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February 8, 2008

VIA OVERNIGHT MAIL

Honorable Jones, Chairman Attn: Sharla Dillon, Dockets Tennessee Regulatory Authority 460 James Robertson Parkway Nashville, TN 37243-9021

filed electronically in docket office on 02/11/08

docket no. 08-00025

Re: dPi Teleconnect, LLC

Dear Ms. Dillon:

(615) 741-3939

Enclosed please find for filing an original and four (4) copies of dPi Teleconnect, LLC's Application for a Certificate of Public Convenience and Necessity to Provide Competing Local Exchange Telecommunications Services in Tennessee. I have also enclosed a check in the amount of \$25.00 payable to the "Tennessee Regulatory Authority" for the filing fee and a CD-ROM containing an electronic copy of this filing.

THE COMPANY HEREBY RESPECTFULLY REQUESTS THAT ITS HEARING BE HELD VIA TELECONFERENCE IN LIEU OF A PERSONAL APPEARANCE.

APPLICANT HAS ALSO ENCLOSED ONE COPY OF ITS FINANCIAL INFORMATION IN A SEPARATE ENVELOPE AND HEREBY RESPECTFULLY REQUESTS CONFIDENTIAL TREATMENT OF THE ENCLOSED FINANCIAL INFORMATION THAT CONTAINS CONFIDENTIAL AND PROPRIETARY INFORMATION. APPLICANT EXPECTS THAT THIS INFORMATION WILL BE RESTRICTED TO COUNSEL, AGENTS AND EMPLOYEES WHO ARE SPECIFICALLY ASSIGNED TO THIS APPLICATION BY THE COMMISSION.

I have also enclosed an extra copy of this letter to be date stamped and returned to me in the enclosed, self-addressed, postage prepaid envelope. If you have any questions or if I may provide you with any additional information, please do not hesitate to contact me. Thank you.

Respectfully submitted

Lance J.M. Steinhart

Attorney for dPi Teleconnect, LLC

Enclosures

cc: David Dorwart (w/enc)

85663

dPi TELECONNECT, LLC

2997 LBJ FREEWAY, SUITE 225 DALLAS, TX 75234 (972) 488-5500

BANK OF TEXAS N.A. DALLAS, TEXAS 75225-8022 32-1432-1110

1/24/2008

PAY TO THE ORDER OF...

TENNESSEE REGULATORY AUTHORITY

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TENNESSEE REGULATORY AUTHORITY PO BOX 198097 NASHVILLE, TN 37219-8907

MEMO

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dPi TELECONNECT, LLC

85663

TENNESSEE REGULATORY AUTHORITY

1/24/2008

Type Date

Reference

Original Amt.

Balance Due Discount Payment

1/24/2008

Bill

Comm filing fee

25.00

25.00 Check Amount 25.00 25.00

BOT General Fund

25.00

STATE OF TENNESSEE BEFORE THE TENNESSEE PUBLIC SERVICE COMMISSION

| In re: |) | |
|------------------------------------|----------|------------|
| |) | |
| Application of |) | |
| dPi Teleconnect, LLC |) | |
| For a Certificate of Public |) | DOCKET NO. |
| Convenience and Necessity to |) | |
| Provide Competing Facilities-Based |) | |
| Local Exchange |) | |
| Telecommunications Services | <u> </u> | |

APPLICATION OF DPI TELECONNECT, LLC FOR AUTHORITY TO PROVIDE COMPETING LOCAL EXCHANGE SERVICE

dPi Teleconnect, LLC ("dPi" or "Applicant"), pursuant to T.C.A. § § 65-2-103, 65-2-102 and 65-4-201; Section 253 of the Federal Telecommunications Act of 1996; and Section 1220-4-8-.04 of the Rules of the Tennessee Public Service Commission Division of Public Utilities, respectfully submits this Application for Authority to Provide Competing Facilities-Based Local Exchange Telecommunications Services, including exchange access telecommunications services within the State of Tennessee. Applicant was issued a Certificate of Convenience and Necessity as an operator service provider and/or reseller of telecommunications services for state-wide service in Tennessee by Order issued on March 2, 1999 in Case Number 98-00621.

Applicant intends to provide facilities-based local exchange service to residential customers located in non-rural local exchange carriers' service areas of Tennessee. Should its Application be granted, dPi plans to commence offering service after the establishment of the appropriate and necessary interconnection arrangements with the incumbent Local Exchange Carriers ("LECs"). The company is currently offering local exchange service on a resold basis through agreements with AT&T/BellSouth and Embarq.

In support of its Application, dPi submits the following information:

I. Introduction

1. The full name and address of the Applicant are:

dPi Teleconnect, LLC 2997 LBJ Freeway, Suite 225 Dallas, TX 75234 Telephone: 972-488-5500

The following is a list of applicant's officers:

Officer Title

David Dorwart President/CEO

Brian Bolinger Vice-President, Legal Affairs Thomas O'Roark Vice-President, Finance

Jerry Brennan Vice-President, Operations

The above-named individuals can be reached at:

dPi Teleconnect, LLC

2997 LBJ Freeway, Suite 225, Dallas, TX 75234

Telephone: 972-488-5500

Applicant is currently authorized to provide local exchange services in Alabama, Arizona, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Minnesota, Missouri, Mississippi, Montana, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington and West Virginia. Applicant has not been denied authority for any of the services for which it seeks authority in this Application. The name, address and telephone number of a Tennessee contact person responsible for and knowledgeable about Applicant's operations are:

Jerry Brenner, VP Operations dPi Teleconnect, LLC 2997 LBJ Freeway, Suite 225 Dallas, TX 75234 972-488-5500 E-Mail: jbrenner@dpiteleconnect.com

The name, address and telephone number of a person responsible for repair and maintenance (customer service) are:

Donna Sandoval, Activation Supervisor dPi Teleconnect, LLC 2997 LBJ Freeway, Suite 225 Dallas, TX 75234 877-564-6374 (toll-free customer service) E-mail: dsandoval@dpiteleconnect.com 2. All correspondence, notices, inquiries and other communications regarding this Application should be directed to:

Lance J.M. Steinhart
Lance JM Steinhart, PC
1720 Windward Concourse
Suite 115
Alpharetta, Georgia 30005
(770) 232-9200 (Phone)
(770) 232-9208 (Facsimile)
lsteinhart@telecomcounsel.com (E-mail)

- 3. In support of this Application, the following exhibits are attached hereto, or are already on file with the Commission, as indicated below:
 - a. Exhibit A dPi's Certificate of Organization filed with the Secretary of State for the State of Delaware;
 - b. Exhibit B dPi's Certificate of Authority to Operate in Tennessee as a Foreign Limited Liability Company;
 - c. Exhibit C dPi's Consolidated Balance Sheet, Income Statement and Statement of Cash Flows for the period ended December 31, 2007, which are being filed in a separate sealed envelope as "Confidential"
 - d. Exhibit D Biographies of selected dPi management.
 - e. Exhibit E Corporate Organization Chart
 - f. Exhibit F IntraLATA Presubscription Implementation Plan
 - g. Exhibit G Small and Minority-Owned Telecommunications Business Participation Plan
 - h. Exhibit H Pre-Filed Testimony
 - i. Exhibit I Numbering Issues & Tennessee Specific Operational Issues
 - j. Exhibit J Letter of Credit (On File with the Commission)
 - k. Exhibit K Tariff (On File with the Commission)

II. Description of the Applicant

1. General Information

Applicant is a Delaware Limited Liability Company, which was formed on January 15, 1999. The company is headquartered at 2997 LBJ Freeway, Suite 225, Dallas, TX 75234. The company is authorized to transact business in the State of Tennessee. There are no offices in the State of Tennessee.

2. Customer Service

Registrant's customer service department may be contacted via a toll-free number, 800-350-4009. The Company will maintain a Customer Service Department exclusively for Customer's questions, requests for service, complaints and trouble handling. The Company's Customer Service address and toll free number(s) will be printed on point of sale materials. The Customer Service Department will be located at 2997 LBJ Freeway, Suite 225, Dallas, TX 75234. The toll free number will be available 24 hours per day, 7 days per week.

Office Hours- Excluding holidays, Customer Service Representatives will be available 8:00 AM to 4:00 PM CST Monday through Friday. After hours, Sundays and on holidays, Customers will be automatically forwarded to an answering service for messaging and paging.

Complaint Procedures- The Customer shall pose any inquiries or disputes directly to the Company for resolution via the toll-free telephone number. The customer service representative will attempt to resolve the issue. If the customer service representative cannot solve the issue, it is forwarded to a customer service supervisor. If the supervisor cannot solve the issue to the customer's satisfaction, the issue is escalated to company management. If the Customer is not satisfied with the Company's resolution of an inquiry or dispute, the Customer may refer the matter to the Commission for determination.

III. dPi Possesses the Technical, Managerial and Financial Expertise Necessary to Provide Local Exchange Service

dPi possesses the requisite technical, financial and managerial capabilities to operate as a competitive telecommunications provider. These capabilities are explained in detail below.

1. Financial Qualifications

dPi is financially able to provide the services requested herein as evidenced by its Consolidated Balance Sheet, Income Statement and Statement of Cash Flows for the period ended December 31, 2007.

2. Managerial Qualifications

dPi's senior management team is highly skilled, and has had extensive experience in the telecommunications industry. Using this expertise, dPi's management team has developed innovative marketing and customer care programs, and provides its customers with high quality advanced services at competitive rates. dPi has extensive experience in the technical, managerial, and financial aspects of the telecommunications industry.

3. Technical Qualifications

Applicant's key management personnel have significant business and telecommunications experience. Applicant is currently providing local exchange service in Alabama, Arizona, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Massachusetts, Minnesota, Mississippi, Missouri, Montana, Nevada, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington and West Virginia.

Applicant has not been denied authority for any of the services for which it seeks authority in this Application. No formal complaints have been filed against Applicant or any of its affiliates by any state or federal agency.

dPi currently resells local services in the State of Tennessee, and dPi intends to provide service using unbundled network elements, or the equivalents thereof, obtained through interconnection and/or commercial agreements, utilizing the facilities of the existing LECs or other competitive carriers that presently serve Tennessee. The company has no plans to install facilities in the State of Tennessee.

