

Michael W. Mlinar  
Attorney at Law

Business Litigation  
Criminal Defense  
Public Utility Law

By Appointment Only

December 29, 1995

96 0054-TI

Florida Public Service Commission  
Attn: Ms. JoAnne Jackson  
101 East Gaines Street  
Fletcher Building  
Tallahassee, Florida 82399-0850

DEPOSIT TREASURY  
1253

Re: Application of Integrated TeleServices, Inc. as a non-facilities based, non-dominant telecommunications carrier.

Dear Ms. Jackson:

Thank you for return of the above-referenced Application. Apparently I need a refresher course in proof reading.

Enclosed is the corrected Application for Integrated TeleServices, Inc. Also enclosed are eleven copies and the \$250 filing fee. Please return a file-stamped copy to me in the enclosed, postage paid, return envelope.

Again my appreciation for your consideration and should there be any questions regarding this filing, please do not hesitate to contact me directly at your convenience.

Sincerely,



Michael W. Mlinar  
Attorney for Integrated TeleServices, Inc.

Phone: (805) 963-2423, ext. 4369

Fax: (805) 962-1521

cc: Gregory T. Garrott  
Vice President and Chief Financial Officer



ADMINISTRATION  
MAIL ROOM  
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00406 JAN 12 96

**INTEGRATED**  
**TELE**  
**SERVICES**

December 7, 1995

Florida Public Service Commission  
101 East Gaines Street  
Fletcher Building  
Tallahassee, Florida 82399-0850

Re: Application of ITS Telecommunications, Inc. as a non-facilities based, non-dominant telecommunications carrier.

To The Commissioner:

Subject to the rules and regulations of the Commission, I hereby submit the above-referenced Application for certification as a non-facilities based, non-dominant telecommunications interexchange carrier.

Integrated TeleServices, Inc. (ITS) is a California corporation that offers inter- and intrastate interexchange telecommunications services. The company is authorized in California (U-5441-C), and has requests pending in several other jurisdictions. ITS has filed for foreign corporation status in Florida. (Copy attached.) Upon receipt by ITS of foreign corporation status in Florida, ITS will amend this Application accordingly.

ITS will be providing both inter- and intraLATA services, as allowed by state law and regulation, but does not intend to provide operator services (hotels/motels, payphones, airports, prisons, etc.) to the public market in Florida.

Attached to this letter are the original and eleven copies of the Application. Please return a file-stamped copy to me in the enclosed return envelope

Should there be any questions regarding ITS's filing, please do not hesitate to contact the undersigned at your convenience.

Sincerely,



Gregory T. Garrott  
Vice President and Chief Financial Officer

(805) 349-3866  
fax: (805)349-3856

Home Office:  
FRESNO, CALIFORNIA 93727  
(209) 452-8181 • (209) 452-8180 FAX

RECEIVED  
DEC 26 9 07 AM '95  
ADMINISTRATION  
MAIL ROOM

Before the  
Florida Public Service Commission

In the Matter of the Application of )  
Integrated TeleServices, Inc. for a )  
Certificate of Convenience & Necessity to Operate ) Application No.  
as an Operator Service Provider and Authorization as a )  
Reseller of Telecommunications Services )  
Within the State of Florida )

**APPLICATION FOR CERTIFICATE OF CONVENIENCE AND NECESSITY  
FOR INTEGRATED TELESERVICES, INC.**

Integrated TeleServices, Inc., ("Applicant" or "ITS"), hereby respectfully applies to the Florida Public Service Commission (FPSC) for a Certificate of Convenience and Necessity to operate as an operator services provider within the State of Florida, in accordance with the applicable sections of Florida law, rules and regulations. Applicant currently provides resold intrastate and interstate interexchange long distance services in California (U-5441-C). Applicant seeks statewide Florida authority to provide intra- and interLATA interexchange telecommunications services

In support of this application ITS states as follows:

Applicant is a corporation, formed under the laws of the state of California in 1994 (Articles of Incorporation attached as Exhibit A) and has submitted the appropriate documentation seeking foreign corporation status in the State of Florida. (See Exhibit B. Upon Receipt by ITS, this Application will be amended to include the documentation supporting ITS' foreign corporation status in Florida.) Applicant possesses the financial resources necessary as an intrastate Florida telecommunications provider. (See Exhibit C) Further, Applicant maintains executive and operational personnel expertise concomitant professional operation as an intrastate Florida telecommunications provider. (See Exhibit D)

The legal name and addresses of Applicant:

Integrated TeleServices, Inc.  
1915 N. Fine Street, Suite 101  
Fresno, California 93727  
(209) 299-9239

Questions, comments and notices concerning this application should be addressed to:

Mr. Greg Garrott  
Vice President and Chief Financial Officer  
Integrated TeleServices, Inc.  
1915 N. Fine Street, Suite 101  
Fresno, California 93727  
(805) 349-3866  
fax: (805) 349-3856

Brief description of Applicant's proposed service and charges:

Applicant intends to provide interexchange intrastate voice message telephone services. Originating interLATA and IntraLATA (as appropriate) service will be made available in equal access converted end offices throughout the state. Applicant operates strictly as a reseller, relying exclusively on the resold services of underlying carriers such as WITel and Frontier Communications. Applicant neither owns nor operates any facilities in this jurisdiction. Applicant maintains a highly qualified customer service staff located in Fresno, California and is otherwise technically qualified to provide the services which it proposes to offer. The call processing time involved and the level of technical service quality is within established industry standards. In addition, due to exceptionally attractive bulk service arrangements between Applicant and its underlying carriers, Applicant is able to maintain service levels equal to industry standards at rate levels always at or below AT&T's. Applicant's general pricing policy is to price its services at a discount to AT&T's charges for comparable services. Applicant bills in six second increments; does not charge for incomplete call attempts; requires no service deposits; and uses V&H rate center coordinates for determining mileage distance between the rate center of the true call point of origin and the rate center of the point of termination for rating calls. (See Exhibit E - Proposed Tariff)

Brief description of Applicant's Billing Procedure:

Integrated TeleServices, Inc. renders all billings through its own in-house billing system.

