

NOWALSKY, BRONSTON & GOTHARD

A Professional Limited Liability Company

Attorneys at Law

3500 North Causeway Boulevard

Suite 1442

Metairie, Louisiana 70002

Telephone: (504) 832-1984

Facsimile: (504) 831-0892

Leon L. Nowalsky
Benjamin W. Bronston
Edward P. Gothard

Monica Borne Haab
EllenAnn G. Sands
Bruce C. Betzer

October 8, 2002

Via Overnight Delivery

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

RE: AMERICAN PHONE SERVICES CORP.

Dear Sirs:

021030-TX

Enclosed please find an original and six (6) copies of Application Form for authority to provide alternative local exchange telecommunications service within the State of Florida, submitted on behalf of American Phone Services Corp. Also enclosed is the requisite \$250.00 filing fee.

Please acknowledge receipt of this filing by returning a date stamped copy of this letter in the self-addressed envelope provided.

Thank you for your assistance. Please call with any questions.

Sincerely,

Monica Borne Haab

Enclosure

cc: Riccardo Ferranti, APS
(cover only)

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

DIVISION OF REGULATORY OVERSIGHT
CERTIFICATION SECTION

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

021030-TX

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:

American Phone Services Corp.

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

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

308 Maxwell Rd., Suite 100
Alpharetta, Georgia 30004

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

None.

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: _____

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:

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: _____

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

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

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

Name: _____

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: _____

14. Provide F.E.I. Number(if applicable): 58-2365508

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.

Not applicable.

(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.

Not applicable.

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

(a) The application:

Name: Monica Borne Haab

Title: Attorney

Address: 3500 N. Causeway Blvd., Suite 1442

City/State/Zip: Metairie, Louisiana 70002

Telephone No.: (504) 832-1984 Fax No.: (504) 831-0892

Internet E-Mail Address: mhaab@nbglaw.com

Internet Website Address: None.

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

Name: Riccardo Ferranti
Title: President
Address: 308 Maxwell Road, Suite 100
City/State/Zip: Alpharetta, Georgia 30004
Telephone No.: (770) 569-1213 Fax No.: (770) 667-1030
Internet E-Mail Address: rferranti@amphone.com
Internet Website Address: www.amphone.com

(c) Complaints/Inquiries from customers:

Name: John Sossa
Title: Daily Supervisor
Address: 308 Maxwell Road, Suite 100
City/State/Zip: Alpharetta, Georgia 30004
Telephone No.: (770) 569-1213 Fax No.: (770) 667-1030
Internet E-Mail Address: _____
Internet Website Address: www.amphone.com

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.

Georgia

(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.**
Exhibit B.

- 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.**
See Exhibit B for profiles. The Company will rely on the underlying ILEC to provide 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 Company does not have audited financial statements.

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.

The Company's financial statements are attached as Exhibit C.

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.

Written explanations provided as Exhibit D.

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:

Riccardo Ferranti
Print Name

Signature

President
Title

10/7/02
Date

(770) 569-1213
Telephone No.

(770) 667-1030
Fax No.

Address: 308 Maxwell Rd., Suite 100

Alpharetta, Georgia 30004

THIS PAGE MUST BE COMPLETED AND SIGNED

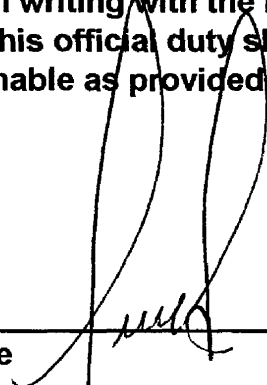
AFFIDAVIT

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:

Riccardo Ferranti
Print Name


Signature

President
Title

10/7/02
Date

(770) 569-1213
Telephone No.

(770) 667-1030
Fax No.

Address: 308 Maxwell Road, Suite 100

Alpharetta, Georgia 30004

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) _____	2) _____
_____	_____
3) _____	4) _____
_____	_____

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

1) _____	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) _____	_____
2) _____	_____
3) _____	_____
4) _____	_____

CERTIFICATE SALE, TRANSFER, OR ASSIGNMENT STATEMENT

I, (Name) _____
(Title) _____ of (Name of Company)

and current holder of Florida Public Service Commission Certificate Number # _____
_____, have reviewed this application and join in the petitioner's request for a:

- () sale
- () transfer
- () assignment

of the above-mentioned certificate.

UTILITY OFFICIAL:

Print Name _____

Signature _____

Title _____

Date _____

Telephone No. _____

Fax No. _____

Address: _____

EXHIBIT A

CERTIFICATE OF AUTHORITY ISSUED
BY THE FLORIDA SECRETARY OF STATE

F98000006931

Document Number Only

CT Corporation System
660 East Jefferson Street
Tallahassee, FL 32301
Tel 850 222 1092
Fax 850 222 7615
Attn: Jeff Netherton

300002717383-7
-12/21/98-01045-016
*****70.00 *****70.00

CORPORATION(S) NAME

American Phone Services Corp.

98 DEC 21 PM 1:29
SECRETARY OF STATE
TALLAHASSEE FLORIDA

WR 12/2
FILED

- | | | |
|--|---|---|
| <input checked="" type="checkbox"/> Profit | <input type="checkbox"/> Amendment | <input type="checkbox"/> Merger |
| <input type="checkbox"/> Nonprofit | <input type="checkbox"/> Dissolution/Withdrawal | <input type="checkbox"/> Mark |
| <input checked="" type="checkbox"/> Foreign | <input type="checkbox"/> Reinstatement | |
| <input type="checkbox"/> Limited Partnership | <input type="checkbox"/> Annual Report | <input type="checkbox"/> Other |
| <input type="checkbox"/> LLC | <input type="checkbox"/> Name Registration | <input type="checkbox"/> Change of RA |
| | <input type="checkbox"/> Fictitious Name | <input type="checkbox"/> UCC |
| <input type="checkbox"/> Certified Copy | <input type="checkbox"/> Photocopies | <input type="checkbox"/> CUS |
| <input type="checkbox"/> Call When Ready | <input type="checkbox"/> Call If Problem | <input type="checkbox"/> After 4:30 |
| <input checked="" type="checkbox"/> Walk In | <input type="checkbox"/> Will Wait | <input checked="" type="checkbox"/> Pick Up |
| <input type="checkbox"/> Mail Out | | |