The Applicant proposes to offer its services throughout the State of Tennessee in non-rural areas, specifically targeting Nashville, Knoxville, Memphis and Chattanooga. These areas are currently being served by Bellsouth/AT&T and Embarq, which are designated open to competition.

As the foregoing illustrates, dPi possesses considerable telecommunications expertise. Applicant will also rely upon the technical expertise and telecommunications experience of its underlying carriers. Thus, dPi is technically qualified to provide local exchange and interexchange telecommunications services in Tennessee. Applicant also is willing to adhere to all applicable Commission policies, rules and orders.

IV. Approval of dPi's Application is in the Public Interest

Granting dPi's Application is consistent with the public interest, and, in that regard Applicant makes the following representations to the Commission:

- a. Applicant possesses the technical, financial, and managerial resources sufficient to provide the services requested;
- b. Applicant's services will meet the service standards required by the Commission;
- c. The provision of services by Applicant will not adversely impact the availability of affordable local exchange service;
- d. Applicant, to the extent it is required to do so by the Commission, will participate in the support of universally available telephone service at affordable rates; and,
- e. The provision of local exchange services by Applicant will not adversely impact the public interest.

The demands of a competitive market are a better means to achieve affordability and quality of service than a monopoly environment. As competitors vie for market share, they will compete based upon price, innovation and customer service.

Those providers that offer consumers the most cost effective products will gain market share. In contrast, providers whose products do not meet the needs of consumers will lose market share and may ultimately, be eliminated from the industry.

Additionally, dPi's entry into the local exchange markets will not unreasonably prejudice or disadvantage any telephone service providers. Incumbent local exchange carriers presently serve a large majority of the local exchange customers in Tennessee. The major advantages of incumbency (i.e., ownership of the existing local network as well as access to, and long-standing relationships with, every local customer) constitute a substantial obstacle to new entrants. Moreover, exchange services competition will stimulate the demand for the services supplied by all local service carriers, including those of the incumbent LECs. Thus, in a competitive market, there will be increased potential for such LECs to generate higher revenues. Additionally, in a competitive market, incumbent providers will have market incentives to improve the efficiency of their operations, thereby reducing their costs and ultimately their profit margins.

In this regard, approval of this Application is clearly in the public interest.

V. Description of Services Offered and Service Territory

dPi expects to offer a full array of local exchange services, including the following:

Local Exchange:

- A. Local Exchange Services for residential customers that will enable customers to originate and terminate local calls in the local calling area served by other LECs, including custom calling features.
- B. Switched local exchange services, including basic service, trunks, carrier access, and any other switched local services that currently exist or will exist in the future.
- C. Non-switched local services (e.g., private line) that currently exist or will exist in the future.
- D. Centrex and/or Centrex-like services that currently exist or will exist in the future.
- E. Digital subscriber line, ISDN, and other high capacity services.

In addition to the services listed above, dPi, through interconnection with other carriers, will offer dual-party relay services, 9-1-1 Emergency Services, directory assistance and operator assisted calls, lifeline, and toll-free calling.

The Applicant's IntraLATA Presubscription Implementation Plan is attached hereto as Exhibit F. Applicant's tariff, Exhibit K, is currently on file with the Commission.

VI. Waivers and Regulatory Compliance

dPi requests that the Commission grant it a waiver of those regulatory requirements inapplicable to competitive local service resellers such as Financial Record-Keeping System and Local Exchange Directory pursuant to Tennessee Rules and Regulation 1220-4-1-.11(1). Such rules are not appropriate or necessary for competitive providers and constitute an economic barrier to entry into the local exchange market.

1. Financial Record-Keeping System

- a. dPi requests that it be exempt from any record-keeping rules or regulations that might require a carrier to maintain its financial records in conformance with the Uniform System of Accounts ("USOA"). The USOA was developed by the FCC as a means of regulating telecommunications companies subject to rate base regulation, and as a competitive carrier, dPi does not maintain its financial records in this manner.
- b. As a competitive carrier, dPi maintains its book of accounts in accordance with Generally Accepted Accounting Principles ("GAAP"). Neither the FCC, nor the Commission, has required dPi to maintain its records under the USOA for purposes of dPi's local exchange operations. Thus, dPi does not possess the detailed cost data required by USOA, nor does it maintain detailed records on a state-specific basis. As a competitive provider, dPi's network operations are integrated to achieve maximum efficiency. Having to maintain records pertaining specifically to its Tennessee local service operations would place an extreme burden on dPi.
- c. Moreover, dPi asserts that because it utilizes GAAP, the Commission will have a reliable means by which to evaluate dPi's operations. Therefore, dPi hereby respectfully requests to be exempted from the any USOA requirements of the Commission.
- d. The Applicant does agree that it will provide wire line activity reports as required by Commission rules and regulations.

2. Local Exchange Directories

dPi requests that it not be required to publish local exchange directories. dPi will make arrangements with the incumbent LECs whereby the names of dPi 's customers will be included in the directories published by the incumbent LECs. LEC directories will also be modified to include dPi's customer service number. These directories will be distributed to dPi's customers. This approach is entirely reasonable and will have a direct benefit to the customers of both dPi and the incumbent LEC since they need only refer to one directory for a universal listing of customer information. It would be an unnecessary burden on dPi to require that it publish and distribute its own directory to all customers located within each exchange area, particularly since nearly all of these customers will be customers of the incumbent LECs. It is more efficient for dPi to simply include its limited customer list in the existing directories of the incumbent LECs.

VII. Regulatory Obligations

Applicant shall provide, either directly or indirectly or through arrangements with other carriers or companies, to the extent required by law or regulation:

- 1. Provide access to 911 and E 911 emergency service;
- 2. Provide white page directory listings and directory assistance;
- 3. Provide consumer access to and support for the Tennessee Relay Center in the same manner as incumbent local exchange telephone companies;
- 4. Provide free blocking service for 900, 976 type services in accordance with Commission policy;
- 5. Provide Lifeline and Link-up services to qualifying citizens of this state;
- 6. Provide educational discounts in existence as of June 6, 1995

Applicant shall also:

- 1. Provide support for universal service in a manner determined by the Commission. This requirement shall not be construed as prohibiting the granting of a certificate before the universal service issues are determined by the Commission;
- 2. Provide interconnection with other certificated carriers or Commission authorized carriers on a nondiscriminatory basis under reasonable terms and conditions;
- 3. Comply with Commission basic service standards as defined in any applicable rules and decisions of the Commission;
- 4. Provide equal access to authorized inter-and intraLATA long distance providers, unless otherwise exempted by the Commission.

VIII. Conclusion

This Application demonstrates that dPi Teleconnnect, LLC, possesses the technical, financial and managerial resources to provide facilities-based/UNE local exchange service in the State of Tennessee. Furthermore, granting this Application will promote the public interest by increasing the level of competition in the Tennessee telecommunications market. Ultimately, competition will compel all exchange telecommunications service providers to operate more efficiently and with resulting reduced prices for consumers. In addition, as a result of competition, the overall quality of local exchange service will improve. As stated above, Applicant does not intend to provide local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, until Applicant provides such LECs notice of intent at least 30 days prior to the date of the intended service, or as otherwise required by law.

Wherefore, dPi Teleconnect, LLC, respectfully petitions this Commission for a Certificate of Public Convenience and Necessity to Provide Competing local exchange telecommunications services in the State of Tennessee in accordance with this Application and for such other relief as it deems necessary and appropriate.

Respectfully submitted,

dPi Teleconnect, LLC

Lance J.M. Steinhart, Esq. Lance JM Steinhart, PC

1720 Windward Concourse, Suite 115

Alpharetta, Georgia 30005

Telephone: (770) 232-9200 Facsimile: (770) 232-9208

E-mail: lsteinhart@telecomcounsel.com

Attorney for Applicant

Febra 8, 2008

VERIFICATION OF APPLICANT

I, David Dorwart, Chief Executive Officer of dPi Teleconnect, LLC, a Delaware Limited Liability Company, the applicant for a Certificate of Public Convenience and Necessity from the Public Service Commission of the State of Tennessee, verify that based on information and belief, I have knowledge of the statements in the foregoing Application, and I declare that they are true and correct.

David Dorwart

Chief Executive Officer

dPi Teleconnect, LLC

Sworn to me, the undersigned

Notary Public on this 24 day of January, 2008.

State of <u>Texas</u>
County of <u>Dallas</u>

Notary Public

TN FB App



EXHIBIT "A" CERTIFICATE OF ORGANIZATION

LLC FORMATION AGREEMENT

THIS AGREEMENT (the "Agreement") made this 11th day of December, 1998, between DPI-Teleconnect, Inc., a Texas corporation ("DPI"), KOCH VENTURES, INC., a Delaware corporation, 4111 East 37th Street North, Wichita, Kansas 67220 ("Koch") and dPi Teleconnect, L.L.C., a Delaware limited liability company (the "Company).

DPI and Koch wish to form a limited liability company to be known as dPi Teleconnect, L.L.C. (the "Company") for the purpose of investing in, managing and operating a telecommunications business that provides prepaid telephone services.

ACCORDINGLY, in consideration of the foregoing and the mutual promises of the parties and other good and valuable consideration, Koch and DPI each represent, warrant, covenant, and agree as follows:

DEFINITIONS

"Affiliates" means with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common Control with such Person.

"Assumed Liabilities" has the meaning stated in Paragraph 2.4.

"Closing" has the meaning stated in Paragraph 4.1.

"Closing Date" has the meaning stated in Paragraph 4.1.

"Company" means dPi Teleconnect, L.L.C.

"Confidential Information" has the meaning stated in Paragraph 5.1.

"Contributed Assets" has the meaning stated in Article II.

"Excluded Liabilities" has the meaning stated in Paragraph 2.3.

"Indemnified Party" has the meaning stated in Paragraph 6.3.

"Indemnifying Party" has the meaning stated in Paragraph 6.3.

"Koch Assets" has the meaning stated in Paragraph 2.1.