Security Deposits:

Applicant may require security deposits, and will comply with all applicable consumer notification or other consumer protection requirements of this jurisdiction.

Applicant's Financial Ability:

Evidence of Applicant's financial ability is attached as Exhibit C.

Applicant's Proposed Intrastate Tariff:

A draft of Applicant's proposed intrastate tariff is enclosed as Exhibit E. Applicant will revise its tariff as needed to conform to the FPSC's prescribed format and any required special conditions of service.

Technical Information:

ITS will not construct any facilities within the State of Florida. ITS will acquire transport facilities from underlying facilities-based carriers and route end use calls over the transport facilities to ITS' Los Angeles switching center for ultimate call completion to the point of termination.

Statement of Public Interest :

Applicant submits that a grant of authority will serve the public interest in the following additional respects:

The convenience of low cost long distance privileges will be extended to customers who otherwise might not enjoy low cost Access to such services;

End users of Applicant's intrastate, interstate and international calls services will enjoy rates for equal service at price levels below those of AT&T.

Applicant submits that, as evidenced by its ability to offer services of comparable or superior quality to those of AT&T and at rate levels equal to or less than AT&T, Applicant's service configuration, state-of-the-art network switches and transmission facilities (as provided by underlying network vendors) represents an efficient and cost effective use of existing over abundance of national network transmission capacity available for use by applications such as described herein.

Applicant submits that its entry into the Florida market will stimulate further competition and possibly still lower rates for the type of services which it seeks to offer.

accordingly, and as evidenced by the foregoing statements and Exhibits, Applicant submits that the necessary technical, managerial, and financial resources, and ability to offer its services and conduct its business for the benefit of the public, is satisfactorily demonstrated by this filing.

WHEREFORE, on the basis of the information provided in this application and the Exhibits A-E appended hereto, Applicant respectfully requests that the Commission grant the authority requested herein.

Respectfully submitted,  
for Integrated TeleServices, Inc.

 V.P.  
\_\_\_\_\_  
Greg Garrott  
Vice President, CFO

Dated: 12/5/95

Before the  
Florida Public Service Commission

In the Matter of the Application of )  
Integrated TeleServices, Inc. for a )  
Certificate of Convenience & Necessity to Operate ) Application No.  
as an Operator Service Provider and Authorization as a )  
Reseller of Telecommunications Services )  
Within the State of Florida. )

**AFFIDAVIT OF APPLICANT**

County of Santa Barbara )  
 ) cc:  
State of California )

I, Greg Garrott, having been duly sworn and deposed, hereby states as follows:

I am the Vice President and Chief Financial Officer of Applicant, Integrated TeleServices, Inc.

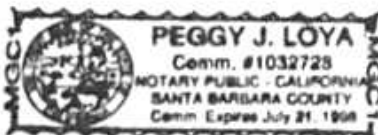
I have reviewed the foregoing Application and have prepared the Exhibits thereto or had them prepared under my direction and supervision, and the information and representations contained therein are true and correct to the best of my knowledge and belief.

Greg Garrott V.P.  
Greg Garrott

This document was sworn to and signed in my presence this 5<sup>th</sup> day of December, 1995.

Peggy J. Loya  
Notary Public

My commission expires: July 21, 1998



**EXHIBIT A**

California Articles of Incorporation



ARTICLES OF INCORPORATION  
OF  
INTEGRATED TELESERVICES, INC.

1870669  
ENDORSED  
FILED  
In the office of the Secretary of State  
of the State of California  
FEB 18 1994  
TONY MILLER  
Acting Secretary of State

I.

The name of the corporation is:

INTEGRATED TELESERVICES, INC.

II.

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

III.

The name and address in the State of California of this corporation's initial agent for service of process is:

James F. Robinson  
401 West "A" Street  
Suite 2100  
San Diego, CA 92101

IV.

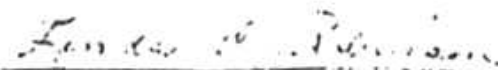
This corporation is authorized to issue only one class of shares, which shall be designated as common stock. The total number of shares which the corporation is authorized to issue shall be 100,000.

V.

This corporation is authorized to indemnify the directors and officers of the Corporation to the fullest extent permissible under California law.

For the purpose of forming the corporation under the laws of the State of California, the undersigned incorporator has executed these Articles of Incorporation.

DATED: February 18, 1994

  
Linda E. Robinson, Incorporator

**EXHIBIT B**

Florida Foreign Corporation Authorization

**APPLICATION BY FOREIGN CORPORATION FOR  
AUTHORIZATION TO TRANSACT BUSINESS IN FLORIDA**

**IN COMPLIANCE WITH SECTION 607.1503, FLORIDA STATUTES, THE FOLLOWING IS  
SUBMITTED TO REGISTER A FOREIGN CORPORATION TO TRANSACT BUSINESS IN THE  
STATE OF FLORIDA:**

1. Integrated TeleServices, Inc.  
(Name of corporation : the word "INCORPORATED," "COMPANY," OR "CORPORATION" or words or abbreviations of like import in language, as will clearly indicate that it is a corporation instead of a natural person or partnership if not so contained in the name at present.)

2. California  
(State or country under the law of which it is incorporated)

3. 77-0371698  
(FEI number, if applicable)

4. 2/18/94  
(Date of Incorporation)

5. Perpetual  
(Duration: Year corp. will cease to exist or "perpetual")

6. 1st Quarter, 1996  
(Date first transacted business in Florida. See sections 607.1501, 607.1502, and 817.155, F.S.)

7. 1915 Fine Street, Suite 101  
Fresno, CA 03727  
(Current mailing address)

8. Telecommunications services  
(Purpose(s) of corporation authorized in home state or country to be carried out in the state of Florida)

9. Name and street address of Florida registered agent:

Name: Corporation Service Company  
Office Address: 1201 Hays Street, Suite 105, (Leon County)  
Tallahassee, Florida 32301  
(Zip Code)

10. Registered agent's acceptance:  
*Having been named as registered agent and to accept service of process for the above stated corporation at the place designated in this application, I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent.*

Registered agent's signature: \_\_\_\_\_

11. Attached is a certificate of existence duly authenticated, not more than 90 days prior to delivery of this application to the Department of State, by the Secretary of State or other official having custody of corporate records in the jurisdiction under the law of which it is incorporated.