Name _____
Availability _____
Document _____
Examiner _____
Updater _____
Verifier _____
Acknowledgement _____
W.P. Verifier _____

12/21/98

SECRETARY OF STATE
TALLAHASSEE FLORIDA
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APPLICATION BY FOREIGN CORPORATION FOR AUTHORIZATION TO TRANSACT BUSINESS IN FLORIDA

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

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

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

3. 58-2365508
(FEI number, if applicable)

4. November 18, 1997
(Date of incorporation)

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

6. upon qualification
(Date first transacted business in Florida. (See sections 607.1501, 607.1502, and 817.156, F.S.))

7. 11285 Elkins Road, Unit L-4, Roswell, Georgia 30076
(Current mailing address)

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TALLAHASSEE, FLORIDA

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

9. Name and street address of Florida registered agent:

Name: C T Corporation System
Office Address: c/o C T Corporation System, 1200 South Pine Island Road
Plantation, Florida, 33324
(Zip Code)

10. Registered agent acceptance:

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

C T Corporation System

Dale H. Morris

(Registered agent) (Officer)

ASSISTANT VICE PRESIDENT

(Type Name and Title of Officer)

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

12. Names and addresses of officers and/or directors:

A. DIRECTORS

Chairman: _____

Address: _____

Vice Chairman: _____

Address: _____

Director: Giovanni Nobile

Address: 11285 Elkins Road, Unit L-4

Roswell, Georgia 30076

Director: _____

Address: _____

B. OFFICERS

President: Riccardo Ferranti

Address: 11285 Elkins Road, Unit L-4

Roswell, Georgia 30076

Vice President: _____

Address: _____

Secretary: Giovanni Nobile

Address: 11285 Elkins Road, Unit L-4

Roswell, Georgia 30076


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SECRETARY OF STATE
TALLAHASSEE FLORIDA

Treasurer: Giovanni Nobile

Address: 11285 Elkins Road, Unit I-4

Roswell, Georgia 30076

NOTE: If necessary, you may attach an addendum to the application listing additional officers and/or directors.

13. 
(Signature of Chairman, Vice Chairman, or any officer listed in number 12 of the application)

14. GIOVANNI NOBILE DIRECTOR
(Typed or printed name and capacity of person signing application)

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TALLAHASSEE FLORIDA

Secretary of State
Corporations Division
315 West Tower
#2 Martin Luther King, Jr. Dr.
Atlanta, Georgia 30334-1530

DOCKET NUMBER : 983500510
CONTROL NUMBER : 9740380
DATE INC/AUTH/FILED: 11/18/1997
JURISDICTION : GEORGIA
PRINT DATE : 12/16/1998
FORM NUMBER : 211

C T CORPORATION SYSTEM
ATTN: SANDRA STAMPS
1201 PEACHTREE ST NE STE 1240
ATLANTA, GA 30361

FILED
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SECRETARY OF STATE
TALLAHASSEE FLORIDA

CERTIFICATE OF EXISTENCE

I, Lewis A. Massey, the Secretary of State of the State of Georgia, do hereby certify under the seal of my office that

AMERICAN PHONE SERVICES CORP.
A DOMESTIC PROFIT CORPORATION

was formed in the jurisdiction stated above or was authorized to transact business in Georgia on the above date. Said entity is in compliance with the applicable filing and annual registration provisions of Title 14 of the Official Code of Georgia Annotated and has not filed articles of dissolution, certificate of cancellation or any other similar document with the Office of the Secretary of State.

This certificate relates only to the legal existence of the above-named entity as of the date issued. It does not certify whether or not a notice of intent to dissolve, an application for withdrawal, a statement of commencement of winding up or any other similar document has been filed or is pending with the Secretary of State.

This certificate is issued pursuant to Title 14 of the Official Code of Georgia Annotated and is prima-facie evidence that said entity is in existence or is authorized to transact business in this state.



Lewis A. Massey

Lewis A. Massey
Secretary of State

EXHIBIT B

MANAGEMENT PROFILES

American Phone Services Corp.

Key Management Profiles:

Riccardo Ferranti, President/Director

Mr. Ferranti owns a chain of bookstores in Italy, and has worked as an entrepreneur since 1981. He received a law degree, specializing in Criminal and Communications Law, and practiced law for three (3) years in Italy. Since coming to the United States, Mr. Ferranti has focused on the development of American Phone Services Corp. and takes care of all business aspects related to the Company.

Giovanni Nobile, Secretary/Treasurer/Director

Mr. Nobile has a degree in Telecommunications Science. He has worked in Italy as an MIS director, and in the United States in the field of telecommunications with such companies as WilTel and OLS as a Senior Account Manager and in the Wholesale Department. Mr. Nobile's knowledge of the telecommunications industry has been instrumental in the rapid response of American Phone Services Corp. to the ever-changing marketplace.

EXHIBIT C

FINANCIAL DOCUMENTATION

In support of its financial capability to provide the requested services, the Company has provided its unaudited financial statements for the period ending September 30, 2002, and year end statements December 31, 1999. These financial documents have been verified by the President of the Company.

