



DEPOSIT

DATE

April 6, 1999
Via Overnight

D124

APR 07 1999

990458-TX

210 N. Park Ave.
Winter Park, FL
32789

Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oaks Boulevard
Gerald L. Gunter Bldg. Room 270
Tallahassee, FL 32399-0850
(904) 488-4733

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

RE: Initial Alternative Local Exchange Carrier Application of
Telecare, Inc. d/b/a Caretele, Inc.

Tel: 407-740-8575
Fax: 407-740-0613
tmi@tminc.com

Dear Mr. D'Haeseleer:

Enclosed for filing are the original and twelve copies of the above referenced application of Telecare, Inc. d/b/a Caretele, Inc. to provide Alternative Local Exchange Carrier Service in Florida.

The company has filed for interexchange authority under a separate application and submitted the \$250 filing fee at that time. Questions pertaining to this application or tariff should be directed to my attention at (407) 740-8575.

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

Thank you for your assistance.

Sincerely,

TELECARE, INC.
444 LAFAYETTE ROAD
NOBLESVILLE, IN 46060
PH. 317-776-7654

NBD BANK, N.A.
INDIANAPOLIS, IN
20-5/740

15219

***** Two Hundred Fifty & 00/100 Dollars

03/12/99

*****250.00

DATE

AMOUNT

PAY
TO THE
ORDER

FL Public Service Comm
2540 Shumard Oak Blvd
Tallahassee, FL 32399-0850

AUTHORIZED SIGNATURE



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Sincerely,

Hal Stringer
Consultant to
Telecare, Inc.

HS/lk

Enclosures

cc: Pamela Marshall - Telecare
file: Telecare - FL ALEC
tms: fl19900

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

Initials of person who forwarded check:

99 APR -7 PM 3:46
MAIL ROOM



April 6, 1999
Via Overnight

210 N. Park Ave.
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32789

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*****250.00

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PAY
TO THE
ORDER
OF

FL Public Service Comm
2540 Shumard Oak Blvd
Tallahassee, FL 32399-0850

AUTHORIZED SIGNATURE

STATE OF FLORIDA

Commissioners:
JOE GARCIA, CHAIRMAN
J. TERRY DEASON
SUSAN F. CLARK
JULIA L. JOHNSON
E. LEON JACOBS, JR.



DIVISION OF RECORDS & REPORTING
BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770

Public Service Commission

April 8, 1999

Hal Stringer, Consultant
Technologies Management, Inc.
Post Office Drawer 200
Winter Park, Florida 32790-0200

Re: Docket No. 990458-TX

Dear Mr. Stringer:

This will acknowledge receipt of an application for certificate to provide alternative local exchange telecommunications service by Telecare, Inc. d/b/a Caretele, Inc., which was filed with this office on April 7, 1999 and assigned the above-referenced docket number. Appropriate staff members will be advised.

Mediation may be available to resolve any dispute in this docket. If mediation is conducted, it does not affect a substantially interested person's right to an administrative hearing. For more information, contact the Office of General Counsel at (850) 413-6078 or FAX (850) 413-6079.

Please make notes as well that Commission Rule 25-22.005(7), F.A.C., requires certificated companies to notify the Commission of any changes in name, telephone, address, or contact person. Should your application be granted by the Commission, you will be expected to comply with this rule by advising us of any changes as they occur.

Division of Records and Reporting
Florida Public Service Commission

State of Florida



990458
Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: JUNE 17, 1999

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYÓ)

FROM: DIVISION OF COMMUNICATIONS (GILCHRIST) *WJ*
DIVISION OF AUDITING AND FINANCIAL ANALYSIS (MAUREY) *MA*
DIVISION OF LEGAL SERVICES (BEDELL) *CB by [signature]*

RE: APPLICATIONS FOR CERTIFICATES TO PROVIDE ALTERNATIVE LOCAL EXCHANGE TELECOMMUNICATIONS SERVICE

AGENDA: 06/29/99 - CONSENT AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

SPECIAL INSTRUCTIONS: NONE

Please place the following Applications for Certificates to Provide Alternative Local Exchange Telecommunications Service on the consent agenda for approval.

