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BEFORE THE
ILLINOIS COMMERCE COMMISSION

IN THE MATTER OF:)
)
ILLINOIS INTRANETWORK, INC.,)
) No. 01 -0123
Application for a certificate)
of local and interexchange)
authority to operate as a)
reseller and facilities based)
carrier of telecommunications)
services throughout the State)
of Illinois.)

Chicago, Illinois

February 7, 2001

Met pursuant to notice at 3:00 p.m.

BEFORE:
MS. ERIN O'CONNELL-DIAZ, Administrative Law
Judge.

1 APPEARANCES:

2 O'KEEFE ASHENDEN LYONS & WARD, by
3 MR. JOSEPH E. DONOVAN and
4 MR. HENRY T. KELLY
5 30 North LaSalle Street, Suite 4100
6 Chicago, Illinois 60602
7 Appearing for Illinois IntraNetwork, Inc.;

8 MS. CINDY JACKSON and
9 MS. JUDITH MARSHALL
10 527 East Capitol Avenue
11 Springfield, Illinois 62794
12 Appearing for ICC staff.

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SULLIVAN REPORTING COMPANY, by
Giraida B. Bordabeheres, CSR

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I N D E X

Witnesses:	Direct	Cross	Re - direct	Re- cross	By Examiner
Murrel Rhodes	6	15			
		29			

E X H I B I T S

Number	For Identification	In Evidence
Petitioner's 1		15
2		15
C		15
B		15

1 JUDGE O'CONNELL-DIAZ: Pursuant to the direction
2 of the Illinois Commerce Commission, I now call
3 Docket No. 01-0123 and this is in the matter of
4 Illinois IntraNetwork, Incorporated, application for
5 a certificate of local and interexchange authority
6 to operate as a reseller and facilities based
7 carrier of telecommunications services throughout
8 the State of Illinois.

9 May I have the appearances for the
10 record, please.

11 MR. DONOVAN: On behalf of the petitioner,
12 Illinois IntraNetwork, Inc., Joseph E. Donovan and
13 Henry T. Kelly from the law firm of O'Keefe,
14 Ashenden Lyons & Ward, 30 North LaSalle, Suite 4100,
15 Chicago 60602.

16 MS. JACKSON: Cindy Jackson, Consumer Services
17 Division, Illinois Commerce Commission, 527 East
18 Capitol Avenue, Springfield, Illinois.

19 MS. MARSHALL: Judith Marshall,
20 Telecommunications Division, Illinois Commerce
21 Commission, 527 East Capitol Avenue, Springfield,
22 Illinois.

1 JUDGE O'CONNELL-DIAZ: And there being no other
2 appearances, let the record reflect that this matter
3 was filed yesterday, February 6th, in our
4 Springfield office and the petitioner has requested
5 expedited treatment of this docket; and to that end,
6 it is my understanding that the parties have waived
7 the 10-day notice requirement and that no one has an
8 objection to the -- to this matter being expedited;
9 is that correct?

10 MR. DONOVAN: That is the petitioner's
11 understanding.

12 JUDGE O'CONNELL-DIAZ: Staff?

13 MS. JACKSON: Staff doesn't object.

14 JUDGE O'CONNELL-DIAZ: Okay. Mr. Donovan.

15 MR. DONOVAN: Yes, your Honor. I'd like to call
16 Murrel Rhodes.

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1 (Witness sworn.)

2 MURREL RHODES,

3 called as a witness herein, having been first duly

4 sworn, was examined and testified as follows:

5 DIRECT EXAMINATION

6 BY

7 MR. DONOVAN:

8 Q. Good afternoon, Mr. Rhodes. I'm going to
9 ask you some questions here and if you have problems
10 hearing me or have a bad connection, just let us
11 know.

12 A. Okay. Will do.

13 Q. Can you please state your name and your
14 business address, please.

15 A. My name is Murrel Rhodes and the business
16 address is 331 Fulton Street, Suite 840, Peoria,
17 Illinois, that's 61602 on the ZIP code.

18 Q. And can you state the title and the company
19 you're here on behalf of.

20 A. I'm president of IntraNetworks, Inc.

21 Q. Would that be Illinois IntraNetwork, Inc.,
22 as well?

1 A. I'm sorry. Yes. Illinois IntraNetwork,
2 Inc.

3 Q. Are you the same Murrel Rhodes who directed
4 the prefiled testimony that was submitted with your
5 application?

6 A. Yes, I am.

7 Q. I'm going to ask you some particular
8 questions on your testimony, Mr. Rhodes. If you
9 could look at your testimony and turn to Page 5.

