

BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF THE STATE OF  
TENNESSEE

98-00075

In the Matter of the Application of )  
A C S TEL COM INC., )  
for a ) Application  
Certificate To Operate As A Reseller Of )  
Telecommunications )  
Services Within the State of Tennessee )

APPLICATION FOR CERTIFICATE  
TO RESELL INTEREXCHANGE  
TELECOMMUNICATION SERVICES IN TENNESSEE  
[RULE 1220-4-2-.57]

SECTION A

Part 1: General Information

A. Name and address of Applicant:

Chander Khurana, President  
100 Merrick Rd., Suite 116W  
Rockville Centre, NY 11570  
(516) 255-9700 (tel)  
(516) 255-9602 (fax)

Customer Service 800-326-6064

128094

B. Corporate Officers and Shareholders:

OFFICER AND DIRECTOR INFORMATION IS AS FOLLOWS:

Chander Khurana 100 Merrick Rd., Suite 116W Rockville Centre, NY 11570	President      Director
Sanjay Khurana 100 Merrick Rd., Suite 116W Rockville Centre, NY 11570	Vice President Secretary
Jerry W. Hendricks 11655 SW Allen Blvd., #23 Beaverton, Oregon 97005-4849	Asst. Vice President

B. Corporate Officers and Shareholders (Cont'd):

<u>Name and Address</u>	<u>Shares Owned</u>	<u>Percentage of Voting Control</u>
Chander Khurana 100 Merrick Rd., Suite 116W Rockville Centre, NY 11570	100	50%
Sanjay Khurana 100 Merrick Rd., Suite 116W Rockville Centre, NY 11570	100	50%

(To be filled out by PSC)
Company ID Number _____
Date Approved _____
Evaluator _____

- C. Name and telephone number of contact person authorized to respond to Commission inquiries Monday through Friday:

James E. Mounce  
Consultant  
Telecard Regulatory Services  
11655 SW Allen Blvd., #23  
Beaverton, Oregon 97005-4849  
(541) 867-4245(tel)  
(541) 867-4245(fax)

- D. Toll free telephone number that consumers can call to report service problems and/or request refunds or adjustments:

1-800-326-6064

- E. Type of telecommunications services applicant plans to provide in Tennessee:

☒ Resell Interexchange long distance services

- F. Applicant will not provide operator services.

- G. States in which applicant is authorized to operate in at this time:

Applicant has applied to provide resold long distance services in the states of Oregon, Washington, California, Florida, New Jersey and Idaho, and is in the process of filing, as required, in the remaining contiguous 48 states

- H. List any states that you have been denied authority to provide service:

None.

- I. Areas in Tennessee to be served.

Applicant seeks statewide authority to provide 800 WATS, and prepaid and postpaid A C S to the general public.

- J. What type of customers will the company serve?
- a. Business: No
  - b. Residential: No
  - c. Aggregators: No  
(eg. Hotels, Pay phones)
  - d. Other: General buying public.
- K. Do you allow a property imposed fee (PIF) to be added to the price of intrastate telephone calls over your network: No.
- L. Are your prices for intrastate services plus any PIF equal to or less than the dominant carriers price for similar services? Yes   X   NO
- M. By this application, A C S TEL COM INC., hereby requests authorization to resell intrastate WATS and MTS type long distance services to the public throughout the State as a Non-Dominant Interexchange Carrier (NDIEC). A C S TEL COM requests authorization to operate as a "switchless" reseller, relying completely upon the facilities of selected underlying facilities based carriers and, therefore does not propose to acquire, own, construct or extend any telecommunications facilities. A description of the resale services offered by A C S TEL COM follows in this section.

A C S TEL COM offers two types of card service: (1) A Post-paid calling card service; and, (2) A Prepaid calling card service.

A C S TEL COM's Post-paid service is a service provided to subscribers desiring to calling card services. Upon credit approval and necessary credit arrangements, a subscriber will reach A C S TEL COM's network via a toll free number. The subscriber is

responsible for paying the tariffed rate for calls charged to the card. Charges for such calls appear on the Subscriber's regular monthly bill.

