

EXHIBIT I

Prefiled Testimony of ~~David J. Smat~~

Raymond H. Conley

OFFICIAL FILE

I.C.G. DOCKET NO. 08-0394

APP Exhibit No. 1

Witness _____

Date 10/8/08 Reporter _____

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**BEFORE THE
ILLINOIS COMMERCE COMMISSION**

iNetworks Group, Inc.

Application for a certificate of Local and
Interexchange authority to operate as a reseller
of telecommunications services throughout the
State of Illinois.

Docket No. 08-0394

PREFILED TESTIMONY OF DAVID J. SMAT

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

Raymond L. Crosby
A. My name is ~~David J. Smat~~ My business address is iNetworks Group, Inc., 125 S. Wacker Drive,
Suite 2510, Chicago, IL 60606.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

S. A. Vard *General Manager*
A. I am employed as the President and ~~Chief Executive Officer~~ of iNetworks Group, Inc.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to provide evidence regarding the financial, technical, and
managerial abilities of iNetworks Group, Inc. to provide high quality, competitively priced
telecommunications services in Illinois and to describe the services iNetworks Group, Inc.
proposes to offer.

1 Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR JOB RESPONSIBILITIES, YOUR
2 BACKGROUND, AND YOUR EXPERIENCE.

3 A. ~~I founded iNetworks Group, Inc. in 2001 after a highly successful 12 year career with AT&T~~
4 ~~Corp. iNetworks Group, Inc has grown to become a major provider of network integration and off-~~
5 ~~net services, performing as a comprehensive solutions provider delivering high capacity services.~~
6 ~~The company provides services to enterprise businesses and other carriers. Prior to founding~~
7 ~~iNetworks Group, I held multiple positions at AT&T Corp. including Sales Vice President and~~
8 ~~General Manager in AT&T's Wholesale organization. At AT&T, I built and managed a number~~
9 ~~of sales organizations supporting Service Provider and Systems Integrator customers.~~

10 Q. DESCRIBE THE GENERAL STRUCTURE OF THE COMPANY?

*See 4/2
Brought
Raymond
Cowley*

11 A. iNetworks Group, Inc. is an Illinois Domestic Corporation formed on January 16, 2002. The
12 ownership structure of iNetworks Group, Inc. is as follows: I own 1000 shares equaling 80% total
13 ownership stake, and Raymond L. Cowley, Senior Vice President and General Manager, owns 250
14 shares equaling a total ownership stake of 20%.

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1 **Q. DESCRIBE INETWORKS GROUP, INC.'s SERVICES AND HOW THE COMPANY**
2 **INTENDS TO PROVIDE THEM.**

3 **A.** iNetworks Group, Inc. proposes to provide competitive local exchange services, intrastate long
4 distance, Internet access, as well as dedicated access services including Private Lines from points
5 of origin within the State of Illinois to points of destination within the State of Illinois. iNetworks
6 Group, Inc. markets to business customers primarily. iNetworks Group, Inc.'s services will be
7 provided twenty-four hours a day, seven days a week. iNetworks Group, Inc. is a switchless
8 reseller and will not own or operate any transmission facilities or switching equipment located in
9 the State of Illinois. iNetworks Group, Inc. will utilize Verizon Business and AT&T as its primary
10 underlying carriers. The carrier will perform all long distance switching and transmission
11 functions on behalf of iNetworks Group, Inc. iNetworks Group, Inc.'s underlying carrier will also
12 provide the company with call detail records for use in rating and billing monthly service usage.
13 Customers will receive billing for iNetworks Group, Inc.'s services directly from the company.
14 iNetworks Group, Inc.'s underlying carrier will provide the daily transfer of a data file containing
15 customer call detail. This information will be used to rate each call and create each month's billing
16 detail. Long distance usage will be billed in arrears. Local service charges will be billed in the
17 month that service was rendered.

