. Gee, President  
Direct Net Telecommunications  
4400 MacArthur Blvd., Suite 410  
Newport Beach, California 92660

**CHECK SHEET**

This tariff contains Sheets, as listed below, each of which is effective as of the date shown on each sheet. Original and revised pages as named below comprise all changes from the original tariff.

<u>SHEET</u>	<u>REVISION</u>	
1	Original	*
2	Original	*
3	Original	*
4	Original	*
5	Original	*
6	Original	*
7	Original	*
8	Original	*
9	Original	*
10	Original	*
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19	Original	*
20	Original	*
21	Original	*
22	Original	*
23	Original	*
24	Original	*
25	Original	*
26	Original	*
27	Original	*

\* - Indicates sheets included with this filing

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**SYMBOLS**

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

- D - Delete or Discontinue
- I - Change Resulting in an Increase to a Customer's Bill
- M - Moved from another Tariff Location
- N - New
- R - Change Resulting in a Reduction to a Customer's Bill
- T - Change in Text or Regulation but no Change in Rate or Charge.

When changes are made in any tariff sheet, a revised sheet will be issued canceling the tariff sheet affected. Changes will be identified on the revised sheet(s) through the use of the above mentioned symbols.

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**TARIFF FORMAT**

- A. **Sheet Numbering** - Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.
- B. **Sheet Revision Numbers** - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current sheet version on file with the FPSC. For example, the 4th revised Sheet 14 cancels the 3rd revised Sheet 14. Because of various suspension periods, deferrals, etc. the FPSC follows in their tariff approval process, the most current sheet number on file with the Commission is not always the tariff pages in effect. Consult the check sheet for sheet currently in effect.
- C. **Paragraph Numbering Sequence** - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:
- 2.
  - 2.1.
  - 2.1.1.
  - 2.1.1.A.
  - 2.1.1.A.1.
  - 2.1.1.A.1.(a).
  - 2.1.1.A.1.(a).I.
  - 2.1.1.A.1.(a).I.(i).
  - 2.1.1.A.1.(a).I.(i).(1).
- D. **Check Sheets** - When a tariff filing is made with the FPSC, an updated check sheet accompanies the tariff filing. The check sheet lists the sheets contained in the tariff, with a cross reference to the current revision number. When new pages are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (\*). There will be no other symbols used on the check sheet if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some pages). The tariff user should refer to the latest check sheet to find out if a particular sheet is the most current on file with the FPSC.

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**SECTION 1.0 - TECHNICAL TERMS AND ABBREVIATIONS****1.1 Abbreviations**

The following abbreviations are used herein only for the purposes indicated below:

FCC	-	Federal Communications Commission
FPSC	-	Florida Public Service Commission
IXC	-	Interexchange Carrier
LEC	-	Local Exchange Carrier

**1.2 Definitions**

**Available Usage Balance** - The amount of usage remaining on a Debit Account at any particular point in time. Each Debit Account has an Initial Account Balance which is stated in U.S. dollars. The Available Balance is depleted as services provided by the Company are utilized by the Customer.

**Commission** - The Florida Public Service Commission.

**Company or Carrier** - Direct Net Telecommunications unless otherwise clearly indicated by the context.

**Customer** - Any person, firm, partnership, corporation, or other entity which uses telecommunications services under the provisions and regulations of this tariff and is responsible for payment of charges.

**Debit Account** - An account which consists of a pre-paid usage balance depleted on a real-time basis during each Debit Service call.

**Debit Card** - A card issued by the Company which provides the Customer with a Personal Account Code and instructions for accessing the Carrier's network.

**Debit Service Call** - A service accessed via a "1-800" or other access code dialing sequence whereby the Customer or Authorized User dials all of the digits necessary to route a call. Network usage for each call is deducted from the available usage balance on a Company issued Debit Account.

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**SECTION 1.0 - TECHNICAL TERMS AND ABBREVIATIONS, (CONT'D.)****1.2 Definitions, (Cont'd)**

**Direct Net** - refers to Direct Net Telecommunications.

**Initial Usage Balance** - The amount of usage on a Debit Account upon issuance and before any depleting call activity.

**LEC** - Local Exchange Company

**Marks** - A collective term to mean such items as trademarks, service marks, trade names and logos; copyrighted words, artwork, designs, pictures or images; or any other device or merchandise to which legal rights or ownership are held or reserved by an entity.