A C S TEL COM's Prepaid Service is a prepaid calling card that is not time of day or distance sensitive. Users purchase cards in predetermined amounts for long distance usage. As users access the service their usage is automatically deducted from the remaining card balance.

All prepaid calling cards are "refreshable", or "rechargeable", and may be recharged by adding value to the prepaid balance of the card. A user may add value to a refreshable card at the initiation or termination of a call in order to continue use of the card. The user receives a warning tone when the remaining value of the card will only permit one additional minute of conversation time. Value can be added to the refreshable card by following voice prompts that allow entering a valid commercial credit card number. Thus, if a caller wishes to continue using the same A C S TEL COM card for an extended period, he/she can easily do so by charging additional purchases of time to their card.

The A C S TEL COM Phone Card is an innovative debit system of providing telecommunications service. Similar to debit cards available in other countries, the A C S TEL COM Prepaid card offers a method of payment of long distance charges at the time a card is obtained. End users will be able to buy A C S TEL COM cards from a variety of retail and other outlets. Each card will contain a unique identifying number. Callers will obtain access to the A C S TEL COM processor by conventional 800 dialing. As a call is placed, A C S TEL COM's processor tracks the call, and the cost of the call, including applicable taxes, is deducted on a real time basis from the prepaid amount on the card.

A C S TEL COM's ability to rate calls and deduct the long distance charges on a real time basis brings state-of-the-art smart card technology to the public.

A C S TEL COM's Prepaid Service will give end users calling card type capability without the necessity of having advance billing arrangements with a carrier. Further, the A C S TEL COM Phone Card offers the flexibility of a calling card with added features.

Callers purchase an A C S TEL COM Prepaid Phone Card for a stated face value OF \$5.00, \$10.00, \$25.00, \$50.00 AND \$100.00. Each A C S TEL COM Prepaid card includes instructions for use and a unique account number. A call is placed by dialing an 800 number to obtain access to A C S TEL COM's processor. The caller is prompted by an automated voice response system to enter his/her account number, i.e. the card number, and then to enter the terminating telephone number.

A C S TEL COM rates calls, calculates applicable taxes, and deducts the appropriate call charges from the face value of the prepaid card on a real time basis. Using voice and switching modules in a platform arrangement, A C S TEL COM will bring the most innovative and up-to-date technology to end users.

A C S TEL COM's state-of-the are real time rating and processing capabilities make using the A C S TEL COM Prepaid Phone Card a simple and convenient means of controlling telecommunications costs. End users do not have to wait for a bill to determine how much a particular call will cost. Payment is made initially in a pre-determined amount, so end users can plan expenditures more easily than with other forms of payment for telecommunications services.

A C S TEL COM will operate as a reseller of another carrier's (or carriers') telecommunications services. A C S TEL COM will resell interexchange telecommunications services of common carriers. A C S TEL COM's rates will be no

higher than the travel card charges of the dominant carrier's travel card rates. (A C S TEL COM may enter special arrangements with certain customers who purchase cards in volume directly from A C S TEL COM. Discounts offered to these customers will apply to interstate charges. Because A C S TEL COM cards are purchased in specified amounts, discounts may reduce the effective intrastate rates charged to the A C S TEL COM Card users. A C S TEL COM offers universal origination from anywhere in the continental United States and termination both domestically and internationally. The ability to terminate intrastate calls is subject to A C S TEL COM's operating authority limits, and the ability to terminate international calls is subject to service availability for direct dial international calling.

A user may add value to a card at the initiation or termination of a call in order to continue use of the card. The caller receives a warning tone when the remaining value of the card will only permit one additional minute of conversation time. Value can be added by entering a valid account number from a second A C S TEL COM Card, or by entering a valid commercial credit card number. A C S TEL COM also offers an automatic addition of value to a card by written agreement, which authorizes charging a credit card number on a regular basis. Thus, if a caller wishes to continue using the same A C S TEL COM card for an extended period, he/she can easily do so by automatically adding value to the card.