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	<u>CERT. NO.</u>
1. 990426-TX	WorldNet Fiber, Inc.	7059
2. 990432-TX	@Xess Communications, Inc.	7060
3. 990470-TX	The John Galt Telephone Company	7061
4. 990541-TX	InterCept Communications Technologies, Inc.	7062
5. 990615-TX	Tower Communications, Inc. d/b/a United Southern Telecom	7063
6. 990494-TX	Convergence, Inc.	7065
7. 990539-TX	Actel Integrated Communications, Inc.	7087
8. 990340-TX	CommcoTec Corporation	7089
9. 990212-TX	KMC Telecom III, Inc.	7093

DOCUMENT NUMBER-DATE

07060 JUN 17 99

FROM-RECORDS/REPORTING

DOCKET NOS. 990426-TX, 990432-TX, 990470-TX, 990541-TX, 990615-TX,
990494-TX, 990539-TX, 990340-TX, 990212-TX, 990458-TX,
DATE: JUNE 17, 1999

10. 990458-TX Telecare, Inc. d/b/a Caretele, 7079
Inc.

Docket Index Listing for Closed Dockets
990458



990458-TX

Docketed: April 7, 1999
 Closed: August 6, 1999
 Company: Caretele, Inc. (Telecare, Inc. d/b/a) (TX303)
 Title: Application for certificate to provide alternative local exchange telecommunications service by Telecare, Inc. d/b/a Caretele, Inc.
 OPRs: CMU - McCoy
 OCRs: AFA - Lester
 Staff Counsel: LEG - Pena
 Commissioners: Prehearing Officer - Administrative
 Hearing Officers - All Commissioners

<u>DOCUMENT NO.</u>	<u>DATE</u>	<u>DOCKET NO.</u>	<u>DESCRIPTION</u>
04476-99 ✓	04/07/1999	990458-TX	Telecare, Inc. d/b/a Caretele, Inc. [Caretele] (Stringer) - ALEC application with \$250 filing fee, deposit D124 dated 4/7/99.
07360-99 ✓	06/17/1999	990458-TX	RECOM for 6/29/99 ag (consent) fr CMU/Williams; AFA/Maurey; LEG/Bedell (PAA).
07934-99 ✓	07/01/1999	990458-TX	VOTE SHEET fr 6/29/99 consent ag - GR, DS, CL, JN, JC, staff recomm approved with modification to add ALEC Cert 4840 to Docket 990685.
08311-99 ✓	07/14/1999	990458-TX	Order PSC-99-1336-PAA-TX granting ALEC Certs 7065, 7087, 7089, 7093, and 7079; close upon issuance of consummating order if no protest by 8/4/99. (GDCJJ)
08693-99 ✓	07/22/1999	990458-TX	Letter dated 4/28/99 (rcvd in CMU 4/29/99) from Hal Stringer for Caretele with attached statement which should have been included in original ALEC application; placed in docket file.
09401-99 ✓	08/06/1999	990458-TX	Order PSC-99-1566-CO-TX consummating Order PSC-99-1336-PAA-TX and closing docket.



April 6, 1999
Via Overnight

210 N. Park Ave.
Winter Park, FL
32789

Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oaks Boulevard
Gerald L. Gunter Bldg. Room 270
Tallahassee, FL 32399-0850
(904) 488-4733

9902158-TX

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

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Tel: 407-740-8575
Fax: 407-740-0613
tmi@tminc.com

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Hal Stringer
Consultant to
Telecare, Inc.

HS/lk

Enclosures

cc: Pamela Marshall - Telecare
file: Telecare - FL ALEC
tms: fl19900

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

DOCUMENT NUMBER-DATE

~~04476~~ APR 7 99

Initials of person who forwarded check:

FPSC-RECORDS/REPORTING

99 APR -7 AM 9 46
MAILROOM
RECEIVED
TALLAHASSEE, FL
SERVICE COMMISSION

APPLICATION FORM

for

AUTHORITY TO PROVIDE (ALEC)
ALTERNATIVE LOCAL EXCHANGE SERVICE
WITHIN THE STATE OF FLORIDA

INSTRUCTIONS

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

**Florida Public Service Commission
Division of Communications
Certification & Compliance Section
2450 Shumard Oak Boulevard
Tallahassee, Florida 32399-0866
(850) 413-6600**

- Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of \$250 made payable to the Florida Public Service Commission at the above address.

APPLICATION FORM

1. This is an application for (check one):

Original Authority (new company)

Approval of transfer (to another certificated company)

Example, a certificated company purchases an existing company and desires to retain the original certificate authority.

Approval for transfer of control (to another certificated company)

Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of applicant:

Telecare, Inc.