**Personal Account Code** - A numeric or alpha-numeric sequence which uniquely identifies a travel card or debit card account.

**Renewal** - A method of replenishing a Debit Account's Available Usage Balance with additional minutes of usage as authorized and paid for by the Customer.

**Sponsor** - A corporation or other legal entity that exclusively permits the use of its Marks to the company for use with telephone cards or other merchandise, and contracts with the company for the marketing of the services described herein.

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**SECTION 2.0 - RULES AND REGULATIONS****2.1 Undertaking of Direct Net**

Direct Net's services and facilities are furnished for communications originating at specified points within the state of Florida under terms of this tariff. Direct Net installs, operates, and maintains the communications services provided hereinunder in accordance with the terms and conditions set forth under this tariff.

**2.2 Applicability of Tariff**

This tariff is applicable to telecommunications services provided by Direct Net within the state of Florida.

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**SECTION 2.0 - RULES AND REGULATIONS, (CONT'D.)****2.3 Payment and Credit Regulations****2.3.1 Payment Arrangements**

For Subscriber Services, all charges due by the Customer are payable to any agency duly authorized to receive such payments. This includes payment for calls or services originated at the Customer's number(s); placed using a Debit Card as a form of payment regardless of the purchaser of the card or the originating location of the call; incurred at the specific request of the Customer.

Payments for service provided in association with Company-issued Debit Accounts must be received by the company or its authorized agent prior to the activation of the Customer's Debit Account. The Customer shall be responsible for all calls placed via the Debit Account as the result of the Customer's intentional or negligent disclosure of their Personal Account Code.

For Prepaid Card Services, all payments for service must be received by the Company or its authorized agent prior to the activation of the Customer Account Code in the Company's system. Renewal of Customer Account Balances made by charges to commercial credit cards are subject to the terms and conditions of the issuing commercial credit card company and those of Direct Net's credit card processing agent. Renewals of Customer Account Balances made by cashier's checks are subject to the terms and conditions of the issuing financial institution.

**2.3.2 Deposits**

The Company does not collect deposits from its Customers. Payment for a prepaid debit card does not constitute a customer deposit.

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**SECTION 2.0 - RULES AND REGULATIONS, (CONT'D.)**

**2.3 Payment and Credit Regulations, (Cont'd.)**

**2.3.3 Advance Payments**

The Company does not collect advance payments from its Customers. Payment for a prepaid debit card does not constitute an advance payment.

**2.3.4 Taxes**

All state and local taxes (i.e., gross receipts tax, sales tax, and municipal utilities tax) are included in the Initial Balance of the prepaid debit card, but not in the quoted per minute rates.

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**SECTION 2.0 - RULES AND REGULATIONS, (CONT'D.)****2.4 Refunds or Credits for Service Outages or Deficiencies****2.4.1 Interruption of Service**

Credit allowances for interruptions of service which are not due to the Carrier's testing or adjusting, to the negligence of the Customer, or to the failure of channels, equipment or communications systems provided by the Customer, are subject to the general liability provisions set forth in Section 2.4 herein. It shall be the obligation of the Customer to notify Carrier immediately of any interruption in service for which a credit allowance is desired by Customer. Before giving such notice, Customer shall ascertain that the trouble is not within his or her control.

The Company will provide a credit equal to one minute of applicable service for calls that are interrupted or subject to inadequate transmission. Credits will not be issued when an interruption or service deficiency is not reported to the Company or is caused by the failure of power, equipment or systems not provided by the Company.

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**SECTION 2.0 - RULES AND REGULATIONS, (CONT'D.)****2.4 Refunds or Credits for Service Outages or Deficiencies,  
(Cont'd.)****2.4.2 Liability**

- (A) The liability of the Company for any claim or loss, expense or damage (including indirect, special, or consequential damage) for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff shall not exceed an amount equivalent to the proportionate charges to the Customer for the period of service or the facility provided during which such interruption, delay, error, omission, or defect occurs.
- (B) The Company shall not be liable for any claim or loss, expense, or damage (including indirect, special, or consequential damage), for any interruption, delay, error, omission, or other defect in any service facility, or transmission provided under this tariff, if caused by any person or entity other than the Company, by any malfunction of any service or facility provided by any other carrier, by any act of God, fire, war, civil disturbance, or act of government, or by any other cause beyond the Company's direct control.
- (C) The Company shall not be liable for, and shall be fully indemnified and held harmless by Customer and Subscriber against any claim or loss, expense, or damage, (i) for defamation, invasion of privacy, infringement of copyright or patent, unauthorized use of any trademark, trade name, or service mark, unfair competition, interference with or misappropriation or violation of any contract, proprietary or creative right, or any other injury to any person, property, or entity

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## SECTION 2.0 - RULES AND REGULATIONS, (CONT'D.)