APS-American Phones Services, Corp.
Profit & Loss
 January through September 2002

	<u>Jan - Sep 02</u>
Ordinary Income/Expense	
Income	
_Sales	
Wireless Commission	21,708.45
Wireless Phones	29,144.62
_Sales - Other	12,122,912.60
Total _Sales	<u>12,173,765.67</u>
Refund	4,576.36
Reserves	4,567.08
Returns & Allowances	<u>-81,859.28</u>
Total Income	12,101,049.83
Cost of Goods Sold	
Commissions	
Agents - LD Commissions	195,008.05
Agents - Wireless	325.00
Total Commissions	<u>195,333.05</u>
Cost of Goods Sold	
Carrier Expenses	4,963,347.99
Clearing House	
Bad Debt Reserve	879,312.47
Bad Debt True Up	-743,401.47
Billing Fees	487,573.11
CS Fees	42,921.63
Customer Credit	1,307.36
Finance Charges	71,592.49
LEC Fees	754,646.36
Short Term Dilution	608,323.41
Total Clearing House	<u>2,102,275.36</u>
Credit Card Fees	47,427.41
Customer Verifications	4,337.01
Cost of Goods Sold - Other	24,050.98
Total Cost of Goods Sold	<u>7,141,438.75</u>
Total COGS	<u>7,336,771.80</u>
Gross Profit	4,764,278.03
Expense	
Filing Fees	530.00
Office Expense	2,646.14
Computer Peripherals	46,399.95
Telephone Peripherals	2,388.38
Payroll Expenses	1,239.95
Advertising	
Graphic Designer	200.00
News paper	138,099.79
Telemarketing	
Third Party Verification	209,901.70
Telemarketing - Other	924,413.63
Total Telemarketing	<u>1,134,315.33</u>
Advertising - Other	4,500.00
Total Advertising	1,277,115.12
Automobile Expense	24,930.15
Automobile Lease	116,183.37
Bank Service Charges	8,595.81
Contributions	195.69
Dues and Subscriptions	21,856.31
Equipment Rental	141,369.62
Insurance	
Application Fees	0.00

APS-American Phones Services, Corp.
Profit & Loss
January through September 2002

	<u>Jan - Sep 02</u>
Health Insurance Expense	24,109.19
Insurance Leasing	3,325.00
Insurance - Other	4,628.57
Total Insurance	32,062.76
Interest Expense	23.81
Internet	8,912.76
Late Payment Fee	866.29
Leads	1,844.29
Licenses and Permits	1,995.00
Meals & Entertainment	11,858.69
Miscellaneous	517,388.89
Office cleaning	10,196.55
Office Supplies	44,805.57
Officer's Salary	608,114.72
Payroll - Staff	593,823.51
Payroll Bonus	335.27
Payroll Commissions	245.00
Payroll Taxes	82,052.16
Postage and Delivery	60,826.73
Printing and Reproduction	19,714.84
Legal & Professional	
Accounting	20,152.30
Legal Fees	208,753.16
Legal & Professional - Other	37,041.15
Total Legal & Professional	265,946.61
Recruiting	381.71
Rent	183,687.58
Repairs and Maintenance	38,697.22
Sub-Contractor	119,626.64
Taxes	
Federal	272,839.15
Local	526.97
State	29,315.40
Taxes - Other	72,243.59
Total Taxes	374,925.11
Telephone	57,231.74
Travel Expenses	14,506.37
Utilities	17,987.40
Withdrawal	1,810.27
Total Expense	4,713,327.98
Net Ordinary Income	50,950.05
Other Income/Expense	
Other Income	
Interest Income	3,495.60
Total Other Income	3,495.60
Net Other Income	3,495.60
Net Income	54,445.65

APS-American Phones Services, Corp.
Balance Sheet
As of September 30, 2002

	<u>Sep 30, 02</u>
ASSETS	
Current Assets	
Checking/Savings	
Bank Of America-Checking	618.81
Cash	-465.85
CD Account	159,542.64
FMS	413,000.00
Wachovia-Checking	299,854.38
Total Checking/Savings	<u>872,549.98</u>
Accounts Receivable	
Accounts Receivable	1,078,529.73
Total Accounts Receivable	<u>1,078,529.73</u>
Other Current Assets	
Due To/From AIM	165,343.94
Inventory Asset	9,785.20
Total Other Current Assets	<u>175,129.14</u>
Total Current Assets	<u>2,126,208.85</u>
Fixed Assets	
Software	2,689.29
Equipment/Furniture	247,928.14
Fixtures	1,200.00
Leasehold Improvements	15,050.00
Accumulated Depreciation	-44,581.00
Total Fixed Assets	<u>222,286.43</u>
Other Assets	
Employee Loans	16,407.83
Intangible Assets	17,577.00
Security Deposit	6,900.00
Accumulated Amortization	-10,545.00
Total Other Assets	<u>30,339.83</u>
TOTAL ASSETS	<u><u>2,378,835.11</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	280,555.28
Total Accounts Payable	<u>280,555.28</u>
Credit Cards	
Staples	109.76
AmEx	15,154.37
Total Credit Cards	<u>15,264.13</u>
Other Current Liabilities	
Due To Child Support	257.00
Payroll Liabilities	12,563.46
Total Other Current Liabilities	<u>12,820.46</u>
Total Current Liabilities	<u>308,639.87</u>
Long Term Liabilities	
Loans from Shareholders	351,724.00
Total Long Term Liabilities	<u>351,724.00</u>
Total Liabilities	<u>660,363.87</u>
Equity	
Capital Stock	1,000.00
Additional Paid-In Capital	65,261.00

APS-American Phones Services, Corp.
Balance Sheet
As of September 30, 2002

	<u>Sep 30, 02</u>
Retained Earnings	1,597,784.59
Net Income	54,445.65
Total Equity	<u>1,718,471.24</u>
TOTAL LIABILITIES & EQUITY	<u>2,378,835.11</u>

APS-American Phones Services, Corp.
Statement of Cash Flows
January through September 2002

	<u>Jan - Sep 02</u>
OPERATING ACTIVITIES	
Net Income	54,445.65
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	515,782.76
Due To/From AIM	-165,343.94
Inventory Asset	-5,247.50
Accounts Payable	184,109.41
Staples	109.76
AmEx	-1,743.42
Due To Child Support	257.00
Payroll Liabilities	-120,543.30
Net cash provided by Operating Activi...	<u>461,826.42</u>
INVESTING ACTIVITIES	
Software	-518.26
Equipment/Furniture	-58,673.12
Employee Loans	-7,792.83
Net cash provided by Investing Activit...	<u>-66,984.21</u>
Net cash increase for period	394,842.21
Cash at beginning of period	<u>477,707.77</u>
Cash at end of period	<u><u>872,549.98</u></u>