Card purchasers may designate that only certain specified numbers may be called, a feature which may be of particular value to parents of students or families of prison inmates. Callers may also make multiple calls without redialing an access number or account number. Once access is obtained to the processor, and a valid

account number entered, multiple calls can be placed by simply dialing the # sign twice after completion of a call, or to interrupt a call.

The caller may reach an A C S TEL COM Customer Service Agent from 8:00 a.m. to 8:00 p.m. ET, 365 days a year. Customer service may be reached at 1-800-326-6064. The Customer Service number is printed on all cards, bills and statements. A C S TEL COM Customer Service Agents do not assist in placing or completing calls.

In the unlikely event that the Phone Card service ceases to be offered for any reason, either the customer service representative or a recording on the customer service line will give directions as to the method and manner of making a claim of refund of any unused portion of a calling card. A C S TEL COM is not responsible for lost or stolen cards, and holders of cards should treat each such card like cash. Each card issued by A C S TEL COM shall bear such admonition.

A C S TEL COM Phone Cards will be available for purchase at various retail establishments, such as restaurant chains, convenience stores, shopping clubs, hotels, or gas stations. A C S TEL COM also plans to market its Phone Cards directly to a variety of groups, such as businesses whose employees travel or associations whose members have a common interest. A C S TEL COM cards can be given as gifts, or can be purchased for use by students.

N. What is the applicant's 10XXX or 800 access code?

Not applicable.

O. Does the applicant now have a plan to have any telecommunication's facilities (e.g. switches, fiber lines) in Tennessee.

No.



P. What facility-based network will the applicant be reselling?

Universal Communications Network, Inc.

Q. Will the applicant be utilizing the local telephone company's billing system or billing customers direct?

Applicant resells prepaid telephone calling cards and so there is not billing of customers.

R. Describe briefly how the applicant plans to market their services in Tennessee? If an independent telemarketer is going to be used, state company name and address.

Applicant intends primarily to wholesale prepaid calling cards to retail outlets through independent distributors. No telemarketing will be involved. No independent distributor has been chosen for Tennessee at this time.

S. Describe the procedures the applicant will use to switch a consumer's preferred interexchange service.

The service that applicant is offering is prepaid calling card service. Sales of cards are made directly to consumers who may access applicant's services through any telephone without switching their preferred interexchange service.

- T. Applicant has the ability and agrees to honor the form of call blocking that the consumer has subscribed to with their local telephone company.

The service that applicant is offering is prepaid calling card service. Sales of cards are made directly to consumers who may access applicant's services through any telephone, with the result that call blocking is not applicable to the service which applicant provides.

- U. Applicant gives permission to the local telephone company to provide the Commission a periodic sample of the reseller's intrastate toll calls. The purpose of this analysis is to audit the reseller's rates to assure they are at or below the dominant carrier's tariffed rates. Yes   X   No       .

#### Part II: Organization Structure

- A. Type of Organization:

Corporation.

- B. (1) Copies of Applicant's Articles of Incorporation and current by-laws are attached hereto as Exhibit 1.

(2) Certificate of Authority issued by Tennessee Sec'ty of State is Exhibit 2.

#### Part III: Financial Information

- A. Attached as Exhibit 3 is a current financial statement showing in detail the applicant's financial condition, including balance sheet and income statement. Applicant is not required to prepare or file a 10K or stockholder report.

#### Part IV: Display Card

Applicant does not deal with aggregators and therefore does not have a display card.

#### Part V: Rule Compliance Agreement


A. The Interexchange Reseller applicant, hereby, affirms the following:

- Has received, read, and understands the Tennessee Public Service Commission's (TPSC) Interexchange Reseller Rules and Regulations, (Appendix III)
- Understands the penalties for non-compliance, and all associated fees to provide such service.
- Will comply with the TPSC Interexchange Reseller Rules and all other applicable Commission Rules and state laws, including T.C.A. Section 65-5-206 (Appendix IV),

- That all information provided in the attached registration document is true to the best of my knowledge.