State  
of  
California

SECRETARY OF STATE

CERTIFICATE OF STATUS  
DOMESTIC CORPORATION

I, **BILL JONES**, Secretary of State of the State of California, hereby certify:

That on the 18th day of February, 19 94.

**INTEGRATED TELESERVICES, INC.**

became incorporated under the laws of the State of California by filing its Articles of Incorporation in this office; and

That no record exists in this office of a certificate of dissolution of said corporation nor of a court order declaring dissolution thereof, nor of a merger or consolidation which terminated its existence; and

That said corporation's corporate powers, rights and privileges are not suspended on the records of this office; and

That according to the records of this office, the said corporation is authorized to exercise all its corporate powers, rights and privileges and is in good legal standing in the State of California; and

That no information is available in this office on the financial condition, business activity or practices of this corporation.

IN WITNESS WHEREOF, I execute this  
certificate and affix the Great Seal  
of the State of California this  
8th day of December, 1995



*Bill Jones*  
BILL JONES  
Secretary of State

Name	Street Address	City	State	Zip Code	Social Security Number	Phone	Officer	Board of Directors	Date of Election	Stock Ownership
Jack A. Burk	9391 E. Elery	Olovis	California	93612	491-36-3336	(209) 299-9062	President	Chairman	January, 1994	44.00%
Gregory T. Garrott	1613 Alvin	Santa Maria	California	93454	557-80-3637	(805) 349-9400	Executive Vice President & Chief Financial Officer	Treasurer	January, 1994	36.00%
Robert R. Benz	2314 Firwood Court	Byron	California	94514	483-38-7327	(510) 516-1414		Secretary	January, 1994	0.60%

**EXHIBIT C**

Financial Information

INTEGRATED TELESERVICES, INC.  
FRESNO, CALIFORNIA  
BALANCE SHEET  
JUNE 30, 1995

(UNAUDITED - See Accountant's Compilation Report)

ASSETS

CURRENT ASSETS:

Cash in Bank	\$ 15,937
Accounts Receivable-Trade	337,768
Accounts Receivable-Employees	15,023
Note Receivable-Action	<u>39,674</u>

TOTAL CURRENT ASSETS

\$ 408,402

FURNITURE AND EQUIPMENT:

Furniture	\$ 8,265
Office Equipment	14,023
Computer Equipment	<u>20,041</u>
	\$ 42,329
Less Accumulated Depreciation	<u>(10,643)</u>

FURNITURE AND EQUIPMENT-NET

31,686

OTHER ASSETS:

Sales Tax Deposit	\$ 1,000
Utility Deposit	150
Organization Expense	50,385
Bittel Security Deposit	25,000
Goodwill-Net of Amortization	<u>197,982</u>

TOTAL OTHER ASSETS

274,517

TOTAL ASSETS

\$ 714,605



INTEGRATED TELESERVICES, INC.  
FRESNO, CALIFORNIA  
BALANCE SHEET  
JUNE 30, 1995

(UNAUDITED - See Accountant's Compilation Report)

LIABILITIES AND SHAREHOLDERS EQUITY

CURRENT LIABILITIES:

Accounts Payable-Trade	\$ 225,064
Payroll Payable	12,501
Taxes Payable	41,072
Credit Cards Payable	<u>165</u>

TOTAL CURRENT LIABILITIES \$ 278,802

LONG-TERM DEBT:

Notes Payable-Reseller Agreements	\$ 167,752
Notes Payable-Shareholders	<u>340,000</u>

TOTAL LONG-TERM DEBT 507,752

SHAREHOLDERS EQUITY:

Common Stock	\$ 35,000
Retained Earnings	<u>(106,949)</u>

TOTAL SHAREHOLDERS EQUITY (71,949)

TOTAL LIABILITIES AND SHAREHOLDERS EQUITY \$ 714,605

INTEGRATED TELESERVICES, INC.  
FRESNO, CALIFORNIA  
INCOME STATEMENT  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 1995

(UNAUDITED - See Accountant's Compilation Report)

REVENUE:

Agent License Fees	\$	1,980
Access Conference		449
Action Teleservices		452
Billing Services		14,995
Bittel-Agency Commissions		613
Customer Billings		1,124,280
Dialers-Install/Labor		8,459
MRC		1,800
Miscellaneous Income		<u>906</u>

TOTAL REVENUE

\$ 1,153,934

COST OF REVENUE:

Wholesale Carrier Expenses

(764,476)

GROSS REVENUE

\$ 389,458

EXPENSES:

Advertising	\$	2,620
Amortization		7,172
Association Fees		1,800
Bad Debt		150
Bank Charges		725
Billing Department		4,586
Commissions		114,303
Depreciation		3,024
Dialer Rental Services		4,416
Employee Salaries		163,277
Equipment Installation		11,564
Insurance		4,155
Interest Expense		4,000
Legal Fees		1,550
Office Expense		16,425
Payroll Service		1,479
Postage and Delivery		6,198
Printing and Reproduction		9,061
Professional Fees		5,314
Sales Aides		3,722
Taxes		24,781
Training Expense		3,115
Travel and Entertainment		4,183
Utilities		<u>2,039</u>

TOTAL EXPENSES

(399,659)

NET REDUCTION TO RETAINED EARNINGS

\$ (10,201)

**EXHIBIT D**

Summary of Industry Experience

Applicant's proposed operations will be directed by a management team consisting of Mr. Jack A. Burk, Mr. Gregory T. Garrott, Mr. Robert R. Benz, and Mr. Larry Thiessen. No one associated with ITS was previously associated with a telecommunications company that either filed for bankruptcy or went out of business.