American Phones Services Corp, Inc.
Balance Sheet
As of December 31, 2001

Accrual Basis

	Dec 31, 01
ASSETS	
Current Assets	
Checking/Savings	
CD Account	145,680.93
FMS	208,287.62
Wachovia-Checking	93,143.97
Total Checking/Savings	447,112.52
Accounts Receivable	
Accounts Receivable	1,603,429.27
Total Accounts Receivable	1,603,429.27
Other Current Assets	
Inventory Asset	24,537.70
Total Other Current Assets	24,537.70
Total Current Assets	2,075,079.49
Fixed Assets	
Equipment/Furniture	119,054.77
Leasehold Improvements	9,850.00
Accumulated Depreciation	-53,939.00
Total Fixed Assets	74,965.77
Other Assets	
Employee Loans	1,105.67
Intangible Assets	17,577.00
Security Deposit	103,426.00
Accumulated Amortization	-11,763.00
Total Other Assets	110,345.67
TOTAL ASSETS	2,260,390.93
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	85,498.52
Total Accounts Payable	85,498.52
Credit Cards	
AmEx	16,897.79
Total Credit Cards	16,897.79
Other Current Liabilities	
Payroll Liabilities	133,095.76
Total Other Current Liabilities	133,095.76
Total Current Liabilities	235,492.07
Long Term Liabilities	
Loans from Shareholders	351,724.00
Total Long Term Liabilities	351,724.00
Total Liabilities	587,216.07
Equity	
Capital Stock	1,000.00
Paid In Capital	49,504.57
Retained Earnings	176,584.78
Net Income	1,446,085.51
Total Equity	1,673,174.86
TOTAL LIABILITIES & EQUITY	2,260,390.93

American Phones Services Corp, Inc.
Income Statement
January through December 2001

	<u>Jan - Dec 01</u>
Ordinary Income/Expense	
Income	
Sales	14,249,294.33
Returns & Allowances	<u>-84,117.56</u>
Total Income	14,165,176.77
Cost of Goods Sold	
Commissions	163,000.09
Cost of Goods Sold	<u>7,842,387.74</u>
Total COGS	<u>8,005,387.83</u>
Gross Profit	6,159,788.94
Expense	
Amortization Expense	1,218.00
Advertising	1,695,706.73
Automobile Expense	9,023.95
Automobile Lease	37,115.64
Bank Service Charges	9,511.57
Depreciation Expense	9,358.00
Dues and Subscriptions	11,494.22
Equipment Rental	191,195.01
Insurance	27,113.96
Interest Expense	621.65
Internet	10,677.88
Licenses and Permits	670.59
Meals & Entertainment	13,898.17
Office cleaning	8,290.79
Office Supplies	68,731.43
Officer's Salary	716,005.77
Payroll - Staff	432,339.57
Payroll Bonus	37,685.85
Payroll Commissions	53,577.43
Payroll Taxes	68,213.64
Postage and Delivery	40,101.05
Printing and Reproduction	37,115.48
Professional Expenses	516,173.24
Recruiting	1,878.74
Rent	160,210.30
Repairs and Maintenance	13,859.21
Small Equipment Purchases	11,954.34
Sub-Contractor	181,847.49
Taxes	169,209.51
Telephone	61,856.27
Travel Expenses	103,540.24
Utilities	<u>17,887.62</u>
Total Expense	<u>4,718,083.34</u>
Net Ordinary Income	1,441,705.60
Other Income/Expense	
Other Income	
Interest Income	4,379.91
Total Other Income	<u>4,379.91</u>
Net Other Income	<u>4,379.91</u>
Net Income	<u><u>1,446,085.51</u></u>


VERIFICATION BY APPLICANT

STATE OF Louisiana)
)
COUNTY OF Jefferson)

SS:


Riccardo Ferranti of **American Phone Services Corp.** having been duly sworn and deposed, hereby states as follows:

That he is President of the Company; that the attached financial documents were prepared under his supervision and are true and correct to the best of his knowledge and belief, and he additionally submits that the Company is financially capable of providing the requested services while meeting all lease or ownership obligations.



Riccardo Ferranti, President
American Phone Services Corp.

This document was signed in my presence this 7th day of October, 2002.



Notary Public

My Commission expires:

MONICA BORNE HAAB
Notary Public, State of Louisiana
My Commission is for Life.

EXHIBIT D

CAPABILITY STATEMENTS

1. The Applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served. This is evidenced by its assets set forth in its unaudited financial statements, and by the fact that the Company is currently authorized and operating as a long distance provider within Florida.
2. The Applicant will maintain the requested services revenue generated from its ongoing operations. The Company would also have access to shareholder investment should this become necessary.
3. The Company has sufficient financial capability to meet its lease and ownership obligations.

EXHIBIT E

TECHNICAL CAPABILITY

The Company will provide resold and facilities-based local exchange service using BellSouth as its underlying service provider. Therefore, the quality of service offered by the Company will, at a minimum, be equivalent to the services offered by BellSouth.

In addition, the Company's officers have technical experience in the telecommunications industry as evidenced by the profiles submitted as Exhibit B.