2.4 Refunds or Credits for Service Outages or Deficiencies,  
(Cont'd.)

## 2.4.2 Liability (cont'd.)

## (C) (continued)

arising from the material data, information, or content revealed to, transmitted, processed, handled, or used by Company under this tariff, or (ii) for connecting, combining, or adapting Company's facilities with Customer's or Subscriber's apparatus or systems, or (iii) for any act or omission of the Customer or Subscriber, or (iv) for any personal injury or death of any person, or for any loss of or damage to Subscriber's or Customer's premises or any other property, whether owned by Customer, Subscriber or others, caused directly or indirectly by the installation, maintenance, location, condition, operation, failure or removal of equipment or wiring provided by the Company if not directly caused by negligence of the Company.

- (D) The Company shall not be liable for any claim, loss, or refund as a result of loss or theft of Debit Cards or Personal Account codes issued for use with the Company's services. Nor will the Company be liable for any claim, loss or refund on any unused balance remaining on a Debit Card provided to a Customer before or after the expiration date assigned to each Debit Account.

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**SECTION 2.0 - RULES AND REGULATIONS, (CONT'D.)****2.5 Refusal or Discontinuance by Company**

Direct Net may refuse or discontinue service for non-compliance with and/or violation of any Federal, State or municipal law, ordinance or regulation pertaining to telephone service. Service may also be discontinued or refused without notice for the following conditions:

- 2.5.1 For non-compliance with and/or violation of the Commission's regulations or the Company's rules and regulations.
- 2.5.2 For non-payment of any amount past due to the Company by the Customer, including non-payment of a Customer Card Account Renewal of a fully-depleted balance.
- 2.5.3 When the Available Account Balance of a non-renewable account is Depleted to a level insufficient to place a one-minute call to the location of least cost.
- 2.5.4 When the established expiration date of the Customer Account is reached.
- 2.5.5 In the event of Customer use in such a manner as to adversely affect the Company's equipment, the Company's service to others, or the Company's financial position.
- 2.5.6 In the event of tampering with the equipment furnished and owned by the Company.

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**SECTION 2.0 - RULES AND REGULATIONS, (CONT'D.)****2.5 Refusal or Discontinuance by Company, (Cont'd.)**

2.5.7 In the event of unauthorized or fraudulent use of service. Whenever service is discontinued for fraudulent use of service, the Company may, before restoring service, require the Customer to make, at his or her own expense, all changes necessary to eliminate illegal use and to pay an amount reasonably estimated as the loss in revenues resulting from such fraudulent use.

2.5.8 When necessary for the Company to comply with any order or request of any governmental authority having jurisdiction.

**2.6 Limitations of Service**

2.6.1 Service will be furnished subject to the availability of the necessary facilities and/or equipment and subject to the provisions of this tariff.

2.6.2 Direct Net reserves the right to discontinue furnishing service when necessitated by conditions beyond its control, or when the Customer is using the service in violation of the provisions of this tariff, or in violation of law.

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

2.6.4 Direct Net reserves the right to discontinue the offering of service if a change in regulation materially and negatively impacts the financial viability of the service in the best business judgment of the Company.

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**SECTION 2.0 - RULES AND REGULATIONS, (CONT'D.)**

**2.7 Use of Service**

Service may be used for any lawful purpose for which it is technically suited. Customers reselling Direct Net's Florida intrastate service must have a Certificate of Public Convenience and Necessity as an interexchange carrier from the Florida Public Service Commission.

**2.8 Applicable Law**

This tariff shall be subject to and construed in accordance with Florida law.

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**SECTION 2.0 - RULES AND REGULATIONS, (CONT'D.)****2.9 Tests, Pilots, Promotional Campaigns and Contests**

The Company may conduct special tests or pilot programs and promotions at its discretion to demonstrate the ease of use, quality of service and to promote the sale of its services. The Company may also waive a portion or all processing fees or installation fees for winner of contests and other occasional promotional events sponsored or endorsed by the Company. From time to time the Company may waive all processing fees for a Customer.

