

STATE OF COLORADO

OFFICE OF CONSUMER COUNSEL
Department of Regulatory Agencies

1580 Logan St., Suite 610
Denver, CO 80203
Phone: (303) 894-2121
FAX: (303) 894-2117

Ronald Binz
Director



Roy Romer
Governor

Joseph A. Garcia
Executive Director

DOCKET FILE COPY ORIGINAL

NOV 20 1995

FCC FILE 95-115

November 14, 1995

FCC Secretary's Office
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

To Whom It May Concern:

The enclosed documents are a corrected attachment to our previously filed Comments regarding CC Docket No. 95-115, Amendment of the Commission's Rules and Policies to Increase Subscribership and Usage of the Public Switched Network. Our Comments were filed yesterday, but we have learned that the Attachment A may have been incorrectly copied. We would like to ask that you substitute the enclosed copies of Attachment A for those sent in yesterday's filing.

We apologize for the error and any inconvenience it may have caused.

Sincerely,

Robert M. Swaebly

No. of Copies rec'd 04/10
List ABCDE

MEMORANDUM

Office of Consumer Counsel
1580 Logan Street Suite 610
Denver, Colorado 80203
(303) 894-2121 FAX (303) 894-2117

TO: Public Utilities Commissioners
U S WEST Region

FROM: Ron Binz, Director
Colorado Office of Consumer Counsel

RE: "Phone Sharks"

DATE: April 22, 1994

RECEIVED
NOV 20 1995
FCC

I want to bring to your attention a problem with third party providers of local telephone service in Colorado. These providers may be reselling local exchange service and charging exorbitant rates to consumers.

Third party providers, such as Dial Tone Corp., Ameritel and Alternative Telephone Service, are charging two to three times the monthly rate charged by U S WEST for basic local telephone service. These companies pitch their services to consumers who have been disconnected by U S WEST or who are rated as credit risks. The third party providers offer toll restricted basic phone service and, in Colorado, also require their customers to repay amounts owed to U S WEST. We know these companies operate in Oregon and Colorado, but do not know if they exist in the other U S WEST states.

Many consumers paying these "phone sharks" can get service on the same terms at much lower rates from U S WEST. These consumers are unaware that U S WEST can make payment arrangements and offer toll restricted service as an alternative.

The OCC has several concerns about these companies that we want to bring to your attention.

1. We think many of the consumers paying exorbitant rates to these phone sharks are not being given the opportunity to make payment arrangements with U S WEST. In Colorado, U S WEST is taking some steps to remedy this problem.
2. U S WEST has toll restricted service as a deposit alternative in Colorado but the company has not made this service known to its customers.
3. Colorado law does not permit local exchange service to be resold, so these companies may be illegally reselling local service. (The counter argument is that these third party providers are simply acting as agents for the customer by having service restored in the name of the company rather than the customer. They have also been termed service restoral companies.)

I have attached some information on these third party providers, including a news release my office issued, newspaper articles, a copy of the customer service contract issued by Ameritel, and some local ads run by these companies.

I hope this information is useful to you. Please let me know if you are aware of these companies operating in your state and what action, if any, you have taken or will take.

DENVER, COLORADO
THRIFTY NICKEL
 OFFICE LOCATION &
 MAILING ADDRESS
1360 CARR ST.,
LAKEWOOD, CO 80215
 Hours: Mon. 8-5, Tues. 8-6, Weds.-Fri. 8-5
233-7277

East Metro • Zone 7 • Vol. 18, No. 23, March 17, 1994

ADVERTISE IT IN YOUR DYNAMIC
THRIFTY NICKEL
WANT ADS[®]
 YES PLEASE


Distributed Every Thursday

America's Want Ad Specialists

TELEPHONE DISCONNECTED?

PHONE SERVICE RESTORED IN 3 DAYS
 OR LESS, REGARDLESS OF BACK BILL!
 • No Deposits • No Credit Checks
CALL 298-7144
 OR TOLL FREE 1-800-275-8223

NOW 5 DENVER OFFICES



Ameritel CORPORATION

20 LOCATIONS TO SERVE YOU!

ALTERNATIVE TELEPHONE SERVICE

Now You Have A Choice

Local Phone Service
 Long Distance
 Controlled Billing

*Regardless of
 past credit!*

No Deposit!

No Credit Check!

