

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Broadview Networks, Inc.)
)
Application for a Certificate of local authority to) Case No. 09-0454
Operate as a facilities based and non-facilities)
Based carrier of telecommunications services)
In the State of Illinois)

Responses of Broadview Networks, Inc.
To Staff Data Requests KC 1.01 through 1.02

Set forth below are the responses of Broadview Networks, Inc. to the Data Requests KC
1.01 through 1.02 of Staff in the above-captioned matter.

KC 1.01 Pursuant to 220 ILCS 5/5-404 and 405, “The Commission shall approve an application for a Certificate . . . upon a showing by the applicant, and a finding by the Commission, . . . that the applicant possesses sufficient technical, financial, and managerial resources and abilities to provide the . . . telecommunications service.”

Please answer the questions listed below concerning the Application Exhibit 10, Form 10Q for Broadview Networks Holdings, Inc. for the quarterly period ended June 30, 2009.

A. On page 22, “Liquidity and Capital Resources,” the last sentence of the first paragraph states: “Our cash and cash equivalents are being held in several large financial institutions, although most of our balances exceed the Federal Deposit Insurance Corporation insurance limits.”

What are the Applicant’s policies concerning safeguarding assets?

Respondent Name: Corey Rinker
Job Title: Chief Financial Officer
Telephone Number: (914) 922-7530

The Company’s cash and cash equivalents in the aggregate generally range between \$30 and \$45 million depending on its collections, payables and interest expense patterns. The Company currently has \$23.5 million invested in Treasury bills which are backed by the full faith and credit of the US Treasury. The remaining amounts are kept in lock boxes or checking accounts split primarily between three of the largest financial institutions in the world, each of which participates in the US guaranty program which insures business checking accounts to their full value.

KC 1.01 B. On page 23, "Disputes, the third sentence states: "We nonetheless continue to be involved in a variety of disputes with multiple carrier vendors relating to billings of approximately \$22.0 million as of June 30, 2009."

Please identify and describe each dispute, the dollar amount of each dispute, and the carrier vendor involved in the dispute as of June 30, 2009. Provide the same information as of October 31, 2009.

Respondent Name: Charles C. Hunter
Job Title: Executive Vice President and General Counsel
Telephone Number: (914) 922-7589

Please see Schedule KC 1.01(b) immediately following this page. The schedules are developed quarterly and hence reflect intercarrier disputes as of June 30, 2009 and September 30, 2009.

Verizon DisputesTotal

Access Toll Port Charges	\$	3,827,986
ADSL Double Billing	\$	41,097
Backbilling	\$	45,117
NR93S/NR93T	\$	877,580
Collocation	\$	84,306
Customer Not Ready (NR9UN)	\$	471,733
Debit Adjustments with no Detail	\$	14,209
Directory Listing	\$	106,040
Disconnected/Not Our Lines	\$	1,288,654
Duplicate Billing	\$	960
Expedite Charges	\$	557
Incorrect Platform	\$	629
Incorrect Quantity	\$	70,101
Incorrect Rate	\$	425,486
Late Payment Charges	\$	576,570
Minimum Billing	\$	30,371
OSS Transaction	\$	136,884
Query Charges	\$	131,954
Service Maintenance	\$	537,888
Taxes/Surcharges	\$	74,880
Unknown	\$	24,228
Usage	\$	3,745
Wireless Transit Charges	\$	777,091
Verizon Totals	\$	9,548,066

Non-Verizon DisputesNon-Verizon/Non CLEC CABS

SNET	\$	37,757
Ameritech	\$	3
MCI Worldcom	\$	3,851
RCN/ConEd	\$	119,880
Global Crossing	\$	572
Sprint	\$	687
AT&T	\$	26,193
Paetec	\$	5,609
XO	\$	10,900
Peco Adelpia	\$	10,533
Qwest	\$	45,093
Fairpoint	\$	844,378
All Other	\$	35,167
Non-Verizon/Non CLEC CABS Totals	\$	1,140,623

CLEC CABS Balances

AT&T CLEC CABS	\$	4,613,209
MCI CLEC CABS	\$	1,344,893
Choice One	\$	212,463
Citizens	\$	388,684
Conversant	\$	273,195
COVISTA	\$	154,896
CTC Communications	\$	120,154
EMBARQ	\$	176,826
Level3	\$	277,125
Mettel	\$	370,993
NYAB - Cablevision	\$	389,097
NYAB - RNK	\$	172,708
Paetec	\$	160,554
RNK	\$	129,028
TELNET	\$	223,960
US LEC	\$	317,784
Warwick	\$	101,586
XO	\$	678,128
Other CLEC CABS	\$	1,193,249
CABS Totals	\$	11,298,532