"LLC Agreement" means the Limited Liability Company Agreement of the Company executed by Koch and DPI on the date hereof. All of the terms which are defined in the LLC Agreement are used herein as therein defined.

"DPI Assets" has the meaning stated in Paragraph 2.2.

ARTICLE I FORMATION OF LLC

Paragraph 1.1 <u>Formation of LLC.</u> As of the Closing Date, the parties will have formed and organized the Company under the laws of the State of Delaware by filing a Certificate of Formation with the Secretary of State of the State of Delaware. On the Closing Date, the parties will enter into the LLC Agreement.

Paragraph 1.2 <u>Purpose of the Company.</u> The purpose of the Company will be to invest in, manage and operate a telecommunications business that provides prepaid telephone services. (the "Specific Purpose"). The Company's purpose may be changed by the parties in accordance with the terms of the LLC Agreement.

ARTICLE II CONTRIBUTIONS AND INTERESTS OF THE PARTIES

Paragraph 2.1 <u>Capital Contributions of Koch and Ownership in the Company.</u> At the Closing, Koch will contribute to the Company:

(a) Five Hundred Thousand Dollars (\$500,000.00) in cash;

The foregoing cash is collectively referred to as the "Koch Assets" and constitutes the Initial Capital Contribution of Koch. In consideration of the Koch Assets, Koch hereby shall be granted at the Closing, an ownership interest in the Company equal to 18.18%.

Under the terms of the LLC Agreement Koch may be required and has the option to invest an additional One Million Dollars (\$1,000,000) (the "Option Amount") in the Company. The Option Amount shall be made in two Five Hundred Thousand Dollar (\$500,000) increments. Koch shall receive 12.59% for the second \$500,000 contribution and 9.23% for the third \$500,000 contribution.

Paragraph 2.2 <u>Capital Contributions of DPI and Ownership in the</u> <u>Company.</u> At the Closing, DPI will contribute to the Company:

- (a) All of its rights, title and interest in all of its telecommunication licenses or any portion or work in process of any telecommunication licenses;
- (b) All of its rights in that certain Promissory Note for \$2,500 between Jason Pick and DPI;
- (c) The employment agreements entered into between DPI and David Dorwart, David Pikoff and Jason Pick respectively; and
- (d) All personal property, intellectual property, prepaid expenses and other tangible and intangible property owned or used by DPI in its business, such as furniture, office equipment, computers, software programs, drawings, customer files, patents, trademarks, backlog, and open inquiries list.

The foregoing cash and assets will be collectively referred to as the "DPI Assets" and constitute the Initial Capital Contribution of DPI to the Company. In consideration of the contribution of the DPI Assets, DPI hereby subscribes to, and will be granted at the Closing, an Ownership Interest in the Company equal to 81.82%. Koch hereby agrees that the Ownership Interests may be transferred to the shareholders of DPI on the date herein.

The parties agree that the fair market value of the DPI Assets on the Closing Date is as indicated in Exhibit 2.2. These values shall be used for determining DPI's capital account and all financial and tax purposes.

The parties agree that if Koch has made capital contributions equal to or in excess of \$1,500,000 and if David Dorwart or David Pikoff cease to be employed by the Company for any reason other than Termination Without Cause (as described in those certain Employment Agreements between DPI and David Dorwart and David Pikoff respectively, described above) ("Clawback Event") prior to the occurrence of both the two year anniversary of the LLC Agreement and the cumulative EBITDA reaching or exceeding \$3.75 million ("Clawback Termination Event"), DPI's Ownership Interest shall be reduced by 50%. If after forty-two (42) months from the date of this Agreement neither a Clawback Event nor a Clawback Termination Event have occurred, DPI's Ownership Interest shall be reduced by 16.67%. If after forty-eight (48) months of this Agreement neither a Clawback Event nor a Clawback Termination Event have occurred, DPI's Ownership Interest shall be reduced by an additional 20%. If after fifty-four (54) months of this Agreement neither a Clawback Event nor a Clawback Termination Event have occurred, DPI's Ownership Interest shall be reduced by an additional 25%. If DPI shall have transferred its Ownership Interest prior to such occurrence, any Ownership Interest held by such transferee(s) shall be reduced in accordance with this provision.

Collectively and individually, the Koch Assets and DPI Assets may be referred to as the "Contributed Assets".

Paragraph 2.3 <u>Liabilities Retained by the Parties.</u> Except with respect to only those liabilities expressly assumed by the Company under Paragraph 2.4, neither Koch,

DPI nor the Company, are assuming any liabilities of any other party to this Agreement, including but not limited to, any obligations or liabilities (a) with respect to any express or implied representation, warranty, agreement, or guaranty made (or claimed to have been made) by any other party, or imposed or asserted to be imposed by operation of law, in connection with any product engineered, designed, manufactured, developed, subcontracted, sold, or shipped, and any installation or supervision work performed by or on behalf of any of the other parties prior to the Closing, and any installation or supervision work of any other party which was in process as of the Closing Date (other than with respect to work done after the Closing Date); (b) under leases, contracts, and other agreements to which any of the other parties is a party or by which any other party is bound; (c) with respect to any collective bargaining agreements or union agreements of any of the other parties, or any savings, 401(k), pension, retirement, medical, dental, life insurance, accident and sickness, short-term disability, long-term disability, profit sharing, deferred compensation, stock option, bonus, vacation, stock bonus, employee stock ownership, and individual retirement accounts, or other employee benefit plans, programs, agreements, or arrangements of any other party, and any individual employment or consulting agreements of any other party; (d) with respect to any severance plans or agreements of any other party, any severance benefits provided under federal or state law, any notification requirements required under federal or state law, including the WARN Act, or any employee claims against any other party generally, including any claims of constructive dismissal made by any employees; (e) debts, loans, or other third party financing, and any payables to or from any other party, its Affiliates, or any third party; (f) any pending or threatened claims, allegations, or lawsuits, known or unknown, or future claims against any of the other parties arising from each party's business prior to Closing; (g) arising under applicable environmental laws with respect to the operation of the business of any other party, any use, operation, or ownership of any assets by any other party, including the Contributed Assets, or leased facilities leased or used by any other party, prior to the Closing; and (h) all other claims, liabilities, or other obligations of any other party arising from the operation of the respective business by such party, any use, operation, or ownership of any of the Contributed Assets, or leased facilities leased or used by any other party, prior to the Closing (collectively, the "Excluded Liabilities", where such term is intended to apply specifically to the respective liabilities retained by each of the parties).

Paragraph 2.4 <u>Assumption of Certain Liabilities by the Company.</u> At the time of the Closing, the Company will assume and agree to pay, perform, and discharge, in a timely manner and in accordance with the applicable terms, only those liabilities and obligations of DPI listed in Schedule 2.4 (collectively, the "Assumed Liabilities").

Paragraph 2.5 <u>Time of Contribution and Transfer.</u> All contributions and transfers of the Contributed Assets and Assumed Liabilities shall be considered completed as of the close of business on the Closing Date and thus all Contributed Assets and Assumed Liabilities shall be credited to the respective accounts of DPI and Koch prior to that time and then to the Company after such time.

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ARTICLE III REPRESENTATIONS AND WARRANTIES OF THE PARTIES

Paragraph 3.1 <u>Representations and Warranties of Koch.</u> Koch hereby represents and warrants to DPI and the Company as follows:

- (a) Koch is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware with the corporate power and authority to carry on its business as presently conducted.
- (b) Koch has full corporate power and authority to enter into this Agreement and to carry out its obligations under this Agreement. All corporate action on the part of Koch and its respective directors and shareholders necessary for the authorization, execution, delivery, and performance of this Agreement has been taken prior to the date of this Agreement. This Agreement, when executed and delivered, will constitute a valid and binding obligation of Koch, enforceable in accordance with its terms.
- (c) Other than as set forth in this Agreement and the documents referred to herein Koch has not entered into any agreements with any person concerning the Company or the Specific Purpose.

Paragraph 3.2 <u>Representations and Warranties of DPI.</u> DPI hereby represents and warrants to Koch and the Company, as follows:

- (a) DPI is a corporation duly organized, validly existing, and in good standing under the laws of the State of Texas with the corporate power and authority to carry on its business as presently conducted.
- (b) DPI has full power and authority to enter into this Agreement and to carry out its obligations under this Agreement. All action on the part of DPI and its respective board of directors and shareholders necessary for the authorization, execution, delivery, and performance of this Agreement has been taken prior to the date of this Agreement. This Agreement, when executed and delivered, will constitute a valid and binding obligation of DPI, enforceable in accordance with its terms.
- (c) DPI has good and marketable title to the DPI Assets, free and clear of all encumbrances other than as arise out of the Assumed Liabilities. At Closing, the Company will acquire good and marketable title to the DPI Assets, free and clear of all encumbrances other than as arise out of the Assumed Liabilities.
- (d) DPI (i) owns or has the right to use, free and clear of all liens, claims and restrictions, all software programs, patents, patent applications, trademarks, service marks, trade names, inventions, trade secrets, copyrights, licenses and rights with respect to the foregoing, used in or necessary for the conduct of its business as now conducted or proposed to be conducted, (ii) to its knowledge is not infringing upon or otherwise acting adversely to the right

or claimed right of any person or entity under or with respect to any software program, patent, trademark, service mark, trade name, invention, trade secret, copyright, license or other intellectual property or right with respect thereto, and (iii) is not obligated or under any liability whatsoever to make any payments by way of royalties, fees or otherwise to any owner or licensee of, or other claimant to, any software program, patent, trademark, service mark, trade name, invention, trade secret, or copyright with respect to the use thereof or in connection with the conduct of its business or otherwise.

