

VIA OVERNIGHT COURIER

DEPOSIT

DATE

D741

MAR 31 1998

March 30, 1998

Florida Public Service Commission
Division of Communications
Certification and Compliance Section
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0866

980456-TX

**Re: Application of Touch 1 Communications, Inc.
for Authority to Provide Alternative Local Exchange
Service Within the State of Florida**

Dear Sir or Madam:

Enclosed herewith, on behalf of Touch 1 Communications, Inc. ("Touch 1"), are an original and six copies of Touch 1's Application for Authority to Provide Alternative Local Exchange Service Within the State of Florida. Also enclosed is a check made payable to the Florida Public Service Commission ("Commission") in satisfaction of the \$250.00 statutory filing fee for this application.

Please file/stamp the enclosed copy of this transmittal letter to acknowledge receipt of Touch 1's Application by the Commission and return it to our offices in the enclosed addressed envelope.

Should you have any questions concerning this matter, please do not hesitate to contact the undersigned.

Respectfully submitted,

Catherine M. Hannan

Catherine M. Hannan

Enclosures

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward a copy of check to RAR with proof of deposit.

Initials of person who forwarded check:

AG

03/31/98
1620 I Street, NW
Suite 701
Washington, D.C. 20006
Telephone (202) 293-2500
Facsimile (202) 293-2571

APPLICATION FORM

5. A. National mailing address including street name, number, post office box, city, state, zip code, and phone number.

Touch 1 Communications, Inc.

100 Brookwood Road

Atmore, AL 36502

(334) 368-8600

- B. Florida mailing address including street name, number, post office box, city, state, zip code, and phone number.

1200 South Pine Island

Plantation, FL 33324

(954) 473-5503

6. Structure of organization: Check appropriate box(s)

<input type="checkbox"/> Individual	<input type="checkbox"/> Corporation
<input checked="" type="checkbox"/> Foreign Corporation	<input type="checkbox"/> Foreign Partnership
<input type="checkbox"/> General Partnership	<input type="checkbox"/> Limited Partnership
<input type="checkbox"/> Joint Venture	<input type="checkbox"/> Other, Please explain _____

7. If applicant is an individual, partnership, or joint venture, please give name, title and address of each legal entity.

N/A

APPLICATION FORM

1. This is an application for \checkmark (check one):

Original authority (new company)

Approval of transfer (to another certificated company)

Example, a certificated company purchases an existing company and desires to retain the original certificate authority.

Approval of assignment of existing certificate
(to a noncertificated company)

Example, a non-certificated company purchases an existing company and desires to retain the certificate of authority rather than apply for a new certificate.

Approval for transfer of control (to another certificated company)

Example, a company purchases 51% of a certificated company. The Commission must approve the new controlling entity.

2. Name of applicant:

Touch 1 Communications, Inc.

3. Name under which the applicant will do business (d/b/a):

same as above

4. If applicable, please provide proof of fictitious name (d/b/a) registration.

Fictitious name registration number: N/A

APPLICATION FORM

8. State whether any of the officers, directors, or any of the ten largest stockholders have previously been adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings. If so, please explain.

No officer, director or stockholder of Touch 1 Communications, Inc. has
been adjudged bankrupt, mentally incompetent, or found guilty of any
felony or of any crime.

9. If incorporated, please provide proof from the Florida Secretary of State that the applicant has authority to operate in Florida.

Corporate charter number: F94000004479

10. Please provide the name, title, address, telephone number, Internet address, and facsimile number for the person serving as ongoing liaison with the Commission, and if different, the liaison responsible for this application.

Cynthia Scogin Davis

Director of Strategic Planning

100 Brookwood Road

Atmore, AL 36504-5751

(334) 368-8600

(334) 368-1314 fax

cscogin@touch1.com

11. Please list other states in which the applicant is currently providing or has applied to provide local exchange or alternative local exchange service.

Touch 1 Communications, Inc., does not currently offer local exchange
or alternative local exchange service in any state. Applications for
authority to provide local telecommunications services are pending in
the states of Alabama, Louisiana and Tennessee.

APPLICATION FORM

12. Has the applicant been denied certification in any other state? If so, please list the state and reason for denial.

Touch 1 Communications, Inc., has not been denied certification in any state.

13. Have penalties been imposed against the applicant in any other state? If so, please list the state and reason for penalty.

No penalties have been imposed against Touch 1 Communications, Inc., in any state.

14. Please indicate how a customer can file a service complaint with your company.

Touch 1 Communications, Inc., provides a toll-free telephone number which can be utilized by customers to register complaints, or to request refunds or bill adjustments. Additionally, Applicant has in place internal procedures for facilitating the processing and resolution of customer complaints, Applicant's customer service employees receive specific training in the efficient, prompt resolution of customer complaints and are instructed to provide full contact information for state commission consumer complaint departments.

15. Please complete and file a price list in accordance with Commission Rule 25-24.825.(Rule attached)

Applicant's Price List will be submitted one day prior to commencement of its local service offering.

16. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide alternative local exchange service in Florida.

A. Financial capability. SEE ATTACHMENT B

Regarding the showing of financial capability, the following applies:

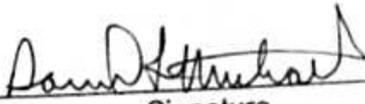
The application should contain the applicant's financial statements for the most recent 3 years, including:

APPLICATION FORM

AFFIDAVIT

By my signature below, I, the undersigned officer, attest to the accuracy of the information contained in this application and attached documents and that the applicant has the technical expertise, managerial ability, and financial capability to provide alternative local exchange service in the State of Florida. I have read the foregoing and declare that to the best of my knowledge and belief, the information is true and correct. I attest that I have the authority to sign on behalf of my company and agree to comply, now and in the future, with all applicable Commission rules and orders.

Further, I am aware that pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083".

Official:  3/16/98
Signature Date

Title: President / Chief Executive Officer (334) 368-8600
Telephone Number

Address: Touch 1 Communications, Inc.
100 Brookwood Road
Atmore, AL 36502

ATTACHMENT A
Response to Application Question No. 15

RULE 25-24.825 PRICE LIST
OF
TOUCH 1 COMMUNICATIONS, INC.

