

ORIGINAL

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June 8, 2001

Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

010830-TX

Dear Sir or Madam:

Please find enclosed a Telsys, Inc. application package for Authority to Provide Alternative Local Exchange Service Within the State of Florida including a \$250 check for the application fee. Please advise if there are any addendums or revisions that are necessary. Under separate cover, Telsys, Inc. is also submitting an IXC application package.

If any additional information is needed, I can be reached via e-mail at hsavage@earthlink.net or via cell phone at 626-255-1044.

Sincerely,

Hugh Savage

Hugh Savage

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:
Am

MAIL ROOM
01 JUN 11 AM 10:42

DOCUMENT NUMBER-DATE

07205 JUN 11 0

FPSC-RECORDS/REPORTING

**** FLORIDA PUBLIC SERVICE COMMISSION ****

DIVISION OF REGULATORY OVERSIGHT
CERTIFICATION SECTION

010830-TX

APPLICATION FORM
for
AUTHORITY TO PROVIDE
ALTERNATIVE LOCAL EXCHANGE SERVICE
WITHIN THE STATE OF FLORIDA

Instructions

This form is used as an application for an original certificate and for approval of the assignment or transfer of an existing certificate. In the case of an assignment or transfer, the information provided shall be for the assignee or transferee (See Page 12).

Print or type all responses 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.

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 Records and Reporting
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6770

If you have questions about completing the form, contact:

Florida Public Service Commission
Division of Regulatory Oversight
Certification Section
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850
(850) 413-6480

APPLICATION

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

- Original certificate** (new company).
- Approval of transfer of existing certificate:** Example, a non-certificated company purchases an existing company and desires to retain the original certificate of authority.
- Approval of assignment of existing certificate:** Example, a certificated company purchases an existing company and desires to retain the certificate of authority of that company.
- Approval of transfer of control:** Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of company:

TELSYS, INC.

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

TELSYS, INC.

4. Official mailing address (including street name & number, post office box, city, state, zip code):

TELSYS, INC.
979 ALTA VISTA DR
SUITE 200
ALTADENA, CA 91001

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

TELSYS, INC.
1138 NW 97TH DRIVE
CORAL SPRINGS FL 33071
ATTENTION: JOHN SAVAGE

6. Structure of organization:

- | | |
|---|--|
| <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"/> Other _____ | |

7. If individual, provide:

Name: N/A

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ Fax No.: _____

Internet E-Mail Address: _____

Internet Website Address: _____

8. If incorporated in Florida, provide proof of authority to operate in Florida:

(a) The Florida Secretary of State corporate registration number:

N/A

9. **If foreign corporation**, provide proof of authority to operate in Florida:

(a) The Florida Secretary of State corporate registration number:

F 0 1 0 0 0 0 0 2 4 0 5

10. **If using fictitious name-d/b/a**, provide proof of compliance with fictitious name statute (Chapter 865.09, FS) to operate in Florida:

(a) The Florida Secretary of State fictitious name registration number:

N/A

11. **If a limited liability partnership**, provide proof of registration to operate in Florida:

(a) The Florida Secretary of State registration number:

N/A

12. **If a partnership**, provide name, title and address of all partners and a copy of the partnership agreement.

Name: N/A

Title: _____

Address: _____

City/State/Zip: _____

Telephone No.: _____ Fax No.: _____

Internet E-Mail Address: _____

Internet Website Address: _____

13. **If a foreign limited partnership**, provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable.

(a) The Florida registration number: N/A

14. Provide **F.E.I. Number**(if applicable): 95-4523676

15. Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

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

NO

(b) an 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 company, give reason why not.

NO

16. Who will serve as liaison to the Commission with regard to the following?

(a) The application:

Name: HUGH SAVAGE
Title: PRESIDENT
Address: 979 ALTA VISTA DR, SUITE 200
City/State/Zip: ALTADENA, CA 91001
Telephone No.: 626-449-6075 Fax No.: 626-398-4556
Internet E-Mail Address: hsavage@earthlink.net
Internet Website Address: _____

(b) Official point of contact for the ongoing operations of the company:

Name: HUGH SAVAGE
Title: PRESIDENT
Address: 979 ALTA VISTA DR, SUITE 200
City/State/Zip: ALTADENA, CA 91001
Telephone No.: 626-449-6075 Fax No.: 626-398-4556
Internet E-Mail Address: hsavage@earthlink.net
Internet Website Address: _____

(c) Complaints/Inquiries from customers:

Name: HUGH SAVAGE
Title: PRESIDENT
Address: 979 ALTA VISTA DR, SUITE 200
City/State/Zip: ALTADENA, CA 91001
Telephone No.: 626-449-6075 Fax No.: 626-398-4556
Internet E-Mail Address: hsavage@earthlink.net
Internet Website Address: _____

17. List the states in which the applicant:

(a) has operated as an alternative local exchange company.

NONE

(b) has applications pending to be certificated as an alternative local exchange company.

NONE

(c) is certificated to operate as an alternative local exchange company.

NONE

(d) has been denied authority to operate as an alternative local exchange company 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 company or other telecommunications entity, and the circumstances involved.

NONE

18. Submit the following:

A. Managerial capability: give resumes of employees/officers of the company that would indicate sufficient managerial experiences of each.

B. Technical capability: give resumes of employees/officers of the company that would indicate sufficient technical experiences or indicate what company has been contracted to conduct technical maintenance.

C. Financial capability.

The application **should contain** the applicant's audited financial statements for the most recent 3 years. If the applicant does not have audited financial statements, it shall so be stated.

The unaudited financial statements should be signed by the applicant's chief executive officer and chief financial officer **affirming that the financial statements are true and correct** and should include:

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

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.*

Further, the following (which includes supporting documentation) should be provided:

1. **written explanation** that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
2. **written explanation** that the applicant has sufficient financial capability to maintain the requested service.
3. **written explanation** that the applicant has sufficient financial capability to meet its lease or ownership obligations.