10 A. Okay.

11 Q. On the bottom of that page you'll see a
12 question that reads: Please provide information
13 concerning the company's customer service and repair
14 contacts.

15 A. Yes.

16 Q. In your response you indicate that it's the
17 company's intention to have the local office staff
18 with technical personnel before initiating service.

19 Can you tell me if you have any
20 additional information on that particular subject?

21 A. Basically, I think what we'll do in the
22 early stages is subcontract many of these particular

1 functions to SSI.Net. That way we can offer the
2 people benefits and such and still maintain a full
3 set of services.

4 Q. And through your contracting with SSI.Net,
5 who will be the individual overseeing the technical
6 personnel who will be responsible for Illinois
7 IntraNetwork's network?

8 A. I will be that person responsible for main
9 contact. Technical services will be John Sinkes who
10 is our vice president and chief technical officer.

11 Q. Very well. If you'll continue on to Page 7,
12 the bottom of Page 7, Mr. Rhodes. There's a
13 question that reads: Will the company meet the
14 requirements of Section 13-301 and 301.1 of the PUA
15 and the Emergency Telephone System Act; do you see
16 where I am referring?

17 A. Yes, I do.

18 Q. In your response you indicate that the
19 company will collect from its subscribers funds for
20 the emergency telephone system. Does the company
21 also intend to participate in the UTAC program and
22 operate under the provisions of 13-301 and 301.1?

1 A. Yes, we do. We've already filed, I think,
2 an application.

3 Q. Very well. On that same page, two questions
4 above you have highlighted -- or excuse me -- bold
5 and underlined dated as of February 1, 2001 in
6 response to the date with which the financial
7 balance sheet was submitted with your testimony?

8 A. Uh-huh.

9 Q. On review of the financial exhibit, it
10 indicated that the balance sheet was dated as of
11 February 5, 2001. Which date would be more
12 accurate?

13 A. February 5 would be accurate.

14 Q. All right. Mr. Rhodes, in the event that
15 the company Illinois IntraNetwork, Inc., does
16 purchase some of the currently collocated equipment
17 of Vectris, what is the notification process that
18 the company will follow in notifying the end-use
19 customers?

20 A. Basically, we will send out a letter upon
21 successful bid and conclusion thereof by first-class
22 postage informing the customers that we have

1 acquired the Vectris assets and we'll be providing
2 their services.

3 Q. And the company -- or is the company aware,
4 Mr. Rhodes, that there are ICC rules and regulations
5 regarding these notice provisions?

6 A. Yes, we're aware that we have to have it
7 done within I think it's a 10-day window and we will
8 examine all rules and be sure that we comply with
9 all rules that the ICC should have.

10 Q. Mr. Rhodes, in reference to the purchase of
11 the Vectris equipment, can you give us an
12 understanding of how the company will go about
13 obtaining the capital to purchase the assets?

14 A. Yes. Basically, the stockholders will sign
15 personal guarantees that will allow us to obtain a
16 loan from the bank. I believe the numbers that
17 we've shown you on the exhibit that we've given you
18 show a 1 to 1 correspondence with the Vectris cost
19 of the equipment that we're anticipating. We
20 probably will do better than that in the actual
21 purchase price.

22 Q. Taking into account the, for lack of a

1 better word, modifications to your testimony,
2 Mr. Rhodes, that you've just submitted in your
3 verbal testimony, if I were to ask you the questions
4 again today on the record, would your responses be
5 the same as they are in your prefiled testimony?

6 A. Yes, they would.

7 MR. DONOVAN: Very well. At this point, your
8 Honor, I would...

9 JUDGE O'CONNELL-DIAZ: Counsel, is the testimony
10 that you're going to be submitting, does that
11 reflect the supplemental testimony that you just
12 elicited from the witness?

13 MR. DONOVAN: What I was envisioning, your Honor,
14 would be offer the prefiled testimony as submitted
15 with the filing and then subject to any of the
16 verbal modifications that he made today.

17 MR. KELLY: I don't think it was verbal
18 modifications. Other than the date of the balance
19 sheet being February 5th and not February 1st, I
20 don't know that there were any modifications. There
21 were some supplemental points.

22 JUDGE O'CONNELL-DIAZ: That was what I just

1 stated, that it was supplemental testimony --

2 MR. KELLY: Yes, supplemental.

3 JUDGE O'CONNELL-DIAZ: -- because it seemed to
4 be filling in some blanks where there were some.

5 MR. KELLY: We'll make the change of the February
6 1st date to the February 5th on the actual document
7 itself that will be admitted into evidence.