These promotions will be approved by the FPSC with specific starting and ending dates with promotions running under no circumstances longer than 90 days in any twelve month period.

**2.10 Employee Concessions**

The Company does not provide for employee concessions.

**2.11 Other Rules**

The Company may temporarily suspend service without notice to the Customer, by blocking traffic to certain cities or NXX exchanges, or by blocking calls using certain Personal Account codes when the company deems it necessary to take such action to prevent unlawful use of its service. The Company will restore service as soon as service can be provided without undue risk.

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**SECTION 3.0 - DESCRIPTION OF SERVICE****3.1 General**

Direct Net provides direct dialed one plus and Prepaid Card Services for communications originating and terminating within the State of Florida under terms of this tariff.

**3.2 Quality and Grade of Service Offered**

Minimum Call Completion Rate - Customers can expect a call completion rate of not less than 90% during peak use periods. The call completion rate is calculated as the number of calls completed (including calls completed to a busy line or to a line which remains unanswered by the called party) divided by the number of calls attempted.

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SECTION 3.0 - DESCRIPTION OF SERVICE, (CONT'D.)

3.3 Timing of Calls

- 3.3.1 Timing for all calls begins when the called party answers the call (i.e. when two way communications are established.) Answer detection is based on standard industry answer detection methods, including hardware and software answer detection.
- 3.3.2 Chargeable time for all calls ends when either one of the parties disconnects from the call.
- 3.3.3 Minimum call duration and additional billing increments are specified in Section 4.
- 3.3.4 There is no billing applied for incomplete calls.

3.4 Applicable Rate Periods

Usage rates are subject to the following time-of-day, rate periods:

	MON	TUES	WED	THUR	FRI	SAT	SUN
8:00 AM TO 5:00 PM*	PEAK RATE PERIOD						
5:00 PM TO 11:00 PM*	OFF-PEAK PERIOD						
11:00 PM TO 8:00 AM*							

\* to, but not including

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**SECTION 3.0 - DESCRIPTION OF SERVICE, (CONT'D.)****3.5 Direct Net Debit Card Service - I**

Direct Net Debit Card Service is a Debit Card service available to residential and business Subscribers for placing calls while away from home or office. Calls are originated by dialing the 800 access number printed on the card, followed by an account identification number and personal identification number.

Debit card accounts maintain a balance which is depleted on a real-time basis as calls are placed. Customers are notified of their remaining account balance at the beginning of each call. Calls may originate from standard residential, business or pay telephone access lines and may terminate to any interstate or intrastate location.

Calls are billed in one (1) minute increments. The minimum call duration for billing purposes is one (1) minute. Direct Net Debit Card Service is available 24 hours a day, seven days per week. The number of available cards is subject to technical limitations. Cards will be offered to customers on a first come, first served basis.

**3.5.1 Exclusions**

Calls to 500,700, 800 and 900 numbers  
Calls requiring the quotation of time and charges  
Air to ground and high seas service

**3.5.2 Service Availability**

- (A) All calls must be charged against a Company Debit Card that has sufficient available balance.
- (B) A Customer's call will be interrupted with an announcement when the balance is about to be depleted. Such announcement will occur one minute before the balance will be depleted, based on the terminating location of the call. The Customer will be requested to recharge their current card.

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SECTION 3.0 - DESCRIPTION OF SERVICE, (CONT'D.)

3.5 Direct Net Debit Card Service - I, (Cont'd.)

3.5.2 Service Availability, (cont'd.)

- (C) Calls in progress will be terminated by the Company if the balance on the Company Debit Card is insufficient to continue the call and the Customer fails to recharge their card number or enters another valid Company Debit Card prior to termination.
- (D) Payment for the Company Debit Card and any Available Usage in a Customer's Debit Account is non-refundable.

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## SECTION 3.0 - DESCRIPTION OF SERVICE, (CONT'D.)

## 3.7 Calculation of Distance

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

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

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

- Step 1 - Obtain the "V" and "H" coordinates for the Wire Centers serving the Customer and the destination point.
- Step 2 - Obtain the difference between the "V" coordinates of each of the Wire Centers. Obtain the Difference between the "H" coordinates.
- Step 3 - Square the differences obtained in Step 2.
- Step 4 - Add the squares of the "V" difference and "H" difference obtained in Step 3.
- Step 5 - Divide the sum of the square obtained in Step 4 by ten (10). Round to the next higher whole number if any fraction results from the division.
- Step 6 - Obtain the square root of the whole number obtained in Step 5. Round to the next higher whole number if any fraction is obtained. This is the distance between the Wire Centers.