Call Now For Service

820-3830

Alternative Telephone Services

NEWS RELEASE

Office of Consumer Counsel

Contact:

Ron Binz, Director
Office of Consumer Counsel
1580 Logan Street
Denver, Colorado 80203
(303) 894-2121

Dian Callaghan
Office of Consumer Counsel
1580 Logan Street
Denver, Colorado 80203
(303) 894-2121

RE: **TELEPHONE CONSUMERS WARNED ABOUT "PHONE SHARKS"**

DATE: **March 25, 1994**

FOR IMMEDIATE RELEASE

Utility consumer advocate Ron Binz today warned Colorado telephone consumers about excessive charges for local telephone service. Excessive rates are being charged by "third-party providers" who pitch their services to customers who have been disconnected by U S West or who are rated as credit risks. Typically, these companies charge two to three times the monthly rate charged by U S West for basic phone service. In addition to the monthly charges, customers must repay amounts owed to U S West.

"Like 'loan sharks,' they charge outrageous rates. Many consumers who are paying these 'phone sharks' can get service on the same terms at much lower rates from U S West," said Ron Binz, OCC director. "Consumers should call U S West at 1-800-244-1111 to find out about available payment arrangements."

U S West offers a toll-restricted basic phone service to customers who have been disconnected for nonpayment or are credit risks. The cost is about \$22 per month (including taxes), after paying a one-time installation fee of \$35. The \$35 fee can be spread over 3 months. Dial-Tone Corporation, a third-party provider, charges a one-time fee of \$49, then \$58.45 per month for the first four months and \$46.95 per month thereafter for the same service.

--MORE--

Binz blamed U S West for part of the problem. "We believe many of the consumers are using these third-party providers because U S West has failed to inform them of the alternatives," said Binz. "We are meeting with U S West to fix this."

The OCC estimates that about 700 Colorado consumers subscribe to U S West's basic telephone service through these third-party providers. If a U S West customer has been disconnected for nonpayment, the customer can obtain payment arrangements and toll-restricted service from U S West until the back bill is paid. If the customer makes prompt payment for 12 consecutive months, unrestricted service is then available.

The OCC is also concerned about the financial health of Dial-Tone Corp., which is based in Portland, Oregon. On March 11, the company closed its Denver office as a cost-cutting measure. Colorado customers must now send their payments to Portland. In Oregon, Dial-Tone's operations are being overseen by the Oregon Attorney General's office.

"If Dial-Tone does not pay its bills to U S West, we are very concerned that Dial-Tone's Colorado customers may find themselves disconnected without warning. We urge them to call U S West and see if they can get a better payment deal," said Binz.

Colorado's Office of Consumer Counsel, a division in the Department of Regulatory Agencies, represents residential, small business and agricultural consumers in utility cases before the Public Utilities Commission and federal agencies.

Consumer office warns of 'phone sharks'

By Stephen Keating 3/26
Denver Post Business Writer

The Office of Consumer Counsel yesterday warned of "phone sharks" who charge much more than U S West for local phone service.

"Like 'loan sharks,' they charge outrageous rates," said Ron Binz, director of the Office of Consumer Counsel. "Many consumers who are paying these

'phone sharks' can get service on the same terms at much lower rates from U S West."

The cost for four months of local phone service from U S West is about \$123. The cost for the same service from Dial-Tone Corp., a third-party provider based in Portland, Ore., is about \$283, according to the consumer counsel.

About 700 Colorado residents,

most with phone service disconnected from U S West for non-payment, have bought service from third-party providers. These companies buy lines from U S West, mark up the cost, and require customers to repay their U S West debt.

Todd Meislahn, president of Ameritel in Portland, a third-party service provider that operates in Colorado, said his compa-

ny attracts customers with bad credit who otherwise would not be eligible for phone service.

U S West has said it will make arrangements with its disconnected customers for debt repayment, but Binz said the company is partially at fault for not making that known. Binz suggested that consumers with concerns call U S West at 1-800-244-1111

State consumer office assails 'phone

By Joe Estrella 3/26
Rocky Mountain News Staff Writer

Colorado consumers unable to obtain telephone service from U S West because of poor payment records are being ripped off by third-party service providers, a state consumer advocate said Friday.

Ron Binz, director of the Colorado Office of Consumer Counsel, said these third-party providers zero in on consumers who have been disconnected or rated as a credit risk, then charge up to three times as much as U S West would charge for basic telephone service.

"Like 'loan sharks,' they charge

outrageous rates," Binz said. "Many consumers who are paying these 'phone sharks' can get service on the same terms at much lower rates from U S West."

The consumer group estimates that 700 Colorado consumers get their telephone service from third-party providers.

OCC spokeswoman Dian Callaghan said these companies include Dial-Tone Corp. and Ameritel Corp., both based in Portland, and Alternative Telephone Service of Denver.

Binz said the consumer can get toll-restricted phone service from U S West for \$22 month, plus a one-time installation fee of \$35, which can be spread over three

months.

