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BEFORE THE  
ILLINOIS COMMERCE COMMISSION

TELCENTREX, LLC ) DOCKET NO.  
) 06-0813  
Application for a Certificate of )  
Local and Interexchange Authority )  
to Operate as a Reseller and )  
Facilities-based Carrier of )  
Telecommunications throughout the )  
State of Illinois. )

Springfield, Illinois  
Tuesday, May 29, 2007

Met, pursuant to notice, at 10:00 a.m.

BEFORE:

MR. J. STEPHEN YODER, Administrative Law Judge

APPEARANCES:

MR. LANCE STEINHART  
1720 Windward Concourse, Suite 250  
Alpharetta, Georgia 30005

(Appearing on behalf of  
Applicant via teleconference)

SULLIVAN REPORTING COMPANY, by  
Carla J. Boehl, Reporter  
Ln. #084-002710

1 APPEARANCES: (Cont'd)

2 MS. KAREN CHANG  
3 527 East Capitol Avenue  
4 Springfield, Illinois 62701

5 (Appearing on behalf of Staff of  
6 the Illinois Commerce  
7 Commission)

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I N D E X

<u>WITNESS</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
STEVE GARELECK				
By Mr. Steinhart	6			
By Ms. Chang		7		
By Judge Yoder		10		

EXHIBITS

	<u>MARKED</u>	<u>ADMITTED</u>
None.		





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STEVE GARELECK

called as a witness on behalf of Applicant, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. STEINHART:

Q. Mr. Gareleck, could you please state your name, business address and title for the record, please.

A. My name is Steve Gareleck, business address is 5490 McGinnis Village Place, Suite 114, Alpharetta, Georgia 30005, and my title is president.

Q. Mr. Gareleck, are you familiar with the application and exhibits thereto that were filed in this docket?

A. Yes, I am.

Q. And the information contained therein is true and correct in all material respects to the best of your knowledge?

A. Yes, it is.

MR. STEINHART: Thank you. Your Honor, I have no further direct exam for Mr. Gareleck.

1 JUDGE YODER: All right. Ms. Chang, do you  
2 have any?

3 MS. CHANG: I have a few questions for Mr.  
4 Gareleck.

5 CROSS EXAMINATION

6 BY MS. CHANG:

7 Q. Mr. Gareleck, you are familiar with this  
8 application filed on the e-Docket of the Illinois  
9 Commerce Commission, are you?

10 A. Yes, to the best extent of my abilities.

11 Q. Okay. Question Number 7, it says "Please  
12 check the type of organization." It was checked as a  
13 corporation, but the corporation is a limited  
14 liability corporation; is that correct?

15 A. Yes, it is.

16 Q. Mr. Gareleck, are you familiar with the  
17 financial information that was dated August 31, 2006?

18 A. I am familiar. I know those were sent  
19 over. I don't have them in front of me.

20 Q. Okay. Well, we are not talking specifics.  
21 Are you aware of anything happen materially for  
22 presenting this balance statement and liability

1 equity? Is there any significant changes since  
2 August of 2006?

3 A. No, I am not aware of anything material.

4 Q. Okay. This balance sheet and income  
5 statement is representative of costs, management --  
6 let's see.

7 A. Yes.

8 Q. Could you tell us what is all, besides  
9 Telcentrex, LLC, is this financial information  
10 representing?

11 A. Telcentrex, LLC, is wholly owned by Cost  
12 Management Group. Cost Management Group owns three  
13 companies, Telcentrex, PartnerTEL and Telesis.

14 Q. What I am looking at right now is  
15 Attachment F which is a set of chart of accounts for  
16 Telcentrex. Is this account representative of  
17 Telcentrex strictly, the account listing?

18 A. If they are Telcentrex accounts, then it  
19 would be only Telcentrex, yes.

20 Q. Okay. I wonder if you can explain to us  
21 how this account merged with Cost Management's  
22 account and therefore can accurately portray

1 applicable taxes?

2 A. The accounts that we do billing for as a  
3 reseller are Telcentrex only, and taxes are paid  
4 through those accounts. For tax purposes we use OMNI  
5 Bill for billing and Bill Soft (sp) for taxes which  
6 is a third-party company to pay all applicable taxes.  
7 And the holding company, Cost Management Group, files  
8 one tax return for all the entities since they are  
9 all wholly owned. So our taxes on the corporate and  
10 federal level are paid from the Telcentrex level  
11 where all applicable state and local taxes related to  
12 telecommunication charges are paid through Telcentrex  
13 through those third-party entities.