Grand Totals \$ **21,987,220**

DISPUTES September 30, 2009

<u>Dispute</u>	<u>Total</u>
<u>Verizon Disputes</u>	
P4TNX	\$ 1,234,634
PT8NX	\$ 2,331,741
ADSL Double Billing	\$ 37,076
NR93S/NR93T	\$ 927,197
Collocation	\$ 82,362
Customer Not Ready (NR9UN)	\$ 471,733
Debit Adjustments with no Detail	\$ 52,332
Directory Listing	\$ 112,328
Disconnected/Not Our Lines	\$ 1,807,718
Duplicate Billing	\$ 1,236
Expedite Charges	\$ 557
Incorrect Platform	\$ 2,596
Incorrect Quantity	\$ 21,343
Incorrect Rate	\$ 213,926
Late Payment Charges	\$ 69,174
Lightwave Pre-acquisition charges	\$ 113,835
Minimum Billing	\$ 18,637
OSS Transaction	\$ 185,975
Pre-settlement billing	\$ 2,768
Query Charges	\$ 5,132
Service Maintenance	\$ 712,001
Taxes/Surcharges	\$ 98,734
Enhanced corporate reward	\$ 407,777
Usage	\$ 106,383
Wireless Transit Charges	\$ 860,784
Verizon Totals	\$ 9,877,977

<u>Non-Verizon Disputes</u>	
<u>Non-Verizon/Non CLEC CABS</u>	
SNET	\$ 11,597
Ameritech	\$ 16,820
MCI Worldcom	\$ 9,217
RCN/ConEd	\$ 120,405
Global Crossing	\$ 6,003
Sprint	\$ 781
AT&T	\$ 31,737
Poetec	\$ 5,730
XO	\$ 19,242
Peco Adelpia	\$ 10,533
Qwest	\$ 57,579
Fairpoint	\$ 1,119,896
All Other	\$ 268,286
Non-Verizon/Non CLEC CABS Totals	\$ 1,677,826

<u>CLEC CABS Balances</u>	
AT&T CLEC CABS	\$ 4,875,462
MCI CLEC CABS	\$ 1,337,980
Choice One	\$ 212,215
Citizens	\$ 126,705
Conversant	\$ 278,235
COVISTA	\$ 154,927
CTC Communications	\$ 75,133
EMBARQ	\$ 170,458
IDT America	\$ 104,737
Level3	\$ 265,908
Mettel	\$ 383,593
Monmouth Telephone	\$ 77,838
NYAB - ACC/TCG	\$ 92,858
NYAB - Cablevision	\$ 413,122
NYAB - RNK	\$ 183,373
Paetec	\$ 155,977
RNK	\$ 129,495
TELNET	\$ 223,947
US LEC	\$ 323,621
Warwick	\$ 51,338
XO	\$ 695,983
Other CLEC CABS	\$ 884,675
CABS Totals	\$ 11,217,580

Grand Totals

\$22,773,383.82

KC 1.01 D. On page 25, Item 1A, "Risk Factors", states: "The CIT Group/Business Credit Inc. ("CIT"), one of our lenders under our credit facility has recently faced significant challenges, which threaten its financial viability. The amount of our credit facility may be negatively impacted if CIT is unable to satisfy its obligations under the credit facility, or if any of our other lenders under the credit facility suffer similar liquidity issues. In such an event, we may not be able to draw on any of the amounts available under our credit facility, or a substantial portion thereof."

Please describe in detail how the filing of Bankruptcy by CIT has impacted Broadview's ability to obtain credit.

Respondent Name: Corey Rinker
Job Title: Chief Financial Officer
Telephone Number: (914) 922-7530

The bankruptcy of CIT has had no impact on the Company's ability to obtain credit. Prior to CIT's bankruptcy filing, the Company, out of an abundance of caution, fully drew down its \$25 million revolving credit facility with CIT. CIT continues to be fully supportive of the Company's revolving credit facility, for which it is currently receiving interest payments from the Company. The Company also maintains a capital lease facility under which additional credit is available.