Mr. Burk, President and Sales Manager of ITS, founded ITS after playing a major role in the development of a telecommunications consulting company. Prior to this consulting work, Mr. Burk spent approximately five years with Sprint. While with Sprint, Mr. Burk progressed from Account Executive to National Accounts Manager, a position reserved only for the most successful sales managers. Earlier in his professional career, Mr. Burk had obtained valuable business and financial experience and training in the investment business through employment with Equity Securities Corporation of America. Before working in the investment business, Mr. Burk worked as an electronic test quality engineer with North American Rockwell and Rocketdyne Rocket Engine Division. Mr. Burk will be responsible for the technical aspects of ITS; resale operations.

Mr. Garrott is the Executive Vice President and Chief Financial Officer of ITS. Mr. Garrott will be primarily responsible for the financial aspects of the business. He graduated with honors from the University of California at Davis in 1975, with a degree in Economics and Business Management. Upon graduation, he joined E.F. Hutton where he received special training in investment banking, working directly with the top members of E.F. Hutton's Board of Directors. In 1989, he accepted a position as Vice President with Kemper Securities. In January of 1993, Mr. Garrott opened the independent investment offices of Brookstreet Securities and California Managed Accounts.

Mr. Benz will act as the Secretary of ITS. Prior to joining ITS, Mr. Benz operated a telecommunications consulting company. Mr. Benz was also the founder and Chief Executive Officer of Westmark Capital, a privately held equipment finance company with approximately \$15 million in annual revenues. Over the course of his career, he has gained substantial experience in finance and customer relations. As secretary of ITS, he will be primarily responsible for various financial and sales aspects of the business.

The final member of the management team is Mr. Larry Thiessen. Currently a non-equity participant with ITS, Mr. Thiessen will be ITS' Regional Sales Manager. Mr. Thiessen has been actively involved in the telecommunications field since 1989, holding positions with Sprint and Municipal Resource Consultants, a telecommunications consulting company. Mr. Thiessen specializes in engineering the best possible telecommunications services for customers.

**EXHIBIT E**

Proposed Tariff

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PRELIMINARY STATEMENT

This tariff contains all effective rates and rules together with information relating and applicable to Integrated TeleServices, Inc. ("ITS").

ITS provides 24-hour intrastate telephone services between points in Florida.

ITS has been granted authority by the Florida Public Service Commission to provide interLATA and intraLATA service within the state of Florida.

SYMBOLS USED IN THIS TARIFF

- (C) To signify changed listing, rule, or condition which may affect rates or charges.
- (D) To signify discontinued material, including listing, rate, rule or condition.
- (I) To signify an increase.
- (L) To signify material relocated from or to another part of tariff schedule with no change in text, rate, rule or condition.
- (N) To signify new material including listing, rate, rule or condition.
- (R) To signify reduction.
- (T) To signify change in wording of text but not change in rate, rule, or condition.

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Issued: \_\_\_\_\_  
By: \_\_\_\_\_

Effective: \_\_\_\_\_

Greg Garrott  
Vice President  
Integrated TeleServices, Inc.  
1915 Fine Street, Suite 101  
Fresno, CA 93727

APPLICABILITY

This tariff applies to 24 hour interLATA and intraLATA telephone service in Florida.

TERRITORY

Within the State of Florida, as authorized by the Florida Public Service Commission.

NOTES

- (1) Calls that begin in one rate period and terminate in another will be rated according to the rate in effect at the time the call begins.
- (2) All usage rates will be applied in six (6) second increments with an eighteen (18) second minimum. Any portion of an applicable increment, after the appropriate minimum time for the call will be rounded upward to the next increment. Calls less than the minimum length will be rounded to the minimum length.
- (3) Call duration is measured from the time hardware or software supervision indicates a connection between the calling and called stations.

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Issued: \_\_\_\_\_  
By: \_\_\_\_\_

Effective: \_\_\_\_\_

Greg Garrott  
Vice President  
Integrated TeleServices, Inc.  
1015 Fine Street, Suite 101  
Fresno, CA 93727

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RATES AND CHARGESI. DIALWATS OUTBOUND/INBOUND SERVICES

Day rates are from 8:00 am to 5:00 pm local time Monday through Friday, all other times are non-day rates. ITS will utilize the underlying carrier as the "Responsible Organization" for Inbound 800 services. All Inbound 800 services have a \$5.00 per 800 number activation fee.

A. Corporate Discount Plan

1. Monthly Billing Fee: \$5.00  
(per billing location)
2. Usage Rate (per minute): \$0.182
3. Calls are billed in six (6) second increments with an eighteen (18) second minimum.

B. Prima Discount Plan  
(Outbound and /or Inbound 800 services)

To be eligible for this plan, subscribers must maintain minimum monthly billing of \$100.00.

1. Monthly Billing Fee: \$5.00  
(per billing location)
2. Usage Rate (per minute): \$0.176
3. Calls are billed in six (6) second increments with an eighteen (18) second minimum.

---

Issued: \_\_\_\_\_  
By: \_\_\_\_\_

Effective: \_\_\_\_\_

Greg Garrott  
Vice President  
Integrated TeleServices, Inc.  
1915 Fine Street, Suite 101  
Fresno, CA 93727



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**RATES AND CHARGES** (Continued)**I. DIALWATS OUTBOUND SERVICES** (Continued)**C. Optima Discount Plan**  
(outbound and/or Inbound 800 services)

To be eligible for this plan, subscribers must maintain minimum monthly billing of \$250.00.

1. Monthly Billing Fee: \$5.00  
(per billing location)
2. Usage Rate (per minute): \$0.169
3. Calls are billed in six (6) second increments with an eighteen (18) second minimum.

**D. Maxima Discount Plan**  
(outbound and/or Inbound 800 services)

To be eligible for this plan, subscribers must maintain minimum monthly billing of \$250.00, and agree to a one (1) year Service commitment.

1. Monthly Billing Fee: \$5.00  
(per billing location)
2. Usage Rate (per minute): \$0.163
3. Calls are billed in six (6) second increments with an eighteen (18) second minimum.