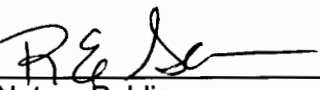
Respectfully submitted,

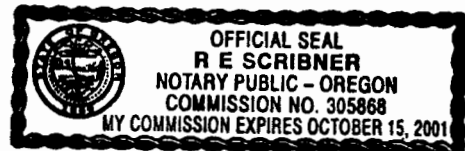
A C S TEL COM INC.

  
By: Jerry W. Hendricks, President

DATED: December 31, 1997

Subscribed and sworn before me  
this 31 day of December, 1997

  
Notary Public



**EXHIBIT 1**

Articles of Incorporation are attached hereto.

F 961216000318

CERTIFICATE OF INCORPORATION

A C S TEL COM INC.

Under Section 402 of the Business Corporation Law.

The undersigned, for the purpose of forming a corporation pursuant to Section 402 of the Business Corporation Law of the State of New York, does hereby certify and set forth:

FIRST: The name of the corporation is A C S TEL COM INC.

SECOND: The purposes for which the corporation is formed are:

To engage in any lawful act or activity for which corporations may be organized under the business corporation law, provided that the corporation is not formed to engage in any act or activity which requires the act or approval of any state official, department, board, agency or other body without such approval or consent first being obtained.

To carry on a general mercantile, industrial, investing and trading business in all its branches; to devise, invent, manufacture, fabricate, assemble, install, service, maintain, alter, buy, sell, import, export, license as licensor or licensee, lease as lessor or lessee, distribute, job, enter into, negotiate, execute, acquire, and assign contracts in respect of, acquire, receive, grant, and assign licensing arrangements, options, franchises, and other rights in respect of and generally deal in and with at wholesale and retail, as principal, and as sales, business, special, or general agent, representative, broker, factor, merchant, distributor, jobber, advisor, or in any other lawful capacity, goods, wares, merchandise, commodities, and unimproved, improved, finished, processed and other real, personal and mixed property of any and all kinds, together with the components, resultants, and by-products thereof.

To create, manufacture, contract for, buy, sell, import, export, distribute, job and generally deal in and with, whether at wholesale or retail, and as principal, agent, broker, factor, commission merchant, licensor, licensee or otherwise, any and all kinds of goods, wares, and merchandise, and in connection therewith or independent thereof, to establish and maintain, by any manner or means, buying offices, distribution centers, specialty and other shops, stores, mail-order establishments, concessions, leased departments, and any and all other

departments, sites and locations necessary, convenient or useful in the furtherance of any business of the corporation.

To develop, experiment with, manufacture, fabricate, produce, assemble, buy, lease or otherwise acquire, hold, own, operate, use, install, equip, maintain, service, process, possess, repossess, remodel, recondition, transport, import, export, sell, lease or otherwise dispose of and generally to deal in and with any and all kinds of raw materials, products, manufactured articles and products, equipment, machinery, devices, systems, parts, tools and implements, apparatus, and goods, wares, merchandise and tangible property of every kind, used or capable of being used for any purpose whatsoever, and wheresoever located.

To acquire by purchase, subscription, underwriting or otherwise, and to own, hold for investment, or otherwise, and to use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every sort and description and wheresoever situated, including shares of stock, bonds, debentures, notes, scrip, securities, evidences of indebtedness, contracts or obligations of any corporation or association, whether domestic or foreign, or of any firm or individual or of the United States or any state, territory or dependency of the United States or any foreign country, or any municipality or local authority within or without the United States, and also to issue in exchange therefor, stocks, bonds or other securities or evidences of indebtedness of this corporation and, while the owner or holder of any such property, to receive, collect and dispose of the interest, dividends and income on or from such property and to possess and exercise in respect thereto all of the rights, powers and privileges of ownership, including all voting powers thereon.