By comparison, Dial Tone Corp. charges a one-time fee of \$49, then \$58.45 a month for the first four months, and \$46.95 per month thereafter — all for local service only.

Dial-Tone president Rich Duvall defended the charges as "fair."

"The only thing I can tell you is that we're in a high-risk business," Duvall said. "We're dealing with the customers that U.S. West doesn't want to deal with."

"Look at the kind of clients we deal with. We have to charge higher rates to cover our losses from people who just walk. If we charged what the real telephone companies charge, we would be

sharks'



Phone customers disconnected

By Stephen Keating
Denver Post Business Writer

3/12/94

Firm serving bad credit risks sued

An Oregon company that contracts with U S West Communications to provide phone service for people with bad credit is itself in financial trouble, leaving hundreds of customers in Colorado and elsewhere hanging on the line.

"I'm a diabetic and I have a 12-year-old child. So it's major danger here," said Margaret Shank of Arvada, whose phone service was cut off March 8.

Disconnected though bill paid

Shank said her phone was disconnected even though she paid a \$72 bill on March 1 to Portland-based Dial-Tone Corp., a third-party service provider.

"We've been getting a lot of calls this week" from Dial-Tone users whose service was interrupted, said Norman Jones, manager of the collection unit for U S West, the Englewood-based re-

gional phone company. "They're not maintaining their accounts in Colorado as they were a couple weeks ago."

Dan Duvall, the business manager for Dial-Tone Corp. in Portland, said he would not discuss the company's finances, nor how many customers they have in the Denver area. He said that the company buys phone lines from U S West and resells them at a profit to people with bad credit histories for upwards of \$49 a month.

"There's a lot of people who don't pay," said Duvall. "You don't pay it, you get shut off."

In fact, it is Dial-Tone Corp. which is getting shut off in Oregon.

The assets of the company were frozen Feb. 7 after the Oregon Department of Justice filed a civil lawsuit alleging

"that the defendants took monthly telephone-service payments from customers but did not pass on the payments to U S West."

180 Oregon customers shut off

About 180 customers in Oregon had service shut off, some of whom had prepaid their bills, said Jan Margosian, a spokesperson for the Oregon Department of Justice, who added that Dial-Tone Corp. is under a court order to pay U S West \$14,000 a week in back billings. U S West's 14-state region includes Oregon.

"It doesn't look like they're going to have enough to make those payments," said Margosian, citing a letter from the company. "U S West is going to be the big loser here."

The losers are also the customers, like Shank, who answered penny-saver ads that promised restored phone service for those whom U S West had previously dropped for nonpayment.

"We've been trying to figure out how Dial-Tone Corp. could legally offer local telephone service, which is a monopoly," said Dian P. Callaghan, director of administration for the Colorado Office of Consumer Counsel, whose office became aware of problems with third-party phone-service providers last month.

Callaghan said the Dial-Tone service has a markup of as much as 100 percent, with a requirement that customers also repay their past U S West debt.

Spokespersons for the Public Utilities Commission and state Attorney General's Office said they had recently become aware of problems with third-party phone service and that they would be looking into the matter.

Third-party phone firms' troubles told

By The Denver Post

3/23

The state's chief representative for utility customers told U S West of serious problems with third-party phone service providers during a meeting yesterday that also included officials of the Colorado Public Utilities Commission.

"We made it clear to them that some of their customers are getting ripped off," said Ron Binz, director of the Office of Consumer Counsel. "We're studying our legal options for these companies, which may be illegally offering phone service at inflated prices."

About 500 Coloradans — many whose previous phone service had been cut off by U S West for non-payment — have opted for service with third-party providers such as Ameritel, Alternative Telephone Services and Dial-Tone Corp. These services, which buy lines from U S West, charge higher rates for basic service and require that past U S West debt be paid over time.

Problems arose earlier this month when U S West received calls from a number of Dial-Tone customers whose phone service had been interrupted.

Eddie Ortega, a U S West spokesperson, said yesterday that the company would continue to talk with the PUC and Binz's office about complaints and debt payment options.

FIRST 4 MONTHS 58.45



Rate - 46.95
RATE

Willamette Plaza
901 S.E. Oak, Suite 208
P.O. Box 18010
Portland, OR 97218
503/235-0929

10 YEARS in BUS.

AGREEMENT

I request Dial-Tone Corporation to establish telephone service in my residence at the address stated in my application. I realize that if I have any repair problems, I am to contact the Dial-Tone office to request repair service. Any work done on my service or my line which is not approved by Dial-Tone will be done at my own expense.