---

Issued: \_\_\_\_\_  
By: \_\_\_\_\_

Effective: \_\_\_\_\_

Greg Garrott  
Vice President  
Integrated TeleServices, Inc.  
1915 Fine Street, Suite 101  
Fresno, CA 93727

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RATES AND CHARGES (Continued)I. DIALWATS OUTBOUND SERVICES (Continued)E. Fortune 2000 Discount Plan  
(outbound and/or Inbound 800 services)

To be eligible for this plan, subscribers must maintain minimum monthly billing of \$500.00, and agree to a one (1) year Service commitment.

1. Monthly Billing Fee: \$5.00  
(per billing location)
2. Usage Rate (per minute): \$0.157
3. Calls are billed in six (6) second increments with an eighteen (18) second minimum.

F. Fortune 1000 Discount Plan

To be eligible for this plan, subscribers must maintain minimum monthly billing of \$1,000.00, and agree to a one (1) year Service commitment.

1. Monthly Billing Fee: \$5.00  
(per billing location)
2. Usage Rate (per minute): \$0.151
3. Calls are billed in six (6) second increments with an eighteen (18) second minimum.

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Issued: \_\_\_\_\_  
By: \_\_\_\_\_

Effective: \_\_\_\_\_

Greg Garrott  
Vice President  
Integrated TeleServices, Inc.  
1915 Fine Street, Suite 101  
Fresno, CA 93727

RATES AND CHARGES (Continued)II. T-1 ULTIMATE WATS SERVICES

Local Exchange Carrier access costs will be passed through at ITS cost. These charges may be charged directly by the LEC or Access Provider, or billed by ITS. A \$25.00 monthly charge is incurred for partitioning a T-1 for multiple services.

A. T-1 Corporate Discount Outbound/Inbound 800 Rate Plan

1. Installation Charge: \$1,000.00
2. Usage Rate (per minute):
 

Day	\$0.125
Non-Day	\$0.100
3. Calls are billed in six (6) second increments with an eighteen (18) second minimum.

B. T-1 Prima Discount Outbound/Inbound 800 Rate Plan

To be eligible for this plan, subscribers must maintain a minimum monthly billing of \$5,000.00 and agree to a one (1) year service commitment.

1. Installation Charge: \$1,000.00
2. Usage Rate (per minute):
 

Day	\$0.176
Non-Day	\$0.096
3. Calls are billed in six (6) second increments with an eighteen (18) second minimum.

Issued: \_\_\_\_\_  
By: \_\_\_\_\_

Effective: \_\_\_\_\_

Greg Garrott  
Vice President  
Integrated TeleServices, Inc.  
1915 Fine Street, Suite 101  
Fresno, CA 93727

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RATES AND CHARGES (Continued)II. T-1 ULTIMATE WATS SERVICES (Continued)C. T-1 Optima Discount Outbound/Inbound 800 Rate Plan

To be eligible for this plan, subscribers must maintain a minimum monthly billing of \$10,000.00 and agree to a one (1) year service commitment.

1. Installation Charge: \$1,000.00
2. Usage Rate (per minute):
  - Day \$0.116
  - Non-Day \$0.093
3. Calls are billed in six (6) second increments with an eighteen (18) second minimum.

---

Issued: \_\_\_\_\_  
By: \_\_\_\_\_

Effective: \_\_\_\_\_

Greg Garrott  
Vice President  
Integrated TeleServices, Inc.  
1915 Fine Street, Suite 101  
Fresno, CA 93727

RATES AND CHARGES (Continued)II. T-1 ULTIMATE WATS SERVICES (Continued)D. T-1 Maxima Discount Outbound/Inbound 800 Rate Plan

To be eligible for this plan, subscribers must maintain a minimum monthly billing of \$15,000.00 and agree to a one (1) year service commitment.

1. Installation Charge: \$1,000.00
2. Usage Rate (per minute):
 

Day	\$0.112
Non-Day	\$0.090
3. Calls are billed in six (6) second increments with an eighteen (18) second minimum.

E. T-1 Fortune 2000 Discount Outbound/Inbound 800 Rate Plan

To be eligible for this plan, subscribers must maintain a minimum monthly billing of \$20,000.00 and agree to a one (1) year service commitment.

1. Installation Charge: \$1,000.00
2. Usage Rate (per minute):
 

Day	\$0.107
Non-Day	\$0.086
3. Calls are billed in six (6) second increments with an eighteen (18) second minimum.

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RATES AND CHARGES (Continued)II. T-1 ULTIMATE WATS SERVICES (Continued)F. T-1 Fortune 1000 Discount Outbound/Inbound 800 Rate Plan

To be eligible for this plan, subscribers must maintain a minimum monthly billing of \$25,000.00 and agree to a one (1) year service commitment.

- |    |   |            |
|----|---|------------|
| 1. | Installation Charge:  | \$1,000.00 |
| 2. | Usage Rate (per minute):  |            |
|    | Day   | \$0.103    |
|    | Non-day   | \$0.083    |
| 3. | Calls are billed in six (6) second increments with an eighteen (18) second minimum. |            |

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RATES AND CHARGES (Continued)III. ITS' ZERO-SURCHARGE TRAVEL SERVICESA. ITS' Zero-Surcharge Travel Card

The Zero-Surcharge Travel Card is offered only to customers who subscribe to other services with ITS. If a customer wishes to only subscribe to the Zero-Surcharge Travel Card, each such request will be reviewed independently.