14 Q. All right. Okay. Where will Telcentrex's  
15 books and records be obtained at?

16 A. 5490 McGinnis Village Place, Alpharetta,  
17 Georgia 30005, at our office address.

18 Q. So we will need a waiver for books and  
19 records to be kept in the state of Illinois; is it  
20 correct?

21 A. Yes, no books and records will be  
22 physically kept in the state of Illinois.

1 MS. CHANG: All right. And that is all of the  
2 questions from Staff.

3 JUDGE YODER: Okay. I have just a few, Mr.  
4 Gareleck.

5 MR. GARELECK: That was an excellent  
6 pronunciation of my name as well.

7 JUDGE YODER: Thank you.

8 EXAMINATION

9 BY JUDGE YODER:

10 Q. Telcentrex is seeking a certificate under  
11 13-403 facility-based interexchange services; is that  
12 correct?

13 A. We are, although we are not going to at the  
14 current time have any facilities in place.

15 Q. And also 13-404 for resale of local and/or  
16 interexchange services?

17 A. Yes.

18 Q. And also 13-405 for facilities-based local  
19 services?

20 A. Yes, but at the current time we don't have  
21 any services in the state, but we plan on having  
22 them.

1 Q. Okay. In hopes of getting the order, I  
2 just wanted to make sure I had that you were seeking  
3 for all three.

4 And the name of the company that you  
5 are seeking a certificate is as indicated on the  
6 application, Telcentrex, LLC?

7 A. Yes.

8 Q. We indicated off the record that -- we had  
9 a discussion off the record that Telcentrex is  
10 registered with the Illinois Secretary of State; is  
11 that correct?

12 A. I am aware that we have.

13 Q. And as indicated, the copy of the  
14 certificate from the Secretary of State that you  
15 registered, that certificate is dated December 18 of  
16 2006. The Secretary of State registered the company  
17 under the name Telecentrex, LLC. You are aware of  
18 that now?

19 A. I am aware of that now.

20 Q. And in discussion off the record you or  
21 your attorney, Mr. Steinhart, will correct that name  
22 with the Secretary of State?

1           A.    Yes.

2           Q.    And would you be seeking leave to file a  
3    late-filed exhibit showing that that correction has  
4    been made with the Secretary of State?

5           A.    I assume, yes.    Lance?

6           MR. STEINHART:   Yes, that's correct.

7           Q.    You indicate in your application your  
8    customer service phone number, I believe; is that  
9    correct?

10          A.    Yes.

11          Q.    And what hours is that customer service  
12   number available?

13          A.    It will be available 24 hours.

14          Q.    And Telcentrex has been in business  
15   approximately how long?

16          A.    Approximately three years, two and a half  
17   years.

18          Q.    Two and a half to three years.    And is  
19   Illinois the first state that you have sought a  
20   certificate of service?

21          A.    No, we have applied to many of the states  
22   simultaneously.    So one of several states.

1 Q. So in Illinois and several other states you  
2 filed kind of contemporaneous applications?

3 A. Yes.

4 Q. Have certificates been granted in any of  
5 the other states?

6 A. Yes.

7 Q. Could you off the top of your head indicate  
8 which ones that you recall?

9 A. Lance, could you go through that list?  
10 There was a bunch of them.

11 MR. STEINHART: Yes, I have the list in front  
12 of me, Your Honor.

13 JUDGE YODER: Well, then maybe if there is a  
14 bunch, approximately how many states?

15 MR. STEINHART: I would say 30.

16 JUDGE YODER: The court reporter says thanks  
17 for not reading all those.

18 Q. Approximately how many employees does  
19 Telcentrex have at the present time?

20 A. Approximately ten.

21 Q. And you indicated in your application some  
22 of, I believe, some of the experience, some of the

1 major people employed with Telcentrex, their  
2 experience, such as yourself, Mr. Remington Reynolds  
3 (sp), Marshal Hughes (sp), Jason Shapiro (sp), Robert  
4 Salona (sp) and Chad Fisher (sp)?

5 A. Yes.

6 Q. Are those people all still with the  
7 company?

8 A. Yes, they are.

9 Q. With your application you filed an  
10 attachment, filed after your accounts listing, and I  
11 am not sure which -- the accounts listing was  
12 Attachment F, and I am not sure if it's got a letter  
13 which should have been Attachment G, was the  
14 consolidated income statement for Cost Management  
15 Group and a combined profit and loss statement or  
16 report; is that correct?