[to be submitted prior to service initiation]

ATTACHMENT B
Response to Application Question No. 16 A

**FINANCIAL CAPABILITY
OF
TOUCH 1 COMMUNICATIONS, INC.**

Audited Consolidated Financial Statements
of
TOUCH 1, INC.
(for the calendar year ending December 31, 1995)

TOUCH 1 COMMUNICATIONS, INC.

ATMORE, ALABAMA

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 1995

WALLER AND CROOK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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WALLER AND CROOK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

208 SOUTH CENTRAL OLA AVENUE

POST OFFICE DRAWER 990

ATMORE, ALABAMA 36504

TELEPHONE

334 268 3184

FAX

334 268 3003

HAL E. WALLER, JR. CPA (1985)

JAMES W. CROOK, III, CPA

R. MITCHELL JONES CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
Touch 1 Communications, Inc.
Atmore, Alabama

We have audited the accompanying balance sheet of Touch 1 Communications, Inc. (an Alabama corporation) as of December 31, 1995, and the related statements of income, stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Touch 1 Communications, Inc. as of December 31, 1995, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

The 1994 financial statements were compiled by us and our report thereon, dated March 15, 1995, stated we did not audit or review those financial statements and, accordingly, expressed no opinion or other form of assurance on them.



May 21, 1996

TOUCH 1 COMMUNICATIONS, INC.
BALANCE SHEETS
DECEMBER 31, 1995 AND 1994

ASSETS

	Audited 1995	Unaudited 1994
Current Assets		
Cash	\$ 184,338	\$ 9,776
Trade accounts receivable	22,863,665	
Notes receivable	24,101,167	
Other receivables	97,356	
Prepaid expenses	77,484	
Total Current Assets	47,324,010	9,776
Property and Equipment, at cost, less accumulated depreciation of \$714,715 in 1995	10,200,530	
Other Assets		
Other intangibles - net of amortization	586,945	
Investment in limited partnership, at cost	14,586	
Deposits	63,010	
Deferred charges	26,075	
Total Other Assets	690,616	
Total Assets	\$ 58,215,156	\$ 9,776

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Trade accounts payable	\$ 32,014,671	\$
Short-term note payable	2,096,998	
Accrued expenses	529,150	
Current maturities of capital lease obligations	239,330	
Total Current Liabilities	34,880,149	
Non-Current Liabilities		
Capital lease obligations (net of current maturities)	609,189	
Notes payable - stockholders	1,586,000	
Notes payable - other related parties	2,370,408	
Deferred income tax	45,580	
Total Non-Current Liabilities	4,611,177	
Stockholders' Equity		
Common stock, par value \$.01 per share; authorized 5,000,000 shares, issued and outstanding 977,600 shares in 1995 & 1994	9,776	9,776
Additional paid in capital	13,074,936	
Retained earnings	5,639,118	
Total Stockholders' Equity	18,723,830	9,776
Total Liabilities and Stockholders' Equity	\$ 58,215,156	\$ 9,776

See auditors' report and the notes to financial statements.

TOUCH 1 COMMUNICATIONS, INC.
 STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
 YEAR ENDED DECEMBER 31, 1995

	CLASS A COMMON STOCK		PAID-IN CAPITAL		RETAINED EARNINGS
	SHARES	AMOUNT			
Balances at December 31, 1994 (Compiled)	977,600	\$ 9,776	\$		\$
Addition (Note 14)			13,074,936		
Net Income					5,639,118
Balances December 31, 1995 (Audited)	<u>977,600</u>	<u>\$ 9,776</u>	<u>\$ 13,074,936</u>		<u>\$ 5,639,118</u>

See auditors' report and the notes to financial statements.

TOUCH 1 COMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Operations

The Company was organized on August 18, 1994, and is in the business of providing discounted long-distance service to its subscribers who are located throughout the United States.

Property and Depreciation

Equipment additions are recorded at cost. Maintenance, repairs and renewals are expensed, and additions and improvements are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Line Installation Costs and Organization Costs

Initial costs of installing trunk groups have been capitalized, and are being amortized over a 36 month period. Organization costs have been capitalized and are being amortized over a 60 month period. Billing set-up costs have been capitalized and are being amortized over a 36 month period.

Employee Benefits

The cost of compensated leave is accrued as it is vested to the employee.

Income Taxes

Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Income tax expense is the tax payable or refundable for the period plus or minus the change in deferred tax assets and liabilities.

Cash and Equivalents

For purposes of the statement of cash flows, the Company considers all short-term debt instruments purchased with a maturity of three months or less to be cash equivalents.

Use of Estimates in the Preparation of Financial Statements

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Company estimates an accrual for long-distance originating cost. Subsequently, the accrual is adjusted based on invoices received from the long-distance service provider.

TOUCH 1 COMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. RELATED PARTY TRANSACTIONS

Notes Payable - Stockholders

The Company was indebted to stockholders on various notes totaling \$1,586,000. In addition, interest of \$113,452 had accrued through December 31, 1995. The notes bear interest at ten percent per annum, and become due on demand. The notes are collateralized by real estate.

Notes Payable - Other Related Parties

The Company was indebted to a limited partnership in which Touch 1 Communications, Inc. is the general partner. The various notes totaled \$1,940,408 at December 31, 1995. The notes bear interest at nine percent per annum and are unsecured. In addition, Touch 1 Communications, Inc. was indebted to a company with common owners. The balance owed at December 31, 1995 was \$430,000. This note is unsecured.

8. CAPITAL LEASES

The Company leases equipment under long-term lease agreements. At December 31, 1995, property and equipment included the following amounts for equipment held under capital lease obligations:

Equipment	\$1,038,019
Less Accumulated Depreciation	<u>185,167</u>
	<u>\$ 852,852</u>

Future minimum payments, by year, under capital leases with initial or remaining terms of one year or more consisted of the following:

1996	\$ 325,573
1997	320,513
1998	240,384
1999 (Final year)	<u>136,440</u>
Total minimum lease payments	1,022,910
Less amount representing interest	<u>174,391</u>
Present value of minimum lease payments	848,519
Less: current portion of obligations under capital leases	<u>239,330</u>
Long-term obligations under capital leases with interest rates ranging from 9.0% to 15.9%	<u>\$ 609,189</u>

Obligations under capital leases are collateralized by leased equipment.

During the year ended December 31, 1995, the Company incurred capital lease obligations totaling \$247,541 in connection with equipment acquisitions.