I further agree to contact the telephone company that has my back phone bill within ten days from the date of installation. I agree to make a reasonable effort to pay off my back bill within the limits of my income. I understand that Dial-Tone has nothing to do with negotiating these arrangements.

I realize that my service could be disconnected for:

1. Not paying the monthly bill on time or in full
(There is a 9.99% late fee charged on any balance brought forward from the previous months bill).
2. Using long distance or accepting collect calls (there is a 20% penalty for any long distance charges).
3. Making unauthorized changes in service.

I realize my monthly rate is \$46.45 -- INSTALLATION FEES NOT INCLUDED. This monthly rate is subject to change without formal notice.

I understand that if Dial-Tone has to resort to legal action to collect any unpaid bills, I will be responsible for all legal fees and court costs.

I agree to hold Dial-Tone Corporation and any of its representatives harmless and free of legal action for any problems that may occur as a result of assisting me with my telephone service.

I understand that Dial-Tone Corporation places long distance restrictions on all telephone services billed to Dick Duvall/Dial-Tone Corporation. These restrictions may block any or all of the following types of calls: Dial-1 calls; collect calls; operator assisted calls; and third number billed calls. I understand that such blocks are not 100% effective. I am aware that if any long distance charges are billed to Dial-Tone Corporation, I will be responsible to pay all of the long distance charges and the aforementioned long distance penalty charge. DIAL-TONE CORPORATION DOES NOT ACCEPT RESPONSIBILITY FOR ANY LONG DISTANCE CHARGES ON MY ACCOUNT.

REFUNDS ARE NOT given if application is approved by Dial-Tone Corporation, if the phone company issues a phone number, or if the phone company accepts the subscriber back on service as a result of Dial-Tone's involvement. If I decide to cancel service with Dial-Tone, and the phone company has issued a phone number, I will be responsible to pay the installation charges. It is understood that the person signing this agreement is personally responsible for all charges on this phone service regardless of business, company or corporate affiliation.

256 L



Willamette Plaza
 901 S.E. Oak, Suite 208
 P.O. Box 18010
 Portland, OR 97218
 503/235-0929

March 11, 1994

TO ALL DIAL-TONE CUSTOMERS

~~RE: WE ARE CLOSING THE DENVER OFFICE~~

Dear Customer:

It was becoming increasingly more expensive to keep the Dial-Tone office open in Denver Colorado. As a cost cutting measure we have decided to close the Denver office. This will allow us to service your area in a more cost effective manner and will help us keep your monthly telephone bill low.

From the date of this litter all your requests for service changes, billing and monthly payments should be directed to the Portland business office.

PLEASE SEND ALL PAYMENTS AND CORRESPONDENCES TO:

DIAL-TONE CORPORATION
 P.O. BOX 18010
 PORTLAND, OREGON. 97218

WE LOOK FORWARD TO SERVING YOU IN THE FUTURE AND PROVIDING THE BEST SERVICE POSSIBLE. THANKS FOR YOUR BUSINESS. IF YOU HAVE ANY QUESTIONS PLEASE CALL OUR SERVICE DEPARTMENT IN PORTLAND, WE WILL BE HAPPY TO HELP YOU.

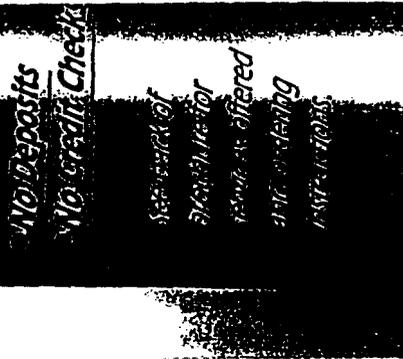
For question call 1-800-486-0929, this number will be active on March 18, 1994, until then call collect at (503) 235-0929.

Very Truly Yours.

Dial-Tone Corporation

TELEPHONE DISCONNECT

WE RESTORE YOUR SERVICE IN 3 OR LESS, REGARDLESS OF BACK

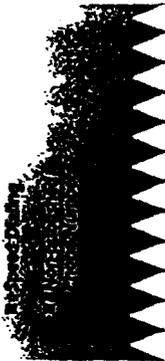


STANDARD SERVICES PROVIDED

- Unlimited Local Calling
- 9-1-1 Emergency Access to Police, Fire & Medical services (if available in your area)
- 8-0-0 Access To Toll-free Numbers
- Automatic Line Maintenance Protects you from the high cost of repair bills
- Long Distance Calling Card

OPTIONAL SERVICES AVAILABLE

- Call-Waiting
- Call-Forwarding
- 3-Way Calling



CORPORATE ADDRESS
637 N.E. HALSEY ST., PORTLAND, OR 97232
PHONE 503-4603
MAILING ADDRESS
P.O. BOX 5407, PORTLAND, OR 97228
LOCATION

ORDERING INSTRUCTIONS

1. Complete and sign this **CUSTOMER STATEMENT**. Be sure to print clearly. Let us know if there are any unusual circumstances (e.g., your home is newly constructed or you live in a houseboat).