1. Usage Rate Per Minute: \$0.18
2. Calls are billed in six (6) second increments with an eighteen (18) second minimum.

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RATES AND CHARGES (Continued)IV. TAXES AND SURCHARGESA. Applicable Taxes

In addition to the charges specifically pertaining to ITS services, certain federal, state, and municipal surcharges, taxes, and fees will be applied. These surcharges, taxes and fees are calculated based upon the amount billed to the end user for ITS' intrastate services. Such charges include, but are not limited to, the surcharges and fees set forth below:

- |    |                           |                          |
|----|---------------------------|--------------------------|
| 1. | State Telephone Sales Tax | 7%                       |
| 2. | State Gross Receipts Tax  | 2.5%                     |
| 3. | Utility Users Tax         | (as per local authority) |

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TERMS AND CONDITIONS

Definitions

A. Definitions

1. Accounting Code: A multi-digit code which enables a customer to allocate long distance charges to its internal accounts.
2. Authorization Code: A multi-digit code which enables a customer to access ITS network and enables ITS to identify the customer's use for proper billing.
3. Business Hours: The phrase "business hours" means the time after 8:00 A.M. and before 5:00 P.M., Monday through Friday, excluding holidays.
4. Carrier: The term "Carrier" means ITS.
5. Company: The term "Company" means ITS.
6. Customer: See definition under "subscriber".
7. Day: The term "day" means 8:00 A.M. to, but not including, 5:00 P.M. local time at the originating city, Monday through Friday, excluding Company-specific holidays.

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TERMS AND CONDITIONS (Continued)Definitions (Continued)

8. Delinquent or Delinquency: The terms "delinquent" and "delinquency" mean an account for which payment has not been paid in full on or before the last day for timely payment.
9. Exchange Area: The term "exchange area" means a geographically defined area wherein the telephone industry, through the use of maps or legal descriptions, sets down specified areas where individual telephone exchange companies hold themselves out to provide communication services.
10. Holiday: The term "holiday" means all of the following Company-specific holidays:
  - a. New Years Day;
  - b. Memorial Day;
  - c. Independence Day;
  - d. Labor Day;
  - e. Thanksgiving Day;
  - f. Friday after Thanksgiving Day; and,
  - g. Christmas Day.
11. Local Access Transport Area ("LATA"): The phrase "Local Access Transport Area" means a geographical area established by the U.S. District Court for the District of Columbia in Civil Action No. 17-49.
12. Local Exchange Carrier/Local Exchange: This term means a company exclusively providing telecommunications service within a local exchange or LATA.
13. Night/Weekend: The words "night/weekend" mean 11:00 P.M. to, but not including, 8:00 A.M. local time in the originating city, all day on Saturday, and all day Sunday, except from 5:00 P.M. to, but not including 11:00 P.M.

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TERMS AND CONDITIONS (Continued)

Definitions (Continued)

14. **Nonbusiness Hours:** The phrase "nonbusiness hours" means the time period after 5:00 P.M. and before 8:00 A.M., Monday through Friday, all day Saturday, Sunday, and on holidays.
15. **Non-day:** The term "non-day" means 5:00 P.M. to, but not including, 11:00 P.M. local time at the originating city, Sunday through Friday and on company-specified holidays except when a lower rate would normally apply.
16. **Regular Billing:** The words "regular billing" means standard bill sent in the normal ITS billing cycle. This billing consists of one bill for each account assigned to a subscriber.
17. **Residential Service:** The phrase "residential service" means telecommunication services used primarily as nonbusiness service.
18. **Subscriber:** The term "subscriber" means the firm, company, corporation, or other entity which contracts for service under this tariff and which is responsible for the payment of charges as well as compliance with Company's regulations pursuant to this tariff. The term "customer" is synonymous with the term "subscriber."
19. **Switch:** The term "switch" means an electronic device which is used to provide circuit routing and control.
20. **Timely Payment:** The term "timely payment" means a payment on a customer's account made on or before the due date.

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TERMS AND CONDITIONS (Continued)

Description of Service

- A. ITS provides 24-hour interLATA and IntraLATA telephone services between points in Florida.

Application for Services

- A. Business or residential households wishing to obtain service are required to sign a completed service order. On Carrier's receipt of the signed form, under normal circumstances, Carrier will accept or reject the order within three business days. The customer will be provided with service, under normal circumstances, within fourteen (14) business days of Carrier's acceptance.
- B. Any change in rates or regulations prescribed by the Florida Public Utilities Commission automatically modifies the terms and regulations of service orders to the extent of such change.

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TERMS AND CONDITIONS (Continued)Establishment and Reestablishment of Credit

- A. ITS reserves the right to examine the credit record and check the references of all applicants and customers.

ITS is a member of the "National Telecommunications Data Exchange, Inc." ("NTDE") and sends reports to the NTDE on each client that is discontinued because of non-payment. NTDE is used by all major carriers to check for non-paying clients and "skips" prior to providing new services.

- B. Negotiations of customer's advance payment shall not itself obligate the Carrier to provide services or continue to provide service, if a later check of applicant's credit record is, in the opinion of the carrier, contrary to the best interest of the Carrier.

Advance Payments, Deposits, and Guarantors

A. Advance Payments:

1. At the time an application for service is made, an applicant may be required to pay an amount equal to one month's service charges and/or the service connection charges, as may be applicable. The amount of the first month's service is credited to the customer's account on the first bill rendered.

B. Deposits:

1. Requirements: ITS may require an applicant or an existing customer to post a deposit as a guarantee for the payment of charges as a condition to receiving service or additional services. ITS reserves the right to review an applicant's or a customer's credit history at anytime to determine if a deposit is required.

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TERMS AND CONDITIONS (Continued)Advance Payments, Deposits, and Guarantors (Continued)B. Deposits: (Continued)

2. Nondiscrimination: Deposits will not be required by ITS based on race, sex, creed, national origin, marital status, age, number of dependents, condition of physical handicap, source of income, or geographical area of business.
3. Amount: The amount of the deposit shall not exceed the charges for two months of service based on the customer's average bills during the previous twelve months, or the amount of the deposit may be estimated from past toll usage, customer-estimated anticipated usage, or ITS network average toll usage considering the type and nature of the customer's service. The carrier will compute interest on deposits as prescribed by state law, rule or regulation, except no interest will be paid if deposit is held less than a full month.
4. Refund or Credit Upon Discontinuance: Upon discontinuance or termination of the service, ITS will credit the deposit to the charges stated on the final bill. The balance, if any, will be returned to the customer within 21 days of rendition of such final bill.
5. Refund or credit After Satisfactory Payment: After prompt and timely payment of all charges for twelve consecutive billing periods, within 30 days, ITS will credit the deposit against charges stated on subsequent bills and refund any balance. Payment of a charge is satisfactory if received prior to the date that the charge becomes delinquent, provided that it is not returned for insufficient funds or closed account. ITS may withhold a refund of a deposit pending resolution of any dispute with respect to charges secured by such deposit.