Formula:

$$\sqrt{\frac{(V_1 - V_2)^2 + (H_1 - H_2)^2}{10}}$$

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## SECTION 3.0 - DESCRIPTION OF SERVICE, (CONT'D.)

## 3.8 Calculation of Distance, (Cont'd.)

EXAMPLE: Distance between Miami and New York City -

	V	H
Miami:	8,351	529
New York:	<u>4,997</u>	<u>1,406</u>
Difference:	3,354	-877
Square and add:	11,249,316 + 769,129 = 12,018,445	
Divide by 10:	12,018,445 / 10 = 1,201,844.5	
Round up:	1,201,845	
Take square root:	$\sqrt{1,201,845} = 1,096.3$	
Round up:	1,097 miles	

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## SECTION 4.0 - RATES

## 4.1 General

Each Customer is charged individually for each call placed through the Company. Charges will vary by service offering, class of call, time of day, day of week, class of call and/or call duration.

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**SECTION 4.0 - RATES, (CONT'D.)****4.2 Exemptions and Special Rates****4.2.1 Discounts for Hearing Impaired Customers**

A telephone toll message which is communicated using a telecommunications device for the deaf (TDD) by properly certified hearing or speech impaired persons or properly certified business establishments or individuals equipped with TDDs for communicating with hearing or speech impaired persons will receive, upon request, credit on charges for certain intrastate toll calls placed between TDDs. Discounts do not apply to surcharges or per call add-on charges for operator services when the call is placed by a method that would normally incur the surcharge.

- A) The credit to be given on a subsequent bill for such calls placed between TDDs will be equal to applying the off-peak rate during peak rate period.
- B) The credit to be given on a subsequent bill for such calls placed by TDDs with the assistance of the relay center will be equal to 50% of the rate for the applicable rate period. If either party is both hearing and visually impaired, the call shall be discounted at 60% of the applicable rate.

**4.2.2 Directory Assistance Exemptions**

Presubscribed residential Customers or authorized users of Customers' services who are certified as handicapped are exempt from applicable Directory Assistance charges for the first 50 directory assistance calls per month.

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**SECTION 4.0 - RATES, (CONT'D.)****4.2 Exemptions and Special Rates****4.2.2 Emergency Call Exemptions**

The following calls are exempted from all charges: Emergency calls to recognizable authorized civil agencies including police, fire, ambulance, bomb squad and poison control. Direct Net will only handle these calls if the caller dials all of the digits to route and bill the call. Credit will be given for any billed charges pursuant to this exemption on a subsequent bill after verified notification by the billed Customer within thirty (30) days of billing.

**4.3 Late Payment Charge**

The Company does not bill a late fee.

**4.4 Return Check Charge**

The Company will assess a return check charge of up to \$20.00 or 5% of the amount of the check, whichever is greater, whenever a check or draft presented for payment of service is not accepted by the institution on which it is written. This charge applies each time a check is returned to the Company by a bank for insufficient funds. In addition, the Company reserves the right to place the Available Usage Balance for the Customer's Debit Account on hold until the check or draft clears or is paid.

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SECTION 4.0 - RATES, (CONT'D.)

4.5 Direct Net Debit Card Service - I

Per minute rate: \$ .40

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ATTACHMENT III  
FINANCIAL STATEMENTS

**ATTACHMENT III - A**  
**DIRECT NET TELECOMMUNICATIONS**  
**Financial Resources Statement**

Direct Net Telecommunications ("Direct Net") is provided a June 30, 1997 financial statement with its application as proof of the company's anticipated Florida revenue projections. These statements show Direct Net has a positive income as well as positive Shareholders Equity.

Direct Net proposes to operate as a reseller in the state. There are minimal capital requirements or expenses that the company will experience when starting it's Florida operations. All transmission will be provided by the underlying carrier. The company has structured its retail pricing so that its per minute rate covers its per minute cost, thus assuring an almost instantaneous positive cash flow.

The company also points to the resumes provided with the application. These resumes show that Direct Net has the managerial experience and entrepreneurial skill necessary to run the company.