3. Name under which the applicant will do business (d/b/a):

Caretele, Inc.

4. If applicable, please provide proof of fictitious name (d/b/a) registration.

Fictitious name registration number: **G92063900001**

APPLICATION FORM

5. A. National mailing address including street name, number, post office box, city, state, zip code, and phone number.

Street: **444 Lafayette Rd.**
P.O. Box:
City: **Noblesville**
State: **Indiana**
Zip Code: **46060**
Phone No.: **(317) 776-7654**

- B. Florida mailing address including street name, number, post office box, city, state, zip code, and phone number.

Telecare, Inc. d/b/a Caretele, Inc. does not maintain an office within the state of Florida. The company's agent within the state is:

Corporation Service Company (CSC)
Street: **1201 Hays Street**
P.O. Box:
City: **Tallahassee**
State: **Florida**
Zip Code: **32301**
Phone No.: **850-222-9171**

6. Structure of organization: Check appropriate box(s)

<input type="checkbox"/> Individual	<input type="checkbox"/> Corporation
<input checked="" type="checkbox"/> Foreign Corporation	<input type="checkbox"/> Foreign Partnership
<input type="checkbox"/> General Partnership	<input type="checkbox"/> Limited Partnership
<input type="checkbox"/> Joint Venture	<input type="checkbox"/> Other, Please explain :

7. If applicant is an individual, partnership, or joint venture, please give name, title and address of each legal entity.

Not Applicable.

APPLICATION FORM

8. State whether any of the officers, directors, or any of the ten largest stockholders have previously been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

No officer, director or stockholder has previously been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime. No proceedings are pending which would result in such action.

9. If incorporated, please provide proof from the Florida Secretary of State that the applicant has authority to operate in Florida.

Corporate charter number: **P37712**

10. Please provide the name, title, address, telephone number, Internet address, and facsimile number for the person serving as ongoing liaison with the Commission, and if different, the liaison responsible for this application.

Name: **Pamela Marshall**
Title: **Vice President of Operations**
Phone No.: **(317) 776-7654 ext. 113**
Fax No.: **(317) 776-7646**
Internet Address: **pmarshall@telecare.net**

11. Please list other states in which the applicant is currently providing or has applied to provide local exchange or alternative local exchange service.

Telecare, Inc. is not currently certified as an ALEC or CLEC in any state.

Telecare, Inc. is currently certified in 38 states as a long distance reseller including the state of Florida under Company Code T1090 and Certificate No. 3115.

APPLICATION FORM

12. Has the applicant been denied certification in any other state? If so, please list the state and reason for denial.

No. Telecare, Inc. has not been denied certification in any state.

13. Have penalties been imposed against the applicant in any other state? If so, please list the state and reason for penalty.

No. Telecare, Inc. has not had any penalties imposed by any state.

14. Please indicate how a customer can file a service complaint with your company.

Customers may reach the company at its toll-free customer service number 1-800-466-1550, which will be provided on each invoice for service. In addition, customers may contact the company in writing at Telecare, Inc., Customer Service Department, 444 Lafayette Rd., Noblesville, IN 46060.

15. Please complete and file a price list in accordance with Commission Rule 25-24.825. (Rule attached)

Upon approval of its application, Telecare, Inc. will file a price list in accordance with Commission Rule 25-24.825

16. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide alternative local exchange 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

APPLICATION FORM

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 attest that the financial statements are true and correct.

See Exhibit I.

- B. Managerial capability.

See Exhibit II.

- C. Technical capability.

See Exhibit II.

(If you will be providing local intra-exchange switched telecommunications service, then state how you will provide access to 911 emergency service. If the nature of the emergency 911 service access and funding mechanism is not equivalent to that provided by the local exchange companies in the areas to be served, describe in detail the difference.)

Customer access to E911 services will be provided by Applicant's underlying local exchange carriers.

APPLICATION FORM

AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange service in the State of Florida. I have read the foregoing and declare that to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

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".

Official: Donald W. Roudebush Date: 2/25/99
Donald Roudebush, President
Telecare, Inc. d/b/a Caretele, Inc.

Phone No.: (317) 776-7654

Address: Telecare, Inc.
444 Lafayette Rd.
Noblesville, IN 46060

25-24.825 Price List.