To construct, build, purchase, lease or otherwise acquire, equip, hold, own, improve, develop, manage, maintain, control, operate, lease, mortgage, create liens upon, sell, convey or otherwise dispose of and turn to account, any and all plants, machinery, works, implements and things or property, real and personal, of every kind and description, incidental to, connected with, or suitable, necessary or convenient for any of the purposes enumerated herein, including all or any part or parts of the properties, assets, business and goodwill of any persons, firms, associations or corporations.

The powers, rights and privileges provided in this certificate are not to be deemed to be in limitation of similar, other or additional powers, rights and privileges granted or permitted to a corporation by the Business Corporation Law, it being intended that this corporation shall have all rights, powers and privileges granted or permitted to a corporation by such statute.

2

**THIRD:** The office of the corporation is to be located in the County of Nassau, State of New York.

**FOURTH:** The aggregate number of shares which the corporation shall have the authority to issue is Two Hundred (200), all of which shall be without par value.

**FIFTH:** The Secretary of State is designated as the agent of the corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process against the corporation served on him is:

100 Merrick Road  
Rockville Centre, New York 11570

**SIXTH:** The personal liability of directors to the corporation or its shareholders for damages for any breach of duty in such capacity is hereby eliminated except that such personal liability shall not be eliminated if a judgment or other final adjudication adverse to such director establishes that his acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that he personally gained in fact a financial profit or other advantage to which he was not legally entitled or that his acts violated Section 719 of the Business Corporation Law.

IN WITNESS WHEREOF, this certificate has been subscribed to this 13th day of December, 1996 by the undersigned who affirms that the statements made herein are true under the penalties of perjury.



GERALD WEINBERG  
90 State Street  
Albany, New York

3



F 961216000 318

*2-13*

**BILLED**

CERTIFICATE OF INCORPORATION  
OF  
A C S TEL COM INC.

RECEIVED  
DEC 16 1996

STATE OF NEW YORK  
DEPARTMENT OF STATE  
FILED DEC 16 1996  
TAX \$ 10-  
BY: MD

*Wobson*

DEC 16 12 33 PM '96

FILED

Filed by:

Martin Katzman, Esq.  
29 Roslyn Road  
Mineola, New York 11501

4

961216000 330

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

DATE: 02/05/98  
REQUEST NUMBER: 3445-1657  
TELEPHONE CONTACT: (615) 5741-0537  
FILE DATE/TIME: 02/02/98 0900  
EFFECTIVE DATE/TIME: 02/02/98 0900  
CONTROL NUMBER: 0345286

TO:  
TELECARD REGULATORY SERV.  
11655 SW ALLEN BLVD

BEAVERTON, OR 97005

RE:  
A C S TEL. COM. INC.  
APPLICATION FOR CERTIFICATE OF AUTHORITY -  
FOR PROFIT

WELCOME TO THE STATE OF TENNESSEE. THE ATTACHED CERTIFICATE OF AUTHORITY HAS BEEN FILED WITH AN EFFECTIVE DATE AS INDICATED ABOVE.

A CORPORATION ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE ON OR BEFORE THE FIRST DATE OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE CORPORATION'S FISCAL YEAR. PLEASE PROVIDE THIS OFFICE WITH WRITTEN NOTIFICATION OF THE CORPORATION'S FISCAL YEAR. THIS OFFICE WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE CORPORATION AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE CORPORATION TO ADMINISTRATIVE REVOCATION OF ITS CERTIFICATE OF AUTHORITY.

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

FOR: APPLICATION FOR CERTIFICATE OF AUTHORITY -  
FOR PROFIT

ON DATE: 02/02/98

FROM:  
TELECARD REGULATORY SERVICES  
11655 SW ALLEN BLVD

BEAVERTON, OR 97005-0000

RECEIVED: FEES \$300.00 \$300.00  
TOTAL PAYMENT RECEIVED: \$600.00

RECEIPT NUMBER: 00002241425  
ACCOUNT NUMBER: 00277213

*Riley C. Darnell*

RILEY C. DARNELL  
SECRETARY OF STATE



APPLICATION FOR CERTIFICATE OF AUTHORITY FOR

A C S TEL COM INC.