EXHIBIT F

PROPOSED PRICE LIST

Alternative Local Exchange Service

TITLE SHEET

ALTERNATIVE LOCAL EXCHANGE SERVICES PRICE LIST

This price list contains the descriptions, regulations, service standards and rates applicable to alternative local exchange telecommunications services provided by American Phone Services Corp. with principal offices at 308 Maxwell Road, Suite 100, Alpharetta, Georgia 30004. 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: October 8, 2002

EFFECTIVE:

BY:

Riccardo Ferranti, President
American Phone Services Corp.
308 Maxwell Rd., Suite 100
Alpharetta, Georgia 30004

Alternative Local Exchange Service

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	SHEET	REVISION
1	Original	26	Original
2	Original	27	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		
15	Original		
16	Original		
17	Original		
18	Original		
19	Original		
20	Original		
21	Original		
22	Original		
23	Original		
24	Original		
25	Original		

ISSUED: October 8, 2002

EFFECTIVE:

BY:

Riccardo Ferranti, President
American Phone Services Corp.
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Alpharetta, Georgia 30004

Alternative Local Exchange Service

TABLE OF CONTENTS

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Exchange Service List 6
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Section 3 - Basic Service Descriptions and Rates 16

ISSUED: October 8, 2002

EFFECTIVE:

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Alternative Local Exchange Service

SYMBOLS SHEET

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

D - Delete Or Discontinue

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

M - Moved From Another 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: October 8, 2002

EFFECTIVE:

BY:

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American Phone Services Corp.
308 Maxwell Rd., Suite 100
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Alternative Local Exchange Service

PRICE LIST FORMAT SHEETS

A. Sheet Numbering - Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the price list. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.

B. Sheet Revision Numbers - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current sheet version on file with the FPSC. For example, the 4th revised Sheet 14 cancels the 3rd revised Sheet 14. Because of various suspension periods, deferrals, etc, the FPSC follows in their price list approval process, the most current sheet number on file with the Commission is not always the price list page in effect. Consult the Check Sheet for the sheet currently in effect.

C. Paragraph Numbering Sequence - There are various levels of paragraph coding. Each level of coding is subservient to its next higher level as follows:

- 2.
- 2.1.
- 2.1.1.
- 2.1.1.A.
- 2.1.1.A.1.
- 2.1.1.A.1.(a).

D. Check Sheets - When a price list filing is made with the FPSC, an updated check sheet accompanies the price list filing. The check sheet lists the sheets contained in the price list, with a cross reference to the current revision number. When new pages are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this page if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some pages). The price list user should refer to the latest check sheet to find out if a particular sheet is the most current on file with the FPSC.

ISSUED: October 8, 2002

EFFECTIVE:

BY:

Riccardo Ferranti, President
American Phone Services Corp.
308 Maxwell Rd., Suite 100
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Alternative Local Exchange Service

EXCHANGE SERVICE LIST

The Company will provide local exchange service throughout the State of Florida. Local calling areas will coincide with those of the Incumbent Local Exchange Carrier (ILEC), unless otherwise specified.

ISSUED: October 8, 2002

EFFECTIVE:

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Alternative Local Exchange Service

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement which connects the customer's location to the Company's network switching center.

Authorization Code - A numerical code, one or more of which are available to a customer to enable him/her to access the carrier, and which are used by the carrier both to prevent unauthorized access to its facilities and to identify the customer for billing purposes.

Company or Carrier - American Phone Services Corp.

Customer - the person, firm, corporation or other entity which orders service and is responsible for payment of charges due and compliance with the Company's price list regulations.

Day - From 8:00 AM up to, but not including 5:00 PM local time Monday through Friday.

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

Holidays - The Company's recognized holidays are New Year's Day, Martin Luther King, Jr. Day, Presidents Day, Memorial Day, July 4th, Labor Day, Thanksgiving Day, Christmas Day.

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.

ISSUED: October 8, 2002

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Alternative Local Exchange Service

SECTION 2 - RULES, REGULATIONS AND SERVICE QUALITY CRITERIA

2.1 Undertaking of the Company.

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

The Company's 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 or entities when authorized by the customer, to allow connection of a customer's location to the Company's network. 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.

2.2 Limitations.

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

2.2.2 The Company reserves the right to discontinue furnishing service, or limit the use of service necessitated by conditions beyond its control, or when the customer is using service in violation of the law or the provisions of this price list.

ISSUED: October 8, 2002

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Alternative Local Exchange Service

SECTION 2 - RULES AND REGULATIONS continued

2.2 Limitations (Cont.)

- 2.2.3 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.
- 2.2.4 Prior written permission from the Company is required before any assignment or transfer. 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.
- 2.2.5 Customers reselling or rebilling services must have a Certificate of Public Convenience and Necessity as an ALEC carrier from the Florida Public Service Commission.

2.3 Liabilities of the Company.

- 2.3.1 The Company's liability for damages 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.
- 2.3.2 The Company shall be indemnified and held harmless by the customer against claims for libel, slander, or infringement of copyright arising out of the material, data, information, or other content transmitted over the Company's facilities.

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Alternative Local Exchange Service

SECTION 2 - RULES AND REGULATIONS continued

2.4 Interruption of Service.

2.4.1 Credit allowance for the interruption of service which is not due to The Company's testing or adjusting, negligence or the customer, or to the failure of channels or equipment provided by the customer, are subject to the general liability provisions set forth in 2.3.1 herein. 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, 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.

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

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

Credit Formula:

$$\text{Credit} = A/B \times C$$

"A" - outage time in days

"B" - total days in month

"C" - total monthly charge for affected facility

ISSUED: October 8, 2002

EFFECTIVE:

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Alternative Local Exchange Service

SECTION 2 - RULES AND REGULATIONS continued

2.5 Disconnection of Service by Carrier.

The Company, upon five (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:

- 2.5.1 Non-payment of any sum due to carrier for regulated service for more than thirty days beyond the date of rendition of the bill for such service.
- 2.5.2 A violation of any regulation governing the service under this price list.
- 2.5.3 A violation of any law, rule, or regulation of any government authority having jurisdiction over such service.
- 2.5.4 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.

ISSUED: October 8, 2002

EFFECTIVE:

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Alternative Local Exchange Service

SECTION 2 - RULES AND REGULATIONS continued

2.6 Deposits

The Company does not require a deposit from the customer.

2.7 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.

2.8 Taxes

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

2.9 Billing of Calls

All charges due by the subscriber are payable at any agency duly authorized to receive such payments. Any objection to billed charges should be promptly reported to the Company. Adjustments to customers' 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.