THIS PAGE MUST BE COMPLETED AND SIGNED

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 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:** I understand that a non-refundable application fee of \$250.00 must be submitted with the application.

UTILITY OFFICIAL:

HUGH SAVAGE

Print Name

Hugh Savage

Signature

PRESIDENT

Title

May 7, 2001

Date

626-449-6075

Telephone No.

626-398-4556

Fax No.

Address: 979 ALTA VISTA DR

SUITE 200

ALTADENA, CA 91001

THIS PAGE MUST BE COMPLETED AND SIGNED

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 company 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."

UTILITY OFFICIAL:

HUGH SAVAGE

Print Name

Hugh Savage

Signature

PRESIDENT

Title

MAY 7, 2001

Date

626-449-6075

Telephone No.

626-398-4556

Fax No.

Address:

979 ALTA VISTA DR

SUITE 200

ALTA DENA, CA 91001

INTRASTATE NETWORK (if available)

Chapter 25-24.825 (5), Florida Administrative Code, requires the company to make available to staff the alternative local exchange service areas only upon request.

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

1) <u>NONE</u>	2) _____
_____	_____
3) _____	4) _____
_____	_____

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

1) <u>NONE</u>	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.

<u>POP-to-POP</u>	<u>OWNERSHIP</u>
1) <u>NONE</u>	_____
2) _____	_____
3) _____	_____
4) _____	_____



979 Alta Vista Dr
Suite 200
Altadena, CA 91001
(626) 449-6075 Tel
(626) 398-4556 Fax

Hugh Savage

President of Telsys, Inc.

BIOGRAPHY

Hugh Savage has over twenty-five years of successful experience in providing and managing a full range of telecommunication services to companies. He is an expert in designing and managing the installation of telecom systems for the business, medical, lodging and electrical utility industries.

Hugh began his telecom career as a technician in the U.S. Air Force. After leaving the military, he obtained a degree in Electrical Engineering. For the next 10 years he worked as a Telecommunication Engineer for Southern California Edison. During this time he gained extensive experience in a wide variety of customer owned and leased telecom systems including microwave, two way radio, telephone, cable, open wire, security, audio and data systems.

Hugh left Edison to join National Medical Enterprises (NME) in the newly created position of Director of Telecommunications. NME (later renamed Tenet Healthcare) is a healthcare company owning and operating hospitals around the world. During his 16-year tenure at NME, Hugh was responsible for the creation, training and management of a group of telecom technicians, analysts and support staff. Under Hugh's direction, the Telecom Department provided extensive in-house telecom design and maintenance services for new and existing NME facilities typically at a substantial cost saving.

After leaving Tenet Healthcare, Hugh founded Telsys, Inc. The primary focus of Telsys is to provide innovative and reliable methods of generating new revenue and reducing telecom costs for hotels and hospitals.

HUGH P. SAVAGE
979 Alta Vista Dr.
Altadena, CA 91001
(626) 449-6075 (work)
(626) 798-4894 (home)
hsavage@earthlink.net

BACKGROUND SUMMARY

A telecommunications professional with twenty-five years successful experience in providing and managing a full range of telecommunication services for companies. Expert in designing and managing the installation of telecom systems for the business, hotel, medical and electrical utility environments.

PROFESSIONAL EXPERIENCE

TENET HEALTHCARE, Santa Monica, CA
Director of Telecommunications

A healthcare company owning and operating hospitals around the world. Managed a group of 15 analysts, technicians and support personnel with an annual budget of \$10 million.

- Established and managed a group of in-house analysts providing a wide range of telecom consulting services to several hundred domestic and international Tenet Healthcare facilities. The facilities included acute, rehab and psychiatric hospitals; nursing homes and a wide variety of company owned offices (clinics, collection agencies, corporate and regional offices etc.). Typical savings of over \$1 million per year were realized while providing standardized, technically sophisticated solutions using a variety of telecommunication systems.
- Established and managed a group of in-house technicians providing telephone maintenance services to over 60 Tenet Healthcare facilities in Southern California and Louisiana. Realized savings of over \$500,000 per year while providing timely, superior service.
- Personally managed all aspects of the replacement and upgrades of a wide range of telecom systems, with particular emphasis on telephone systems, at Tenet Healthcare locations throughout the world. All project dates were met, adherence to Tenet Healthcare and Telecom industry standards was realized and substantial cost savings typically resulted (\$US500,000 in the case of Centro Medico Teknon in Barcelona).

- Evaluated and implemented changes in the contracting and routing of long distance telephone calls that resulted in savings of \$1.2 million per year. Provided frequent reevaluation and fine tuning to further reduce costs while meeting the diverse calling needs of Tenet Healthcare facilities.

SOUTHERN CALIFORNIA EDISON, Alhambra, CA

Telecommunications Engineer

An electrical utility providing service to 50,000 square miles of Southern California. Responsible for the analysis, design and implementation of a wide variety of rented and owned telecom systems.

- Overall responsibility for the engineering of all telecom systems in a large geographical area plus supervision of three associate engineers.
- Analyzed and coordinated all aspects of implementing changes on SCE's large, privately owned communication systems consisting of microwave, two-way radio, telephone, cable, open wire, security, audio and data systems.
- Analyzed and coordinated all aspects of implementing changes in communication systems leased and rented by SCE from various telephone companies. Included were telephone systems plus a wide variety of voice and data circuits.