- (1) Prior to providing service, each company subject to these rules shall file and maintain with the Commission a current price list which clearly sets forth the following information for basic local telecommunications services, as defined in s. 364.02(2), F.S. If basic local telecommunications service is offered on a package basis, the following information must be provided for the package:
 - (a) current prices,
 - (b) customer connection charges,
 - (c) billing and payment arrangements, and
 - (d) levels of service quality which the company holds itself out to provide for each service.
- (2) At the company's option, price list information in paragraph (1) above and other information concerning the terms and conditions of service may be filed for services other than basic local telecommunication services.
- (3) A price list revision must be physically received by the Commission's Division of Communications at least one day prior to its effective date.
- (4) Price lists must be on 8 ½ by 11 inch paper in loose-leaf form and must utilize an ongoing page identification system which will allow for the identification of inserted and removed pages. The color of paper on which price lists are filed must be amenable to being clearly photocopied on standard photocopy equipment.
- (5) Complete information concerning a company's service offerings, rates and charges, conditions of service, service quality, terms and conditions, service area, and subscribership information identified by local exchange company exchange must be made available to Commission staff upon request.

Specific Authority: 350.127(2)
Law Implemented: 364.337(5), F.S.
History: New 12/26/95.

TELECARE, INC. d/b/a CARETELE, INC.

EXHIBIT I

FINANCIAL CAPABILITY

Telecare, Inc. has sufficient financial capability to provide local telecommunications services on a resold basis within the state of Florida, the financial capability to maintain these services, and the financial capability to meet its lease and ownership obligations.

Telecare, Inc. proposes to provide local service in Florida as a reseller of incumbent local exchange carrier services. As such, the incremental cost of adding new subscribers is minimal. No capital expenditures for equipment, switches, outside plant, or transmission facilities are required.

In addition, Telecare, Inc. is an existing company with revenues derived from its resale of long distance services in Florida and other states. Therefore, the company has an existing revenue stream on which to rely for funding its diversification into the local service market.

In evidence of its financial fitness, Telecare, Inc. files the attached unaudited financial statements as evidence of its financial fitness to offer its proposed services. The attached verification signed by Mr. Roudebush, Applicant's President attests to the correctness of these statements.

TELECARE, INC.
BALANCE SHEET
DECEMBER 31, 1996

ASSETS

Cash		
NBD National Bank	\$30,701.51	
NBD Savings	684.53	
NBD Frontier/Wiltel	<u>34,939.84</u>	
Total Cash		\$66,325.88
Accounts Receivable		
Accounts Receivable - Billing	649,441.54	
Other Receivables	<u>5,735.97</u>	
	655,177.51	
Bad Debt Reserve	<u>(19,500.00)</u>	
Total Accounts Receivable		635,677.51
Prepaid Expenses		<u>2,843.83</u>
Total Current Assets		704,847.22
Property and Equipment		
Computer Equipment	331,305.23	
Office Furniture & Fixtures	<u>62,523.08</u>	
	393,828.31	
Accumulated Depreciation	<u>(194,754.27)</u>	
Total Property and Equipment		199,074.04
Other Assets		
Notes Receivable	1,369.22	
Deposits	<u>2,424.66</u>	
Total Other Assets		<u>3,793.88</u>
TOTAL ASSETS		\$907,715.14

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities		
Accounts Payable - Trade	\$355,046.40	
Accrued Broker Commissions	29,997.91	
Accrued Employee Commissions	2,384.92	
Property Taxes	487.07	
Federal Excise Taxes	17,666.79	
State Sales Taxes	13,004.36	
Accrued Payroll	4,646.00	
Payroll Taxes	6,202.18	
Accrued Interest	<u>2,855.27</u>	
Total Current Liabilities		\$432,270.90
Notes Payable		
Line of Credit	303,000.00	
Notes Payable - Inserter	72,147.70	
Notes Payable - Computer Equipment	14,030.03	
Notes Payable - Equipment	5,362.42	
Notes Payable - Phone System	<u>49,226.05</u>	
Total Notes Payable		<u>443,766.20</u>
Total Liabilities		876,037.10
Stockholder's Equity		
Capital Stock	9,000.00	
Additional Paid-In Capital	615,431.90	
Retained Earnings	(626,584.71)	
Year-to-Date Earnings	<u>33,830.85</u>	
Total Stockholder's Equity		<u>31,678.04</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY		\$907,715.14