2.10 Equipment

2.10.1 The Company's facilities and service may be used with or terminated in Customer-provided terminal equipment or Customer-provided communications systems, such as a PBX, key systems or Pay Telephone. Such terminal equipment shall be furnished and maintained at the expense of the Customer, except as otherwise provided. The Customer is responsible for all costs at his or her premises, including personnel, wiring, electrical power, and the like, incurred in the use of the Company's service. The Customer is responsible to ensuring that customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities.

ISSUED: October 8, 2002

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Alternative Local Exchange Service

SECTION 2 - RULES AND REGULATIONS continued

2.10 Equipment (contd.)

- 2.10.2 The Company shall use reasonable efforts to maintain facilities and equipment that it furnishes to the Customer. The Customer may not, nor may the Customer permit others, to disconnect, rearrange, remove, attempt to repair or otherwise interfere with any of the facilities or equipment installed by the Company, except upon the written consent of the Company.
- 2.10.3 Equipment the Company provides or installs at the Customer premises for use in connection with services the Company offers shall not be used for any purpose other than that for which the Company provided it.
- 2.10.4 The Customer shall be responsible for payment of service charges, as set forth herein, for visits by the Company's agents or employees to the premises of the Customer when the service difficulty or trouble report results from the use of equipment or facilities provided by any party other than the Company, including but not limited to the Customer.
- 2.10.5 The Company shall not be responsible for the installation, operation or maintenance of any customer-provided equipment. Where such equipment is connected to the facilities furnished pursuant to this price list, the responsibility of the Company shall be limited to the furnishing of facilities offered under this price list and to the maintenance and operation of such facilities. Subject to this responsibility, the Company shall not be responsible for the transmission of signals by customer-provided equipment or for the quality of, or defects in, such transmission; or the reception of signals by customer-provided equipment.

ISSUED: October 8, 2002

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Alternative Local Exchange Service

SECTION 2 - RULES AND REGULATIONS continued

2.10 Equipment (contd.)

2.10.6 Upon reasonable notification to the Customer and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the customer is complying with the requirements set forth in the section for the installation, operation and maintenance of customer-provided facilities, equipment and wiring in the connection of such facilities and equipment to Company-provided facilities and equipment.

2.10.7 Title to all facilities provided by the Company under this price list shall remain in the Company's name or in the name of the carrier supplying the services and facilities being resold.

2.11 Installation

Service is installed upon mutual agreement between the Customer and the Company. The service agreement does not alter rates specified in this price list.

2.12 Service Implementation

Absent a promotional offering, service implementation charges will apply to new service orders or to orders to change existing service. Implementation charges for business services are listed in Section 3.

2.13 Reconnection Charge

A reconnection fee may be charged when service is re-established for customers who have been disconnected for non-payment, and is payable at the time that the restoration of suspended service and facilities is arranged.

2.14 Operator Service Rules

The Company will enforce the operator service rules specified by the Commission and by the FCC.

2.15 Access to Telephone Relay Services

Where required by the Commission, the Company will participate in telephone relay services for handicapped and/or hearing impaired end users, and will comply with all regulations and requirements. The Company shall impose any monthly surcharge or any other related charge upon its local exchange telecommunications subscribers as may be required by state law.

ISSUED: October 8, 2002

EFFECTIVE:

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Alternative Local Exchange Service

SECTION 2 - RULES AND REGULATIONS continued

2.16 Calculation of Distance

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

The airline mileage between rate centers is determined by applying the formula below to the vertical and horizontal coordinates associated with the rate centers involved. The company uses the rate centers and associated vertical and horizontal coordinates that are produced by Bell Communication Research in their NPA-NXX V&H Coordinate Tape and AT&T Tariff.

Formula:
$$\sqrt{\frac{(V1 - V2)^2 + (H1 - H2)^2}{10}}$$

2.17 Cancellation of Service by Customer

Customers can cancel basic local exchange service by providing written or oral notification to the Company.

For cancellation of Private Branch Exchange (PBX) service, the customer must provide five (5) working days written notice of cancellation to the Company.

2.18 Minimum Call Completion Rate

Customers can expect a call completion rate (number of calls completed divided by the number of calls attempted) of 90% during peak use periods for all FG D services (1+ dialing).

2.19 Access to 911 Emergency Services

The Company will provide, at no cost to the customer, 911 emergency services access at levels equal to the service provided by the ILEC.

ISSUED: October 8, 2002

EFFECTIVE:

BY:

Riccardo Ferranti, President
American Phone Services Corp.
308 Maxwell Rd., Suite 100
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Alternative Local Exchange Service

SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES

3.1 Timing of Calls

3.1.1 When Billing Charges Begin and End For Phone Calls

The customer's usage charge is based on the actual usage of the Company's network. Usage begins when the called party picks up the receiver, (i.e. when 2 way communication, often referred to as "conversation time" is possible.). When the called party picks up is determined by hardware answer supervision in which the local telephone company sends a signal to the switch or the software utilizing audio tone detection. When software answer supervision is employed, up to 60 seconds of ringing is allowed before it is billed as usage of the network. A call is terminated when the calling or called party hangs up.

3.1.2 Billing Increments

The billing increments for each service is set forth in the individual product rate section.

3.1.3 Per Call Billing Charges

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

3.1.4 Uncompleted Calls

There shall be no charges for uncompleted calls.

ISSUED: October 8, 2002

EFFECTIVE:

BY:

Riccardo Ferranti, President
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Alternative Local Exchange Service

SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES continued

3.2 Determining Applicable Rate in Effect.

For the initial minute, the rate applicable at the start of chargeable time at the calling station applies. For additional minutes, the rate applicable is that rate which is in effect at the calling station when the additional minute(s) begin. That is, if chargeable time begins during the Day Period, the Day Rate applies to the initial minute and to any additional minutes that the call continues during the rate period. If the call continues into a different rate period, the appropriate rates from that period apply to any additional minutes occurring in that rate period. If an additional minute is split between two rate periods, the rate period applicable at the start of the minute applies to the entire minute.

3.3 Payment of Calls

3.3.1 Late Payment Charges

Interest charges of 1.5% per month will be assessed on all unpaid balances more than thirty days old.

3.3.2 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.

3.4 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.