8 JUDGE O'CONNELL-DIAZ: Okay.

9 MR. DONOVAN: With that clarification, your
10 Honor, I would offer the testimony -- the prefiled
11 testimony of Murrel Rhodes in support of Illinois
12 IntraNetwork, Inc.'s, application.

13 JUDGE O'CONNELL-DIAZ: Would that be Petitioner's
14 Exhibit 1?

15 MR. DONOVAN: Yes, it would.

16 Attached along with that would be
17 Exhibit A which is a copy of the Articles of
18 Incorporation from the Secretary of State's Office.

19 JUDGE O'CONNELL-DIAZ: Isn't that in the petition
20 or is that a separate...

21 MR. DONOVAN: You are correct. I believe that
22 was an attachment to that petition.

1 JUDGE O'CONNELL-DIAZ: We don't need that.

2 MR. DONOVAN: Don't need that.

3 We also have attachments: A chart of
4 accounts which I believe in the testimony is
5 identified as Exhibit B, but that may be --

6 JUDGE O'CONNELL-DIAZ: I think it's Exhibit C but
7 I could be wrong.

8 MR. DONOVAN: Actually you're probably correct.

9 Chart of accounts and also subject to a
10 request from staff, we will be offering for the
11 evidence what's been labeled Illinois IntraNetwork,
12 Inc.'s, first-year operating budget and we request
13 that be submitted on a confidential basis.

14 JUDGE O'CONNELL-DIAZ: Do you want the chart of
15 accounts on a confidential basis too?

16 MR. DONOVAN: No, I don't believe that's
17 necessary.

18 JUDGE O'CONNELL-DIAZ: So let's call the business
19 plan Petitioner's Exhibit 2.

20 MR. DONOVAN: That's fine.

21 JUDGE O'CONNELL-DIAZ: Did you have it noted as a
22 different exhibit?

1 MR. DONOVAN: No, it was not noted as an exhibit.

2 JUDGE O'CONNELL-DIAZ: And that will be marked
3 confidential. Any other exhibits?

4 MR. DONOVAN: Along with the filing, your Honor,
5 the petitioner offered a proposed order although it
6 was not indicated as an exhibit attached hereto. It
7 was offered with his application.

8 JUDGE O'CONNELL-DIAZ: That's not marked as an
9 exhibit.

10 MR. DONOVAN: Okay. And also I guess that would
11 be Exhibit B in his testimony makes reference to a
12 balance sheet which is attached as Exhibit B.

13 JUDGE O'CONNELL-DIAZ: Am I correct that in the
14 testimony it's referred -- the chart of accounts is
15 referred to as Exhibit C?

16 MR. DONOVAN: Let me verify that real quick, your
17 Honor.

18 MR. KELLY: Yes.

19 JUDGE O'CONNELL-DIAZ: Does that conclude the
20 exhibit that you would like to have entered into the
21 record in this matter?

22 MR. DONOVAN: Yes, your Honor.

1 JUDGE O'CONNELL-DIAZ: Does staff have any
2 objection, subject to cross-examination, of
3 Petitioner's Exhibit 1, 2, C and B with Exhibit 2
4 being confidential?

5 MS. MARSHALL: No.

6 MS. JACKSON: No.

7 JUDGE O'CONNELL-DIAZ: Let the record reflect
8 that those documents are admitted into evidence.

9 (Whereupon, Petitioner's
10 Exhibit Nos. 1, 2, C and B
11 were admitted into evidence
12 as of this date.)

13 And does staff have cross for
14 Mr. Rhodes?

15 MS. JACKSON: This is Cindy. Yes, I do.

16 JUDGE O'CONNELL-DIAZ: Would you like to proceed?

17 CROSS-EXAMINATION

18 BY

19 MS. JACKSON:

20 Q. Mr. Rhodes, I'm going to ask you some
21 clarifying questions about your application.

22 A. Okay.

1 Q. Can you hear me okay?

2 A. Yes, I can.

3 Q. Question No. 15 of the application asks how
4 you will bill customers for services. Will you bill
5 on a monthly basis?

6 A. Yes, we do.

7 Q. And will you issue a detailed billing
8 statement?

9 A. Yes, we will.

10 Q. And list all services, features, taxes and
11 surcharges?

12 A. Yes.

13 Q. Okay. Question No. 16 of the application
14 asks how you plan to handle service, billing and
15 repair complaints. Can you just briefly describe
16 the complaint process?