EDUCATION

Bachelor of Science, Electrical Engineering
Aircraft Radio Maintenance Technical School, US Air Force

PROFESSIONAL AFFILIATION

Institute of Electrical and Electronic Engineers (IEEE)
Telecommunication Association of Southern California (TCA)

DELRAY
Medical Center

Tenet South Florida HealthSystem

5352 Linton Blvd.
Delray Beach, FL 33484
Tel 561.498.4440

February 5, 1999

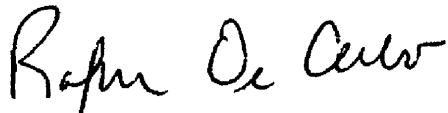
To Whom It May Concern:

Hugh Savage has been providing telecommunications consulting, installation and repair services for this medical campus since before it was built over sixteen years ago. Originally Hugh provided these services during his sixteen year tenure as the Director of Telecommunications for Tenet Healthcare (formerly named NME), the owner of this facility, and, for the last three years, under the umbrella of Telsys, Inc. the telecommunications company he founded when he left Tenet Healthcare.

I personally have known and worked with Hugh since I came to Delray Medical Center ten years ago. I have found him to be very knowledgeable and always responsive in providing solutions to meet our telecommunications needs. I would recommend Hugh and his company, Telsys, to any organization needing telecommunication services.

If any additional information is required, I can be reached at (561)637-5104.

Sincerely,



Ralph DeCerbo,
Director of Finance



CENTRO MEDICO TEKNON

VILANA, 12 TEL. 93 290 62 00
08022 BARCELONA FAX 93 211 26 90

February 5, 1999

TO WHOM IT MAY CONCERN:

Hugh Savage has been wire systems and telecommunications consultant to three large new hospital projects for which I have been directly responsible over the past 20 years. I have worked closely with him as hospital operator during the design, tendering, installation, training and commissioning phases of the systems for these facilities.

The first project was a multifacility healthcare campus in Delray Beach, Florida. I subsequently insisted on his becoming involved with the second project - also a multihospital campus in Kuala Lumpur, Malaysia and most recently another multihospital campus in Barcelona, Spain.

In each case I have been responsible for the operational development and have had the first hand experience of using and expanding these large systems in diverse and varied settings where culture, language and user sophistication were key factors in making the most of the technology available.

Hugh's involvement and continuous support was critical to the high degree of success we were able to achieve in each project.

My recommendation of Hugh Savage to anyone needing telecommunication services of this type is unconditional. When we do our next healthcare campus, I expect to have him do the telecommunications portion.

Sincerely,

Robert M. Manson
Consejero Delegado
Chief Executive Officer



Syndicated Office Systems

April 12, 1999

To whom it may concern,

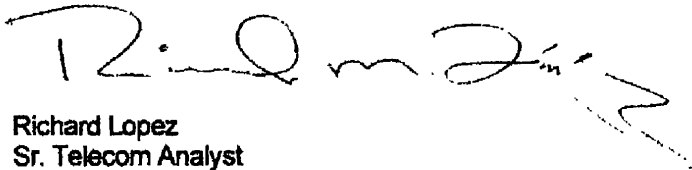
Hugh Savage through Tenet Healthcare was responsible for the procurement and installation of the telephone systems at all of our locations.

Hugh left Tenet Healthcare to start his new company, Telsys. Since that time, Hugh has continued to provide our company with telecom support. In addition, Hugh was responsible for planning, coordinating, and the installation of an upgrade to our call accounting systems.

I highly recommend Hugh, and his company, Telsys, to anyone requiring a knowledgeable and dedicated telecommunications expert. Hugh can be counted on to provide a quick and qualitative analysis of any telecommunications system, or company needs,

If you have any questions please feel free to call me at (714) 438-6536.

Sincerely,



Richard Lopez
Sr. Telecom Analyst

TITLE SHEET

FLORIDA TELECOMMUNICATIONS PRICE LIST

This price list contains the descriptions, regulations, and rates applicable to the furnishing of service and facilities for alternative local exchange telecommunications services provided by TELSYS, Inc., with principal offices at 979 Alta Vista Dr, Suite 200, Suite 200, Altadena, CA 91001. This price list applies for services furnished within the state of Florida. This price list 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.

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

CHECK SHEET

The sheets listed below, which are inclusive of this price list, are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original price list and are currently in effect as of the date of the bottom of this page.

SHEET	REVISION
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
12	Original
13	Original
14	Original
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22	Original
23	Original
24	Original
25	Original
26	Original
27	Original
28	Original

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

TABLE OF CONTENTS

Title Sheet	1
Check Sheet	2
Table of Contents	3
Symbols Sheet	4
Section 1 – Technical Terms and Abbreviations	5
Section 2 – Rules and Regulations	10
Section 3 – Service Description	23
Section 4 – Rates	25

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

SYMBOLS SHEET

D - Delete Or Discontinue

I - Change Resulting In An Increase to A Customer's Bill

M - Moved From Another Price List 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

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

<u>TERM</u>	<u>SHEET NO.</u>	<u>TERM</u>	<u>SHEET NO.</u>
Access Coordination	6	End User	7
Administrative Change	6	Evening	7
Application for Service	6	Holidays	8
Attempted Delivery	6	Installation	8
Authorized User	6	LATA	8
Billing Record Change	6	Local Exchange Carrier	8
Called Station	6	Major Credit Card	8
Calling Card	6	Night/Weekend	8
Cancellation of Order	6	Physical Change	8
Collect Call	7	Premises	8
Company	7	Station	8
Conversation Time	7	Subscriber	8
Customer	7	Third Party Billing	8
Customer Calling Card Station	7	Timing of Calls	9
Customer Service Agreement	7	U.S. Mainland	9
Day	7		
Disconnection	7		

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

For the purpose of this price list, the following definitions shall apply:

Access Coordination - Provides for the design, ordering installation coordination, pre-service testing, service turn-up and maintenance on a Company or Customer-provided local access channel.