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TERMS AND CONDITIONS (Continued)

Method of Service of Notices

- A. Unless otherwise provided by these Rules, any notice by the Carrier to the customer may be given either verbally to the customer or to the customer's authorized representative, or by written notice mailed to the customer's last known address.
- B. Unless otherwise provided by these Rules, any notice by the customer or its authorized representative may be given verbally to the Carrier at the Carrier's business office or by written notice mailed to the Carrier's Business office. Cancellation of service must be by written notice.

Rendering and Payment of Bills

- A. Customer bills are issued monthly. The customer will receive its bill on or about the same day of each month. Months are presumed to have 30 days. The billing date is dependent on the billing cycle assigned to the customer. Each bill contains monthly recurring charges billed in advance, usage charges billed in arrears, and the last date for timely payment.

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TERMS AND CONDITIONS (Continued)Rendering and Payment of Bills (Continued)

- B. Bills are due and payable as specified on the bill. Bills may be paid by mail or in person at the business office of the Carrier or an agency authorized to receive such payment. All charges for service are payable only in United States currency. Payment may be made by cash, check, money order, or cashier's check.
- C. Customer payments are considered prompt when received by ITS or its agent by the due date on the bill. The due date is 21 days after the bill is rendered and is designated by the due date on the customer's bill. The customer shall have at least 21 days from the rendition of a bill to timely pay the charges stated.
- D. However, if a customer's service has been discontinued within the past 12 months or if the customer incurs usage charges during a billing period which are equal to at least 200% of the amount of the customer's deposit or guarantee, payment may be demanded for the usage charges by a telephone call to the customer followed by written notification of such demand sent by first class mail. If the usage charges remain unpaid for five days from the rendition of written notification or a mutually established late payment arrangement date or 30 days from the date of the bill, the usage charge will be deemed delinquent. Charges deemed delinquent may be subject to the lesser of either a late payment charge of 1-1/2% per month or such other amount allowed by law. This amount will be assessed from the date payment was due.
- E. The Carrier is not responsible for local telephone charges incurred by the customer in gaining access to the carrier's network.

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TERMS AND CONDITIONS (Continued)Rendering and Payment of Bills (Continued)

- F. A bill shall not include any previously unbilled charge for service furnished prior to three months immediately preceding the date of the bill, except charges for collect calls, credit card calls, third party calls and "Error file" calls (those which cannot be billed, due to the unavailability of complete billing information to the company) which shall have a six (6) month backbilling period. In cases of toll fraud, a backbilling period of no more than three years is applicable.

Disputed Bills

- A. Any disputed charge must be brought to its' attention by written notification within thirty (30) days of the customer's receipt of the bill upon which the disputed charge appears.
- B. In the case of a billing dispute between the customer and the carrier which cannot be settled to the mutual satisfaction of the parties, the undisputed portion and subsequent bills must be paid on a timely basis, as described in Rule 9, or the service may be subject to disconnection.
- C. The customer may request an in-depth investigation into the disputed amount and a review by an ITS manager within 30 days of the disputed bill's billing date.
- D. If, after the procedures discussed above, the customer and ITS continue in disagreement about the disputed amount, the customer may appeal to the Florida Public Service Commission for its investigation and decision. If a customer initiates such an investigation, the customer must submit the disputed portion to the Commission pending the completion of the Commission's investigation. The address of the Florida Public Service Commission:

Florida Public Service Commission  
101 East Gaines St., Fletcher Building  
Tallahassee, Florida 32399-0850  
Phone: (904) 488-3464

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TERMS AND CONDITIONS (Continued)

Discontinuance and Restoration of Service

A. Discontinuance by Customer

1. A customer may have service discontinued upon ten (10) days written notice to the Carrier. Notices will be deemed received upon actual receipt by the Carrier. Customer's remain responsible for payment of all bills for services furnished.
2. If a customer cancels his order for service before the service begins, a charge will be levied upon the customer for the nonrecoverable portions of expenditures or liabilities incurred expressly on behalf of the customer by the Carrier.

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TERMS AND CONDITIONS (Continued)Discontinuance and Restoration of Service (Continued)

3. No minimum or termination charge will apply if service is terminated because of condemnation, destruction, or damage to the property by fire or other causes beyond the control of the customer.
4. Upon termination, pre-subscribed customers may be held responsible for charges thereafter if the customer has not selected an alternative long distance carrier, or the local exchange carrier has not transferred service to the alternative carrier because such customer may continue to receive service from ITS.

B. Discontinuance by ITS

1. ITS will follow the appropriate state requirements.
  - (a) ITS may discontinue service under the following circumstances:
    - (i) Nonpayment of any sum due to ITS for service more than 30 days beyond the date of the invoice for such service. In the event ITS terminates service for nonpayment, the customer will be liable for all reasonable costs of collection, including, without limitation, court costs, expenses, and actual attorney fees. Additionally, ITS will charge a \$10.00 per account disconnect fee.
    - (ii) A violation of, or failure to comply with, any regulation governing the furnishing of service.
    - (iii) An order from a court or from another government authority having jurisdiction which prohibits ITS from furnishing service.
    - (iv) Failure to post a required deposit or guarantee.

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TERMS AND CONDITIONS (Continued)

Discontinuance and Restoration of Service (Continued)

B. Discontinuance by ITS (Continued)

- (v) In the event that the customer supplied false or inaccurate information of a material nature in order to obtain service.
  - (vi) Incurring charges not covered by a deposit or guarantee, and evidencing an intent not to pay such charges when due.
  - (vii) Any violation of the conditions governing the furnishing of service.
  - (viii) For lack of use by the customer for three (3) full billing cycles .
- (b) Service may be refused or disconnected in the event of illegal use. ITS may disconnect service for this reason after sending written notice by certified mail, return receipt requested, to the customer's last known mailing address.