TELECARE, INC.
 PROFIT AND LOSS STATEMENT
 FOR THE YEAR ENDING DECEMBER 31, 1996

		Percent of Sales
REVENUES		
Sales	\$5,350,981.84	100.00%
Transmission Cost	<u>(3,267,073.27)</u>	<u>-61.06%</u>
Gross margin	2,083,908.57	38.94%
Other income	152,932.51	2.86%
Interest income	<u>4,894.89</u>	<u>0.09%</u>
Total income	2,241,735.97	41.89%
SELLING EXPENSES		
Billing Services	112,546.16	2.10%
Card Machine Supplies	5,358.88	0.10%
Account Acquisitions	162,276.72	3.03%
Broker's Commissions	449,805.57	8.41%
Marketing/Advertising	89,728.41	1.68%
MAP Accounts	<u>12,000.51</u>	<u>0.22%</u>
	831,716.25	15.54%
GENERAL & ADMINISTRATIVE		
Salaries & Wages	511,141.77	9.55%
Payroll Taxes	39,734.27	0.74%
Regulatory Fees	16,969.00	0.32%
Refunds	6,020.29	0.11%
Property Taxes	4,000.00	0.07%
Office Rent	28,000.00	0.52%
Equipment Rent	53,658.69	1.00%
Bad Debt Expense	211,862.17	3.96%
Interest Expense	52,091.45	0.97%
Depreciation	67,591.27	1.26%
Insurance	52,603.90	0.98%
Legal & Professional	15,172.62	0.28%
Office Supplies	37,337.29	0.70%
Bank Charges	26,850.40	0.50%
Dues & Subscriptions	3,551.62	0.07%
Utilities	7,626.92	0.14%
Telephone	57,292.85	1.07%
Travel & Lodging	14,653.43	0.27%
Meals & Entertainment	20,073.87	0.38%
Computer Expenses	24,006.79	0.45%
Credit Investigation	17,608.28	0.33%
Postage	57,023.60	1.07%
Repairs & Maintenance	32,125.70	0.60%
Miscellaneous	912.80	0.02%
Outside Services	16,211.02	0.30%
Contributions	<u>2,068.87</u>	<u>0.04%</u>
Total Expenses	2,207,905.12	41.26%
NET INCOME	\$33,830.85	0.63%

TELECARE, INC.
BALANCE SHEET
DECEMBER 31, 1997

ASSETS

Cash		
NBD National Bank	\$30,656.36	
NBD Savings	30,836.59	
NBD Frontier	<u>257,321.79</u>	
Total Cash		\$318,814.74
Accounts Receivable		
Accounts Receivable - Billing	454,152.37	
Other Receivables	<u>9,315.44</u>	
	463,467.81	
Bad Debt Reserve	<u>(19,500.00)</u>	
Total Accounts Receivable		443,967.81
Prepaid Expenses		<u>773.09</u>
Total Current Assets		763,555.64
Property and Equipment		
Computer Equipment	334,272.23	
Office Furniture & Fixtures	<u>62,523.08</u>	
	396,795.31	
Accumulated Depreciation	<u>(245,037.52)</u>	
Total Property and Equipment		151,757.79
Other Assets		
Deposits	<u>1,085.30</u>	
Total Other Assets		<u>1,085.30</u>
TOTAL ASSETS		<u>\$916,398.73</u>

TELECARE, INC.
BALANCE SHEET
DECEMBER 31, 1997

LIABILITIES AND STOCKHOLDER'S EQUITY

Current Liabilities

Accounts Payable - Trade	\$608,288.40	
Accrued Broker Commissions	40,000.00	
Property Taxes	3,500.00	
Federal Excise Taxes	23,717.70	
State Sales Taxes	21,281.24	
Accrued Payroll	6,057.00	
Payroll Taxes	1,443.02	
Accrued Interest	<u>3,000.00</u>	
Total Current Liabilities		\$707,287.36

Notes Payable

Line of Credit (Note A)	303,000.00	
Notes Payable - Inserter	55,206.66	
Notes Payable - Computer Equipment	2,142.37	
Notes Payable - Phone System	<u>40,054.63</u>	
Total Notes Payable		<u>400,403.66</u>

Total Liabilities

1,107,691.02

Stockholder's Equity

Capital Stock (Note C)	9,000.00	
Additional Paid-In Capital	635,129.52	
Retained Earnings (Deficit)	(842,753.86)	
Year-to-Date Earnings	<u>7,332.05</u>	
Total Stockholder's Equity		<u>(191,292.29)</u>