Administrative Change - The modification of an existing circuit, dedicated access line or port, at the request of the Customer, which involves changes to authorization codes, speed numbers, route guide, consolidate of billing, or any other administrative change not covered by a Billing Record Change. (See below for definition).

Application for Service - A standard Company order form that includes all pertinent billing, technical and other description information that will enable the Company to provide a communication service as required.

Attempted Delivery - Denotes a procedure whereby the Company will attempt to connect an authorized user to the called party.

Authorized User - A person, firm, corporation or other entity authorized by the Company or a Customer to receive or send communications.

Billing Record Change - A change in Customer billing address.

Called Station - Denotes the terminating point of a call (i.e.. the called telephone number).

Calling Card - A card assigned by local telephone companies which enable users to bill telephone calls to their local telco account.

Cancellation of Order - A Customer initiated request to discontinue processing a service order, either in part or in its entirety, prior to its completion. Cancellation charges may be assessed for each circuit-end or dedicated access line cancelled from an order prior to its completion under the following circumstances: (1) if the local Telco has confirmed in writing to the Company that the circuit-end or dedicated access line will be installed; or (2) if the Company has already submitted facilities orders to an interconnecting telephone company. (This differs from a disconnection – see definition).

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS (continued)

Collect Call – A payment arrangement whereby the called station accepts billing for the call placed over the Company’s service.

Company – Telsys, Inc.

Conversation Time - Denotes the time during which two-way communication is possible between two stations.

Customer - The person, firm, corporation or other entity that orders services and is responsible for payment of charges due and compliance with the Company’s price list regulations.

Customer Calling Card Station - The payment arrangement that enables the end user to bill calls to an authorized calling card.

Customer Service Agreement – A contractual agreement signed by both the Company and the Customer which defines a period of time and the terms under which the Company will provide telecom services to the Customer.

Day – From 8:00 AM up to but not including 5:00 PM local time Sunday through Friday.

Disconnection - The disconnection of a circuit, dedicated access line or port connection being used for existing service.

End User - An individual who places and/or accepts calls placed over the Company's services. The end user may or may not be directly responsible for billing of calls, depending upon the payment method selected by the end user.

Evening – From 5:00 PM up to but not including 11:00 PM local time Sunday through Friday.

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS (continued)

Holidays – The Company’s recognized holidays are New Year’s Day, July 4th, Thanksgiving Day, Christmas Day.

Installation - The connection of a circuit, dedicated access line, or port for new or additional service.

LATA (Local Access Transport Area) - A geographic area established as required by the Modified Final Judgment in the government's antitrust suit against the Bell System for the provision and administration of communication services.

Local Exchange Carrier - A company that furnishes exchange telephone service.

Major Credit Card - A universally accepted charge card. MasterCard, VISA and American Express are examples of major credit cards accepted by the Company.

Night/Weekend – From 11:00 PM up to but not including 8:00 AM Sunday through Friday, and 8:00 AM Saturday up to but not including 5:00 PM Sunday.

Physical Change - The modification of an existing circuit, dedicated access line or port, at the request of the Customer, requiring some physical change or retermination.

Premises - The space designated by a Customer at its place or places of business for termination of the Company's service, whether for its own communications needs or for the use of its resale customers. In the case of the non-profit sharing group, this term includes space at each sharer's place or places of business, as well as space at the Customer's place of business.

Station – Any location from which long distance calls may be placed or received.

Subscriber – See definition of Customer.

Third Party Billing - A payment arrangement which allows the end user to assign billing to a telephone number which is different from the calling or called telephone number.

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS (continued)

Timing of Calls

Chargeable time for calls billed from facilities with answer supervision signalling from the local telephone company begins when the Company's equipment, located on-site at the Customer premises, receives the answer supervision signal from the local telephone company.

Chargeable time for calls billed from facilities which lack answer supervision signalling from the local telephone company begins sixty (60) seconds from the intervention of the automated equipment.

Calls are billed in one-minute increments; fractional minutes of use are rounded up to the next full minute.

Chargeable time ends when the calling telephone "hangs up" thereby releasing the network connection. If the called telephone "hangs up" but the calling telephone does not, chargeable time ends when the network connection is released by automatic timing equipment in the telephone network.

U.S. Mainland - The District of Columbia and the 48 coterminous states.

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

SECTION 2 – RULES, REGULATIONS AND SERVICE QUALITY CRITERIA

2.1	Undertaking of the Company	11
2.2	Limitations	11
2.3	Terms and Conditions	12
2.4	Liabilities of the Company	13
2.5	Cancellation of Service By a Customer	15
2.6	Use of Service	15
2.7	Payment Arrangements	15
2.8	Inspection	16
2.9	Testing and Adjusting	16
2.10	Interconnection with Other Companies	16
2.11	Operator Service Requirements	17
2.12	Deposits	18
2.13	Advance Payments	18
2.14	Taxes	19
2.15	Billing Arrangements	19
2.16	Interruption of Service	20
2.17	Disconnection of Service by the Company	21
2.18	Service Quality Criteria	21
2.19	Emergency Services	22

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

SECTION 2 - RULES AND REGULATIONS (continued)

2.1 UNDERTAKING OF THE COMPANY

- 2.1.1 The Company's service and facilities are furnished for communications originating at specified points within the state of Florida under terms of this price list.

The Company installs, operates and maintains the communications services provided herein in accordance with the terms and conditions set forth under this price list. It may act as the Customer's agent for ordering access connection facilities provided by other carriers. The Customer shall be responsible for all charges due for such service arrangement.

The Company's services and facilities are provided on a monthly basis unless ordered on a longer-term basis, and are available twenty-four hours per day, seven days per week.