- (e) DPI owns and has the unrestricted right to use all product rights, manufacturing rights, trade secrets, including know-how, negative know-how, formulas, patterns, compilations, programs, devices, methods, techniques, processes, inventions, designs, computer programs and technical data and all information that derives independent economic value, actual or potential, from not being generally known or known by competitors and which DPI has taken reasonable steps to maintain in secret (all of the foregoing of which are collectively referred to herein as "intellectual property") required for the services sold or proposed to be sold by DPI, free and clear of any right, lien or claim of others, including without limitation to DPI's knowledge former employers of its employees, consultants and contractors, and current employers of employees, consultants and contractors, where such employees, consultants or contractors are also employed or under contract with another person.
- (f) DPI has not sold, transferred, assigned, licensed or subjected to any lien, security interest, or other encumbrance, any intellectual property, trade secret, know-how, invention, design, process, computer program or technical data, or any interest therein, necessary or useful for the development, manufacture, use, operation or sale of any product or service presently under development or manufactured, sold or rendered by the Company.
- (g) DPI is not subject to any court or administrative judgment, order, or decree affecting its business or the DPI Assets, or its ability to carry on its business, or its ability to consummate the transaction contemplated by this Agreement. There are no litigation or arbitration proceedings, and there are no proceedings before any commission or other administrative or regulatory authority, pending against or affecting its business, the DPI Assets, or its right to carry on its business, or to use the DPI Assets, or its ability to consummate the transaction contemplated by this Agreement. No claim has been made or threatened against DPI which is reasonably likely to have a material adverse effect on DPI or its ability to consummate the transactions contemplated by this Agreement. There is no litigation pending or threatened that seeks to restrain, prohibit or obtain damages or other relief in connection with this Agreement or the consummation of the transactions contemplated by this Agreement.
- (h) DPI is in material compliance with (i) all applicable federal, state, local, and foreign laws, ordinances, and regulations, including, but not limited to, environmental, health and safety, product liability, record keeping, and employment, and (ii) any applicable judgment, order, injunction, award, or decree relating to the operation of its business. DPI has obtained all permits, licenses, governmental approvals and authorizations, or other arrangements which are material to or necessary for the conduct of its business, the use or operation of any of the DPI

Assets, and DPI has conducted its business in material compliance with all such permits, licenses, and government approvals and authorizations.

(i) DPI has taken commercially reasonable actions to assure that its computer based systems and products will be able to effectively process data including dates prior to, on and after January 1, 2000, and the failure to take such actions could reasonably be expected to have a material adverse impact on the DPI Assets.

ARTICLE IV CLOSING AND CONDITIONS OF CLOSING

Paragraph 4.1 <u>Closing Date.</u> Upon the terms and subject to the conditions of this Agreement, the closing of the transactions contemplated by this Agreement (the "Closing") will take place at the offices of Koch at 10:00 a.m. local time on December 11, 1998, or such other place, time, or date as the parties may mutually agree in writing (the "Closing Date") to be effective as of the closing of business on the Closing Date.

Paragraph 4.2 <u>Conditions of Closing.</u> The obligations of DPI and Koch to consummate the transactions contemplated by this Agreement are subject to the fulfillment, on or before the Closing, of the following conditions, subject to the right of parties affected by such non-fulfillment to waive such condition (except for any condition that cannot be waived due to any applicable law):

- (a) All of the representations and warranties of the parties are true and correct in all material respects on and as of the Closing Date as if made on and as of the Closing Date, except to the extent that any such representation and warranty expressly relates to an earlier date.
- (b) Each party will have performed or complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by such party prior to the Closing.
- (c) DPI and Koch will each have executed and delivered to the other parties the documents and items listed below:
 - 1. The LLC Agreement;
 - 2. Contribution and Assumption Agreement;
 - 3. David Pikoff Employment Agreement executed by the DPI and David Pikoff;
 - 4. David Dorwart Employment Agreement executed by the DPI and David Dorwart; and
 - 5. Jason Pick Employment Agreement executed by the DPI and Jason Pick.
- (d) Neither Koch nor DPI will be subject to an order, decree, or injunction of a court of competent jurisdiction or of any governmental authority which permanently prevents or materially delays the transaction contemplated by this Agreement.

(e) Receipt of any governmental approvals required to consummate this transaction.

ARTICLE V CONFIDENTIALITY, NONCOMPETITION, AND OTHER AGREEMENTS OF THE PARTIES

Paragraph 5.1 <u>Confidentiality.</u> (a) During the due diligence process preceding the formation, and thereafter during the operation, of the Company it will be necessary for each of the parties to disclose to the Company, Koch and DPI information which may be confidential and proprietary to the disclosing party ("Confidential Information"). Koch and DPI each agrees to maintain as confidential such Confidential Information received from each other or from or through the Company, to use appropriate measures to prevent its unauthorized use or disclosure, and not to use such Confidential Information for any purpose except in furtherance of this Agreement and the operations and business of the Company.

- (b) The obligations of confidentiality and nonuse stated in Paragraph 5.1 will not apply to Confidential Information which:
 - 1. is or thereafter becomes, through no fault of a receiving party, part of the public domain by publication or otherwise;
 - 2. a receiving party can show was received by it from a third party as a matter of right without any restrictions on use or disclosure;
 - 3. a receiving party can show was in its possession prior to the time of disclosure, or later comes into its possession from a third party as a matter of right without any restriction on use or disclosure; or
 - 4. is independently developed by or on behalf of a receiving party without use or benefit of the Confidential Information.

Confidential Information disclosed under this Agreement will not be deemed to be within the foregoing exceptions merely because such information is embraced by more general information in the public domain or in the possession of a receiving party. Neither will a combination of features be deemed within the foregoing exceptions merely because individual features are in the public domain or in a receiving party's possession unless the combination itself is in the public domain or in a receiving party's possession.

- (c) The confidentiality and nonuse obligations of the parties will survive termination of this Agreement, the dissolution of the Company, and any withdrawal by a party as a member of the Company.
- Paragraph 5.2 <u>Company Employee Agreements.</u> As a condition of employment with the Company, all Company employees will be required to sign an agreement with the Company containing appropriate provisions regarding confidentiality, innovation and invention disclosure and ownership, and noncompetition, consistent with the requirements contained in Paragraph 5.1, in a form approved by the Company's Board of Managers.

ARTICLE VI INDEMNIFICATION

Paragraph 6.1 <u>Indemnification by Koch.</u> Koch agrees to indemnify, defend and hold harmless DPI and the Company, their members, officers, managers, employees, agents, representatives, and successors and assigns, from and against any losses, claims, demands, liabilities, suits, judgments, administrative proceedings, damages, fines, penalties, costs and expenses, including reasonable attorneys' fees and disbursements, of every kind, value and description, to the extent based upon, arising out of, or otherwise with respect of:

- (a) any inaccuracy in or any breach of any representation or warranty of Koch contained in this Agreement or in any certificate, document, or instrument delivered pursuant to this Agreement; and
- (b) any breach of any covenant or agreement of Koch contained in this Agreement;

provided, however, that Koch will not have any liability pursuant to clauses (a) and (b) of this Paragraph 6.1 unless the aggregate of all claims by DPI and the Company, against Koch collectively exceed Ten Thousand Dollars (\$10,000.00) and then only to the extent of such excess.

Paragraph 6.2 <u>Indemnification by DPI.</u> DPI agrees to indemnify, defend and hold harmless Koch and the Company, their shareholders, officers, directors, managers, employees, agents, representatives, and successors and assigns, from and against any losses, claims, demands, liabilities, suits, judgments, administrative proceedings, damages, fines, penalties, costs and expenses, including reasonable attorneys' fees and disbursements, of every kind, value and description, to the extent based upon, arising out of, or otherwise with respect of:

- (a) any inaccuracy in or any breach of any representation or warranty of DPI contained in this Agreement or in any certificate, document, or instrument delivered pursuant to this Agreement;
- (b) any breach of any covenant or agreement of DPI contained in this Agreement; and
- (c) the operation of the business by DPI or the ownership, use, or operation of the DPI Assets, including any leased property, prior to the Closing;

provided, however, that DPI will not have any liability pursuant to clauses (a), (b) and (d) of this Paragraph 6.2 unless the aggregate of all claims by Koch and the Company against DPI collectively exceed Ten Thousand Dollars (\$10,000.00) and then only to the extent of such excess.

Paragraph 6.3 <u>Indemnification Procedures.</u> A party seeking indemnification (the "Indemnified Party") must notify the party providing indemnification (the "Indemnifying Party") within thirty (30) calendar days of the assertion of any claim against the

Indemnified Party or discovery of a fact upon which it intends to base a claim for indemnification under this Agreement or within such shorter period in which an answer or response may be required with respect to such claims, after the Indemnified Party becomes aware of such fact. The failure of the Indemnified Party to so notify the Indemnifying Party within the stated time periods will relieve the Indemnifying Party from any liability under this Agreement to the Indemnified Party, but only to the extent such failure to provide timely notification is prejudicial to the Indemnifying Party or to the defense or prosecution of such claim. The Indemnified Party will have the right at its expense to participate jointly with the Indemnifying Party in the defense of any claim, demand, lawsuit, or other proceeding in connection with which the Indemnified Party claims indemnification under this Agreement but, with respect to any issue involved in such claim, demand, lawsuit, or other proceeding as to which the Indemnifying Party will have acknowledged the obligation to indemnify the Indemnified Party, the Indemnifying Party will have the sole right to settle or otherwise dispose of such claim, demand, lawsuit, or other proceeding on such terms as the Indemnifying Party, in its sole discretion, deems appropriate.

Paragraph 6.4 <u>Duration of Indemnification Obligations</u>. The indemnity obligations of the parties under this Article VI will expire: (a) upon the expiration of the applicable statute of limitations, as may be extended, with respect to any tax matters; and (b) three (3) years as to all other matters. Notwithstanding the foregoing, the indemnity obligations of the parties under this Article VI will expire on the date of a public offering of the Company's or its successor's ownership interests.

Paragraph 6.5 Remedies. If any party is unable to fulfill all or a portion of its obligations under this Article VI with respect to indemnifying the other party or the Company, the indemnifying party's Capital Contribution and corresponding Ownership Interest shall be adjusted based upon the portion of the indemnified amount which is not paid and the value of all interests in the Company on the date the indemnified amount is agreed to by the Indemnifying Party or determined in a decision of a court of competent jurisdiction in accordance with the indemnifying party's obligations as a remedy for this Article VI. The foregoing adjustment shall be made as to the unpaid portion of the indemnified amount only after sixty (60) days' notice to the Indemnifying Party within such time the Indemnifying Party having the right to make all or a portion of the payment.