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1 **Q. PLEASE PROVIDE THE STATES WHERE INETWORKS GROUP, INC. HAS**
2 **RECEIVED CERTIFICATION AND THOSE STATES IN WHICH APPLICATIONS FOR**
3 **CERTIFICATION ARE PENDING.**

4 **A.** iNetworks Group, Inc. is currently certified to provide dedicated data services in the states of
5 California, Indiana, Kentucky, Maine, North Carolina, New Jersey, New York, Ohio,
6 Pennsylvania, Texas, Virginia, and Washington. iNetworks Group, Inc. currently provides
7 dedicated data services in the following deregulated jurisdictions: Alabama, Arkansas,
8 Washington DC, Maryland, Florida, and Utah. iNetworks Group, Inc. has undertaken a project to
9 expand all its state authorities to include resold local exchange and resold interexchange services
10 in all 50 states.

11 **Q. HAS INETWORKS GROUP, INC. EVER BEEN DENIED CERTIFICATION BY ANY**
12 **STATE OR EVER HAD ITS CERTIFICATION REVOKED?**

13 **A.** No.

14 **Q. HOW ARE CUSTOMER QUESTIONS AND INQUIRES HANDLED?**

15 **A.** Personnel will be available twenty-four hours a day, seven days a week to respond to service and
16 billing problems. Customers will be able to reach our Customer Service Department through the
17 use of a toll-free number. That number is 866-363-6387.

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**Q. DESCRIBE INETWORKS GROUP, INC.'S FINANCIAL ABILITY TO PROVIDE
RESALE TELECOMMUNICATIONS SERVICES.**

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A. iNetworks Group, Inc. intends to rely on its existing telecommunications business revenue and invested capital in order to satisfy the financial requirements of the Illinois Commerce Commission for the purposes of this application. In support of its financial ability to provide service, iNetworks Group, Inc. offers two years of financial statements including its balance sheet and profit and loss statements for 2006 and 2007. This information is attached to the Application as Confidential Exhibit D. With respect to Illinois, minimal capital investment is required from iNetworks Group, Inc., for entering the Illinois market. Costs are limited to the cost of certification and initial marketing. Additional costs incurred by iNetworks Group, Inc. for Illinois customers will be incremental per-call costs assessed by its underlying carriers for switching and transporting calls. These costs will be directly recovered in the rates charged to iNetworks Group, Inc.'s customers.

**Q. HOW DOES INETWORKS GROUP, INC. INTEND TO MARKET ITS SERVICES IN
ILLINOIS?**

A. iNetworks Group, Inc. intends to initially market its services throughout the State of Illinois via our direct sales force as well as print, radio, and television advertising.

**Q. ARE YOU FAMILIAR WITH THE TERM SLAMMING, AND IF SO, WHAT WILL
YOUR COMPANY DO TO PREVENT SLAMMING?**

A. Yes, I am familiar with the term and the meaning of slamming. Our company will take all necessary measures in order to prevent slamming, including securing a signed letter of authorization from all pre-subscribed customers prior to commencing service. All marketing will be done in accordance with all applicable state and federal regulations.

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Q. BRIEFLY DESCRIBE INETWORKS GROUP, INC.'S TARIFFS.

A. iNetworks Group, Inc.'s tariffs contain the rules, regulations and rates for services offered by the company which fall within the Commission's jurisdiction. iNetworks Group, Inc.'s proposed tariffs fully describes each of the products offered by the company and clearly state the rates associated with each product.

Q. HOW WILL THE PEOPLE OF ILLINOIS BENEFIT FROM INETWORKS GROUP, INC.'S SERVICES AND PRESENCE IN ILLINOIS?

A. Certification of iNetworks Group, Inc. will enhance telecommunications competition in Illinois. Competition encourages technological innovation and efficient use of resources. Increased competition has proven to benefit consumers by providing a wide variety of services and processes from which consumers can choose. Certification of iNetworks Group, Inc. will provide Illinois consumers with a wider choice of services and providers from which to select their telecommunications service.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.