To the Secretary of State of the State of Tennessee:

Pursuant to the provisions of Section 48-25-103 of the Tennessee Business Corporation Act, the undersigned corporation hereby applies for a certificate of authority to transact business in the State of Tennessee, and for that purpose sets forth:

1. The name of the corporation is A C S TEL COM INC.

If different, the name under which the certificate of authority is to be obtained is \_\_\_\_\_

[NOTE: The Secretary of State of the State of Tennessee may not issue a certificate of authority to a foreign corporation for profit if its name does not comply with the requirements of Section 48-14-101 of the Tennessee Business Corporation Act. If obtaining a certificate of authority under an assumed corporate name, an application must be filed pursuant to Section 48-14-101(d).]

2. The state or country under whose law it is incorporated is New York

3. The date of its incorporation is December 16, 1996 (must be month, day, and year), and the period of duration, if other than perpetual, is Perpetual

4. The complete street address (including zip code) of its principal office is \_\_\_\_\_

100 Merrick Road, Suite 116W, Rockville Centre, NY 11570

Street City State/Country 2 Zip Code

5. The complete street address (including the county and the zip code) of its registered office in this state is \_\_\_\_\_

1912 Hayes Street, Nashville, TN 37203

Street City/State County 2 Zip Code

The name of its registered agent at that office is \_\_\_\_\_

National Registered Agents, Inc.

6. The names and complete business addresses (including zip code) of its current officers are: (Attach separate sheet if necessary.)

Chander Khurana, President 100 Merrick Road, Suite 116W, Rockville Centre, NY 11570

Sanjay Khurana, V.P./Secretary 100 Merrick Road, Suite 116W, Rockville Centre, NY 11570

Jerry W. Hendricks, Asst. V.P. 11655 SW Allen Blvd., #23, Beaverton, OR 97005

7. The names and complete business addresses (including zip code) of its current board of directors are: (Attach separate sheet if necessary.)

Chander Khurana, Director, 100 Merrick Road, Suite 116W, Rockville Centre, NY 11570

Sanjay Khurana, Director, Same as above

8. The corporation is a corporation for profit.

9. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date/time is \_\_\_\_\_, 19\_\_\_\_, (date), \_\_\_\_\_, (time).

[NOTE: A delayed effective date shall not be later than the 90th day after the date this document is filed by the Secretary of State.]

[NOTE: This application must be accompanied by a certificate of existence (or a document of similar import) duly authenticated by the Secretary of State or other official having custody of corporate records in the state or country under whose law it is incorporated. The certificate shall not bear a date of more than one (1) month prior to the date the application is filed in this state.]

Signature Date

Assistant Vice President

Signer's Capacity

A C S TEL COM INC.

Name of Corporation

Signature

Jerry W. Hendricks

Name (typed or printed)

FILED  
RECEIVED  
SECRETARY OF STATE  
98 FEB -2 AM 9:00  
RILEY DARNELL  
SECRETARY OF STATE

State of New York  
Department of State

3438 10364

3438 1658

ss:

RECEIVED  
DEPARTMENT OF STATE  
93 FEB -2 AM 9:00

98 JAN 20 AM 9:49

I hereby certify, that the certificate of incorporation of A C S TEL COM  
INC. was filed on 12/16/1996, with perpetual duration, and that a  
diligent examination has been made of the index of corporation papers  
filed in this Department for a certificate, order, or record of a  
dissolution, and upon such examination, no such certificate, order or  
record has been found, and that so far as indicated by the records of  
this Department, such corporation is a subsisting corporation.

\*\*\*

Witness my hand and the official seal  
of the Department of State at the City  
of Albany, this 02nd day of January  
one thousand nine hundred and  
ninety-eight.

199801050466 63