- 2.1.2 Except as otherwise indicated herein, the services provided by the Company enable hotels, motels and hospitals (Customers) to offer operator assisted services to patrons, employees, guests and patients (end users). Payment of usage charges and surcharges are the responsibility of the end user, called party or the subscriber.

2.2 LIMITATIONS

- 2.2.1 Service is offered subject to the availability of facilities and the provisions of this price list.

- 2.2.2 The Company reserves the right to discontinue furnishing service, upon written notice, when necessitated by conditions beyond its control or when the Customer is using the service in violation of the provisions of this price list, or in violation of the law.

- 2.2.3. The Company may discontinue Service without notice to the Customer, by blocking traffic to certain cities or NXX exchanges 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 it can be provided without undue risk.

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

SECTION 2 - RULES AND REGULATIONS (continued)

2.2 LIMITATIONS (continued)

2.2.4 All facilities provided under this price list are directly controlled by the Company and the Customer may not transfer or assign the use of service or facilities, except with the express written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or facilities.

2.2.5 All regulations and conditions contained in this price list shall apply to all such permitted assignees or transferees, as well as all conditions for service.

2.2.6 The Company reserves the right to refuse service to Customers and/or end users due to insufficient billing information, invalid telephone numbers, credit card or calling card numbers, and/or refusal of called party to accept billing.

2.3 TERMS AND CONDITIONS

2.3.1 Service is provided and billed on the basis of a minimum period of at least one month, beginning on the date that billing becomes effective, and continues to be provided until cancelled, by the Customer, in writing, upon 30 day's written notice.

2.3.2 Service is offered on a monthly basis, twenty-four hours per day, seven days per week.

2.3.3 For the purpose of computing charges in this price list, a month is considered to have 30 days.

2.3.4 The name(s) of the Customer(s) desiring to subscribe to the service must be stipulated in the application for service.

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

SECTION 2 - RULES AND REGULATIONS (continued)

2.4 LIABILITIES OF THE COMPANY

- 2.4.1 The Company's liability arising out of mistakes, interruptions, omissions, delays, errors, or defects in the transmission occurring in the course of furnishing service or facilities, and not caused by the negligence of its employees or its agents, in no event shall exceed an amount equivalent to the proportionate charge to the Customer for the period during which the aforementioned faults in transmission occur, unless ordered by the Commission.
- 2.4.2 The Company shall be indemnified and held harmless by the Customer against:
 - 2.4.2.1 Claims for libel, slander or infringement of copyright arising out of the material, data, and information or other content transmitted over the Company's facilities.
 - 2.4.2.2 Patent infringement claims arising from combining or connecting Company furnished channels with apparatus and systems of the Customer.
 - 2.4.2.3 All other claims arising out of any act or omission of the Customer in connection with any service provided by the Company.
- 2.4.3 The Company is not liable for any act or omission of any other company or companies furnishing a portion of the service.

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

SECTION 2 - RULES AND REGULATIONS (continued)

- 2.4.4 The Company does not guarantee or make any warranty with respect to any equipment provided by it where such equipment is used in locations containing an atmosphere that is explosive, prone to fire, dangerous or otherwise unsuitable for such equipment. The Customer indemnifies and holds the Company harmless from any and all loss, claims, demands, suits or other action, or any liability whatsoever, whether suffered, made, instituted or asserted by the Customer or by any other party or persons, for any personal injury to or death of any person or persons, and for any loss, damage, or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, condition, location or use of such equipment so used.
- 2.4.5 The Customer indemnifies and holds the Company harmless from any and all loss, claims, demands, suits, or other action, or any liability whatsoever whether suffered, made, instituted, or asserted by the Customer or by any other party or persons, for any personal injury to, or death of, any person or persons, whether owned by the Customer or others, caused claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, condition, location, or use is not the direct result of Company negligence.
- 2.4.6 The Company is not liable for any defacement of, or damage to, the premises of a Customer resulting from the furnishing of services or the attachment of instruments, apparatus, and associated wiring furnished by the Company on such Customer's premises or by the installation or removal thereof, when such defacement or damage is not the result of Company negligence. No agents or employees of other participating companies shall be deemed to be agents or employees of the Company without written authorization.
- 2.4.7 The Customer is responsible for taking all necessary legal steps for interconnecting the Customer-provided terminal equipment or communications systems with Company facilities or services. He shall secure all licenses, permits, rights-of-way, and other arrangements necessary for such interconnection.

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

SECTION 2 - RULES AND REGULATIONS (continued)

2.5 CANCELLATION OF SERVICE BY A CUSTOMER

2.5.1 If a Customer cancels an order for service before the service begins, before completion of the minimum period, or before completion of some other period mutually agreed upon by the Customer and the Company, a charge will be levied upon the Customer for the non-recoverable portions of expenditures or liabilities incurred expressly on behalf of the Customer by the Company and not fully reimbursed by installation and monthly charges. If, based on an order by a Customer, any construction has either begun or been completed, but no services provided, the non-recoverable cost of such construction shall be borne by the Customer.

2.5.2 If a order or installation is delayed for more than 30 days beyond the due date, and such delay is not requested or caused by the Customer, the Customer may cancel the order without incurring cancellation charges.

2.6 USE OF SERVICE

2.6.1 Service furnished by the Company may be arranged for the use of hotel/motel guests or hospital patients and staff. Payment for the Company's service in such instances is the ultimate responsibility of the end user or called party. Except as otherwise indicated herein, payment arrangements are mutually agreed upon by the Company and the end user prior to the completion of a telephone call. Payment options are set forth in Section 2.7 of this price list.

2.7 PAYMENT ARRANGEMENTS

2.7.1 The Customer or end-user is responsible for payment of all charges for services furnished by the Company. Charges for installation, physical or administrative changes, expedites, or for cancellation of order are payable by the Customer upon completion. If, because of any such activity a non-Company company or supplier levies additional charges, these charges shall be passed on to the Customer.