TOUCH 1 COMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. INCOME TAXES

At December 31, 1995, the provision for income taxes was comprised of the following:

Deferred income taxes	<u>\$45,580</u>
-----------------------	-----------------

A reconciliation of income tax at the statutory rate to the Company's effective rate is as follows:

Income tax on net income computed statutory rates	\$2,192,565
Add:	
Tax on collection of receivables that had no tax basis	1,888,773
Excess book depreciation	123,834
Other non-deductible expenses	85,827
Less:	
Tax benefit of installment gain on sale of customer base	(4,290,999)
Current income tax expense	-
Deferred income tax expense	<u>45,580</u>
Provision for income taxes	<u>\$ 45,580</u>

The Company had an unused net operating loss carryforward of approximately \$5.5 million that may be used to offset any future taxable income. The operating losses expire in 2010.

10. SUPPLEMENTAL DISCLOSURES REGARDING CASH FLOWS

Operating activities reflect interest paid in the amounts of \$561,372 in 1995.

The Company had non-cash financing relating to the acquisition of customer bases in the amount of \$2,411,625 during 1995.

The Company sold its customer base in exchange for a \$22,000,000 note receivable during 1995.

11. PENSION PLAN

During the year ended December 31, 1995, the Company established a 401(k) pension plan. The plan covers all employees who meet the eligibility requirements. The Company will make contributions equal to 50 percent of the salary deduction elected by the employees up to a maximum of five percent of the employee's compensation. The Company contributed \$68,561 during 1995 on behalf of the plan participants.

Audited Consolidated Financial Statements
of
TOUCH 1, INC.
(for the calendar year ending December 31, 1996)

TOUCH 1, INC.
ATMORE, ALABAMA

AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 1996

WALLER, CROOK & JONES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

WALLER, CROOK & JONES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

208 SOUTH PENSACOLA AVENUE

POST OFFICE DRAWER 920

ATMORE, ALABAMA 36501

HAL K. WALLER, JR., CPA (1955)

JAMES W. CROOK, III, CPA

R. MITCHELL JONES, CPA

TELEPHONE

334-368-3186

FACSIMILE

331-368-3090

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
Touch 1, Inc.
Atmore, Alabama

We have audited the accompanying consolidated balance sheet of Touch 1, Inc. (an Alabama corporation) as of December 31, 1996, and the related consolidated statements of income, stockholders' net capital deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Touch 1, Inc. as of December 31, 1996, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Waller Crook & Jones

July 1, 1997

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TOUCH 1, INC.
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 1996

CONSOLIDATED LIABILITIES AND NET CAPITAL DEFICIT

Current Liabilities	
Bank Overdraft	\$ 5,958,861
Trade accounts payable	42,812,887
Note payable-unconsolidated affiliate	851,055
Short-term notes payable	3,044,205
Accrued expenses	1,203,120
Current maturities of capital lease obligations	439,005
Current maturities of long term debt	866,325
Total Current Liabilities	<u>55,175,458</u>
 Non-Current Liabilities	
Capital lease obligations (net of current maturities)	917,839
Long term debt (net of current maturities)	5,325,246
Notes payable - stockholders	2,000,000
Notes payable - other related parties	2,895,397
Deferred income tax	131,959
Total Non-Current Liabilities	<u>11,270,441</u>
 Stockholders' Net Capital Deficit	
Common stock, par value \$.01 per share, authorized 5,000,000 shares issued and outstanding 989,900 shares in 1996	9,899
Less Treasury Stock, at cost, 46,897 shares	(1,397,146)
Additional paid in capital	18,714,054
Accumulated Deficit	<u>(29,022,021)</u>
Total Stockholders' Net Capital Deficit	<u>(11,695,214)</u>
Total Liabilities and Net Capital Deficit	<u>\$ 54,750,685</u>

The accompanying notes are an integral part of these statements.

TOUCH 1, INC.
CONSOLIDATED STATEMENT OF INCOME/(LOSS)
YEAR ENDED DECEMBER 31, 1996

	1996
Revenue	
Sales	\$ <u>62,210,161</u>
Costs and Expenses	
Cost of service	26,172,445
Operating expenses	63,006,689
Depreciation	1,230,197
Interest	<u>1,135,658</u>
Total Costs and Expenses	<u>91,544,989</u>
Loss from operations	<u>(29,334,828)</u>
Other Income/(Loss)	
Miscellaneous income	399,186
Total Other Income	<u>399,186</u>
Net Income/(Loss) Before Income Taxes	(28,935,642)
Provision for Income Tax	<u>86,379</u>
Net Income/(Loss)	<u>\$ (29,022,021)</u>

The accompanying notes are an integral part of these statements.

TOUCH 1, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1996

	1996
Operating Activities	
Net Loss	\$ (29,022,021)
Adjustments to reconcile net income to net cash provided by operations	
Depreciation	1,230,197
Amortization	4,050,304
Change in receivables	(29,348,060)
Change in prepaid expenses	(311,098)
Change in deposits	(176,778)
Change in accounts payable	43,663,942
Change in accrued expenses	1,203,120
Change in deferred taxes	131,959
	<hr/>
Net Cash Used by Operations	(8,578,435)
Investing Activities	
Purchase of equipment	(2,853,522)
Proceeds from sale of equipment	376,157
Investment in unconsolidated affiliate	(2,930,000)
Investment in limited partnerships	(1,967)
	<hr/>
Net Cash Used by Investing Activities	(5,409,332)
Financing Activities	
Bank Overdraft	5,958,861
Payment of short-term borrowings	(3,072,486)
Proceeds from borrowings	11,700,000
Payments on notes and capital leases	(598,667)
Proceeds from sale of stock	59
	<hr/>
Net Cash Provided by Financing Activities	13,987,767
Net Decrease in Cash	
Cash at Beginning of Year	<hr/>
Cash at End of Year	<u>\$ <hr/></u>

The accompanying notes are an integral part of these statements.

TOUCH 1, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Use of Estimates in the Preparation of Financial Statements

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Company estimates an accrual for long-distance originating cost. Subsequently, the accrual is adjusted based on invoices received from the long-distance service provider.

2. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 1996, consisted of the following:

Trade accounts receivable	\$ 27,126,899
Less allowance for doubtful accounts	<u>18,499</u>
	<u>\$ 27,108,400</u>

3. NOTES RECEIVABLE

Notes receivable consisted of \$1,215,000 due from an unconsolidated affiliate. The note is related to debt that Touch 1, Inc. extinguished on behalf of the affiliate.

4. PROPERTY AND EQUIPMENT

Major classifications of property and equipment and their respective depreciable lives at December 31, 1996, are summarized below:

	1996	Depreciable Lives
Land	\$ 191,945	
Vehicles	35,569	5 years
Land improvements	438,270	20 years
Buildings	5,883,830	30 years
Office equipment	4,767,725	5 years
Office furniture and fixtures	2,844,550	5 years
Leasehold improvements	<u>43,411</u>	15 years
	14,205,300	
Less accumulated depreciation	<u>1,941,425</u>	
	<u>\$ 12,263,875</u>	

5. OTHER INTANGIBLE ASSETS

Other intangible assets consisted of the following:

Unamortized customer base	\$ 1,437,043
Unamortized installation costs	475,376
Unamortized organization costs	22,960
Unamortized billing set-up	<u>173,638</u>
	<u>\$ 2,109,017</u>

TOUCH 1, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. DEFERRED CHARGES

Deferred charges at December 31, 1996 consisted of the following:

Prepaid Telemarketing	\$11,733,114
Less Accumulated Amortization	<u>4,123,224</u>
	<u>\$ 7,609,890</u>

7. SHORT-TERM NOTE PAYABLE

The Company established a financing agreement with a finance company which allowed amounts up to \$5,000,000 to be borrowed based upon the Company's trade accounts receivable and certain other assets. At December 31, 1996, there was a balance due of \$ 2,044,205. Interest was accruing under this agreement at two percent above the prime rate.

At December 31, 1996, the Company was liable to a bank on a short-term note totaling \$ 1,000,000 at an interest rate of 8.25 percent. The note was collateralized by real estate.

8. LONG-TERM NOTE PAYABLE

Long-term debt at December 31, consisted of the following:

Various installment obligations with monthly payments aggregating \$112,573, due through May 2011 with interest at rates from 8.0% to 10.25% collateralized by real estate.	\$6,191,571
Less Current Maturities	<u>866,325</u>
Total Long-Term Debt	<u>\$5,325,246</u>

Maturities of long-term debt are as follows:

1997	\$ 866,325
1998	712,719
1999	340,080
2000	230,352
2001	250,402
Thereafter	<u>3,791,693</u>
	<u>\$6,191,571</u>

TOUCH 1, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. RELATED PARTY TRANSACTIONS

Notes Payable - Stockholders

The Company was indebted to stockholders on various notes totaling \$2,000,000. In addition, interest of \$61,217 had accrued through December 31, 1996. The notes bear interest at ten percent per annum, and become due on demand. The notes are collateralized by real estate.

Notes Payable - Other Related Parties

The Company was indebted to a limited partnership in which Touch 1 Communications, Inc. is the general partner. The note totaled \$2,465,397 at December 31, 1996. The notes bear interest at nine percent per annum and were unsecured. In addition, Touch 1 Communications, Inc. was indebted to a company with common owners. The balance owed at December 31, 1996 was \$430,000. This note was unsecured.

Notes Due To/From Unconsolidated Affiliate

Touch 1, Inc. had a receivable from Telnet Systems, Inc. (see note 16) in the amount of \$1,215,000 that related to the original purchase Telnet and the related debt which was extinguished on behalf of Telnet. Touch 1, Inc. was indebted to Telnet Systems, Inc. in the amount of \$851,055 for telemarketing services that Telnet provided for Touch 1, Inc. during the course of the year. The total of those services for 1996 totaled \$3,577,055.

10. CAPITAL LEASES

The Company leases equipment under long-term lease agreements. At December 31, 1996, property and equipment included the following amounts for equipment held under capital lease obligations:

Equipment	\$ 1,854,556
Less Accumulated Depreciation	<u>469,860</u>
	<u>\$ 1,384,696</u>

Future minimum payments, by year, under capital leases with initial or remaining terms of one year or more consisted of the following:

1997	\$ 564,475
1998	487,909
1999	383,965
2000 (Final year)	<u>165,017</u>
Total minimum lease payments	1,601,366
Less amount representing interest	<u>244,522</u>
Present value of minimum lease payments	1,356,844
Less: current portion of obligations under capital leases	<u>439,005</u>

Long-term obligations under capital leases with interest rates ranging from 9.0% to 13.5% \$ 917,839

TOUCH 1, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. COMMITMENT AND CONTINGENCIES

The Company has entered into a long-term management and consulting agreement whereby it promises to provide all call rating, billing and collection functions for the other party's customer base.

The Company has an outstanding note receivable related to the settlement of debt on behalf of its affiliate, Telnet Systems, Inc.

16. STOCKHOLDERS' NET CAPITAL DEFICIT

On April 18, 1996, shareholders of Touch 1 Communications, Inc. (affiliate of Touch 1, Inc.) exchanged their shares, on a one for one basis, their shares in the affiliate for shares in the parent company. In addition to the exchange, 5,900 new shares were issued during 1996.

17. SUBSEQUENT EVENT

At December 31, 1996, Touch 1, Inc. owned Telnet Systems, Inc., a telemarketing company based in Fergus Falls, MN. The management of Touch 1, Inc. viewed the ownership of Telnet as a temporary investment and therefore elected to exclude the company's financial information in the consolidated financial statements. Telnet Systems, Inc. was sold in April 1997.