NAME: _____ SPOUSE/ROOMMATE: _____

STREET ADDRESS: _____ APT #: _____

CITY: _____ STATE: _____ ZIP: _____ HOW LONG?: _____

PREVIOUS ADDRESS: _____

SOCIAL SECURITY #: _____ SPOUSE/ROOMMATE SOC. SEC. #: _____

EMPLOYER: _____ POSITION: _____ PHONE #: _____

SPOUSE/ROOMMATE EMPLOYER: _____ PHONE #: _____

LANDLORD NAME: _____ PHONE #: _____

MESSAGE PHONE #: _____ CONTACT NAME: _____

Nearest relative not living with you: _____ Relation: _____ PHONE #: _____

YOUR PREVIOUS PHONE #: _____ WHEN WAS IT DISCONNECTED?: _____

WHAT TELEPHONE CO?: _____ HOW MUCH DO YOU OWE THEM?: \$ _____

HOW DID YOU HEAR ABOUT AMERITEL?: _____

I certify that the information provided in this Customer Statement is true and correct as of the date indicated below.

DATE: _____ SIGNATURE: _____

2. Complete and sign this **DISCONNECT ORDER**. This form will eliminate any confusion surrounding your old telephone service. This should be signed by the person who has telephone service at the address now.

Dear Ameritel:

I, (name) _____, telephone number _____, located at (address) _____, request that my telephone service be disconnected due to personal difficulties. This letter gives Ameritel Corporation's representatives my personal authorization to call or deliver the order on my behalf to have my telephone service at the above address completely disconnected and/or to discuss my previous telephone bills. This order is effective as of the date the telephone company is so notified.

DATE: _____ SIGNATURE: _____

(continued on other side)

3. Read and sign this SERVICE AGREEMENT. This form outlines the conditions upon which we will provide service and the conditions upon which we will disconnect service. It also briefly explains company policies such as late charges and refunds.

I request that Ameritel Corporation establish telephone service in my residence at the address stated on my Customer Statement. I realize that if I have any repair problems I am to contact the Ameritel office to request repair service. Any work performed on my service or my line which is not approved by Ameritel will be done at my own expense.

I further agree to make payment arrangements on my previous phone bill as may be required by the telephone company. I understand that Ameritel has nothing to do with negotiating these arrangements, although payments toward my previous bill may be collected by Ameritel on the telephone company's behalf. Any such payments will be applied first to any of my Ameritel charges and only thereafter to my previous bill with the telephone company.

I realize that my telephone service could be disconnected for:

1. Not paying the monthly bill on time or in full (there is a \$7.00 late charge on any past-due balance).
2. Using direct-dial long-distance or accepting collect calls (there is a \$15.00 penalty for any such charges)
3. Making unauthorized changes in my telephone service.

I realize my monthly rate is \$56.95 for the first four (4) months and \$43.95 beginning with the fifth (5th) month (excluding optional services) and is subject to change without formal notice.

I agree to hold Ameritel and any of its representatives harmless and free of any legal action for any problems that may occur as a result of assisting me with my telephone service. I understand that if Ameritel has to resort to legal action to collect any unpaid bills, I will be responsible for all legal fees and court costs.

I understand that Ameritel places long-distance restrictions on all telephone services billed to Ameritel. These restrictions may block any or all of the following types of calls: Direct-dial calls; collect calls; operator-assisted calls; third number-billed calls. I understand that such blocks are not 100% effective. I am aware that if any long-distance charges are billed to my Ameritel account, I will be responsible to pay all such charges and the aforementioned penalty charge. AMERITEL DOES NOT ACCEPT RESPONSIBILITY FOR ANY LONG-DISTANCE CHARGES ON MY ACCOUNT.

REFUNDS ARE NOT GIVEN if application for service is approved by or false information is provided to Ameritel, the telephone company issues a telephone number, or the telephone company accepts the subscriber back on service as a result of Ameritel's involvement. If I decide to cancel service with Ameritel and the telephone company has issued a telephone number, I will be responsible to pay the telephone company installation charges in addition to my Activation Fee. It is understood that the person signing this agreement is personally responsible for all charges on this telephone service regardless of business, company, or corporate affiliation.