ARTICLE VII MISCELLANEOUS

Paragraph 7.1 <u>Survival of Representations and Warranties.</u> All Representations and Warranties of the parties made in this Agreement or any certificate, document, agreement, or other instrument delivered pursuant to this Agreement will survive following the Closing Date for the periods set forth in Paragraph 6.4.

Paragraph 7.2 Notices. Any notice or other communication required or permitted under this Agreement will be in writing and will be delivered by certified or registered

mail, postage prepaid, or by telefax. Any such notice will be deemed given upon its receipt at the following addresses:

If to Koch:

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Koch Ventures, Inc. 4111 East 37th Street North Wichita, Kansas 67220 Attention: Jeff Lupinacci Telefax number: (316) 828-6219

If to DPI or the Company:

dPi-Teleconnect, L.L.C. c/o David Dowart or David Pikoff 1000 Woodridge Wichita, Kansas 67206

Paragraph 7.3 Entire Agreement. This Agreement, including the attached Schedules and Exhibits, and the collateral agreements executed in connection with the consummation of the transaction contemplated by this Agreement, contains the entire agreement of the parties with respect to the formation of the Company, and supersedes all prior agreements. To the extent there is a conflict between the terms of this Agreement and the LLC Agreement, the terms of the LLC Agreement shall control.

Paragraph 7.4 Waivers and Amendments. (a) This Agreement may be amended, superseded, canceled, renewed, or extended, and the terms may be waived, only by a written instrument signed by the parties or, in the case of waiver, by the party waiving compliance. No delay on the part of any party in exercising any right, power, or privilege under this Agreement will operate as a waiver, nor will any waiver on the part of any party of any such right, power, or privilege, or any single or partial release of any such right, power, or privilege, preclude any further exercise thereof or the exercise of any other such right, power, or privilege.

(b) The rights and remedies of the parties based upon, arising out of or otherwise in respect of any inaccuracy in or breach of any representation, warranty, covenant, or agreement contained in this Agreement will in no way be limited by the fact that the act, omission, occurrence, or other state of facts upon which any claim of any such inaccuracy, or breach is based may also be the subject matter of any other representation, warranty, covenant, or agreement contained in this Agreement (or in any other agreement between the parties) as to which there is no inaccuracy or breach.

Paragraph 7.5 Governing Law. This Agreement will be governed and construed in accordance with the laws of the State of Delaware applicable to agreements made and to be performed entirely within such state.

Paragraph 7.6 <u>Binding Effect; No Assignment.</u> This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and legal representatives. No assignment of this Agreement or of any rights or obligations hereunder may be made by any party (by operation of law or otherwise) without the prior written consent of each of the parties to this Agreement, and any attempted assignment without such required consent shall be void.

Paragraph 7.7 <u>Counterparts.</u> This Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a number of copies hereof each signed by less than all, but together signed by all, of the parties.

Paragraph 7.8 <u>Further Assurances.</u> Each party shall, at the request and expense of the other, at any time and from time to time following the Closing, promptly execute and deliver, or cause to be executed and delivered, all such further instruments and take all such further action as may be reasonably necessary or appropriate to confirm or carry out the provisions and intent of this Agreement.

Paragraph 7.9 Severability of Provisions. If any provision or any portion of any provision of this Agreement or the application of any such provision or any portion thereof to any person or circumstance, is held invalid or unenforceable, the remaining portion of such provision and the remaining provisions or portion of such provisions shall not be affected, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any provision is invalid or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to affect the original intent of the parties as closely as possibly in an acceptable manner to the end that the transactions contemplated hereby are fulfilled.

Paragraph 7.10 Captions. All Articles titles or captions contained in this Agreement or in any Schedule, and the table of contents to this Agreement, are for convenience only, shall not be deemed a part of this Agreement and shall not affect the meaning or interpretation of this Agreement. All references to articles shall be deemed references to such parts of this Agreement.

Paragraph 7.11 <u>Transfer Taxes.</u> Any transfer taxes incurred in connection with the formation of the Company or the transfer of assets to the Company under this Agreement shall be borne, paid and discharged by DPI, and specifically, shall not be assumed by the Company pursuant to Paragraph 2.4.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers hereunto duly authorized as of the day, month, and year first above written.

KOCH VENTURES, INC.

By: WY

DPI-Teleconnect, Inc.

By: Williams

dPi Teleconnect, L.L.C.

Chief Evecutive Officer

EXHIBIT "B" FOREIGN LIMITED LIABILITY QUALIFICATION

Secretary of State **Corporations Section** K. Polk Building, Suite 1800 Jashville, Tennessee 37243-0306

DATE: -03/18/99 REQUEST NUMBER: 3649-0054 TELEPHONE CONTACT: (615) 741-2286 FILE DATE/TIME: 03/18/99 0836 EFFECTIVE DATE/TIME: 03/18/99 0836 CONTROL NUMBER: 0367757

PI TELECONNECT, L.L.C. 997-LBJ FREEWAY UITE 225 ALLAS, TX 75234

DPI TELECONNECT, L.L.C. APPLICATION FOR CERTIFICATE OF AUTHORITY -LIMITED LIABILITY COMPANY

ELCOME TO THE STATE OF TENNESSEE. THE ATTACHED LIMITED LIABILITY COMPANY ERTIFICATE OF AUTHORITY HAS BEEN FILED WITH AN EFFECTIVE DATE AS INDICATED BOVE.

LIMITED LIABILITY COMPANY ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF TATE ON OR BEFORE THE FIRST DAY OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE IMITED LIABILITY COMPANY'S FISCAL YEAR. ONCE THE FISCAL YEAR HAS BEEN STABLISHED, PLEASE PROVIDE THIS OFFICE WITH WRITTEN NOTIFICATION. THIS OFFICE WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE LIMITED LABILITY COMPANY AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING SERVICE OF TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO TAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE LIMITED LIABILITY

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE LIMITED LIABILITY COMPANY CONTROL NUMBER GIVEN ABOVE.

FOR: APPLICATION FOR CERTIFICATE OF AUTHORITY -LIMITED LIABILITY COMPANY

ON DATE: 03/18/99

FEES

RECEIVED:

\$300.00

\$0.00

C T CORPORATION SYSTEM (HOUSTON, TX.) 811 DALLAS AVE

TOTAL PAYMENT RECEIVED:

\$300.00

HOUSTON, TX 77002-0000

RECEIPT NUMBER: 00002456640 ACCOUNT NUMBER: 00000023



RILEY C. DARNELL SECRETARY OF STATE

EXHIBIT "C" FINANCIAL INFORMATION

EXHIBIT "D" BIOGRAPHY INFORMATION

David B. Dorwart

President & CEO

Mr. Dorwart served as Vice President at Thorn America's (Rent-a-Center and Remco). Mr. Dorwart ran the company stores and held positions from Store Manager up to Divisional Vice President overseeing the Remco brand. Mr. Dorwart spent 11 years at Thorn serving the needs of the cash and credit-constrained consumer. His last position at Thorn was Vice President of Strategic Initiatives. In this position, he initiated Thorn Americas to become involved in the pre-paid local phone service as Agents, using the Rent-A-Center 1500 Store base as a distribution point for local phone service.

Brian Bolinger

Vice President, Legal Affairs

Mr. Bolinger came to dPi from Smock Fansler Corporation, a large commercial construction company in Indianapolis, Indiana where he served as Corporate Counsel and Director of Human Resources. Brian is a graduate of DePauw University, holds a master's degree from Midwestern State University and earned his law degree from Indiana University.

Thomas O'Roark

Vice President, Finance

Mr. O'Roark, Vice-President of Finance, received a BSBA in Accounting from Pittsburg State University in 1977. He served four years in Public Accounting with Arthur Anderson & Co, and earned a CPA certification from the State of Oklahoma in 1981. He has 24 years of experience in at the Director, CFO, and VP levels. His background includes extensive consulting, business turn-arounds, LBO's, and M&A experience. He served 4 years as CFO of NTC of America, a transportation services company. He served 8 years as CFO of Proxy Message Center, a call center services company. For the last 6 years, Mr. O'Roark has been in Telecommunications, serving for four years as Director of Linecost for Vartec Telecom and two years as Director of Linecost for Covista Communications. Mr. O'Roark came to dPi in November, 2004, as Controller, and was promoted to VP Finance in April, 2005.

EXHIBIT "E" CORPORATE ORGANIZATION CHART

The company is a stand-alone entity with no affiliates.

EXHIBIT "F" INTRALATA PRESUBSCRIPTION IMPLEMENTATION PLAN

DPI TELECONNECT, LLC (dPi Teleconnect, LLC) IntraLATA Presubscription Implementation Plan

I. Purpose

The intent of this Plan is to provide a proposal that, upon implementation, would provide customers the ability to select the telecommunications carrier of their choice for routing their intraLATA toll calls. dPi proposes to implement intraLATA toll dialing parity from the date it receives authority to provide local exchange services in Tennessee and has entered into interconnection arrangements with the ILECs. dPi proposes to provide toll dialing parity to the Chattanooga, Knoxville, Memphis and Nashville LATAs. Attached hereto are the exchange areas that dPi proposes to provide intraLATA toll dialing parity.

II. Carrier Selection Procedures

dPi will implement the full 2-PIC (Primary Local Exchange Carrier) carrier selection methodology. With the full 2-PIC methodology, customers will be able to presubscribe to one telecommunications carrier for interLATA toll calls and presubscribe to the same or a different participating telecommunications carrier, including their existing local exchange company, for all intraLATA toll calls. Orders for changes will be accepted and processed beginning on the implementation date.

dPi employees who communicate with the public, accept customer orders, and serve in customer service capacities will be trained to explain the process to customers for making PIC changes for intraLATA toll calls. Business Office personnel will be prepared to make changes in customer records based upon requests from customers or carriers and direct customers to their chosen intraLATA carriers. Processes will be in place to provide new customers with an opportunity to choose their intraLATA toll carrier from a list of available carriers. dPi will implement a PIC change charge waiver period of 90 days.