TOUCH 1, INC.
FINANCIAL STATEMENT
DECEMBER 31, 1997

TOUCH 1, INC.
BALANCE SHEET
DECEMBER 31, 1997

CURRENT LIABILITIES		
Accounts Payable	17,291,200	
Accounts Payable - BELL/LDDS	5,531,395	
Accounts Payable - LDDS(T 1, L.D.)	11,201,938	
Accounts Payable - Affiliate	0	
Leases Payable	833,482	
Notes & Interest Payable	12,267,130	
P/R Accruals & Withholdings	396,062	
Sales Tax Payable	1,056,171	
Accrued Income Taxes	131,959	
	<hr/>	
TOTAL CURRENT LIABILITIES		48,709,335
LONG TERM LIABILITIES		
Leases Payable	9,489,917	
Notes & Interest Payable	3,572,997	
	<hr/>	
TOTAL LONG TERM LIABILITIES		13,062,913
TOTAL LIABILITIES		61,772,249
Treasury Stock	(5,247,357)	
Common Stock	10,039	
Preferred Stock	1,403	
Paid in Capital	25,773,360	
Retained Earnings-Prior	(23,391,534)	
Retained Earnings-Current Year	11,902,078	
	<hr/>	
TOTAL EQUITY		9,047,989
TOTAL LIABILITIES AND EQUITY		<u>\$ 70,820,239</u>

TOUCH 1, INC.
CONSOLIDATED INCOME STATEMENT
DECEMBER 31, 1997

	Current Month Actual	% of Revenue	Y T D Actual	% of Revenue
REVENUE				
Long Distance Revenue	\$6,736,125	98.8%	\$70,314,688	98.4%
Wireless Revenue	<u>81,312</u>	<u>1.2%</u>	<u>1,118,342</u>	<u>1.6%</u>
TOTAL REVENUE	6,817,437	100.0%	71,433,030	100.0%
COST OF SALES				
Long Distance	3,870,044	56.8%	40,798,621	57.1%
Wireless	<u>38,442</u>	<u>0.6%</u>	<u>903,148</u>	<u>1.3%</u>
TOTAL COST OF SALES	3,908,486	57.3%	41,701,769	58.4%
GROSS PROFIT	2,908,951	42.7%	29,731,261	41.6%
OPERATING EXPENSES				
Corporate	574,983	14.3%	10,981,300	15.2%
Long Distance	6,798,708	99.7%	81,861,666	114.6%
Wireless	<u>115,705</u>	<u>1.7%</u>	<u>1,714,811</u>	<u>2.4%</u>
TOTAL OPERATING EXPENSES	7,889,395	115.7%	94,457,777	132.2%
Premier Management Fee	375,000	5.5%	1,500,000	2.1%
LDDS Management Fee	1,669,924	24.5%	21,421,576	30.0%
Other Income/ Expense	<u>(2,714,630)</u>	<u>-39.8%</u>	<u>53,925,775</u>	<u>75.5%</u>
NET INCOME BEFORE TAXES	(5,650,150)	-82.9%	12,120,836	177.8%
Income Taxes				
NET INCOME	<u>(5,650,150)</u>	<u>-82.9%</u>	<u>12,120,836</u>	<u>177.8%</u>

TOUCH 1 COMMUNICATIONS, INC.
BALANCE SHEET
DECEMBER 31, 1997

LIABILITIES & EQUITY

CURRENT LIABILITIES		
Accounts Payable	16,069,132	
Accounts Payable - BELL/LDDS	5,531,395	
Accounts Payable - LDDS(T 1, L.D.)	11,201,938	
Accounts Payable - Affiliate	29,118,116	
Leases Payable	833,482	
Notes & Interest Payable	11,245,096	
P/R Accruals & Withholdings	396,062	
Sales Tax Payable	1,052,932	
Accrued Income Taxes	<u>131,955</u>	
TOTAL CURRENT LIABILITIES		75,580,110
LONG TERM LIABILITES		
Leases Payable	9,489,917	
Notes & Interest Payable	<u>741,503</u>	
TOTAL LONG TERM LIABILITIES		10,231,420
TOTAL LIABILITIES		85,811,529
STOCKHOLDERS' EQUITY		
Treasury Stock	(1,397,146)	
Common Stock	9,850	
Paid in Capital	30,731,190	
Retained Earnings-Prior	(21,505,590)	
Retained Earnings-Current Year	<u>(39,959)</u>	
TOTAL EQUITY		7,798,344
TOTAL LIABILITIES AND EQUITY		<u>\$93,609,874</u>

TOUCH 1 COMMUNICATIONS, INC.
INCOME STATEMENT
DECEMBER 31, 1997

	Current Month Actual	% of Revenue	Y T D Actual	% of Revenue	% of YTD Managed Revenue
REVENUE					
Long Distance Revenue	\$ 6,051,315	89.8%	\$ 63,255,413	90.0%	38.7%
Wholesale Revenue	298,527	4.4%	4,465,394	6.4%	2.7%
Wholesale - Premier	382,840	5.7%	1,618,805	2.3%	1.0%
Operator Services Revenue	46,681	0.7%	427,179	0.6%	0.3%
Small Business Revenue	2,796	0.0%	97,837	0.1%	0.1%
800 Service Revenue	148,858	2.2%	1,914,775	2.7%	1.2%
Unbillable & Uncollectible	(194,892)	-2.9%	(1,464,759)	-2.1%	-0.9%
TOTAL REVENUE	6,736,125	100.0%	70,314,688	100.0%	43.0%
COST OF SALES					
Originating Cost	1,116,500	16.6%	10,323,743	14.7%	6.3%
Terminating Cost	2,874,660	42.7%	28,900,861	41.1%	17.7%
Discounts	(559,045)	-8.3%	(5,236,304)	-7.4%	-3.2%
Travel Call	177,819	2.6%	3,360,001	4.8%	2.1%
Backhaul Charges	99,600	1.5%	1,279,086	1.8%	0.8%
Port Charges	69,439	1.0%	760,403	1.1%	0.5%
Maintenance & Mag Tape	9,200	0.1%	122,600	0.2%	0.1%
800 Number Cost	81,872	1.2%	1,288,230	1.6%	0.8%
TOTAL COST OF SALES	3,870,044	57.5%	40,798,621	58.0%	25.0%
GROSS PROFIT	2,866,080	42.5%	29,516,067	42.0%	18.1%
OPERATING EXPENSES					
CUSTOMER RELATIONS					
Salaries	0	0.0%	667,551	0.9%	0.4%
Headsets	0	0.0%	383	0.0%	0.0%
Incentive Pay	0	0.0%	83	0.0%	0.0%
Magazine Subscriptions	0	0.0%	247	0.0%	0.0%
Recognition/Recreation/Morale	0	0.0%	1,133	0.0%	0.0%
Employee Education/Training	0	0.0%	515	0.0%	0.0%
Travel	0	0.0%	597	0.0%	0.0%
Office Supplies	0	0.0%	1,703	0.0%	0.0%
TOTAL CUSTOMER RELATIONS	0	0.0%	672,211	1.0%	0.4%
CUSTOMER ASSISTANCE					
Salaries	176,936	2.6%	2,769,204	3.9%	1.7%
Incentives/Recognition/Morale	150	0.0%	2,240	0.0%	0.0%
Headsets	0	0.0%	3,856	0.0%	0.0%
Travel & Entertainment	0	0.0%	1,103	0.0%	0.0%
Employee Education	0	0.0%	0	0.0%	0.0%
Dues & Subscriptions	0	0.0%	18	0.0%	0.0%
Office Supplies	582	0.0%	8,275	0.0%	0.0%
New Cubicle Supplies	0	0.0%	6,996	0.0%	0.0%
TOTAL CUSTOMER ASSISTANCE	177,667	2.6%	2,791,692	4.0%	1.7%