17 A. The complaint process, we have an 800
18 number -- actually an 877 number available to the
19 customer and they can call that number and speak
20 with a representative. If they're not satisfied
21 with the representative, they can ask for a
22 supervisor and if the supervisor is unsatisfactory,

1 they'll leave a number and I, myself, will get back
2 with them so that we can get to a proper resolution.

3 If they're still unsatisfied, of course
4 they will have the option of filing a complaint with
5 you and we will notify them of such option.

6 Q. In your answer to Question No. 16, it says
7 that you intend to have a local office with
8 technical staff before initiating facilities-based
9 service. Would that also apply to before you
10 initiate resale service too?

11 A. I'm sorry. I'm trying to find -- what was
12 that question number again.

13 Q. 16.

14 MR. KELLY: Murrel, it's on the actual
15 application itself, not the testimony.

16 THE WITNESS: Yeah, I'm finding it here.

17 Okay. I'm sorry. Please go ahead.
18 What was the question again.

19 BY MS. JACKSON:

20 Q. It states that you intend to have a local
21 office with technical staff before initiating
22 facilities-based service. Does that also apply to

1 resale service?

2 A. Yes, it does.

3 Q. Okay. And how strong is the word "intend"?

4 I mean, is this something that's just in the thought

5 process right now or are you really actually going

6 to implement?

7 A. We intend to implement that, yes. It's a

8 strong "intend." It's not a weak, Well, we'll think

9 about it kind of thing.

10 Q. Okay. Do you know how long before you would

11 have this local office implemented?

12 A. Quite honestly, we have an office already

13 designated for that.

14 Q. Okay. Do you know if it would be three

15 months, six months?

16 A. We should be able to do it in less time than

17 that.

18 Q. Okay. What are your business hours or what

19 will be your business hours?

20 A. Basically 8:00 to 5:00.

21 Q. Monday through Friday?

22 A. Monday through Friday.

1 Q. On Question No. 19 of the application it
2 asks what procedures your company has to prevent
3 unauthorized slamming of customers. Will you have
4 your customers sign a letter of authorization?

5 A. Yes, we can do that.

6 Q. Will you be using any third-party verifiers?

7 A. Yes, and we will do that also.

8 Q. And how will you control and monitor any
9 telemarketing that your company does?

10 A. We don't plan to use telemarketing.

11 Q. You talk about specific detailed scripts for
12 any telemarketing companies. Is that just a
13 misstatement?

14 A. I think that's basically there because
15 keeping options open kind of a thing but we have no
16 intention whatsoever of doing any telemarketing at
17 this time.

18 Q. Looking at Question No. 23 of the
19 application, whose services do you intend to resell?

20 A. We would be reselling services of the ILEC
21 that we would be working with.

22 Q. Would that be Ameritech?

1 A. That would be Ameritech.

2 Q. Would it be Verizon?

3 A. It could be Verizon, yes.

4 Q. Now, let's move to your testimony.

5 A. Mm-hmm.

6 Q. On page No. 3 you start talking about your
7 proposed acquisition of Vectris. Do you know how
8 many customers Vectris has?

9 A. They are currently connected to 144
10 customers in the COs that we hope to purchase from
11 Vectris. These are primarily business customers
12 although there are some residential ADSL customers
13 included.

14 Q. And in the purchase of this equipment you're
15 also -- it's safe to assume that you're going to
16 take the customers too?

17 A. That's correct. That is our plan.

18 Q. Are there any customers outside of Illinois?

19 A. Yes, there are. There are, I believe, a
20 total of some 6 or 700 customers in the locations
21 that Vectris is still doing business.

22 Q. How many central offices does Vectris have

1 equipment in?

2 A. In the state of Illinois?

3 Q. Yes.

4 A. They have equipment in 33 central offices
5 within the state of Illinois.

6 Q. Are those all in the Chicago area or are
7 they scattered throughout the state?

8 A. They're mostly scattered throughout the
9 state. In fact, Vectris' business plan indicated
10 that they were not going to go into the major
11 metropolitan areas and try and compete with the
12 national DSL backbone providers; and as a result,
13 their network primarily consists of the major
14 downstate cities, all the way from Rockford to
15 Mt. Vernon.

16 Q. Okay. Looking at Pages 4 and 5 of your
17 testimony regarding the management of the company,
18 who in the company has customer service experience?

19 A. By customer experience what do you mean,
20 ma'am?

21 Q. Customer service experience dealing with
22 customers, dealing with the customer service center

1 that you're about to set up.

2 A. I have plenty of experience dealing with
3 customers and basically, the customer service area
4 will be under my charge.