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY

\$916,398.73

TELECARE, INC.
Profit and Loss
For the Year Ended December 31, 1997

	Projected <u>1997</u>	Percent <u>of Sales</u>
Revenues	\$5,093,635.64	100.00%
Transmission Costs	<u>3,331,793.26</u>	<u>65.41%</u>
Gross Margins	1,761,842.38	34.59%
Operating Expenses:		
Salaries	374,097.70	7.34%
Payroll Taxes	29,395.00	0.58%
Broker Commissions	554,675.90	10.89%
Account Acquisitions	167,276.72	3.28%
Marketing/Advertising	51,411.94	1.01%
MAP Accounts	9,824.21	0.19%
Rent - Building	42,000.00	0.82%
Maintenance & Repairs	14,293.47	0.28%
Utilities	9,867.20	0.19%
Insurance	47,363.93	0.93%
Bad Debts	163,613.18	3.21%
Office/Billing Supplies	37,571.65	0.74%
Regulatory Fees	19,420.57	0.38%
Postage & Delivery	55,399.99	1.09%
Bank Charges	30,172.38	0.59%
Telephone	64,788.31	1.27%
Travel & Entertainment	7,000.49	0.14%
Refunds	2,698.23	0.05%
Legal & Accounting	14,217.70	0.28%
Property Taxes	6,126.15	0.12%
Equipment Rental	55,464.86	1.09%
Computer Expenses	15,806.61	0.31%
Credit Investigation	12,945.00	0.25%
Outside Services	59,749.19	1.17%
Depreciation Expense	<u>50,283.25</u>	<u>0.99%</u>
Total Operating Expenses	1,895,463.63	37.21%
Other Income and Expenses		
Miscellaneous Income	184,179.71	3.62%
Interest Expense	<u>(43,226.41)</u>	<u>-0.85%</u>
Total Other Income and Expenses	<u>140,953.30</u>	<u>2.77%</u>
NET OPERATING INCOME	<u>\$7,332.05</u>	0.14%

Telecare, Inc.

Balance Sheet

December 31, 1998

ASSETS

Current Assets:

NBD Checking	\$104,325.41
NBD Frontier	67,735.55
NBD Savings	32,174.49
NBD Telehub	1,774.88
Accounts Receivable - Billing	389,397.08
Allowance For Bad Debts	(49,892.19)
Advances	9,516.48
Notes Receivable	5,841.41

TOTAL Current Assets

 \$560,873.11

Equipment and Furniture:

Computer Equipment	307,566.21
A/D - Computer Equipment	(202,681.09)
Office Furn. & Fixtures	62,523.08
A/D - Office Furn. & Fixtures	(19,147.03)

TOTAL Equipment and Furniture

 148,261.17

Other Assets:

Other Assets	5,000.00
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TOTAL Other Assets

 5,000.00

TOTAL ASSETS

 \$714,134.28

LIABILITIES

Current Liabilities:

Trade Payables	\$200,188.89
Other Payables	129,667.74
Accrued Broker Commissions	78,127.66
Accrued Payroll	4,856.00
State Income Tax Withheld	(829.15)
County Tax Withheld	(218.98)
State Unemployment Payable	280.09
Federal Excise Taxes	29,155.42
State Sales Taxes	86,645.00
Accrued Property Taxes	2,244.57
Accrued Interest	3,000.00

TOTAL Current Liabilities

 \$533,117.24

Long-Term Liabilities:

Telecare, Inc.

Income Statement

12:32 pm

12 Months Ended
December 31, 1998

Revenue		
Billing - Cycle 08	\$4,146,450.79	88.8%
Billing - Cycle 03	155,232.33	3.3%
Billing - Cycle 31	4,506.08	0.1%
Lec 1+ Billings	19,434.49	0.4%
Oxford Billings	285,217.35	6.1%
Zero Plus Billings	45,533.78	1.0%
Zero Plus Commissions	4,647.12	0.1%
Sales Commissions	61.71	0.0%
Prepaid/Debit Card Sales	5,562.56	0.1%
Pager Sales	675.95	0.0%
Pager Monthly Fees	708.35	0.0%
TOTAL Revenue	4,668,030.51	100.0%
Transmission Cost		
COS - Allnet/Frontier	2,399,948.86	51.4%
COS - Wiltel	73,358.87	1.6%
COS - Premiere	190,581.47	4.1%
COS - Zero Plus	43,904.57	0.9%
COS - Ameritech CABS	14,640.40	0.3%
COS - Thrifty Call	35,909.35	0.8%
COS - Pager Monthly Fees	6,290.15	0.1%
COS - Internet Mo. Fees	2,144.08	0.0%
COS - Centillion	105,550.45	2.3%
Card Machine Supplies	2,620.03	0.1%
COS Telehub	2,323.66	0.0%
TOTAL Transmission Cost	2,877,271.89	61.6%
***** Gross Margin	1,790,758.62	38.4%
Operating Expenses		
Salaries & Wages	348,093.68	7.5%
Collections Salaries	815.26	0.0%
Payroll Taxes	26,691.74	0.6%
Broker Commissions	491,088.99	10.5%
Zero Plus Commissions	21,476.06	0.5%
Account Acquisitions	126,958.29	2.7%
Marketing/Advertising	147,150.02	3.2%
MAP Accounts	6,535.05	0.1%
Rent - Office Building	3,500.00	0.1%
Maintenance & Repairs	20,913.07	0.4%