TOUCH 1 COMMUNICATIONS, INC.
INCOME STATEMENT
DECEMBER 31, 1997

	Current Month Actual	% of Revenue	Y T D Actual	% of Revenue	% of YTD Managed Revenue
Tapes & Headsets	0	0.0%	0	0.0%	0.0%
Employee Education	0	0.0%	0	0.0%	0.0%
Other	0	0.0%	0	0.0%	0.0%
TOTAL QUALITY CONTROL	0	0.0%	0	0.0%	0.0%
ORDER FULFILLMENT					
Salaries	57,762	0.9%	772,518	1.1%	0.5%
Travel & Entertainment	0	0.0%	7,633	0.0%	0.0%
Employee Education	0	0.0%	178	0.0%	0.0%
Employee Incentives	0	0.0%	132	0.0%	0.0%
Office Supplies	182	0.0%	1,445	0.0%	0.0%
Data Card Maintenance	5,966	0.1%	134,984	0.2%	0.1%
Calling Card Supplies	15,398	0.2%	128,840	0.2%	0.1%
Calling Card Lease	6,169	0.1%	99,021	0.1%	0.1%
Incentive Funds - Card Division	0	0.0%	244	0.0%	0.0%
Fulfillment Center Postage	60,000	0.9%	824,317	1.2%	0.5%
Postage	5,264	0.1%	483,279	0.7%	0.3%
Dues & Subscriptions	0	0.0%	280	0.0%	0.0%
Mail Machine Supplies	184	0.0%	811	0.0%	0.0%
Mail Machine Lease	3,440	0.1%	7,320	0.0%	0.0%
Fulfillment Center Salaries	17,008	0.3%	229,647	0.3%	0.1%
TOTAL ORDER FULFILLMENT	171,394	2.5%	2,690,649	3.8%	1.6%
NETWORK OPERATIONS					
Salaries	57,525	0.9%	708,845	1.0%	0.4%
Incentives	0	0.0%	113	0.0%	0.0%
Travel & Entertainment	243	0.0%	9,102	0.0%	0.0%
Education	(871)	0.0%	12,419	0.0%	0.0%
Subscriptions	700	0.0%	5,800	0.0%	0.0%
Community Relations	0	0.0%	186	0.0%	0.0%
Office Supplies	208	0.0%	2,888	0.0%	0.0%
Shipping	0	0.0%	0	0.0%	0.0%
Telephone Tools & Test Sets	0	0.0%	0	0.0%	0.0%
Telephone Headsets	0	0.0%	253	0.0%	0.0%
Telephone Equip. Maint & Rep.	16	0.0%	1,026	0.0%	0.0%
Other	0	0.0%	0	0.0%	0.0%
TOTAL OPERATIONS	57,822	0.9%	740,639	1.1%	0.5%
REGULATORY AFFAIRS					
Salaries	15,661	0.2%	197,193	0.3%	0.1%
Incentives	0	0.0%	34	0.0%	0.0%
Travel & Entertainment	0	0.0%	1,303	0.0%	0.0%
Education	0	0.0%	757	0.0%	0.0%
Subscriptions & Publications	1,692	0.0%	19,627	0.0%	0.0%
Office Supplies	63	0.0%	1,669	0.0%	0.0%
Overnight Mail	0	0.0%	56	0.0%	0.0%
Legal & Regulatory Fees	1,800	0.0%	36,201	0.1%	0.0%
Other	0	0.0%	0	0.0%	0.0%

TOUCH 1 COMMUNICATIONS, INC
INCOME STATEMENT
DECEMBER 31, 1997

	Current Month Actual	% of Revenue	Y T D Actual	% of Revenue	% of YTD Managed Revenue
REACQUISITION					
Salaries	83,334	1.2%	977,439	1.4%	0.6%
Reacquisition Incentives	0	0.0%	8,713	0.0%	0.0%
Tapes & Headsets	0	0.0%	586	0.0%	0.0%
Employee Education	0	0.0%	89	0.0%	0.0%
Office Supplies	27	0.0%	1,012	0.0%	0.0%
Travel & Entertainment	0	0.0%	2,041	0.0%	0.0%
Other	0	0.0%	0	0.0%	0.0%
TOTAL REACQUISITION	83,362	1.2%	989,880	1.4%	0.6%
MARKETING					
Salaries	1,077	0.0%	147,758	0.2%	0.1%
Office Supplies	0	0.0%	1,386	0.0%	0.0%
Welcome Envelope	6,005	0.1%	60,722	0.1%	0.0%
Residential Welcome Brochure	0	0.0%	987	0.0%	0.0%
Product Inserts	0	0.0%	1,758	0.0%	0.0%
Residential Refund Certificates	0	0.0%	3,846	0.0%	0.0%
Customer Assistance Stickers	0	0.0%	23,874	0.0%	0.0%
Disability Special Package	0	0.0%	1,889	0.0%	0.0%
Information Brochure	0	0.0%	1,269	0.0%	0.0%
Cust. Assistance Postcard	0	0.0%	1,633	0.0%	0.0%
Customer Relations Postcard	0	0.0%	20,704	0.0%	0.0%
Ohio LOA Postcards	0	0.0%	1,792	0.0%	0.0%
Order Fulfillment Postcard	0	0.0%	1,419	0.0%	0.0%
Stationery	279	0.0%	6,064	0.0%	0.0%
Collateral Revision	1,053	0.0%	8,369	0.0%	0.0%
Travel Cards	45,157	0.7%	321,322	0.5%	0.2%
Travel Cards Carrier	8,161	0.1%	75,413	0.1%	0.0%
800 Information Sheet	0	0.0%	233	0.0%	0.0%
800 Cards	0	0.0%	43,047	0.1%	0.0%
800 Card Carriers	0	0.0%	0	0.0%	0.0%
Travel/Entertainment/Educ.	1,395	0.0%	8,780	0.0%	0.0%
Please Hold Promotions	89	0.0%	801	0.0%	0.0%
White Page Directory Listings	69	0.0%	291	0.0%	0.0%
Yellow Page Listings	0	0.0%	479	0.0%	0.0%
Subscriptions/Books	0	0.0%	601	0.0%	0.0%
Customer Notification	0	0.0%	44,740	0.1%	0.0%
Legal Fees & Charges	180	0.0%	12,074	0.0%	0.0%
Bonus Cards	0	0.0%	87,370	0.1%	0.1%
End of Year Promotion	0	0.0%	0	0.0%	0.0%
Trade Show/Community Rel.	0	0.0%	1,843	0.0%	0.0%
Customer Referrals	2,110	0.0%	40,090	0.1%	0.0%
Agency Collaterals	0	0.0%	1,065	0.0%	0.0%
Agency Promo Cards	0	0.0%	2,473	0.0%	0.0%
Other	0	0.0%	0	0.0%	0.0%
TOTAL MARKETING	65,575	1.0%	924,825	1.3%	0.6%
GENERAL & EXECUTIVE					
	212,117	0.4%	212,117	0.3%	0.1%