New Customers

Customers who contact dPi requesting new telephone exchange service will be provided a list of telecommunications carriers available to provide interLATA toll service. Upon implementation of intraLATA toll presubscription, the customer will be provided a second list of carriers, including dPi, that provides intraLATA toll service in their exchange. The list of intraLATA toll carriers will be presented in a competitively neutral manner. Customers who do not make a positive choice for an intraLATA toll carrier will be identified within dPi's system as a "no-PIC" and will not be automatically defaulted to a carrier. Customers identified as "no-PIC" within dPi's systems will be required to dial 101XXXXX to place intraLATA toll calls until they make an affirmative choice for an intraLATA toll carrier.

III. Customer Education/Notification

Customers will receive information explaining their opportunity to select an intraLATA carrier a minimum of 30 days in advance of the offering of intraLATA toll dialing parity via a bill message. In addition, during the 30 days following implementation of intraLATA Dialing Party, customers will receive a bill insert also explaining their opportunity to select an intraLATA carrier. dPi anticipates that promotional strategies by carriers will contribute to customer awareness of intraLATA toll dialing parity. Customer telephone directories will be updated as new editions are published to reflect the opportunity for customers to choose an intraLATA toll carrier.

IV. Carrier Notification

Current interexchange carriers will be notified of dPi's intraLATA toll dialing parity implementation via letter approximately 90 days in advance of the proposed implementation date. Carriers should provide a list of exchanges in which they plan to offer intraLATA toll service at least 60 days in advance of dPi's implementation date. dPi needs notification in advance to include the carrier on the list of participating carriers in each dPi exchange. Certified carriers who enter the market after implementation will be added to the list of participating carriers within 30 days of notifying dPi.

dPi will provide subscriber listing information to carriers in "readily accessible" tape or electronic formats in at timely manner as requested through the processes that currently exist for the interLATA market. The process includes subscriber listing updates to carriers for new customers who choose that carrier or of existing customers of a carrier who revise their subscriber listing information. In addition, carriers can obtain complete subscriber listings in several formats. The provision of this information is in compliance with FCC Order No. 96-333, Paragraph 389.

dPi will comply with Part 51, Sections, 305, 307, 325, 327, 329, 331, 333 and 335 of the FCC Order in providing the required information and notice to the public of network changes. dPi plans to file a public notice with the FCC, with possible migration of the notice to the Internet process as described in Section 329. The notice will include network information as outlined in Section 327. The notice will be provided within the timeframes described in Sections 331-333. dPi will comply with all rules of the FCC and the TRA.

V. Non-Discriminatory Access

dPi will provide:

non-discriminatory access to emergency services and services for the hearing and speech impaired;

non-discriminatory access to local and long distance directory assistance and provision of local telephone directories to end users;

non-discriminatory access to operator services;

non-discriminatory access using standard dialing patterns to all interLATA and intraLATA long distance carriers, including 1+ and 0+ access to the customer's carrier of choice for interLATA calls; and

non-discriminatory access to telephone numbers and number portability where technically and economically feasible.

VI. Slamming Policy

Verification of orders

dPi will not submit a change order for local exchange or intrastate toll service until the change order is confirmed in accordance with one of the following procedures:

- (a) dPi has obtained the customer's written authorization to submit the order which includes the following information from the customer:
- (1) The customer billing name, billing telephone number and billing address and each telephone number to be covered by the change order;
- (2) The decision to change; and
- (3) The customer's understanding of the change fee.
- (b) dPi has obtained the customer's authorization, as described in (a) of this subsection, electronically.

Calls to the number(s) shall connect a customer to a voice response unit, or similar, that records the required information regarding the change, including automatically recording the originating automatic number identification (ANI).

(c) An appropriately qualified and independent third party operating in a location physically separate from the telemarketing representative has obtained the customer's oral authorization to submit the change order that confirms and includes appropriate verification data in (a) of this subsection.

Implementing order changes

- (a) Telemarketing orders. Within three business days of any telemarketing order for a change, dPi will send each new customer an information package by first class mail containing at least the following information concerning the requested change:
- (1) The information is being sent to confirm a telemarketing order placed by the customer.
- (2) The name of the customer's current telecommunications company.
- (3) A description of any terms, conditions or charges that will be incurred.

- (4) The name of the newly requested telecommunications company.
- (5) The name of the person ordering the change.
- (6) The name, address and telephone number of both the customer and dPi.
- (7) A postpaid postcard which the customer can use to deny, cancel or confirm a service order.
- (8) A clear statement that if the customer does not return the postcard, the customer's service will be switched fourteen days after the date the information package was mailed. If customers have cancelled their orders during the waiting period, dPi cannot submit the customer's order.
- (9) The name, address and telephone number of a contact point for consumer complaints.
- (b) The documentation of the order shall be retained by dPi, at a minimum, for twelve months to serve as verification of the customer's authorization to change its telecommunications company. The documentation will be made available to the customer upon request.
- (c) Customer initiated orders. dPi when receiving the customer initiated request for a change of local exchange and/or intrastate toll shall keep an internal memorandum or record generated at the time of the request. Such internal record shall be maintained by dPi for a minimum of twelve months to serve as verification of the customer's authorization to change telecommunications companies. The internal record will be made available to the customer upon request. Within three business days of the order, dPi will send each new customer an information package by first class mail containing at least the following information concerning the request to change.

List of Exchanges

Adams-Cedar Hill Arlington Ashland City Athens Bean Station Bells Bent Creek Benton Bethel Springs Big Sandy Blanche Bolivar Brownsville Bulls Gap Camden Carthage Cedar Grove Centerville Charleston Charlotte Chattanooga Chestnut Hill Clarksville Cleveland Collierville Columbia Clinton Copper Basin Covington Cross Plains Culleoka Cumberland City Cumberland Gap Dandridge Cunningham Dayton Decatur Dickson Dover Dyer Eagleville Elkton Dyersburg East Sango Etowah Fairview Fayetteville Flintville Franklin Fredonia Gallatin Gatlinburg Goodlettsville Georgetown Gibson Gleason Grand Junction Greenback Greenbrier Greenfield Halls Hampshire Harriman Hartsville Henderson Hendersonville Henning Hohenwald Hornbeak Humboldt Huntington Huntland Jackson Jefferson City Jellico Jasper Kenton Kingston **Kingston Springs** Knoxville LaFollette LaGrange Lake City Lawrenceburg Lenoir City Lewisburg Lebanon Lexington Loudon Lyles Lynchburg Lynnville Madisonville Manchester Maryville Mascot McKenzie Mavnardville Medina McEwen Memphis Middleton Milan Morristown Moscow Mt. Pleasant Murfreesboro Nashville Newbern Newport Normandy Norris N. Spring Hill Oak Ridge Old Hickory Oliver Springs Palmyra **Paris** Petersburg Pleasant View Portland Pulaski Ridgely Ripley Rogersville Sango Rockwood Santa Fe Savannah Selmer Sevierville Sewanee Shelbyville Smyrna Sneedville Soddy-Daisy Solway Somerville S. Cunningham S. Fredonia S. Pittsburgh Spencer Mill Spring City Springfield Spring Hill Summertown Surgoinsville Sweetwater Tiptonville Triune Trenton Troy Wartrace Tullahoma Union City Vanleer Waverly W. Sweetwater W. Whiteville Watertown White Bluff White House White Pine Whiteville Whitewell Williamsport Winchester

EXHIBIT "G" SMALL & MINORITY OWNED TELECOMMUNICATIONS BUSINESS PARTICIPATION PLAN

See Attached which is on file with the Commission

dPi Teleconnect, LLC

SMALL AND MINORITY OWNED

TELECOMMUNICATIONS BUSINESS PARTICIPATION

PLAN

Submitted to:

Submitted by:

Tennessee Regulatory Authority 460 James Robertson Parkway Nashville, TN 37243-0505 dPi Teleconnect, LLC

Pursuant to Section 16, Chapter 408 Public Acts of 1995 dated June 6, 1995.

SMALL AND MINORITY OWNED TELECOMMUNICATIONS BUSINESS PARTICIPATION PLAN OF

dPi Teleconnect, LLC

Policy Statement

dPi Teleconnect, LLC acknowledges the importance of supporting small and minority owned telecommunications business participation in the telecommunications industry and the overall general business participation in the telecommunications Tennessee business operations, it is the policy of dPi Teleconnect, LLC to provide practicable opportunity for Small Telecommunications and Minority Owned Telecommunications Business to compete for contracts and subcontracts for goods and of like-kind goods and services to dPi Teleconnect, LLC CORP. is committed to the identification and selection of qualified Small Telecommunications Business and Minority Owned Telecommunications Business in this respect.

Further, with respect to its Tennessee business operations, it is the policy of dPi Teleconnect, LLC to provide information on programs, if any, to provide technical assistance to Small Telecommunications Business and Minority Owned Telecommunications Businesses when and where available in Tennessee.

Further, dPi Teleconnect, LLC acknowledges its obligation to contribute its share to the fund established by the Department of Economic and Community Development in accordance with Section 17 of Chapter 408 of the Public acts of 1995 (the "Act") for the purpose of funding the small and minority owned telecommunications business assistance program which provides for loan guarantees, technical assistance and services, and consulting education services.

Definitions

"Act" - Section 16 and 17 of Chapter 408 of the Public Acts of 1995.

"Minority Owned Telecommunications Business" - a telecommunications business which is solely owned, or at least fifty-one percent (51%) of the assets or outstanding stock of which is owned, by an individual who personally manages the daily operations of such business, and who is impeded from normal entry into the economic mainstream because of race, religion, sex or national origin and such business has annual gross receipts of less than four million dollars (\$4,000,000), or as otherwise modified or amended in the future by the legislature for the State of Tennessee.

a) "Personally Manages" in this context shall mean actively involved in the day-to-day management.

- b) "Controls" in this context shall mean exercising the power to make policy decisions.
- "Who is impeded from normal entry" in this context shall mean individuals who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their qualities as individuals and as provided in the regulations implementing Sections 8(a) and 7(j) of the Small Business Act, as amended by the Business Opportunity Development Reform Act of 1988, and Business Opportunity Development Reform Act Technical Corrections Act, (15 U.S.C. 637(a) and 636(j), as amended by Pub. L. 100-656 and Pub. L. 101-37.