DATE: _____ SIGNATURE: _____



4. Read and sign this ADDENDUM if you have unpaid accounts with US West Communications.

I have been advised by Ameritel that, in addition to fees paid to Ameritel for my new telephone service provided for in the Service Agreement, I am required to make monthly payments toward my unpaid account(s) for previous telephone service with US West Communications. I understand that the total unpaid balance of my account(s) with US West Communications will be divided by 10, which will be my additional monthly payment figure.

I am aware that failure to meet the payment schedule on my unpaid account(s) may result in the disruption of my telephone service as these payment arrangements are included in determining the status of my new Ameritel account.

I hereby authorize Ameritel to act as my agent and to discuss the status of my previous account(s) with US West Communications and/or any other telephone service provider as is necessary.

I hereby agree to make ten (10) equal monthly payments as outlined above, when invoiced by Ameritel, to pay the balance of my previous US West Communications account(s), and that these payments are due in addition to all charges for my current telephone service with Ameritel.

DATE: _____ SIGNATURE: _____

5. Compute your one-time Activation Fee as follows:

Standard Services	\$49.00
<u>Optional Services</u>	
Custom Calling Features	add \$12.00 _____ (regardless of number of features)
Non-Published Number	add \$7.00 _____
TOTAL ACTIVATION FEE	\$ _____

If ordering Custom Calling, indicate features requested: [] Call Waiting [] Call Forwarding [] 3-Way Calling [] Speed Dialing

Optional Services are charged at the following monthly rates:

One Custom Calling Feature	\$6.00/month
Each add'l Custom Calling Feature	\$2.00/month
Non-Published Number	\$2.00/month

6. Return this completed application along with your Activation Fee to Ameritel in the return envelope provided (money orders only, please) or to the representative at the location where you completed this application.

Under normal circumstances, your telephone service will be restored within three (3) business days from the time that we receive the above material!

IMPORTANT INFORMATION - RETAIN FOR YOUR RECORDS

1. The first bill you receive will be mailed to you within five (5) working days. This is your pro-rated bill which includes charges from the date your service is activated through the end of our next billing period. This bill is due ten (10) days from the date your service is activated.
2. All following bills will be due on the 3rd of each month. You are charged from the 3rd of the month through the 2nd of the following month.
3. You must pay by money-order only (checks cannot be accepted). Do not send cash through the mail. Mail your payment directly to Ameritel (a return envelope is always provided for your convenience) or you may pay in person at the location where you completed this application.
4. Accounts not paid in full by the due date are subject to immediate disconnection. A late charge will be applied to all unpaid balances.
5. Money paid for the initial ACTIVATION FEE should not be considered payment on your telephone bill. This covers Ameritel's administrative costs to establish your telephone service and is not refundable.
6. Money paid for the INSTALLATION FEE should not be considered payment on your telephone bill. This covers the telephone company's installation charges and is not refundable. Your installation fee will be divided equally between your first four billings.

ANY QUESTIONS? JUST CALL 1-800-275-8223 • THANK YOU FOR CHOOSING AMERITEL!

Alternative Telephone Services, Inc.
1115 Broadway, Suite 103
Denver, CO 80203
303-820-3830

Dear Alternative Telephone Services Subscriber:

Thank you for choosing Alternative Telephone Services, Inc. as your alternative service provider.

In order to get the service you requested:

1. Just fill out the enclosed Application For Service and Agency/Disconnect Order and review the Service Agreement and Addendum.
2. Be sure to sign your name in all places indicated on all forms.
3. Review and calculate your one-time Service Establishment Fee using the enclosed form.
4. Enclose your Service Establishment Fee (money orders only, please) along with the completed and signed application in the enclosed envelope provided, and mail it in or bring it in to the location where you applied for service.

As soon as we receive your payment and application, we'll process your order immediately.

If you have any questions, please call your service representative at (303) 820-3830.

ats8

2586

Alternative Telephone Services, Inc.
1115 Broadway, Ste 103
Denver, CO 80203
303-820-3830

Service Features, Restrictions, and Policy
(Subject to change without notice)

Thank you for selecting Alternative Telephone Services, Inc. for your local telephone service. The following is a summary of our service features and restrictions as well as things to keep in mind about our service policy.

Standard Service Features:

1. 911 Emergency Access - Police, Fire, Medical (where available)
2. Unlimited Local Area Calling
3. Touch Tone Dialing
4. 1-800 Access
5. Line Maintenance/Repair
6. Long Distance Calling Card*

* Service Establishment charge must first be paid in full.
Please contact our business office for details.

Optional Service Features*:

1. Voice Messaging
2. Call Waiting
3. Call Forwarding
4. Three-Way Calling
5. Speed Dialing

* Service Establishment charge must be paid in full. Please contact our business office for details.