TOUCH 1, INC.
OPERATING EXPENSES
DECEMBER 31, 1997

	Current Month Actual	Current Month Budget	Current Month Variance	% of Budget	YTD Actual	YTD Budget	YTD Variance	% of Budget
HUMAN RESOURCES								
Salaries	\$13,585	\$37,191	(\$23,606)	36.5%	315,481	\$481,707	(\$166,226)	65.5%
Travel	20	1,486	(1,466)	1.3%	5,174	17,832	(12,658)	29.0%
Education	0	1,385	(1,385)	0.0%	4,274	21,620	(17,346)	19.8%
Supplies and Subscriptions	152	1,396	(1,244)	10.9%	6,852	16,752	(9,900)	40.9%
Telephone	1,484	698	786	212.6%	6,818	8,376	(1,558)	81.4%
Printing	0	310	(310)	0.0%	(1,256)	3,720	(4,976)	-33.8%
Training	0	5,067	(5,067)	0.0%	41,547	60,804	(19,258)	68.3%
Equipment	0	602	(602)	0.0%	8,941	8,724	217	102.5%
Employee Benefits	144,307	114,862	29,445	125.6%	1,531,606	1,287,791	243,815	118.9%
Other Taxes	48,925	104,420	(55,495)	46.9%	800,203	1,170,719	(370,516)	68.4%
Employee Education	0	965	(965)	0.0%	(982)	11,580	(12,562)	-8.5%
Accrued Time	49,086	25,000	24,086	196.3%	602,660	300,000	302,660	200.9%
Other Miscellaneous	463	725	(262)	63.8%	472	14,700	(14,228)	3.2%
TOTAL HUMAN RESOURCES	258,022	294,107	(36,085)	87.7%	3,321,791	3,404,325	(82,535)	97.6%
MAINTENANCE								
Salaries	4,255	3,377	878	126.0%	49,649	42,530	7,119	116.7%
Contract Labor	1,026	1,730	(704)	59.3%	21,118	32,415	(11,297)	65.1%
Supplies	17	759	(743)	2.2%	3,142	9,108	(5,966)	34.5%
Indirect	400	1,198	(798)	33.4%	23,624	24,576	(952)	96.1%
Printing	10,538	15,414	(4,877)	68.4%	179,086	184,968	(5,882)	96.8%
Utilities	0	4,333	(4,333)	0.0%	47,585	51,996	(4,411)	91.5%
Travelers	6,116	12,143	(6,027)	50.4%	111,207	145,716	(34,509)	76.3%
Advertising	0	400	(400)	0.0%	3,967	4,800	(833)	82.6%
Other	20,445	54,220	(33,775)	37.7%	332,313	517,240	(184,927)	64.2%
Telephone Cost	70,327	122,724	(52,397)	57.3%	1,112,874	1,396,253	(283,379)	79.7%
Other Expenses	8,710	17,440	(8,730)	49.9%	132,572	183,480	(50,908)	72.3%
TOTAL MAINTENANCE	121,833	233,730	(111,905)	52.1%	2,017,137	2,593,082	(575,945)	77.8%
OPERATIVE								
Salaries	61,179	47,011	14,168	130.1%	586,430	623,639	(37,210)	94.0%
Subscriptions	0	0	0	0.0%	4,733	1,195	3,538	396.1%
Employee Functions	0	100,000	(100,000)	0.0%	0	100,000	(100,000)	0.0%
Travel	5,431	2,000	3,431	271.5%	72,182	24,000	48,182	300.8%
Other Supplies	39	0	39	0.0%	39	0	39	0.0%