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

SECTION 2 - RULES AND REGULATIONS (continued)

2.8 INSPECTION

2.8.1 The Company, or its authorized agents, may, upon reasonable notice, make such tests and inspections as may be necessary to determine that the requirements of this price list are being complied with the installation, operational, or maintenance specifications of the Customer or Company equipment. The Company may interrupt the service at any time, without penalty to the Company, because of departure from any of these requirements.

2.9 TESTING AND ADJUSTING

2.9.1 Upon reasonable notice, the facilities and/or services provided by the Company shall be made available to the Company for such tests and adjustments as may be necessary to maintain them in satisfactory condition: no interruption allowance will be granted for the time during which such tests and adjustments are made.

2.10 INTERCONNECTION WITH OTHER COMPANIES

2.10.1 Service furnished by the Company may be connected with services or facilities of another participating company. Such interconnection may be made at the Company's Terminal or Entrance Site, at a terminal of another participating company, or at the premises of a Customer, joint user, or authorized user. Service furnished by the Company is not part of a joint undertaking with such other companies.

2.10.2 Any special interface equipment or facilities necessary to achieve compatibility between the facilities of the Company and other participating companies shall be provided at the Customer's expenses. Upon Customer request and acting as his authorized agent, the Company will attempt to make the necessary arrangements for such interconnection.

2.10.3 Service furnished by the Company may be connected with the facilities or services of other participating companies under the terms and conditions of the other participating companies' price lists applicable to such connections.

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

SECTION 2 - RULES AND REGULATIONS (continued)

2.11 OPERATOR SERVICE REQUIREMENTS

2.11.1 Company provided intrastate operator assisted communications services will observe the following requirements:

1. Identify itself at the time the end-user accesses its services;
2. Upon request, quote all rates and charges for its services to the end-user accessing its system;
3. Arrange to have posted in plain view at each telephone location that automatically accesses the Company's operator service network and where its services are made available to the public or transient end-users:
 - (a) The Company's operator service name and address;
 - (b) Bill and service dispute calling information including the operator service provider's dispute resolution phone number;
 - (c) Clear and specific instructions informing the end-user how to access a local exchange telephone company operator as an alternative available to the end-user; and
 - (d) Notice concerning any and all amounts to be billed by the Company's operator services on behalf of any host location or third party which will appear on the operator service provider's bill for services rendered.

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
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SECTION 2 - RULES AND REGULATIONS (continued)

2.11 Operator Service Requirements (continued)

2.11.1 (continued)

4. In instances when the Company is unable to complete the call and it requires transfer to another telephone corporation which may affect the rates and charges applicable to the telephone bill, inform the caller of the transfer and its possible effect on the applicable rates and charges, before any charges are incurred; and
5. In the case of such transfer, the telephone corporation or provider to which the call is transferred shall identify itself and inform the caller of the transfer's effect on the applicable rates and charges, before any charges are incurred.

2.11.2 The Company will comply with the following provisions:

Providers of intrastate operator assisted communications services shall not take any action or enter into any arrangement which restricts end-user selection among competing interexchange telephone corporations or end users access to competing providers of intrastate operator assisted communications services, or pay any commissions or other compensation to any entity engaged in such action or arrangement.

2.12 DEPOSITS

The Company does not require a deposit from the Customer.

2.13 ADVANCE PAYMENTS

For Customers whom the Company feels an advance payment is necessary, the Company reserves the right to collect an amount not to exceed one (1) month's estimated charges as an advance payment for service. This will be applied against the next month's charges and, if necessary, a new advance payment will be collected for the next month.

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
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SECTION 2 - RULES AND REGULATIONS (continued)

2.14 TAXES

All state and local taxes (i.e. gross receipt tax, sales tax, municipal utilities tax) are listed on Customer bills as separate line items and are not included in the quoted rates.

2.15 BILLING ARRANGEMENTS

2.15.1 Collect, Calling Card and Charge Third Party Calls

Charges for calls of this type will be included on the end user's or called or third party's regular home or business telephone bill pursuant to billing and collection agreements established by the Company or its intermediary with the applicable telephone company.

2.15.2 Credit Card Calls

Charges for credit card calls will be included on the end user's regular monthly statement from the card issuing company.

2.15.3 Adjustments

Any objection to billed charges should be promptly reported to the Company. Adjustments to Customer's or end user's bills shall be made to the extent that records are available and/or circumstances exist which reasonably indicate that such charges are not in accordance with approved rates or that an adjustment may otherwise be appropriate.

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

SECTION 2 - RULES AND REGULATIONS (continued)

2.16 INTERRUPTION OF SERVICE

2.16.1 Credit allowance for the interruption of service which is not due to the Company's testing or adjusting, negligence of the Customer, or due to the failure of channels or equipment provided by the Customer, are subject to the general liability provisions set forth in Subsection 2.3.1. It shall be the Customer's obligation to notify the Company immediately of any service interruption for which a credit allowance is desired. Before giving such notice, the Customer shall ascertain that the trouble is not being caused by any action or omission by the Customer within his control, or equipment, if any, furnished by the Customer and connected to the Company's facilities. No refund or credit will be made for the time that the Company stands ready to repair the service and the subscriber does not provide access to the Company for such restoration work.

2.16.2 No credit shall be allowed for an interruption of a continuous duration of less than twenty-four hours after the subscriber notifies the Company.