# DIRECT NET TELECOMMUNICATIONS, LLC AND SUBSIDIARY

## CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 1996 AND 1995

	1996	1995
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 397,538	\$ 98,696
Accounts receivable, less allowance for doubtful accounts of \$10,615 in 1996 and \$5,000 in 1995 (Notes 7 and 8)	1,556,963	745,991
Prepaid expenses	<u>195,549</u>	<u>81,252</u>
Total current assets	2,150,050	925,939
PROPERTY AND EQUIPMENT, net (Notes 2, 3 and 4)	2,589,608	2,338,577
OTHER ASSETS, net	<u>144,946</u>	<u>185,408</u>
	<u>\$4,884,604</u>	<u>\$3,449,924</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable (Note 7)	\$2,016,210	\$ 929,801
Accrued expenses	206,946	61,439
Unearned revenue	316,730	274,145
Obligations under capital leases, current portion (Notes 3 and 7)	241,439	190,805
Notes payable, current portion (Note 4)	<u>274,342</u>	<u>243,945</u>
Total current liabilities	3,055,667	1,700,135
REFUNDABLE DEPOSITS	269,428	203,334
OBLIGATIONS UNDER CAPITAL LEASES, net of current portion (Notes 3 and 7)	538,915	569,987
NOTES PAYABLE, net of current portion (Note 4)	291,190	447,406
COMMITMENTS AND CONTINGENCIES (Notes 6 and 7)		
<b>MEMBERS' EQUITY (Note 5):</b>		
Direct Net Telecommunications, Ltd.	(66,246)	(218,893)
Telecom Investment Group, Inc.	798,837	747,955
Foreign currency translation adjustments	<u>(3,187)</u>	<u></u>
Total members' equity	<u>729,404</u>	<u>529,062</u>
	<u>\$4,884,604</u>	<u>\$3,449,924</u>

See notes to financial statements.

# DIRECT NET TELECOMMUNICATIONS, LLC AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1995

	1996	1995
NET SALES (Note 8)	\$9,041,859	\$3,897,721
COST OF SALES	<u>5,855,446</u>	<u>2,030,618</u>
GROSS PROFIT	3,186,413	1,867,103
OPERATING EXPENSES:		
Selling, general and administrative expenses (Notes 6 and 7)	2,408,404	1,460,545
Depreciation and amortization expense	<u>416,759</u>	<u>211,327</u>
Total operating expenses	2,825,163	1,671,872
INCOME FROM OPERATIONS	361,250	195,231
OTHER INCOME (EXPENSE):		
Interest expense, net	(163,876)	(94,652)
Other income	<u>9,105</u>	<u>9,376</u>
Total other income (expense)	<u>(154,771)</u>	<u>(85,276)</u>
INCOME BEFORE PROVISION FOR INCOME TAXES	206,479	109,955
PROVISION FOR STATE INCOME TAXES	<u>2,950</u>	<u>7,636</u>
NET INCOME	<u>\$ 203,529</u>	<u>\$ 102,319</u>

See notes to financial statements.

# DIRECT NET TELECOMMUNICATIONS, LLC

## STATEMENTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 1994 AND THE PERIOD FROM AUGUST 12, 1993 (DATE OF INCEPTION) THROUGH DECEMBER 31, 1993

	1994	1993
NET SALES (Note 1)	\$2,382,454	\$ 654,521
COST OF SALES	<u>1,437,904</u>	<u>477,093</u>
GROSS PROFIT	944,550	177,428
OPERATING EXPENSES (Note 7)	<u>984,194</u>	<u>369,432</u>
LOSS FROM OPERATIONS	(39,644)	(192,004)
OTHER EXPENSE:		
Interest expense, net	(33,568)	(12,275)
Other expenses	<u>(16,852)</u>	<u>(13,180)</u>
Total other expense	<u>(50,420)</u>	<u>(25,455)</u>
LOSS BEFORE PROVISION FOR STATE INCOME TAXES	(90,064)	(217,459)
PROVISION FOR STATE INCOME TAXES	<u>(2,075)</u>	<u>(900)</u>
NET LOSS	<u>\$ (92,139)</u>	<u>\$ (218,359)</u>

See notes to financial statements.

ATTACHMENT IV

MANAGERIAL AND TECHNICAL CAPABILITIES

## DIRECTNET TELECOMMUNICATIONS KEY PERSONNEL - BIOGRAPHIES

### Daniel S. Gee, President & C.E.O.

In 1992 co-founded DirectNet Telecommunications along with three others. Originally elected Chairman and in 1993 elected to the position of Chairman and CEO and is currently also President.