TOUCH 1, INC.
OPERATING EXPENSES
DECEMBER 31, 1997

	Current Month Actual	Current Month Budget	Current Month Variance	% of Budget	YTD Actual	YTD Budget	YTD Variance	% of Budget
AL EXECUTIVE	66,645	149,011	(82,362)	44.7%	663,384	748,834	(85,450)	88.6%
AGEMENT INFORMATION SERVICES								
Files	66,560	82,472	(15,912)	80.7%	845,390	1,041,153	(195,763)	81.2%
Hardware Maintenance	4,296	5,500	(1,204)	78.1%	52,773	66,000	(13,227)	80.0%
Software Maintenance	4,813	57,000	(52,188)	8.4%	157,171	158,950	(1,779)	98.9%
Printing	7,845	15,000	(7,155)	52.3%	115,566	147,000	(31,434)	78.6%
Page Charge	8,462	8,000	462	105.8%	117,504	81,750	35,754	143.7%
Page	0	150	(150)	0.0%	11,729	1,800	9,929	651.6%
Office	905	2,000	(1,095)	45.3%	26,754	24,000	2,754	111.5%
Master Recovery	26,848	4,000	22,848	671.2%	72,396	48,000	24,396	150.8%
Computer Supplies	5,983	6,500	(517)	92.0%	98,702	78,000	20,702	126.5%
Facel	253	0	253	0.0%	40,667	25,000	15,667	162.7%
Facelation	0	0	0	0.0%	12,698	21,000	(8,302)	60.5%
Facelommunications	0	500	(500)	0.0%	0	6,000	(6,000)	0.0%
Facelce Supplies	218	600	(382)	36.3%	2,270	8,200	(5,930)	27.7%
Facelulting Fees	0	3,000	(3,000)	0.0%	93,581	79,000	14,581	118.5%
Facelware/Software Expense	4,650	0	4,650	0.0%	20,627	0	20,627	0.0%
Facelcellaneous	135	0	135	0.0%	2,032	0	2,032	0.0%
TOTAL MGT. INFOR. SERVICES	130,969	184,722	(53,754)	70.9%	1,669,861	1,785,853	(115,993)	93.5%
ORPORATE MARKETING								
Articles	34,773	18,261	16,512	190.4%	286,030	247,730	38,300	115.5%
Marketing Support	0	850	(850)	0.0%	1,241	10,200	(8,959)	12.2%
Agency Fees and Retainer	0	10,000	(10,000)	0.0%	74,593	120,000	(45,407)	62.2%
Company Store	61	0	61	0.0%	3,622	15,000	(11,378)	24.1%
Community Relations	363	3,193	(2,830)	11.4%	6,216	38,316	(32,100)	16.2%
Office Supplies	337	400	(63)	84.3%	3,245	5,750	(2,505)	56.4%
Travel & Entertainment	1,532	1,500	32	102.1%	8,367	9,000	(633)	93.0%
Employee Education	0	1,500	(1,500)	0.0%	550	9,000	(8,450)	6.1%
News & Subscriptions	0	50	(50)	0.0%	1,512	600	912	252.0%
Outage	0	600	(600)	0.0%	0	7,200	(7,200)	0.0%
Marketing Roundtable	40	60,000	(59,960)	0.1%	874,466	1,879,440	(1,004,974)	46.5%
Public Relations	0	0	0	0.0%	0	18,500	(18,500)	0.0%
Unfunded Product Implementation	164,847	0	164,847	0.0%	540,647	0	540,647	0.0%
Unfunded Personnel Development	55,423	0	55,423	0.0%	55,423	0	55,423	0.0%

Before the
FLORIDA PUBLIC SERVICE COMMISSION

STATE OF ALABAMA)
) ss:
COUNTY OF ESCAMBIA)

CERTIFICATION

I, Trey Davis, a duly authorized officer of Touch 1 Communications, Inc., am authorized to make this certification on behalf of Touch 1 Communications, Inc. The statements concerning Touch 1 Communications, Inc., made in the foregoing Unaudited Consolidated Financial Statements of Touch 1, Inc., for the period ending December 31, 1997, are true, complete, and accurate to the best of my knowledge and are made in good faith.

TOUCH 1 COMMUNICATIONS, INC.

By:


Trey Davis,
Chief Financial Officer

ATTACHMENT C
Response to Application Question No. 16 B

**MANAGERIAL CAPABILITY
OF
TOUCH 1 COMMUNICATIONS, INC.**

TREY DAVIS
Chief Financial Officer

Trey Davis joined Touch 1 in October of 1995 as Director of Strategic Planning. In this capacity, Mr. Davis' responsibility included contract negotiations, business analysis and wide ranging corporate development activities. Mr. Davis was named Chief Financial Officer of the Company in May of 1997. Prior to joining Touch 1, Mr. Davis was the Corporate Planning Officer at Deposit Guaranty Corp, and earlier in his career, he acted as Manager of Business Planning for MobileComm, a BellSouth Company. Mr. Davis holds both a BBA and an MBA from Millsaps College.

CLARENCE PRESTWOOD
Vice President, Strategic Planning

Clarence Prestwood received a BA in accounting from the University of West Florida in 1974. Over the course of his career, Mr. Prestwood has worked with the Florida Public Service Commission, Contel Corporation, Prest Enterprises, and Mapcom Systems. Additionally, Mr. Prestwood held the position of President and Chief Executive Officer of CyberNet Holding, Inc., a subsidiary of ITC Holding Company, Inc. Mr. Prestwood joined Touch 1 in July of 1997 after having served as the Chief Financial Officer of DigiPH PCS, Inc., in Mobile, Alabama.

ATTACHMENT D
Response to Application Question No. 16 C

**TECHNICAL CAPABILITY
OF
TOUCH 1 COMMUNICATIONS, INC.**

As set forth in its Application, Touch 1 currently has applications for local telecommunications authority pending in the states of Alabama, Louisiana and Tennessee. Touch 1 intends to provide local telecommunications services to residential and small business users initially throughout the southeastern United States and ultimately throughout the nation.

Touch 1 believes its proposed service offering, which will be set forth more fully in Applicant's Price List, would significantly advance the public interest by enhancing the local telecommunications service options available to the as-yet significantly underserved residential telecommunications market.¹ Coupled with Applicant's long-standing commitment to providing exemplary customer service, the broadening of Touch 1's current service offering to include local telecommunications services will benefit residential consumers by allowing them to enjoy the benefits of "one-stop" shopping for the satisfaction of all their telecommunications needs, provided by an entity uniquely in tune to the needs of residential consumers. Like its high-quality competitively-priced long distance services, Touch 1 will provide its local telecommunications offering to residential and small business users in a manner designed to satisfy both the heightened customer service expectations and the price-sensitivity of these customers. To the extent that Applicant's activities enhance competition, consumers should benefit from lower prices, increased network efficiencies and perhaps even higher quality and innovative telecommunications services.

Touch 1 will fully comply with the rules and regulations of this Commission in connection with the provision of local telecommunications services. In particular, recognizing the critical role local telecommunications service plays in enabling consumers to immediately

¹ Applicant's Price List will be submitted to the Commission at least one day prior to initiation of its proposed service offering in accordance with Rule 25-24.825. Application will provide courtesy copies of its Price List to Commission personnel upon request.

contact emergency service providers, Applicant will provide the same level of access to 911 that local exchange carriers currently provide in their respective service areas. Touch 1 will collect a 911 fee from subscribers and remit such fees to the appropriate 911 jurisdiction in accordance with Section 365.171, Florida Statutes.