2.16.3 The Customer shall be credited for an interruption of more than twenty-four hours as follows:

Credit Formula:

Credit = $A/720 \times C$

"A" - outage time in hours

"B" - each month is considered to have 720 hours

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

SECTION 2 - RULES AND REGULATIONS (continued)

2.17 DISCONNECTION OF SERVICE BY THE COMPANY

The Company, upon 5 working days written notice to the Customer, may discontinue service or cancel an application for service without incurring any liability for any of the following reasons:

- 2.17.1 Non-payment of any sum due to the Company for regulated service for more than thirty days beyond the date of rendition of the bill for such service.
- 2.17.1 A violation of any regulation governing the service under this price list.
- 2.17.2 A violation of any law, rule, or regulation of any government authority having jurisdiction over such service.
- 2.17.4 The Company has given the Customer notice and has allowed a reasonable time to comply with any rule, or remedy, and deficiency as stated in Rule 25-4.113, F.A.C., Refusal or Discontinuance of Service by Company.
- 2.17.5 Service may be disconnected without notice for tampering with Company equipment, for interfering with the service to other Customers, for fraud, or in the event of a hazardous condition.

2.18 SERVICE QUALITY CRITERIA

2.18.1 Installation of Equipment for New or Existing Customers

The Company will provide a blank Application for Service form to the Customer immediately after receiving a signed Company Service Agreement from the Customer.

Access Coordination will begin within 10 business days after the Customer has returned the completed Application for Service form to the Company. The Company will provide assistance, as needed, to the Customer in filling out the Application for Service form.

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

SECTION 2 - RULES AND REGULATIONS (continued)

2.18.1 Installation of Equipment for New or Existing Customers (continued)

Installation of Company equipment on the Customer premises will begin within 5 days after all pre-installation items on the Application for Service form have been completed. The Company has no control over the lead time required for any non-Company vendors but will make every effort to expedite the completion of any non-Company activities.

Barring unforeseen circumstances, the installation of Company equipment will be completed within 2 business days after Company technicians begin the installation process of Company equipment on the Customer premises.

2.18.2 Repair of Equipment for Existing Equipment

A Company technician will be on-site within 24 hours after receiving a trouble complaint from a designated Customer representative.

2.18.3 Company Operator Services Call Completion Ratio

An Operator Services call completion ratio of 99% is guaranteed through the Company equipment. The Company, however, has no control over the reliability of the non-Company telephone lines to which the Company equipment connects. The Company equipment monitors the reliability of non-Company telephone lines on a daily basis and the Company will expeditiously report trouble to the vendor that provides those lines.

2.19 EMERGENCY SERVICES

Calls to emergency service agencies (police, fire, ambulance etc) will be completed at no charge. Access to 911 service will be maintained during temporary disconnections for non-payment of a residential subscriber's local service.

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 20
Altadena, CA 91001

SECTION 3 – SERVICE DESCRIPTION

3.1 TIMING OF CALLS

3.1.1 When Billing Charges Begin and End For Phone Calls

Billing for Operator Services calls is based on a per call surcharge and on the duration of the call. Timing of each call duration begins as specified below and ends when the calling or called party hangs up.

3.1.1.1 Collect Calls - Timing begins when the called party accepts the responsibility for payment.

3.1.1.2 All Other Calls - Timing begins when the Company equipment determines the call has been answered. When the called party picks up is determined by either hardware answer supervision in which the local telephone company sends a signal to the switch or by software utilizing audio tone detection.

Software answer supervision is employed for Customer facilities, which lack answer supervision signaling from the provider of dial tone to the Company equipment. When software answer supervision is employed, chargeable time begins sixty (60) seconds from the intervention of the automated equipment.

3.1.2 Billing Increments

The minimum call duration for billing purposes is 1 minute for a connected call and calls beyond 1 minute are billed in 1 minute increments.

3.1.3 Per Call Billing Charges

Billing will be rounded up to the nearest penny for each call.

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

SECTION 3 – SERVICE DESCRIPTION (continued)

3.1 Timing of Calls (continued)

3.1.4 Uncompleted Calls

There shall be no charges for uncompleted calls.

3.2 OPERATOR SERVICES

The company's Operator Services are provided to business customers (typically hotels, motels and hospitals) and enable those customers to provide operator-assisted services for intrastate calling to their patrons, employees, guests and patients.

Operator services include the completion of collect, station-to-station, person-to-person, third party billing and credit card calls with the assistance of the Company's automated equipment. Each completed operator services call consists of two charge elements (except as otherwise indicated herein):

1. A fixed operator charge, which will be dependent on the type of billing selected (e.g., calling card, collect or other) and/or the completion restriction selected (e.g., station to station or person to person); and
2. A measured usage charge dependent only upon the duration of the call. There is no usage charge adjustment for distance and/or time of day of the call.

The Company will comply with the rate caps in sections 25-24.630 and 25-24.516, F.A.C. for nonpresubscribed Customers at aggregator locations.

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

SECTION 4 – RATES

This section sets forth the rates and charges applicable to the Company's Operator Service offering for nonpresubscribed customers at aggregator locations. The total charge for each completed operator assisted call consists of two charge elements:

1. A fixed operator service charge, which will be dependent on the type of billing selected (i.e., calling card, charge, collect or other) and/or the completion restriction selected (i.e., station-to-station or person-to-person); and
2. A measured usage charge dependent only on the duration of the call. The usage charge element is specified as a rate per minute, which applies to each minute of call duration, with a minimum charge for each call of one minute, and with fractional minutes of use thereafter counted as one full minute unless otherwise provided herein.

The rates set forth in this section are applicable to calls originating and terminating within the state. Charges may be billed to the called party or to an end user's major credit card or calling card.

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

SECTION 4 – RATES (continued)

4.1 OPERATOR SERVICES FOR NONPRESUBSCRIBED END USERS AT AGGREGATOR LOCATIONS

4.1.1 Usage Charges per Minute – IntraLATA

End User dialed calls billed to the called party or to an end user’s major credit card or calling card.