Mr. Gee graduated in 1961 from the University of Pennsylvania with a B.S. Degree in Civil Engineering. In 1963 he entered private enterprise in the field of prestressed concrete. From 1963 through 1975 he held a variety of positions including sales engineer, assistant production manager, production manager, and Vice President of Operations. In 1975 Mr. Gee was appointed President of Rockwin Corporation which was wholly owned by Westinghouse Electric Corporation and a major producer of prestressed concrete. In 1978 along with an investment group, Mr. Gee purchased Rockwin Corporation from Westinghouse and continued as its President until the company was sold in September 1995.

Professional affiliations include: Past President of The Prestressed Concrete Manufacturers of California, past National Chairman of The Prestressed Concrete Institute, and member of The Young Presidents Organization and past Chairman of the Local Chapter of Young Presidents Organization.

### Frederick R. Andresen, Vice President

Co-founder and currently Vice President of DirectNet with principal responsibility for market development, marketing, and sales. Original and continued responsibility for DirectNet's Russian development starting in 1991 and residing principally in Moscow since 1993. In 1989 joined Miralite Communications developing design and sales of large satellite systems for major educational networks.

Extensive international experience in business development, management, marketing and sales with continual activity in all countries in East Asia and Europe which included the building of strong relations with Japanese trading companies and Chinese manufacturers. From 1958 to 1962 managed export sales for Monsanto Chemicals. From 1962 to 1982, founded and managed companies involved in manufacturing in Asia with sales and marketing worldwide. From 1982 to 1989 active in commercial real estate marketing and development in Southern California.

Mr. Fred Andresen is a graduate of The American Graduate School of International Management (1958) with over 30 years' experience in international business development, marketing, strategic planning, and sales.

Founding member of The American Chamber of Commerce in Russia, active on the Telecommunications Committee.

### Tim Anderson, Vice President

Graduated in 1968 from the University of California, Irvine with a B.A. degree in Economics. Upon graduation, joined Miralite and soon became its Vice President. In 1993 Mr. Anderson became President of Miralite. In 1992 Mr. Anderson co-founded DirectNet with three others. Currently serves as Technical Vice President of DirectNet on a consulting basis and continues as President of Miralite.

### Fredric J. Fourcher, Director

Chief Executive Officer and founder of Miralite Communications, Inc., Fred Fourcher has sixteen years of experience in telecommunications. Since the inception of Miralite Communications in 1981, Mr. Fourcher has worked on diverse projects including: the design and marketing of the highly successful Miralite 3.7 meter earth station; integration including design and fabrication of 7 meter earth station antennas in Bogota, Columbia; installation of a satellite radio and television distribution network throughout the Sahara desert in Morocco, and; design and implementation of a rural telephone network for the state of Sonora, Mexico. Recently, Mr. Fourcher has designed an innovative new 3.7 meter transmit antenna and is bringing this product to market.

In 1992 Mr. Fourcher, along with three others, co-founded DirectNet. He also served as the company's first president from 1992 until May of 1995 and was very instrumental in the early development of the company.

In 1995 Mr. Fourcher returned to oversee Miralite Communications and currently serves on the Board of Directors.

### Stephen G. Davis, Vice President of Sales

Mr. Davis joined DirectNet in April of 1995 as the company's first Director of Sales. He was promoted to Vice President and elected as an officer of the company in July of 1996.

Mr. Davis brings over 12 years of Telecommunications industry experience in both Sales and Marketing. After joining GTE in 1984, served as a Market Analyst. Also developed fiber architecture for business parks as a Product Manager. Held National Account Manager position managing the Financial Industry segment. His career moved him to Chicago as Director of Marketing for VAC, an operator services company which raised \$17 million in an IPO in 1991. After returning to California, he has since worked in Sales management with two interchange carriers: Metromedia and WorldTel Services.

Mr. Davis holds a Bachelor's Degree in International Economics from UCLA and the University of Lund in Sweden. He earned a Master's Degree in Business Administration emphasizing Marketing and Finance from Cal Lutheran University. He has also studied in Nairobi, Kenya as an exchange student.

### **Sandra K. Hunter, Controller**

Ms. Hunter is Controller of DirectNet and in 1995 was also Controller of Trans-World Telecom.