C. Notice for Disconnection

1. Written notice of the pending disconnection will be rendered not less than 5 days prior to the disconnection. Notice shall be deemed given upon deposit, first class postage prepaid, in the U.S mail to the customer's last known address.
2. Service may be discontinued during business hours on or after the date specified in the notice of discontinuance. Service will not be discontinued on a day when the offices of ITS are not available to facilitate reconnection of service or on a day immediately preceding such a day.

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TERMS AND CONDITIONS (Continued)

Discontinuance and Restoration of Service (Continued)

D. Restoration of Service

- I. The customer may restore service by full payment in any reasonable manner, including by personal check. However, ITS may refuse to accept a personal check if a customer's check for payment of service has been dishonored, excepting bank error, within the last twelve months. There is a charge for restoration of service after disconnection. If any equipment has been removed or disconnected the customer will be responsible for a new installation charge to restore service.

Information to be Provided to the Public

- A. A copy of this tariff schedule and advice letters will be available for public inspection in the Carrier's business office during regular business hours.
- B. For a nominal cost to cover postage and copying fees, upon written request a copy of this tariff will be provided by carrier's business office.

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TERMS AND CONDITIONS (Continued)

Continuity of Service

- A. In the event of foreknowledge of an interruption of service for a period exceeding 24 hours, the customers will be notified in writing by mail at least one week in advance.

Employee Service

- A. Employees of ITS receive no special rates or discounts.

Limitation of Liability

A. Indemnification

1. The customer indemnifies and saves ITS harmless against all claims arising out of, including but not limited to, the following:
  - (a) acts or omissions of other companies when their facilities are used in connection with ITS' facilities to provide service; and,
  - (b) claims for libel, slander, or infringement of copyright arising from the material claims for infringement of patents arising from, combining with, or using in connection with, facilities of the Company, apparatus and systems of the customer; and all other claims arising out of any act or omission of the customer in connection with facilities provided by the Company.

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TERMS AND CONDITIONS (Continued)Limitation of Liability (Continued)B. Furnishing of Services

1. The Company's obligation to furnish service is dependent upon its ability to secure and retain suitable facilities and rights for the provision of the service without unreasonable expense.
2. Service is furnished only as "Business Service." No "Residential Service" will be furnished by the Company. However, any customer, whether business or residential, may obtain service from the Company subject to the terms and conditions stated in the Company's tariffs.

C. Transmitting Messages

1. The Company does not undertake to transmit messages but offers the use of its facilities, where available, for communication between parties subject to the terms and conditions specified in this tariff.

D. Maintenance and Repair

1. All costs associated with the maintenance and repair of services furnished by the company will be borne by the Company, except as specified elsewhere in this tariff.

E. Liability of Carrier

1. The liability of the Carrier, if any, for damages arising out of a mistake, omission, interruptions, delays, errors, or defects in transmission during the course of furnishing service shall, in no event, exceed an amount equivalent to the charge to the customer for the service during which such mistake, omission, interruption, delay, error, or defect in transmission occurred in excess of 48 hours after notification has been made. The Carrier will not be responsible for any lost profits, consequential damages, or incidental damages of the subscriber or any other party, or for any claim of damage by the subscriber or against the subscriber by any other party.

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TERMS AND CONDITIONS (Continued)Limitation of Liability (Continued)E. Liability of Carrier (Continued)

1. (con't) Any mistake, omission, interruption, delay, error, or defect in transmission or service which are caused by or contributed to by the negligence or willful act of the customer, or which arise from facilities or equipment used by the customer, shall not result in the imposition of any liability upon the Carrier.
2. ITS shall not be liable for any act, omissions to act, negligence, or the quality of service of any local exchange carrier or other provider whose facilities are used in furnishing any portion of the service received by the customer.
3. ITS shall not be liable for any failure of performance due to causes beyond its control, including but not limited to cable dig-up by third party, acts of God, civil disorder, actions of governmental authorities, actions of civil or military authority, labor problems, national emergency, insurrection, riot, war, fire, flood, and atmospheric conditions or other phenomena of nature, such as radiation. In addition, the Carrier shall not be liable for any failure of performance due to necessary network reconfiguration, system modifications for technical upgrades, or regulations established by or actions taken by any court or government agency having jurisdiction over the Carrier.
4. ITS shall not be liable for any failure of performance caused by or the result of, but not limited to, any act or omission by a customer or any entity other than ITS that is furnishing services, facilities, and equipment used in connection with ITS' services or facilities.
5. In no event shall the customer have any claims against the Carrier for any fraudulent usage over customer's PBX or other CPE equipment with Direct Inward System Access ("DISA") capability, by an outside caller or employees of the customer.

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TERMS AND CONDITIONS (Continued)Limitation of Liability (Continued)F. Overpayment

1. The carrier shall not be obligated to refund any overpayment by a customer unless a written claim for such overpayment, together with substantiating evidence which will allow the Carrier to verify such claim, is submitted within one year of the alleged overpayment.

G. Disclaimer of Warranties

- I. Except as expressly provided in this tariff, the Carrier makes no expressed or implied understandings, agreements, representations or warranties, including any warranties regarding the merchantability or fitness for a particular purpose.

H. Refunds for Interruption or Impairment to Carrier Service

- I. It shall be the obligation of the customer to immediately notify the Carrier of any service interruption.

Use of Service for Unlawful Purposes

- A. The services tariffed are furnished subject to the condition that they will not be used for any unlawful purposes. Service will not be furnished if any law enforcement agency, acting within its jurisdiction, advises that such services are being used or are likely to be used in violation of the law. If ITS receives other evidence giving reasonable cause to believe that such services are being or are likely to be so used, it will either discontinue or deny the service or refer the matter to the appropriate law enforcement agency.

Unauthorized Use

- A. Any individual who uses or receives ITS service, other than under the provisions of an accepted application for service and a current customer relationship, shall be liable for both the tariffed cost of the service received and ITS' cost of investigation and collection.

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