5 Q. Okay. And who in your company will have
6 regulatory experience?

7 A. For regulatory experience we'll probably
8 rely heavily on our attorneys.

9 Q. And how many employees do you currently
10 have?

11 A. Currently there are no employees at Illinois
12 IntraNetworks. We intend to subcontract the jobs
13 over to SSI.Net during the initial phase; and then
14 as time goes on and the billings raise and so on, we
15 would develop independent staff for IntraNetworks.

16 Q. How many employees does SSI.Net have?

17 A. SSI.Net has approximately 20.

18 Q. Do you have any projection of how many
19 employees you might add in the future?

20 A. No, not at this time. I think we showed on
21 the sheet there roughly two full-time equivalents.
22 Basically, looking at somebody to do provisioning

1 and somebody to do the technical portion, but not on
2 that sheet, of course, as we showed was -- we plan
3 to calculate separately installation and theft and
4 there would be some employees involved in that and
5 that also would be a subcontract role.

6 Q. Are you planning on using any consultants?

7 A. A consulting firm?

8 Q. Yes.

9 A. Not at this time. Certainly if we feel
10 necessary in order to hold to our business plan, we
11 would contact such.

12 Q. Okay. Turning to Page 5 of your testimony
13 down at the bottom, the last question it states --
14 your answer states that the company's current plans
15 are to staff the office with a general manager,
16 salespeople, engineers, and a logistics to service
17 customers. Are these pretty firm plans?

18 A. Yes, they -- these are the positions that
19 would be initially subcontracted and then eventually
20 rolled into the payroll at IntraNetworks.

21 Q. On Page 6 of your testimony down at the
22 second to last line -- or I'll start with the third

1 to the last line it says, Furthermore, the company
2 intends to bill its customers in advance of
3 providing services and therefore does not anticipate
4 consumer complaints generally associated with
5 cramming.

6 Can you explain to me how billing in
7 advance will eliminate cramming complaints?

8 A. Well, basically, the billing in advance --
9 the customer has to pay ahead of time so that --
10 excuse me a second.

11 Can you give me a detailed definition of
12 cramming? I'm sorry.

13 Q. Cramming would be when a company would put
14 charges on a bill for services or features that the
15 consumer did not order.

16 A. Okay. Yes, I'm sorry. Since they'll have
17 the bill before -- before the service is provided,
18 if they are arguing -- if they have a problem with
19 the bill, they'll be able to bring that to our
20 attention before the service is provided so that it
21 really wouldn't occur. If it's a bill after the
22 fact, the service has already been provided.

1 Q. So are you saying if the customer has a
2 service or feature that they've been billed for and
3 they did not order it and it's been on their bill
4 for two or three months, they wouldn't be able to
5 dispute that charge?

6 A. They would certainly be able to dispute a
7 charge, but it would appear for them with the
8 service billed in advance because they can get it
9 off there before anything has been incurred. It
10 won't necessarily get rid of 100 percent of
11 complaints; it will do a great deal to help
12 alleviate the complaints because of the extra lead
13 time there.

14 Q. On Page 9 of the application -- or your
15 testimony, I'm sorry, down on the last answer going
16 up four lines, it says you also understand that ITAC
17 administrative company will perform the function of
18 selecting the ITAC line charges?

19 A. Just a second. Let me read the --

20 Q. Okay.

21 A. Yes. Go ahead, please.

22 Q. Is it your intent here that ITAC would be

1 collecting the line charge for you?

2 A. It's my understanding that we are supposed
3 to collect that and that we would work with ITAC to
4 determine what the appropriate procedures would be.

5 Q. So if you had a consumer call you that
6 wanted a TTY, would you then refer them to ITAC to
7 provide that equipment?

8 A. Yes, we would.

9 Q. Okay. And are you also aware that
10 collection of the ITAC line charges varies between
11 facilities-based and resale service?

12 A. Yes, we are. We understand that we must
13 keep that separated.

14 Q. Do you understand that in a resale
15 environment that the incumbent will collect and
16 remit for you, but in a facilities-based environment
17 you will be required to do that?

18 A. Yes, I do.

19 Q. So on Page 10 of your testimony, the answer
20 to the last question, you state that you will
21 contract with the incumbent local exchange carrier
22 to make these services available to voice-grade

1 customers and referring to the service, TTY
2 distribution and telecommunications relay service.

3 Would you agree that that answer should
4 be that you will contract with ITAC to provide this
5 service for you?

6 A. Yes.

7 Q. On Page 11 of your testimony, the answer to
8 the second question, you state that your company
9 will meet the statutory and regulatory requirements
10 for the telephone assistance program?