Ms. Hunter joined Hon Development Company in 1989 as Director of Management for the real estate group. In 1990 she was promoted to Director of Finance and Administration for a diversified group of 20 companies outside the real estate group, including aircraft leasing and operating companies, telecommunications operating companies and trusts. She has been involved in the formation and development of business strategies for these companies, as well as overseeing daily operations.

Ms. Hunter serves as secretary of the company and is licensed as a Certified Public Accountant in the State of California. She is a member of the American Institute of Certified Public Accountants and Personal Financial Planning division of the AICPA.

### **Barry G. Hon, Vice Chairman**

In 1993 Mr. Hon formed Trans-World Telecom to extend The Hon Group of Companies communications capabilities to serve nations in the former Soviet Union and Asia. Trans-World Telecom signed an agreement with the Republic of Armenia in 1993 whereby Trans-World Telecom is the exclusive provider of long distance telephone service for the Republic of Armenia, and with a joint venture between the government of Armenia and Trans-World Telecom, will build a national cellular telephone network covering the entire nation of Armenia.

Mr. Hon is the owner and President of Hon Development Company, one of California's largest real estate developers which he started in 1963.

Mr. Hon is active in educational and philanthropic organizations in the U.S. and around the world. He is a member of the Board of Trustees of the University of the Nations, Regent University, and is a Member of the Council for National Policy of the Republican Party.

### **Chris A. Downey, Chief Financial Officer**

Chris Downey is a graduate of the University of California, Los Angeles and holds an MBA degree in finance and marketing. He also holds a BA degree in Chemistry from the University of California, Irvine.

Mr. Downey's business experience includes a combination of consulting, financial management and general management experience in growth-oriented technology businesses and real estate development. His experience is a combination of technical undergraduate education (chemistry) and graduate level business training with subsequent financial and accounting knowledge gained in a "Big Eight" environment.

Mr. Downey joined Hon Development Company/Foothill Ranch Company in 1987 as Vice President, Finance for Hon Development and Project Manager for the 2,743 acre Foothill Ranch Planned Community. In 1993 he was promoted to Chief Financial Officer/Senior Vice President of Hon Development and Senior Vice President of Foothill Ranch Company.

In addition, Mr. Downey is a Member of the Board of Directors and Treasurer of Saddleback Memorial Medical Center (SMMC). He serves on the Finance Committee of SMMC's parent, Memorial Health Systems, a \$500 million diversified hospital and healthcare holding company.

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August 25, 1997  
OVERNIGHT

210 N. Park Ave.  
P.O. Drawer 200  
Winter Park, FL  
32790-0200

Florida Public Service Commission  
Division of Administration, Room G-50  
101 East Gaines Street  
Tallahassee, FL 32399-0850

DEPOSIT  
D600

DATE  
AUG 26 1997

Tel: 407-740-8575  
Fax: 407-740-0613

RE: Initial Application and Tariff of Direct Net Telecommunications for Authority to Provide Interexchange Telecommunications Services within the State of Florida.

Dear Sir/Madam:

Enclosed for filing are the original and twelve (12) copies of the above-referenced application of Direct Net Telecommunications.

Also enclosed is a Technologies Management, Inc. check in the amount of \$250, to cover the filing fee.

Please acknowledge receipt of this filing by returning, filed stamped, the extra copy of this letter in the self-addressed stamped envelope provided for that purpose.

I may be reached at (407) 740-8575 with any questions, comments or correspondence regarding this application. Thank you for your assistance.

Sincerely

*Thomas M. Forte*  
Thomas M. Forte

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward a copy of check to RAR with proof of deposit.

Initials of person who forwarded check:  
*A.S.*



P.O. Drawer 200  
Winter Park, FL  
32790-0200  
210 N. Park Avenue  
Winter Park, FL 32789  
(407) 740-8575



250 PARK AVENUE  
WINTER PARK, FLORIDA 32789

17314

NUMBER

17314

PAY:

TWO HUNDRED FIFTY DOLLARS

DATE

08/25/97

AMOUNT

\*\*\*\*\*\$250.00

TO THE  
ORDER  
OF

FLORIDA PUBLIC SERVICE COMM.  
RECORDS & REPORTING  
2540 SHUMARD OAK BLVD.  
TALLAHASSEE FL 32399-0850

TECHNOLOGIES MANAGEMENT INC.

*C.M. Wickham*