Telecare, Inc.

Income Statement

12 Months Ended
December 31, 1998

Utilities	4,886.50	0.1%
Insurance	49,289.06	1.1%
Bad Debts	93,006.79	2.0%
Dues and Subscriptions	2,941.67	0.1%
Office/Billing Supplies	41,598.20	0.9%
Regulatory & Corporation Fees	15,283.04	0.3%
Postage and Delivery	56,220.49	1.2%
Bank Charges	23,586.92	0.5%
Telephone	55,579.26	1.2%
Travel & Lodging	15,766.26	0.3%
Meals & Entertainment	12,895.44	0.3%
Refunds	2,463.28	0.1%
Legal & Accounting	18,323.70	0.4%
Property Taxes	6,616.47	0.1%
Franchis Taxes	2,302.26	0.0%
Equipment Rental	29,405.01	0.6%
Computer Expenses	13,738.47	0.3%
Credit Investigation	12,033.01	0.3%
Outside Services	73,261.47	1.6%
Contributions	3,728.90	0.1%
Depreciation Expense	48,691.79	1.0%
TOTAL Operating Expenses	1,774,840.15	38.0%
***** Operating Income	15,918.47	0.3%
Other Income & Expenses		
Miscellaneous Income	153,663.82	3.3%
Interest income	2,140.75	0.0%
Miscellaneous Expenses	(989.93)	-0.0%
Tax Penalties	(3,359.69)	-0.1%
Interest expense	(47,195.12)	-1.0%
TOTAL Other Income & Expenses	104,259.83	2.2%
*****	120,178.30	2.6%
***** Net Income	\$120,178.30	2.6%

STATE OF INDIANA)
)
COUNTY OF _____)

VERIFICATION OF FINANCIAL INFORMATION

The undersigned officer attests to the accuracy of the foregoing financial statements. The information contained therein is accurate to best of his knowledge and belief:

Donald W. Roudebush Date: 2/25/99
Donald W. Roudebush, President

Sworn before me this 25th day of February, 1999.

Michelle Barnett
Notary Public Expires 04/08/08

TELECARE, INC. d/b/a CARETELE, INC.

EXHIBIT II

MANAGERIAL & TECHNICAL CAPABILITY

As a provider resold local service, Telecare, Inc. d/b/a Caretele, Inc. will rely on the technical expertise of its underlying local carrier(s) for maintenance of its switched network and local facilities. In addition, Telecare's current operations as a long distance reseller and the company's own in-house management team provide sufficient managerial and technical expertise to provide, maintain and manage the services proposed in this application. The following individuals serve as key members of Telecare, Inc.'s management team.

Donald W. Roudebush - President

Prior to founding Telecare, Inc. Mr. Roudebush was President and Chief Operating Officer of a midwest interexchange carrier, One Call Communications, Inc. His expertise in the industry has been demonstrated by the dynamic growth and profitability of One Call Communications during his tenure as President. Before starting with One Call, Mr. Roudebush owned and managed a large midwestern interconnect and alarm company.

Pam Marshall - Vice President of Operations

Ms. Marshall directs the day to day operations of Telecare, Inc. This includes customer service, billing, routine operations and regulatory affairs. Ms. Marshall has been with Telecare since March of 1992 starting as the Directory of Regulatory Affairs and being promoted to Vice President of Operations in May 1993. Before joining the staff at Telecare, Ms. Marshall worked in the Regulatory Department of One Call Communications, another Indiana based reseller, starting in mid-1989.