11 A. Mm-hmm.

12 Q. Will you file the required quarterly reports
13 for this program?

14 A. Have we filed one yet?

15 Q. No, will you?

16 A. Will we? Yes, of course. I'm sorry.

17 Q. Will your company abide by Part 730 which is
18 the service quality standards?

19 A. Yes, we will.

20 Q. And what would be the company's plans if for
21 some reason it does not successfully purchase the
22 Vectris equipment and/or customers?

1 A. If we do not successfully purchase them?

2 Q. Yes.

3 A. At this point I'm not quite sure exactly how
4 we would handle that. We certainly would want to
5 look to other possible business as a CLEC, but,
6 obviously, the focus of what we have done so far has
7 been strictly on the Vectris situation. That's our
8 focus. We have almost 100 customers who use these
9 connections for their everyday business and each one
10 with their entire business network connected via
11 these lines. And our most important function is to
12 make sure that these people, these customers of
13 ours, do not fall and lose their connection. So
14 it's been kind of time pressing here. We really
15 haven't had an opportunity to investigate all of the
16 lateral issues.

17 MS. JACKSON: Okay. Thank you. That's all my
18 questions.

19 MS. MARSHALL: This is Judith Marshall. I also
20 have a few questions.

21 JUDGE O'CONNELL-DIAZ: Okay.

22

1 CROSS -EXAMINATION

2 BY

3 MS. MARSHALL:

4 Q. I'll go back first again and start with the
5 application.

6 A. Okay.

7 Q. And first in response to Question 2, you
8 have marked each of those sections. Can you just
9 describe the services that you're seeking authority
10 to offer?

11 A. Basically, we're seeking to offer telephone
12 services throughout the state of Illinois. We're
13 not currently planning to offer local exchange
14 services, but certainly we would like to have that
15 option down the road at some point.

16 Currently, what we're interested in
17 primarily is becoming a facilities -based competitive
18 local exchange carrier so that we can continue the
19 operation of the services that we are currently
20 providing to our customers.

21 Q. Would the current services include
22 facilities-based interexchange carrier service?

1 A. I'm sorry. That was a little blurry. Could
2 you state it again, please.

3 Q. Yeah. The current services that you're
4 referring to, would that include facilities-based
5 interexchange carrier service?

6 A. I don't believe so, no. What we're
7 currently offering is basically what's called a
8 digital subscriber lines, DSL, which is a local loop
9 service.

10 Q. Now, earlier in response to a question from
11 Ms. Jackson, you indicated that Vectris had 600 to
12 700 customers outside of Illinois?

13 A. That's correct, yes.

14 Q. Are you attempting to also obtain those
15 customers?

16 A. We are not. We're interested only in
17 providing services within the state of Illinois.

18 Q. Then why are you requesting the
19 interexchange service authority at this time?

20 A. I think it would be simpler to do this so
21 that we have the option of later providing some
22 services.

1 Q. Okay. Now, in response to Question 4,
2 you've indicated you don't currently plan to offer
3 local exchange services in those areas where a rural
4 exemption may apply. Is it your understanding that
5 if in the future you would seek to serve in those
6 areas, you would need to separately petition the
7 Commission to determine whether or not the rural
8 exemption would apply?

9 A. I think that's something at that point we
10 would probably ask our attorney and ask the
11 Commission.

12 Q. I'm going to move on now to your testimony.

13 A. Okay.

14 Q. And beginning at Page 3 of your testimony,
15 I'm going to ask you to relate this to your
16 company's business plans.

17 A. Okay.

18 Q. Now, earlier you stated there were 244
19 customers within Illinois?

20 A. That's correct.

21 Q. Does this include the uninstalled customers
22 footnoted in your business plan?

1 A. It does not include the uninstalled
2 businesses in the footnote. In fact, the
3 uninstalled businesses with which we already have
4 signed contracts and are ready to install actually
5 would put us starting out somewhere around the
6 fourth month in terms of the business plan. Those
7 are contracts of people who turned in contracts or
8 were in the process of being installed when Vectris
9 decided that they could not go forward. So the 244
10 are installed operational customers.

11 Q. I'm going to refer you now to Page 9 of your
12 testimony.

13 A. Okay.

14 Q. And I'm going to refer you also to the same
15 statement that Ms. Jackson did. There's a sentence
16 there, the next to the last sentence of the last
17 answer that reads, I also understand that the ITAC
18 administrative company is able to perform this
19 function.