Restrictions:

1. No long distance*, 800, 900, 976 Enhanced Services/Pay-Per-Call, Collect or 3rd Number Billed calls are allowed.
2. No directory assistance calls are allowed.

* Long distance calling cards are available through an exclusive arrangement with Alternative Long Distance, Inc. These convenient and economical pre-paid calling cards provide our customers with long distance access from virtually any phone in the U.S. to anywhere in the world. Call our business office for details.

Payment Policy:

1. Subscribers who apply for service in person will receive their initial bill at that time.

Service Features, Restrictions, and Policy (cont'd)

Subscribers who mail in applications for service will receive their initial bill by the date service is connected. In all cases, the initial bill is pro-rated to include charges from the service connection date to the end of the first full billing period.

This bill is due and payable within ten (10) days from the date service is connected.

2. All subsequent bills are due on the 5th of each month. You will be billed from the 5th of the month to the 4th of the following month.
3. You must pay by money order only, payable to Alternative Telephone Services, Inc. Checks are not accepted. Please do not send cash through the mail.

Mail your payment, in the return envelope provided, directly to Alternative Telephone Services, Inc. or pay in person at the location where you subscribed to our service.

4. Overdue accounts are subject to immediate disconnection and a late charge on the unpaid balance.
5. The one time Service Establishment Fee includes all US West charges to connect your phone and is not to be considered as payment on your monthly Alternative Telephone Services bill.
6. All payments to US West Communications for previous telephone service (back bills) must be made direct to US West.

Please mail your payment on the first of each month to:

US West Communications
Denver, CO 80244-0001

Not keeping this payment arrangement with US West may result in temporary disconnection of service by US West. If your service is disconnected, a reconnection charge, a security deposit, and full payment of all outstanding charges will be required by US West to reestablish service in the future.

This payment is for previous telephone service (back bills) only.

You will be billed as usual by Alternative Telephone Services, Inc. for your new local telephone service.

If you have any questions, please call your Service Representative at (303) 830-3830. We're glad to help.

4086

Alternative Telephone Services, Inc.
1115 Broadway, Suite 103
Denver, CO 80203
303-820-3830

Calculation of One Time Service Establishment/Installation Fees

Compute your one-time fees as follows:

Item	One Time Fee	Your Choice	Monthly Cost
Service Estab. Fee	\$ 49.00	\$ 49.00	N/A
Voice Messaging	10.00	+ _____	\$ 8.00
Custom Calling:*	10.00 (any & all)	+ _____	-
One Feature	-	-	6.00
Each Additional	-	-	4.00
Any Two Features	-	-	8.00 (save \$2)
Non-Published Number	5.00	+ _____	3.00
Caller ID	10.00	+ _____	6.00
Enter Total One Time Fee		\$ _____**	

* Custom Calling features requested:

- Call Waiting []
- Call Forwarding []
- 3-Way Calling []
- Speed Dialing []

** Enclose your total one time Service Establishment Fee (money orders only, please - do not send cash through the mail) and the completed application in the return envelope provided and mail it or bring it to the location where you applied for service.

Date Paid/Received _____

Amount Received \$ _____

CA _____ MO _____

Service Representative _____

5 086

Alternative Telephone Services, Inc.
1115 Broadway, Ste 103
Denver, CO 80203
303-820-3830

Application For Service

Please print plainly

Name: _____ Spouse/Other _____

Service Address: _____ Apt #: _____

City: _____ State: _____ Zip: _____ How Long? _____

Day Phone: _____ Landlord Name: _____ Phone: _____

Social Sec #: _____ Spouse/Other Social Sec #: _____

Driver's Lic #: _____ Spouse/Other Driver's Lic #: _____

Name of Closest Relative Not Living With You: _____

Relationship: _____ City/State _____ Phone: _____

Employer: _____ Position: _____ Phone: _____

Spouse/Other Employer: _____ Phone: _____

Previous Address: _____ Apt #: _____

City: _____ State: _____ Zip: _____ How Long? _____

Previous Phone #:(_____) _____ - _____ Phone Company: _____

Date Disconnected: _____ How Much Is Owed Them?:\$ _____

How did you here about Alternative Telephone?: _____

I hereby certify that the above information is correct.

Signature: _____ Date: _____

Letter of Agency/Disconnect Order - Prior Telephone Service

Dear Alternative Telephone Services, Inc.:

I, (name) _____ with telephone number

(_____) _____ - _____, at service address _____,

(city) _____, (state) _____, (zip) _____,

request that, due to personal difficulties, my telephone service be
DISCONNECTED IN ITS ENTIRETY and the final bill be forwarded to the
above address.