MILEAGE	DAY	EVENING	NIGHT
1 to 9999	\$0.30	\$0.30	\$0.30

4.1.2 Operator Surcharges – IntraLATA

All operator-assisted calls are subject to operator surcharges. These charges apply on a per call basis and will be included with usage charges on an end user's monthly invoice of charges.

0 + Calling Card	\$1.75
0 + Major Credit Card	\$1.75
Automated Collect	\$1.75

4.2 PAYMENT OF CALLS

4.2.1 Late Payment Charges

A late payment charge of 1.5% per month will be assessed on all unpaid balances more than 30 days old.

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

SECTION 4 – RATES (continued)

4.2 Payment of Calls (continued)

4.2.2 Return Check Charges

A return check charge of \$25.00 will be assessed for checks returned for insufficient funds if the face value does not exceed \$50.00, \$30.00 if the face value does exceed \$50.00 but does not exceed \$300.00, \$40.00 if the face value exceeds \$300.00 or 5% of the value of the check, which ever is greater.

4.3 RESTORATION OF SERVICE

A reconnection fee of \$25.00 per occurrence is charged when service is re-established for customers who had been disconnected for non-payment.

4.4 SPECIAL RATES FOR THE HANDICAPPED

4.4.1 Directory Assistance

There shall be no charge for up to fifty calls per billing cycle from lines or trunks serving individuals with disabilities. The Company shall charge the prevailing tariff rates for every call in excess of 50 within a billing cycle.

4.4.2 Hearing and Speech Impaired Persons

Intrastate toll message rates for TDD users shall be evening rates for daytime calls and night rates for evening and night calls.

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

SECTION 4 – RATES (continued)

4.4 Special Rates for the Handicapped (continued)

4.4.3 Telecommunications Relay Service

For intrastate toll calls received from the relay service, the Company will, when billing relay calls, discount relay service calls by 50 percent off of the otherwise applicable rate for a voice nonrelay call except that where either the calling or called party indicates that either party is both hearing and visually impaired, the call shall be discounted 60 percent off of the otherwise applicable rate for a voice nonrelay call. The above discounts apply only to time-sensitive elements of a charge for the call and shall not apply to per call charges such as a credit card surcharge.

ISSUED DATE: June 10, 2001

EFFECTIVE DATE:

By:

H.P. Savage
979 Alta Vista Dr, Suite 200
Altadena, CA 91001

Financial Capabilities

As requested in the Financial Capability section in the Alternative Local Exchange Service application form, please find enclosed a financial statement prepared by our CPA on March 28, 2001 for Telsys, Inc. This represents the latest financial information that is currently available and reflects our start-up status.

As indicated, Telsys, Inc. is a relatively new start-up company. The owner has sufficient financial capability to provide and maintain the requested Operator Services Provider service. There are no lease and minor ownership obligations associated with the provision of the Operator Services Provider capability at a customer location. All equipment required to remotely poll and bill customers for 0+ telephone calls is presently in place and fully paid for. The owner will continue to invest whatever resources are needed to fund the company and will provide any information on personal assets that is needed.

TELSYS, INC.

Financial Statements

December 31, 1999

1116 EAST ALOSTA AVENUE
GLEN DORA, CA 91740-3702

251 S LAKE AVE., SUITE 540
PASADENA, CA 91101-3003



BOOTH & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANT
AND BUSINESS ADVISOR

TELEPHONE: (626) 650-8880
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growbiz@boothassociates.com

Telsys, Inc.
979 Alta Vista Drive, Suite 200
Altadena, CA 91001

We have compiled the accompanying statement of assets, liabilities, and equity – cash basis of Telsys, Inc., as of December 31, 1999 and the related statements of revenue, expenses, and retained earnings – cash basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flow. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Booth & Associates

March 28, 2001

TELSYS, INC.
Statement of Assets, Liabilities, and Equity - Cash Basis
December 31, 1999

ASSETS	<u>1999</u>
PROPERTY, PLANT AND EQUIPMENT	
Office equipment	\$ 63,509
Less: Accumulated depreciation	<u>(46,273)</u>
Total net property, plant and equipment	<u>17,236</u>
OTHER ASSETS	
Organization Costs	2,267
Accumulated amortization	<u>(2,190)</u>
Total other assets	<u>77</u>
TOTAL ASSETS	<u><u>\$ 17,313</u></u>
LIABILITIES	
Current liabilities:	
Loans from shareholders	\$ 123,047
Total current liabilities	<u>123,047</u>
TOTAL LIABILITIES	<u><u>123,047</u></u>
STOCKHOLDERS' EQUITY	
Common stock, no par value, 100,000 shares issued and outstanding	1,750
Retained earnings	<u>(107,484)</u>
Total stockholders' equity	<u><u>(105,734)</u></u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 17,313</u></u>

See accountant's compilation report.

TELSYS, INC.
Statement of Revenue, Expenses, and Retained Earnings - Cash Basis
Year Ended December 31, 1999

	<u>1999</u>
REVENUE	
Sales	\$ 5,100
Discounts on sales	-
Total Revenue	<u>5,100</u>
 EXPENSES	
Amortization	\$ 453
Auto and truck	793
Depreciation	11,861
Dues and subscriptions	1,363
Legal and professional	658
Meals and entertainment	2,768
Office expense	1,489
Postage	436
Telephone	3,041
Travel	1,082
Total Expenses	<u>\$ 23,944</u>
 INCOME / (LOSS) BEFORE INCOME TAXES	 (18,844)
 INCOME TAXES	 <u>800</u>
 NET INCOME / (LOSS)	 (19,644)
 BEGINNING RETAINED EARNINGS / (DEFICIT)	 <u>(87,840)</u>
ENDING RETAINED EARNINGS / (DEFICIT)	<u><u>\$ (107,484)</u></u>

See accountant's compilation report.