20 What functions are you discussing
21 there?

22 A. The 911 surcharges.

1 Q. Okay. Would you accept that will not be
2 involved in the collection of 911 surcharges?

3 A. Would I accept that?

4 Q. Yes, ITAC is the program for the hearing and
5 voice impaired customers.

6 A. Okay. Yes, I'm sorry. I've had a lot of
7 regulations thrown at me the last several days.
8 We're learning quickly.

9 Q. Okay. Now, is it your understanding that
10 your billing system needs to distinguish between
11 facilities-based and resale customers for purposes
12 of 911 surcharges?

13 A. Yes, I do. I do understand that.

14 Q. And is it further your understanding that
15 for resold services, the incumbent carrier will
16 remit 911 surcharges to the 911 authority?

17 A. Yes, I do understand that.

18 Q. And do you understand that for
19 facilities-based services you would be responsible
20 or your company would be responsible for remitting
21 911 surcharges to the system?

22 A. That is correct, yes.

1 Q. Who at your company would be responsible for
2 the provision of 911 services?

3 A. The official 911 contact would be John for
4 the technical side; on the accounting side it would
5 be Ed, but your contact would be me.

6 Q. So in the event the Commission wanted -- if
7 the 911 system department of the Commission wanted
8 to contact someone, do they contact you or
9 Mr. Sinkes or Mr. Smith?

10 A. They should contact me, except for the
11 technical areas where they would contact John.

12 Q. And so if they would contact you first, you
13 would refer them to John if it was an area you
14 expect --

15 A. If it's a technical issue, I would refer
16 them to John, yes.

17 Q. Okay. And what telephone number can John be
18 reached at?

19 A. John can be reached at the same phone
20 numbers that I can be reached at; one would only
21 have to ask for his name rather than myself.

22 Q. Are those phone numbers listed on the

1 application --

2 A. I believe they are.

3 Q. -- in response to Question 5?

4 JUDGE O'CONNELL-DIAZ: Why don't you just state
5 your phone number for the record.

6 THE WITNESS: Okay. Daytime phone number is area
7 code (309) 674-5290.

8 The 24-hour 800 number is
9 (877) 366-5290.

10 BY MS. MARSHALL:

11 Q. And do you have e-mail addresses either for
12 yourself or for Mr. Sinkes?

13 A. Yes. Anyone in our organization can be
14 reached by using their first name at SSI.Net. So
15 mine would be Murrel@SSI.Net. John's would be
16 John@SSI.Net. If there's more than one with the
17 same first name, it would be a last initial.

18 Q. But at this time John's is now -- is for
19 sure John@ --

20 A. John is John@SSI.Net, yes.

21 Q. Thank you. Now, beginning on Page 13 of
22 your testimony, you discuss the company's reasons

1 for requesting a waiver of the uniform system of
2 accounts?

3 A. Yes.

4 Q. In the event that such a waiver would be
5 granted, would the company provide audited financial
6 statements subsequent to the granting of that
7 waiver?

8 A. Yes, we would. It's my understanding that
9 audited statements need to be provided.

10 Q. And now I have some questions regarding the
11 financial statements and operating budget.

12 I believe that that is only the
13 operating budget that's proprietary but what I'm
14 going to do is try to ask the questions in such a
15 general way that if you believe the answer is
16 proprietary, you need to indicate that to the
17 Examiner before you answer.

18 A. Okay.

19 Q. There's a line item in the expenses and the
20 operating budget for office staff .

21 A. Yes.

22 Q. Could you tell me what the specific expenses

1 that intended to include?

2 A. That's intended to include basically all
3 miscellaneous costs, everything from office rent to
4 paper use to just miscellaneous items.

5 Q. Okay. I don't see any expense here. You
6 indicated the payroll expense was for two employees.
7 I'm not sure where the subcontracted labor would fit
8 into this. Have you considered the expense of the
9 installations and the subcontracted customer
10 service, et cetera?

11 A. The installations are not in this operating
12 budget. I think if you'll notice down in one of the
13 notes there, I do try to address that. We --
14 because we do charge the customer for installation s,
15 it's actually a profit center and we've not included
16 that in the operating budget here.

17 Basically, there would be income and
18 expenses but we haven't had the opportunity yet to
19 try and make a good projection on that, so I've left
20 that out. But that should be a profitable item; so,
21 financially, it's not of concern to us.

22 Q. Now, where on the chart of accounts will you

1 be accounting for the contract labor for installers
2 and other contract?