17 A. Yes, it is.

18 JUDGE YODER: Mr. Steinhart, should those have  
19 a separate attachment number, the financial  
20 statements?

21 MR. STEINHART: I am sorry?

22 JUDGE YODER: The combined -- consolidated

1 income statement, the combined profit and loss report  
2 and the balance sheet, should those be characterized  
3 as Attachment F or, I am sorry, Attachment G?

4 MR. STEINHART: Yes.

5 JUDGE YODER: Are you -- is the Applicant  
6 seeking confidential treatment of those documents? I  
7 notice some of them were marked at the bottom "This  
8 document is confidential"?

9 MR. STEINHART: Yes, we are, confidential  
10 treatment of all financial information.

11 JUDGE YODER: Those can be marked as kind of a  
12 Group Attachment G.

13 MR. STEINHART: Yes.

14 BY JUDGE YODER:

15 Q. And you indicate in your application, Mr.  
16 Gareleck, that your company is familiar with GAAP  
17 accounting principles and keeps their books in  
18 accordance with GAAP?

19 A. Yes, we do.

20 Q. As indicated, you are seeking a waiver for  
21 keeping your books and records in Illinois and  
22 request permission to keep those in Georgia?

1           A.    Yes, we are.

2           Q.    And you would notify the Commission if your  
3   company changed its headquarters address or changed  
4   where it was keeping the books and records?

5           A.    Yes.

6           Q.    You are aware that the company must file  
7   tariffs prior to commencing service in the state of  
8   Illinois?

9           A.    Yes.

10          JUDGE YODER:  I don't think I have anything  
11   else.  Ms. Chang, do you have any other questions for  
12   Mr. Gareleck?

13          MS. CHANG:  No, I don't have any more  
14   questions.

15          JUDGE YODER:  Mr. Steinhart, did you have any  
16   other questions?

17          MR. STEINHART:  No, thank you, Your Honor.

18          JUDGE YODER:  Ms. Chang, does Staff have any  
19   objection to Attachment G, the financials, being  
20   granted confidential treatment?

21          MS. CHANG:  No objection.

22          JUDGE YODER:  And were you seeking to have the

1 responses to your questions entered into evidence  
2 also?

3 MS. CHANG: Yes, please.

4 JUDGE YODER: Any objection to -- I will call  
5 those Exhibit 1 and do you have any objection to  
6 those being admitted into evidence in this docket,  
7 Mr. Steinhart?

8 MR. STEINHART: No, Your Honor, I don't.

9 JUDGE YODER: And do you have any objection to  
10 Applicant being granted leave to have a late-filed  
11 corrected certificate from the Illinois Secretary of  
12 State, Ms. Chang?

13 MS. CHANG: Staff has no objection.

14 JUDGE YODER: Okay. I will grant leave to file  
15 a late-filed Exhibit 2, the corrected certificate  
16 from the Secretary of State. Does Staff have any  
17 position on the application, Ms. Chang?

18 MS. CHANG: Staff has a positive position  
19 regarding to this application. Staff feels that  
20 facilities-based interexchange and resell local and  
21 interexchange and facilities-based local authority  
22 should be granted to Telcentrex, LLC.

1           JUDGE YODER:   Okay.   Anything you wish to add  
2   today, Mr. Steinhart?

3           MR. STEINHART:   No, thank you, Your Honor.

4           JUDGE YODER:   As I indicated before we went on  
5   the record, I will leave the record open and we will  
6   set this -- why don't we pick a date about 30 to 45  
7   days down the road to continue the hearing if need  
8   be.   And if Applicant can get that late-filed exhibit  
9   filed with a copy to me, myself and Ms. Chang, then I  
10   can just cancel that hearing and then prepare the  
11   order.   Is that satisfactory, Mr. Steinhart?

12          MR. STEINHART:   Yes, it is.

13          JUDGE YODER:   Why don't we say like July 11 at  
14   9:00 o'clock?

15          MR. STEINHART:   Sounds good.

16          JUDGE YODER:   And hopefully we can get  
17   everything straightened out and get that date  
18   cancelled.   But if something happens, then we will  
19   have it available.

20                            Anything else before we break for  
21   today, Mr. Steinhart?

22          MR. STEINHART:   No, thank you, Your Honor.

1 JUDGE YODER: Ms. Chang?

2 MS. CHANG: Thank you, Judge.

3 JUDGE YODER: Then as indicated, I will  
4 continue it to July 11 at 9:00 o'clock in  
5 anticipation of receipt of the late-filed Exhibit 2,  
6 the Secretary of State certificate.

7 All right. Thank you, Mr. Steinhart.

8 (Whereupon the hearing in this  
9 matter was continued until July  
10 11, 2007, at 9:00 a.m. in  
11 Springfield, Illinois.)

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