ISSUED: October 8, 2002

EFFECTIVE:

BY:

Riccardo Ferranti, President
American Phone Services Corp.
308 Maxwell Rd., Suite 100
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Alternative Local Exchange Service

SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES continued

3.5 Local Service Areas

The Company will provide Local Exchange Service in the entire State of Florida. Local calling service areas will coincide with those of the ILEC, unless otherwise specified.

Installation, monthly recurring and per minute usage charges will apply to the Company's local exchange services. An addition per-call operator service charge will apply for operator-assisted calling.

3.6 Product Descriptions

3.6.1 Business Services

Business Services are offered for local calling using the facilities of the Company and/or those of other authorized Local Exchange Carriers. Business Services are offered primarily to the following:

1. Offices, stores, factories, mines and all other places of a strictly business nature;
2. Offices of hotels, boarding houses, apartment houses, colleges, quarters occupied by clubs and fraternal societies, public, private or parochial schools, hospitals, nursing homes, libraries, churches, and other institutions; and
3. Services terminating solely on the secretarial facilities of a telephone answering bureau.

ISSUED: October 8, 2002

EFFECTIVE:

BY:

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American Phone Services Corp.
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Alternative Local Exchange Service

SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES continued

3.6 Product Descriptions, cont.

3.6.1 Business Services, cont.

3.6.1.A Business Exchange Line Service

Business Exchange Line Service provides a facility from a Customer's location to the Company's Central Office and gives the Customer the ability to complete local and long distance calls. This service provides Customer with unlimited local calling, including rotary/hunting service, at a flat monthly rate. Special rates are offered to customers who purchase this service in conjunction with the Company's Business long distance products. Options available with Business Exchange Line Service include Call Waiting, Call Forwarding, Three-way Calling and Speed Dialing, as well as Class Features. Installation charges apply.

3.6.1.B Private Branch Exchange (PBX) Service

The Company's PBX Service uses PBX Trunks to connect a customer PBX system or other similar equipment to the Company's Central Office. Standard configurations include Local CO Trunks, Direct Inward Dialing (DID), Direct Outward Dialing (DOD) and Combination Trunks. This service provides Customers with unlimited local calling, rotary/hunting service and Carrier Access. The Company treats these trunks similar to individual exchange lines and supports multi-line hunting over a group of trunks. Service is billed based on monthly usage, together with monthly recurring charges. Special rates are offered to customers who purchase this service in conjunction with the Company's long distance products. Installation charges also apply.

ISSUED: October 8, 2002

EFFECTIVE:

BY:

Riccardo Ferranti, President
American Phone Services Corp.
308 Maxwell Rd., Suite 100
Alpharetta, Georgia 30004

Alternative Local Exchange Service

SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES continued**3.6 Product Descriptions, cont.****3.6.1 Business Services, cont.****3.6.1.C Optional Business Features****3.6.1.C.1 Direct Inward Dial (DID) Service**

DID Service is an optional feature which can be purchased in conjunction with Company-provided PBX Trunks. DID service transmits the dialed digits for all incoming calls allowing the Customer's PBX to route incoming calls directly to individual stations corresponding to each individual DID number. Charges for DID capability and DID number blocks apply in addition to charges specified for PBX Trunks. One additive charge applies for each DIDH equipped PBX Trunk or channel. Customer is required to purchase at least one DID number block for each DID equipped trunk or trunk group, or DID-equipped channel or group. The Company reserves the right to limit the amount of DID numbers constituting a block of telephone numbers in a group. Blocks of number groups will be determined at the sole discretion of the Company's resources. In addition, the Company reserves the right to review vacant DID stations or stations not in use to determine efficient telephone number utilization. Should the Company determine, based on its own discretion, that there is inefficient number utilization, the Company may reassign the DID numbers.

The Customer has no property rights to the telephone number or any other call number destination associated with DID service furnished by the Company, and no right to the continuance of service through any particular end office. The Company reserves the right to change such numbers, or the end office designation associated with such numbers, or both; assigned to the Customer, whenever the company deems it necessary to do so in the conduct of its business.

ISSUED: October 8, 2002**EFFECTIVE:****BY:**

Riccardo Ferranti, President
American Phone Services Corp.
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Alpharetta, Georgia 30004

Alternative Local Exchange Service

SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES continued

3.6 Product Descriptions, cont.

3.6.2 Residential Local Exchange Service

Residential local exchange service provides the Customer with a single, voice-grade, DTMF communications channel. Each Local Line will include a telephone number, as well as access to the service.

Residence Service is furnished in private homes or apartments, including all parts of the subscriber's domestic establishment, for domestic use and not for substantial occupational use; in the study of a clergyman located in a church, in a college fraternity or sorority house, college dormitories, convents and monasteries for domestic rather than occupational use in residential quarters.

3.6.3 Directory Listings

For each Customer of Exchange Access Service(s), the Company shall arrange for the listing of the Customer's main billing telephone number in the directory(ies) published by the dominant Local Exchange Carrier in the area at no additional charge. At a Customer's option, the Company will arrange for additional listings at an additional charge.

3.6.4 Operator-Assisted Services

Operator-assisted services are provided to Customers on a presubscribed basis. Services are also provided to Customers and Users of exchange access lines which are presubscribed to the Company's interexchange outbound calling services. Various billing arrangements are available with the Company's operator-assisted service including Calling Card, Commercial Credit Card, Collect, Person-to- Person and Third Party. Monthly and/or usage-sensitive charges apply, as well as per call operator charges.

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EFFECTIVE:

BY:

Riccardo Ferranti, President
American Phone Services Corp.
308 Maxwell Rd., Suite 100
Alpharetta, Georgia 30004

Alternative Local Exchange Service

SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES continued

3.6.5 Directory Assistance

Customers and users of the Company's services may obtain directory assistance in determining telephone numbers within the state by calling the Directory Assistance operator.

A credit will be given for calls to Directory Assistance when:

1. The Customer experiences poor transmission or is cut-off during the call,
2. The Customer is given an incorrect telephone number, or
3. The Customer inadvertently misdials an incorrect Directory Assistance NPA.