3 A. Okay. It would be under 6100 payroll, I
4 believe.

5 Q. So you intend to include all of these
6 people, the contract labor, into your general
7 payroll accounting?

8 A. Well, perhaps we should add a subcontract
9 account.

10 Q. It would seem like that might be a wise
11 idea.

12 A. Okay. We can do that. The chart of
13 accounts is very flexible and we're happy to oblige
14 you.

15 Q. Now, this budget doesn't contain any of the
16 costs associated with the purchase of the business?

17 A. That is correct.

18 Q. Can you tell -- you stated earlier, I
19 believe, that you are to obtain a loan based on
20 personal guarantees of shareholders?

21 A. Correct.

22 Q. Who are the shareholders that would be

1 issuing those personal guarantees?

2 A. That would be Lee Hoffman and myself.

3 Q. And have you had occasion to approach any
4 banks as to what the general terms and conditions of
5 such a loan might be?

6 A. That basically falls in Lee's area and I'm
7 not familiar with how far he is with that
8 negotiation at this point. I know we've contacted
9 the bank, they were quite favorably on us and -- but
10 we don't have any written agreement with them as of
11 yet, no.

12 Q. Do you have any indication of what the
13 interest rate is likely to be?

14 A. No, I don't have an exact interest rate. We
15 used basically a 10 percent figure for the operating
16 expenses.

17 Q. And that 10 percent figure is not really
18 reflected in the operating budget, is it?

19 A. Not in the operating budget, no.

20 Q. And how confident are you that the bank will
21 accept interest only for the first year?

22 A. Quite confident. We've done this before.

1 Q. Now, I need to ask you some questions about
2 the financial statement. That indicates initial
3 capital of \$50,000; is that correct?

4 A. That's correct.

5 Q. And you've also provided a promissory note
6 from Mr. Hoffman in the amount of \$50,000?

7 A. That is correct.

8 Q. Can you explain what amount of stock you
9 will own in the company and what the cost of that
10 stock will be?

11 A. At this point, those terms between
12 Mr. Hoffman and myself are not finished.

13 Q. But it is your attention to be a shareholder
14 and to contribute capital?

15 A. That is correct, yes.

16 MS. MARSHALL: That's all the questions that I
17 have.

18 JUDGE O'CONNELL-DIAZ: Counsel, any redirect?

19 MR. DONOVAN: Not at this point, your Honor.

20 JUDGE O'CONNELL-DIAZ: I don't have the
21 confidential document.

22 MR. DONOVAN: I'll give you my copy.

1 JUDGE O'CONNELL-DIAZ: Well, I need three.

2 MR. DONOVAN: We might have three here. Hold on
3 one second. Let me review my stuff here.

4 JUDGE O'CONNELL-DIAZ: Does staff have any other
5 questions for the witness?

6 MS. JACKSON: This is Cindy. I don't have any
7 more.

8 MS. MARSHALL: This is Judy Marshall. I have
9 nothing further.

10 JUDGE O'CONNELL-DIAZ: Does staff have a position
11 relative to the application that's been filed
12 herein?

13 MS. JACKSON: This is Cindy. For the portion
14 that I reviewed, I see no reason why the application
15 should not be granted.

16 MS. MARSHALL: This is Judith Marshall. I also
17 know of no reason why this application cannot be
18 granted.

19 JUDGE O'CONNELL-DIAZ: Okay. Counsel, is there
20 anything else you'd like included in the record in
21 this matter?

22 MR. DONOVAN: No more papers, your Honor. I

1 would, however, on the record like to thank everyone
2 for their flexibility and their patience in the last
3 couple of days. It's been kind of an abnormal
4 process and I just appreciate the effort everyone
5 has put into this.

6 JUDGE O'CONNELL-DIAZ: Mr. Rhodes, thank you very
7 much for your testimony.

8 Ms. Jackson and Ms. Marshall, thank you
9 very much for clearing your desks and making this
10 docket be able to come to a conclusion this week.
11 At this juncture, I will mark the record heard and
12 taken and this will be on the bench session for the
13 15th. Okay. Thank you, everybody.

14 MR. KELLY: Judy and Cindy, thank you very, very
15 much.

16 JUDGE O'CONNELL-DIAZ: You guys owe them big time
17 because they really helped you out here.

18 MS. JACKSON: Thank you for saying that. I
19 didn't want to say it, but I was going to call them
20 later.

21 MR. KELLY: We really appreciate it because we
22 know that you literally did have to clear your desks

1 to work on this stuff. So thank you very much.

2 HEARD AND TAKEN. . . .

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