"Small Telecommunications Business" - A telecommunications company with annual gross receipts of less than four million dollars (\$4,000,000), or as otherwise modified or amended in the future by the legislature for the State of Tennessee.

"Subcontract" - Any agreement (other than one involving an employer-employee relationship) entered into by dPi Teleconnect, LLC with a non-affiliated company or individual calling for direct or indirect purchase of raw materials, components, supplies and services needed to support 's operations.

Goals

The goals of dPi Teleconnect, LLC 's Small and Minority Owned
Telecommunications Business Participation Plan is to identify Small Telecommunications
Business and Minority Owned Telecommunications Businesses which are qualified to provide
goods and services and to promote awareness among Small Telecommunications Businesses and
Minority Owned Telecommunications Businesses as to opportunities to develop business
relationships with dPi Teleconnect, LLC

Plan Implementation

dPi Teleconnect, LLC will invite bids, or issue reports for proposals, or otherwise solicit offers from Small Telecommunications Business and Minority Owned Telecommunications Business, except in the case of emergencies, or in cases where dPi Teleconnect, LLC is bound by contract to purchase goods and services from other sources, to furnish specified goods or services to dPi Teleconnect, LLC in furtherance of its Tennessee operations.

Plan Administration

In conducting its business affairs in Tennessee, dPi Teleconnect, LLC will appoint one of its employees as the Administrator of the Small and Minority Owned Telecommunications Business Participation Plan. The Administrator will be responsible for obtaining and utilizing available resources for identifying Small Telecommunications Business and Minority Owned Telecommunications Businesses interested and qualified in furnishing goods and services to dPi Teleconnect, LLC and to cultivate an awareness among such businesses as to any opportunities to develop business relations with dPi Teleconnect, LLC The Administrator will also serve as a resource for technical assistance to Small Telecommunications Businesses and Minority Owned Telecommunications Business and will refer such businesses to sources of information and other technical assistance.

Plan Administrator

The administration of this Plan will be under the direction of (hereinafter called the "Administrator"):

Name:

David B. Dorwart

Title:

MANAGING MEMBER

Address:

2997 LBJ Freeway

Suite 225

Dallas

TX 75234

Telephone:

(972) 488-5500

Facsimile:

(972) 488-8636

The duties of the Administrator are, among other things:

- 1. To develop policies and procedures to assure success of the Plan.
- 2. To maintain a current Plan acceptable to the Tennessee Regulatory Authority.
- 3. To conduct certification surveys as to the status of suppliers.
- 4. To establish and maintain a database and records in support of the Plan pursuant to the requirements of the Tennessee Regulatory Authority.

- 5. To search diligently for qualified small and minority owned telecommunications businesses and concerns through:
 - a. The Small Business Administrations' Procurement Automated Source System (PASS), and publications of the Office of Minority Business Data Center in the Department of Commerce and the Office of Minority Small Business and Capital Ownership Development in the Small Business Administration.
 - b. Local and national associations and Minority Supplier Development councils.
 - c. Participation in trade fairs and industry meetings.
 - d. Advertisement in the industry and local publications.
- 6. To prepare and submit such forms and information as may be required by the Tennessee Regulatory Authority.
- 7. Maintain liaison and cooperation with the Tennessee Regulatory Authority, and other agencies of the state of Tennessee to find and utilize qualified business concerns defined herein.
- 8. To support activities for assisting buyers in locating and qualifying the business concerns defined herein.
- 9. To provide required records and reports to cooperate in any authorized surveys by the Tennessee Regulatory Authority.

Compliance Records

dPi Teleconnect, LLC will submit reports, as may be required, for use in connection with subcontracting plans by the Tennessee Regulatory Authority and/or the State of Tennessee. dPi Teleconnect, LLC will cooperate fully with all reasonable and appropriate surveys or studies required by the contracting agency in determining program compliance. However, dPi Teleconnect, LLC reserves the right to designate documents, reports, surveys and/or studies as "confidential" or "proprietary".

Record Maintenance

| Teleconnect, LLC | will maintain records | relating to dPi Teleconnect, LLC |
|------------------|--|--|
| Small and Mir | ority Owned Telecommunica | tions Business Participation Plan for the |
| purpose of evide | ncing the implementation of the | ais policy, for use by dPi Teleconnect, LLC |
| in evaluating th | e effectiveness of the Plan and | l in obtaining the goals of the Plan, and for use in |
| updating the Pla | n on an annual basis with the | Tennessee Regulatory Authority, or as otherwise |
| | rec | quired. |
| ADOPTED this | day of, 20 | 007. |
| | , – | |
| | | dPi Teleconnect, LLC |
| | | |
| Dan | | |
| л.э у | managing member | |
| (] | Jame/Title) | |
| | purpose of evider in evaluating the updating the Pla ADOPTED this | Small and Minority Owned Telecommunicar purpose of evidencing the implementation of the in evaluating the effectiveness of the Plan and updating the Plan on an annual basis with the recommunication of the Plan and updating the Plan on an annual basis with the recommunication of the Plan and updating the Plan on an annual basis with the recommunication of the Plan and updating the Plan on an annual basis with the recommunication of the Plan and updating the Plan on an annual basis with the recommunication of the Plan and updating the Plan on an annual basis with the recommunication of the Plan and updating the Plan on an annual basis with the recommunication of the Plan and updating the Plan on an annual basis with the recommunication of the Plan and updating the Plan on an annual basis with the recommunication of the Plan and updating the Plan on an annual basis with the recommunication of the Plan and updating the Plan on an annual basis with the recommunication of the Plan on an annual basis with the recommunication of the Plan on an annual basis with the recommunication of the Plan on an annual basis with the recommunication of the Plan on an annual basis with the recommunication of the Plan on an annual basis with the recommunication of the Plan on an annual basis with the recommunication of the Plan on an annual basis with the recommunication of the Plan on an annual basis with the recommunication of the Plan on an annual basis with the recommunication of the Plan on an annual basis with the recommunication of the Plan on an annual basis with the recommunication of the Plan annual basis with the Plan annual basis with the recommunication of the Plan annual basis with the Plan a |

EXHIBIT "H" PRE-FILED TESTIMONY

PRE-FILED TESTIMONY OF DAVID DORWART

I. <u>Introduction</u>

| 1 | 1. | Q. | Please state your name and business address. |
|------------------|----|----|--|
| 2 3 4 5 | | A. | My name is David Dorwart. My business address is 2997 LBJ Freeway, Suite 225 Dallas, TX 75234. |
| 6 | 2. | Q. | By whom are you employed and in what capacity? |
| 7 | | A. | I am David Dorwart for dPi Teleconnect, LLC ("dPi"). |
| 8 | 3. | Q. | Please give a brief description of your background and experience in business and |
| 9 | | | telecommunications. |
| 10 | | A. | My background and experience, as well as other members of the management team |
| 11 | | | of dPi, are set forth in Exhibit D to our application. |

- 1 4. Q. What is the purpose of your testimony?
- A. The purpose of my testimony is to describe the nature of dPi's proposed service offering within the State of Tennessee, and to demonstrate its financial, managerial, and technical ability to provide the telecommunications services for which authority is sought herein.
- 6 5. Q. Do you wish to incorporate by reference any documents into your testimony?
- 7 A. Yes. I wish to incorporate by reference the underlying Application filed in this proceeding and its associated attachments.

II. The Business of dPi

10 6. Q. Has dPi registered to do business in Tennessee?

9

11 A. Yes. dPi is a Delaware Limited Liability Company that has received authorization to
12 transact business within the State of Tennessee. A copy of dPi's Certificate of
13 Organization and operating agreement, are attached to the Application as Exhibit A
14 and a copy of the document of authorization from the State of Tennessee is attached
15 to that Application as Exhibit B.

Please describe the services dPi intends to provide within the State of Tennessee. Q. 1 dPi expects to offer a full array of local exchange services to residential 2 A. customers, including the following: 3 4 5 Local Exchange: 6 Local Exchange Services for residential customers that will enable 7 customers to originate and terminate local calls in the local calling area served by 8 other LECs, including local dial tone and custom calling features. 9 Switched local exchange services, including basic service, trunks, carrier 10 access, and any other switched local services that currently exist or will exist in the 11 future. 12 Non-switched local services (e.g., private line) that currently exist or will C. 13 exist in the future. 14 Centrex and/or Centrex-like services that currently exist or will exist in the D. 15 future. 16 E. Digital subscriber line, ISDN, and other high capacity services. 17 In addition to the services listed above, dPi, through interconnection with other 18 carriers, will offer dual-party relay services, 9-1-1 Emergency Services, directory 19 assistance and operator assisted calls, lifeline, and toll-free calling. 20

7.

1 8. Q. How does dPi intend to provide service in the State of Tennessee?

has no plans to install facilities in the State of Tennessee.

6

A. dPi currently resells local services in the State of Tennessee, and dPi intends to

provide service using unbundled network elements, or the equivalents thereof, obtained

through interconnection and/or commercial agreements, utilizing the facilities of the

existing LECs or other competitive carriers that presently serve Tennessee. The company

2

- 9. Q. Does dPi have authorization to provide intrastate telecommunications services in any other state?
- Yes. Applicant is authorized to provide local exchange services in Alabama, 5 A. Arizona, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Hawaii, 6 7 Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Minnesota, Missouri, Mississippi, Montana, Nevada, New Jersey, New Mexico, 8 New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, South 9 Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington and West 10 Virginia. Applicant was issued a Certificate of Convenience and Necessity as 11 12 an operator service provider and/or reseller of telecommunications services for state-wide service in Tennessee by Order issued on March 2, 1999 in Case 13 Number 98-00621. 14
- 15 10. Q. Has dPi ever had an application for a certificate of public convenience and necessity denied?
- 17 A. No.