To receive a credit, the customer must notify the Company operator or Business Office of the problem experienced.

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Riccardo Ferranti, President
American Phone Services Corp.
308 Maxwell Rd., Suite 100
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Alternative Local Exchange Service**SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES continued****3.7 Business Service****3.7.1 Line Cost, Connections and Features**

A	Monthly recurring charge	\$19.80 - \$29.10
B.	Per One Line Package	\$52.00
C.	Per Two Line Package	\$94.00
D.	Per Three Line Package	\$139.00
	1. Hunting roll over	\$7.71-\$9.25
	2. Hunting roll over per multi-line hunt group	\$5.00
	3. Per multi-line hunt group with delay announcement	\$31.00
	4. Per multi-line hunt group with waiting lamps	\$13.00
	5. Per multi-line hunt group with delay announcement and call waiting	\$39.00
	6. Per line arranged for Queuing	-
	7. Per Queue Slot	-
	8. Delay Announcement, per Channel	\$22.00
	9. Delay Announcement, per Trunk	\$5.00
	10. Music after Delay Announcement, Per Channel	\$24.00
	11. Music after Delay Announcement, Per Trunk	\$12.00
	12. Call Waiting Indication, Per Unique Timing State	\$8.00
	13. Remote Call Forwarding	\$12.00
	14. Call Forward Busy Line	\$3.25
	15. Call Forward Don't Answer	\$3.25
	16. Call Waiting	\$5.80
	17. Enhanced Caller ID	\$9.99
	18. Caller ID Deluxe	\$9.99
	19. Verification Request	\$0.35
	20. Emergency Interrupt Request	\$0.45

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Riccardo Ferranti, President
American Phone Services Corp.
308 Maxwell Rd., Suite 100
Alpharetta, Georgia 30004

Alternative Local Exchange Service

SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES continued**3.7 Business Service (continued)****3.7.1 Line Cost, Connections and Features (continued)****E. DID Service**

1. Group of 20 working #'s	\$4.00
2. Group of 20 reserved #'s	\$4.00
3. Trunk Termination (Each inward onl	\$21.80
4. DTMF (Each Trunk)	\$7.50

F. ISDN

1. ISDN Access	\$55.00
2. ISDN Access for use with High Speed Packet	\$55.00

G. Per DSL Usage Option for Plan A

1. ISDN Access	\$69.95
2. ISDN Access for use with High Speed Packet	\$69.95

H. Per DSL Usage Option for Plan B

1. ISDN Access	\$249.95
2. ISDN Access for use with High Speed Packet	\$249.95

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Riccardo Ferranti, President
American Phone Services Corp.
308 Maxwell Rd., Suite 100
Alpharetta, Georgia 30004

Alternative Local Exchange Service

SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES continued

3.7 Business Service (continued)

3.7.2 Channels Activated

	Month To Month	24-59 Months	60-120 Months
3.7.2A Circuit Switched Voice/Data Each			
1. Flat Rate Threshold Pricing	\$16.25	\$13.25	\$11.25
2. Permanent High Speed Packet			
A. Each	\$120.00	\$110.00	\$100.00
3. On Demand High Speed Packet			
A. Each	\$110.00	\$90.00	\$80.00
4. D Channel			
5. Low Speed Packet as a single service			
A. One Only	\$13.50	\$12.50	\$12.00
6. Channel Service			
A. Each	\$13.50	\$12.50	\$12.00
3.7.2B Packages Rates and Charges			
		Monthly	
1. Package EZ1 Credit		\$7.60	
2. Package EZ1A Credit		\$8.10	
3. Package EZ2 Credit		\$8.10	
4. Package EZ2A Credit		\$9.60	
3.7.2C Subscriber Line Charge			
1. Single Line		\$3.50	
2. Multi Line		\$2.75/Line	
3.7.2D Line Connection Charges			
1. First Line		\$56.00	
2. Additional Line		\$12.00	
3.7.2E Line Change Charge			
1. First Line		\$38.00	
2. Additional Line		\$11.00	

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American Phone Services Corp.
308 Maxwell Rd., Suite 100
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Alternative Local Exchange Service**SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES continued****3.8 Residential Service****3.8.1 Line Cost, Connections and Features**

3.8.1A	Monthly Recurring Charge Flat Rate Service	\$7.30-\$10.65
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3.8.2 Complete Choice

1.	Per Line	\$28.00
2.	Per Two Line Package	\$54.50
3.	Per Three Line Package	\$81.00

3.8.3 Area Plus Service

1.	Per Line w/o Complete Choice	\$30.00
2.	Per Line with Complete Choice Option	\$46.00
3.	Per Two Line Package with Complete Choice Option	\$90.50
4.	Per Three Line Package with Complete Choice Option	\$135.00
5.	Call Forwarding	\$3.00
6.	Call Forward Busy Line	\$1.00
7.	Call Forward Don't Answer	\$1.00
8.	Call Waiting	\$4.10
9.	Call Return	\$4.00
10.	Caller ID with Number Delivery	\$6.00
11.	Caller ID with Name and Number D	\$7.50
12.	Speed Dialing 8	\$2.00
13.	Three Way Calling	\$4.00
14.	Verification Request	\$0.35
15.	Emergency Interrupt Request	\$0.45

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Riccardo Ferranti, President
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Alternative Local Exchange Service

SECTION 3 - BASIC SERVICE DESCRIPTIONS AND RATES continued

3.8 Residential Service (continued)

3.8.4 Subscriber Line Charge

- | | | |
|----|-------------|-------------|
| 1. | Single Line | \$3.50 |
| 2. | Multi Line | \$2.75/Line |

3.8.5 Line Connection Charges

- | | | |
|----|-----------------|---------|
| 1. | First Line | \$40.00 |
| 2. | Additional Line | \$12.00 |

3.8.6 Line Change Charge

- | | | |
|----|-----------------|---------|
| 1. | First Line | \$23.00 |
| 2. | Additional Line | \$11.00 |

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