DISCONNECTION, re-connection or new connection of my telephone service and/or to discuss my current and previous telephone bills.

This order is effective as of the date the Local Telephone Company is so notified.

Signature: _____ Date: _____

Office Use Only

DR	TR	DF	TF	TC	TCR	C	
TN	L	NP	NL	IP	BI	BBA	IP
MP	NM	TC	ATSR	MOK			

I request that Alternative Telephone Services, Inc. establish "Limited Services" Local Exchange Only Access at my residence at the address stated on my Application For Service. If I have any repair problems, I am to contact the Alternative Telephone Services, Inc. business office to request repair service. Any work performed for me or on my service which is not approved by Alternative Telephone Services, Inc. will be done at my own expense.

I further agree to make payment arrangements for unpaid balances, if any, on my previous telephone bill, as may be required by the Local Telephone Company. I understand that Alternative Telephone Services, Inc. has nothing to do with negotiating these arrangements, although payments toward my previous bill may be collected by Alternative Telephone Services, Inc. on behalf of the Local Telephone Company.

I realize that my telephone service could be disconnected for:

1. Not paying the monthly bill on time or in full (there is a \$5.00 late charge on any past-due balance).
2. Using long distance and other tolls or accepting collect calls (there is a \$20.00 penalty for any such charges).
3. Making unauthorized changes in my telephone service.

I UNDERSTAND THAT MY BASIC MONTHLY RATE IS \$56.95 PER MONTH FOR THE FIRST FOUR (4) MONTHS AND \$43.95 PER MONTH THEREAFTER AND THAT IT IS SUBJECT TO CHANGE FROM TIME TO TIME WITH 10 DAYS' ADVANCE WRITTEN NOTICE.

I agree to hold Alternative Telephone Services, Inc. and its representatives harmless from any legal action for any problems that may occur as a result of assisting me with my telephone service. I understand that if Alternative Telephone Services, Inc. has to employ legal action to collect any unpaid bills, I will be responsible for all reasonable attorney's fees and court costs associated with that collection matter.

I understand that Alternative Telephone Services, Inc. places blocks/restrictions on all telephone services furnished by Alternative Telephone Services, Inc. to me or on my behalf. These restrictions may block any or all of the following types of long distance/toll calls including but not limited to: Direct Dial; Operator Assisted; 800, 900, 976 Enhanced Services/Pay-Per-Call; Directory Assistance; Collect; and Third Number Billed calls. I understand that such blocks are not 100% effective. I am aware that if any long distance/toll charges are billed to my Alternative Telephone Services, Inc. account without Alternative Telephone Services, Inc.'s prior written approval, I will be responsible for payment of the above-referenced charges plus any long distance/toll penalty charge. ALTERNATIVE TELEPHONE SERVICES, INC. DOES NOT ACCEPT RESPONSIBILITY FOR ANY LONG DISTANCE/TOLL CHARGES ON MY ACCOUNT.

REFUNDS WILL BE NOT BE GIVEN ON THE SERVICE ESTABLISHMENT FEE if the Application For Service is approved by Alternative Telephone Services, Inc., the Local Telephone Company issues a telephone number, or the Local Telephone Company agrees to re-establish my service as a result of negotiations by Alternative Telephone Services, Inc. If after I receive service from Alternative Telephone Services, Inc., I decide to cancel service with Alternative Telephone Services, Inc., and the Local Telephone Company has issued a telephone number, I will be responsible to pay any installation charges plus any pro-rated monthly charges in addition to the Service Establishment Fee. It is understood that the person signing this agreement is personally responsible for all charges for this telephone service regardless of business, company or corporate affiliation.

I hereby authorize Alternative Telephone Services, Inc. to act as my representative and to discuss the state of my new, current or previous account(s) with US West Communications and/or any other telephone service provider as necessary.

Signature: _____ Date: _____

Addendum

Unpaid Accounts With US West Communications

I agree that, in addition to fees paid to Alternative Telephone Services, Inc. for my new telephone service provided for in the Service Agreement, I am required to make monthly payments toward my unpaid account(s) for previous telephone service with US West Communications. I understand that these monthly payments WILL BE PAID BY ME IN ADDITION to the regular monthly payment I make to Alternative Telephone Services, Inc.

I am aware that failure to meet the payment schedule on my unpaid account(s) may result in the disruption of my telephone service as these payment arrangements are included in determining the status of my new Alternative Telephone Services, Inc. account.

I hereby agree to make monthly payments, as required by US West Communications, on the balance of my previous US West Communications account(s), and that these payments are due in addition to all charges for my current telephone service with Alternative Telephone Services, Inc.

Signature: _____ Date: _____

ats11-2