KC 1.02 Please provide an Illinois business operation and budget plan for the Applicant including both interexchange and local exchange services and explain the Applicant's funding of the operation.

Respondent Name: Corey Rinker
Job Title: Chief Financial Officer
Telephone Number: (914) 922-7530

Please see Schedule KC 1.02 immediately following this page.

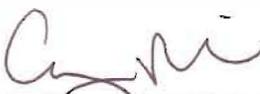
	<u>IL</u>
TOTAL REVENUE	100,000
TOTAL COST OF REVENUE	51,501
GROSS MARGIN	48,499
GROSS MARGIN %	48.50%
Selling, General & Admin:	
Total Employee Costs	17,632
Commissions - External	4,286
Commissions - Internal	1,703
Other Selling Expenses	78
Advertising & Promotions	368
Flip Costs	115
Conversion & Provisioning	1,571
Cap. Customer Conversions	(1,686)
DUF Charges	112
Service Maintenance	402
Billing Services	360
MPB Services	191
Bad Debt and Collections Costs	1,106
Customer Incentive Credits	
Retention Credits	
Cost of Acquisition Credits	
Dues and Subscriptions	131
Insurance Expense	345
Professional Fees	1,103
Recruiting Fees & Referrals	149
Postage Expense	93
Property Leases & Utilities	2,343
Equipment Leases	75
Telephone	140
Cell, Pager and Conference	144
Repairs & Contract Maintenance	619
Temporary Help & Consultants	248
Outside Services	226
Computer Hardware & Software	79
Supplies	180
Training	35
Travel and Entertainment	612
Bank Fees	230
Charitable Contributions	13
Other Expense	233
Taxes & Regulatory	183
TOTAL SELLING, GENERAL & ADMIN	33,419
EBITDA	15,080
Other (Income)/Expense:	
Depreciation	
Amortization	
Non-Cash Compensation	
Cash Interest Expense	
Non-Cash Interest Expense	
Interest (Income)	
Gain/(Loss) on Sale of Assets	
Restructuring Costs	
Other (Income)	
Income Taxes	
TOTAL OTHER (INCOME)/EXPENSE	0
NET INCOME/(LOSS)	15,080

VERIFICATION

OATH

State of New York)
) ss
County of Westchester)

Corey Rinker makes oath and says that he is Treasurer, Assistant Secretary of Chief Financial Officer of Broadview Networks, Inc.; that he has examined the foregoing Data Responses and that to the best of his knowledge, information, and belief, all statements of fact contained in the said responses are true, and the said responses are correct statements of the business and affairs of the above-named applicant in respect to each and every matter set forth therein.

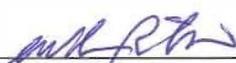


Corey Rinker

Subscribed and sworn to before me, a Notary Public/
WILSON ROCAFUERTE JR

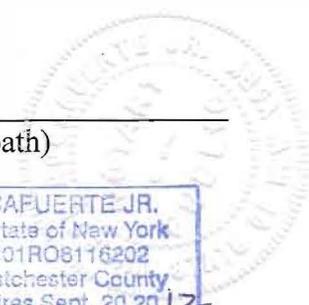
(Title of person authorized to administer oaths)

in the State and County above named, this 18th day of JANUARY, 2010.



(Signature of person authorized to administer oath)

WILSON ROCAFUERTE JR.
Notary Public, State of New York
Registration #01RO6116202
Qualified In Westchester County
Commission Expires Sept. 20, 2012



VERIFICATION

OATH

State of New York)
) ss
County of Westchester)

Charles C. Hunter makes oath and says that he is Executive Vice President, Secretary and General Counsel of Broadview Networks, Inc.; that he has examined the foregoing Data Responses and that to the best of his knowledge, information, and belief, all statements of fact contained in the said responses are true, and the said responses are correct statements of the business and affairs of the above-named applicant in respect to each and every matter set forth therein.



Charles C. Hunter

Subscribed and sworn to before me, a Notary Public/
WILSON ROCAFUERTE JR.

(Title of person authorized to administer oaths)

in the State and County above named, this 18th day of JANUARY, 2010.



(Signature of person authorized to administer oath)

WILSON ROCAFUERTE JR.
Notary Public, State of New York
Registration #01RO6116202
Qualified In Westchester County
Commission Expires Sept. 20, 2012