- 11. Q. Does dPi intend to file a tariff with the Commission?
 - A. dPi currently has a tariff on file with the Commission.
- 12. Q. Is Applicant is willing and able to adhere to all applicable TRA policies, rules and orders?
 - A. Yes. Applicant is willing and able to adhere to all applicable TRA policies, rules and orders. In addition, dPi at all times will provide interstate services in compliance with all FCC rules and regulations. dPi will at all times provide and market services in accordance with current Commission policies and will attempt to comply with the terms of that order in every respect possible.

- 13. Q. Has dPi provided any intrastate telecommunications services within the State of Tennessee?
 - A. Yes, dPi is currently providing resold local exchange services in Tennessee per authority granted in Docket Nos. 98-00621 issued on March 2, 1999.
- 14. Q. What rates will dPi charge upon receipt of certification?
 - A. dPi will charge the tariffed rates approved by the Commission.
- 15. Q. How will dPi market services in Tennessee?
 - A. dPi intends to market its services via television advertisements, and point of sale though agent locations in the State of Tennessee.

III. Managerial, Technical and Financial Qualifications

- 16. Q. Does dPi have sufficient managerial, technical, and financial resources and ability to provide the telecommunications services proposed in its Application?
 - A. Yes. dPi has sufficient technical, financial, and managerial resources and ability to provide the telecommunications services for which authority is sought herein. dPi 's personnel represent a broad spectrum of business and technical disciplines, possessing many years of individual and aggregate telecommunications experience.

 My qualifications and experience, as well as members of dPi's current management team, are discussed on Exhibit D that is attached to our Application in support of Applicant's managerial and technical ability to provide the services for which authority is sought herein. See also Exhibit C.

- 17. Q. How does dPi handle customer service requests?
 - A. Registrant's customer service department may be contacted via a toll-free number, 800-350-4009. The Company will maintain a Customer Service Department exclusively for Customer's questions, requests for service, complaints and trouble handling. The Company's Customer Service address and toll free number(s) will be printed on point of sale materials.. The Customer Service Department will be located at 2997 LBJ Freeway, Suite 225, Dallas, TX 75234. The toll free number will be available 24 hours per day, 7 days per week.

Office Hours- Excluding holidays, Customer Service Representatives will be available 8:00 AM to 4:00 PM CST Monday through Friday. After hours, Sundays and on holidays, Customers will be automatically forwarded to an answering service for messaging and paging.

Complaint Procedures- The Customer shall pose any inquiries or disputes directly to the Company for resolution via the toll-free telephone number. The customer service representative will attempt to resolve the issue. If the customer service representative cannot solve the issue, it is forwarded to a customer service supervisor. If the supervisor cannot solve the issue to the customer's satisfaction, the issue is escalated to company management. If the Customer is not satisfied with the Company's resolution of an inquiry or dispute, the Customer may refer the matter to the Commission for determination.

- 18. Q. Please describe the financial condition of dPi.
 - A. In support of dPi's financial ability to provide the services sought herein, copies of dPi's Consolidated Balance Sheet, Income Statement and Statement of Cash Flows for the period ended December 31, 2007, were submitted as Exhibit C to its Application.

IV. Public Interest

19. Q. How will residents of Tennessee benefit from dPi's services and presence in Tennessee?

The Commission's grant of this certificate is in the public interest because residential and business consumers of telecommunications services within dPi's service territory will receive increased choice, improved quality of service, and heightened opportunities to obtain improved technology in the homes and businesses. Market incentives for new and old telecommunications providers in Tennessee will be improved greatly through an increase in the diversity of suppliers and competition within the local exchange telecommunications market. Consistent with the Commission's intent to aid in the development of a competitive telecommunications environment in Tennessee, the granting of a certificate of authority to provide local exchange service will offer increased efficiency to the State's telecommunications infrastructure through greater reliability of services and an increase in competitive choices.

- 20. Q. Does this conclude your testimony?
 - A. Yes. I would like to thank the Commission for this opportunity to provide information relevant to dPi's Application and am ready to provide any additional information that the Commission may need in making its decision.

VERIFICATION OF APPLICANT

I, David Dorwart, Chief Executive Officer of dPi Teleconnect, LLC, a Delaware Limited Liability Company, the applicant for a Certificate of Public Convenience and Necessity from the Public Service Commission of the State of Tennessee, verify that based on information and belief, I have knowledge of the statements in the foregoing Pre–Filed Testimony, and I declare that they are true and correct.

David Dorwart

Chief Executive Office

dPi Teleconnect, LLC

Sworn to me, the undersigned

State of <u>Texas</u>
County of <u>Dallas</u>

Notary Public

Rolande G Jones My Commission Expires

TN FB App

EXHIBIT "I" NUMBERING ISSUES & TENNESSEE SPECIFIC OPERATION ISSUES

Numbering Issues

- 1. Applicant's currently is providing resold service through BellSouth/AT&T and Embarq, and obtains numbers through the ILEC, on a one by one basis. Applicant may in the future obtain an inventory of numbers through the ILEC.
- 2. The company will sequentially assign numbers within NXXs if it is required by Commission rules and regulations. In other jurisdictions customer requirements have dictated the non-sequential assignment of telephone numbers.
- 3. The company will follow NANPA guidelines and Commission regulations and assign numbers accordingly.
- 4. If Applicant in the future orders NXXs for growth, we follow the forecasting guidelines set by NANPA and the state regulatory body. We intend to apply a 6 or 12 month forecast, depending on the jeopardy situation in a given NXX.

Tennessee Specific Operation Issues

- 1. Our current billing system allows us to bill the calling plan in compliance with TCA Section 65-21-114, to the extent applicable. Currently, all services which Applicant provides in the State of Tennessee are on a prepaid basis.
- 2. At this time, the company is not aware of the Tennessee County Wide Calling database maintained by BellSouth/AT&T and the procedures to enter your telephone numbers on the database. The company intends to address all interconnection requirements and procedures with Bell South/AT&T during the negotiation process and prior to the provision of local exchange service.
- 3. The company initially intends to provide service in Chattanooga, Knoxville, Memphis, and Nashville. It is the Company's usual practice to mirror the calling pattern on the incumbent LEC, therefore this is how the company will provide metro area toll-free calling around Memphis, Nashville, Knoxville & Chattanooga.

- 4. At this time, the company is not aware of the MAC database maintained by BellSouth/AT&T and the procedures to enter your telephone number on the database. The company intends to address all interconnection requirements and procedures with Bell South during the negotiation process and prior to the provision of local exchange service.
- 5. Employee responsible to work with the TRA on resolving customer complaints:

Regulatory contact:

Jerry Brenner, VP Operations

972-488-5500

Customer Service contact:

Donna Sandoval, Activation Supervisor

877-564-6374

6. The company is aware of the telemarketing statutes and limitations found in TCA Section 65-4-401 and Chapter 1220-4-11 and will make every effort to comply with these regulations.

EXHIBIT "J" BOND OR LETTER OF CREDIT

The company has a \$20,000 letter of credit ion file with the Commission.

EXHIBIT "K" TARIFF

On file with the Commission

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the attached APPLICATION OF DPI TELECONNECT, LLC FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY was served upon the following parties of record by depositing a copy of same in the United States Mail, First Class, Postage Prepaid, to their last known address as follows:

Ardmore Telephone Company, Inc.

P.O. Box 549 517 Ardmore Avenue Ardmore, TN 38449 (205) 423-2131 (205) 423-2208 (Fax)

BellSouth

333 Commerce Street Nashville, TN 37201-3300 (615) 214-3800 (615) 214-8820 (Fax)

Century Telephone of Adamsville

P.O. Box 405 116 N. Oak Street Adamsville, TN 38310 (901) 632-3311 (901) 632-0232 (Fax)

Century Telephone of Claiborne

P.O. Box 100 507 Main Street New Tazewell, TN 37825 (423) 626-4242 (423) 626-5224 (Fax)

<u>Century Telephone of</u> Ooltewah-Collegedale, Inc.

P.O. Box 782 5616 Main Street Ooltewah, TN 37363 (423) 238-4102 (423) 238-5699 (Fax)

Citizens Communications Company of Tennessee

P.O. Box 770 300 Bland Street Bluefield, WV 24701

<u>Citizens Communications</u> <u>Company Of The Volunteer</u> State

P.O. Box 770 300 Bland Street Bluefield, WV 24701

Loretto Telephone Company, Inc.

P.O. Box 130 Loretto, TN 38469 (931) 853-4351 (931) 853-4329 (Fax)

Millington Telephone Company, Inc.

4880 Navy Road Millington, TN 38053 (901) 872-3311 (901) 873-0022 (Fax)

Sprint-United

112 Sixth Street Bristol, TN 37620 (423) 968-8161 (423) 968-3148 (Fax)

TDS Telecom-Concord Telephone Exchange, Inc.

P.O. Box 22610 701 Concord Road Knoxville, TN 37933-0610 (423) 966-5828 (423) 966-9000 (Fax)

TDS Telecom-Humphreys County Telephone Company

P.O. Box 552 203 Long Street New Johnsonville, TN 37134-0552

> (931) 535-2200 (931) 535-3309 (Fax)

TDS Telecom-Tellico Telephone Company, Inc.

P.O. Box 9 102 Spence Street Tellico Plains, TN 37385-0009

> (423) 671-4600 (423) 253-7080 (Fax

TDS Telecom-Tennessee Telephone Company

11505 Kingston Pike Knoxville, TN 37922 (865) 671-2100 (865) 966-9000 (Fax)

TEC-Crockett Telephone Company, Inc.

P.O. Box 7 Friendship, TN 38034 (901) 677-8181

TEC-People's Telephone Company, Inc.

P.O. Box 310 Erin, TN 37061

(931) 289-4221 (931) 289-4220 (Fax)

TEC-West Tennessee Telephone Company, Inc.

P.O. Box 10 244 E. Main Street Bradford, TN 38316

(901) 742-2211 (901) 742-2212 (Fax)

United Telephone Company

P.O. Box 38 120 Taylor Street Chapel Hill, TN 37034

(931) 364-2289 (931) 364-7202 (Fax)

This the Aday of ________, 2008

Lance J.M. Steinhard, Esq. Lance JM Steinhart, PC 1720 Windward Concourse Suite 115 Alpharetta, Georgia 30005 (770) 232-9200