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PENDING PETITION MEMO

Date: 7/14/1999

TO : Communications Division
FROM: CENTRAL FILES
UTILITY: SMALL BUSINESS BILLING, INC.
SUBJECT: 99-C-0939

Petition of Small Business Billing, Inc. for an Original Certificate of Public Convenience and Necessity to resell intrastate inbound and outbound long distance telecommunications service within and throughout the State of New York.

*** HEARINGS REQUIRED - COPY TO CHIEF ALJ ***

6729

99-C-0939

Copy to: Operations
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Comm
Tariffs



Steven C. Clay
& Associates, P.A.
900 Flour Exchange Bldg.
310 Fourth Avenue South
Minneapolis, MN 55415



telephone 612.321.9241
facsimile 612.321.9207
sclay@lawx.com

June 23, 1999

New York Public Service Commission
Three Empire State Plaza
Albany, NY 12223-1350

RE: Application of Corporate Billing Management, Inc for Certificate of Public Convenience and Necessity to resell intrastate inbound and outbound long distance telecommunications service

To Whom It May Concern:

Enclosed please find the Application of Small Business Billing, Inc. for a Certificate of Public Convenience and Necessity to resell intrastate inbound and outbound long distance telecommunications service within and throughout the state of New York. As directed, the application is in triplicate. An additional copy is provided to be stamped as filed and returned to my attention in the enclosed self-addressed, stamped envelope.

Any questions regarding this application should be directed to me at 612-321-9241. Thank you for your attention to this matter.

Sincerely,

Steven C. Clay
Attorney for Applicant

Enclosures

acknow. / amr

BEFORE THE NEW YORK PUBLIC SERVICE COMMISSION

**In the Matter of the Application of)
Small Business Billing, Inc.)
for a Certificate of Public Convenience)
and Necessity as a Reseller of Telephone)
Services Under Section 21.7 of the Rules)
and Regulations of the New York Public)
Service Commission)**

Case No. _____

**APPLICATION OF
SMALL BUSINESS BILLING, INC.**

Pursuant to Section 21.7 of the Rules and Regulations of the New York Public Service Commission, Small Business Billing, Inc. (hereinafter "Small Business Billing, Inc." or "Applicant") respectfully requests that the New York Public Service Commission (hereinafter "Commission") grant it a Certificate of Public Convenience and Necessity to provide intrastate inbound and outbound long distance telecommunications service within and throughout the state of New York. This Application submitted by Small Business Billing, Inc. demonstrates:

(a) The Applicant intends to resell the telecommunications facilities of the underlying common carriers Sprint. Applicant is not a facilities-based carrier. Small Business Billing, Inc.'s service will be offered nationwide. Through its service, customers may originate calls nationwide or in other countries for termination in the United States or to other countries.

(b) The full name, address, and telephone number of the applicant is:

Small Business Billing, Inc.
1054 Summit Avenue
South Saint Paul, Minnesota 55075
Telephone: (651) 714-7970

(c) Questions concerning this application and tariff should be directed to Steven C. Clay, Applicant's attorney at the following address:

Steven C. Clay
& Associates, P.A.
900 Flour Exchange Building
310 Fourth Avenue South
Minneapolis, Minnesota 55415
Telephone: (612) 321-9241
Facsimile: (612) 321-9207
Email: sclay@lawx.com

(d) Applicant is a corporation organized and existing under the laws of the state of Minnesota. Applicant has applied for a Certificate of Authority to conduct business as a foreign corporation in New York, which application is pending. A copy of Applicant's Minnesota Certificate of Incorporation is attached as Exhibit 1.

(e) A list of Applicant's executive officers, board of directors, and principle shareholders is attached as Exhibit 2.

(f) Applicant is currently authorized to provide long distance service in the following jurisdictions:

1. Indiana
2. Virginia
3. Colorado
4. Iowa
5. Montana

(g) Applicant has pending applications to provide long distance service in the following jurisdictions:

1. Arkansas
2. California
3. Idaho
4. Illinois
5. Indiana
6. Kansas
7. Kentucky

8. Louisiana
9. Massachusetts
10. Michigan
11. Mississippi
12. Missouri
13. New Jersey
14. North Dakota
15. Oregon
16. Pennsylvania
17. Rhode Island
18. South Dakota
19. Texas
20. Utah
21. Virginia
22. Washington
23. Wisconsin
24. Wyoming

Applicant has interstate and international long distance service tariffs on file with the Federal Communications Commission (FCC).

(h) Small Business Billing, Inc. markets long distance service to small businesses. Small Business Billing, Inc. offers switched telecommunications services to its customers, twenty-four (24) hours a day, seven (7) days a week. Applicant markets long distance service through professional, independent telemarketers.

(i) Small Business Billing, Inc. bills customers through agreements with the Regional Bell Operating Companies. Small Business Billing, Inc. will be listed as the long distance service provider on customer bills. The Applicant has retained the services of USBI, a San Antonio, Texas-based customer service and billing clearinghouse, to handle any problems with customer service and billing. USBI provides twenty-four (24) hour customer service, and a toll-free customer service number for USBI will be printed on each customer's bill. USBI is fully authorized to issue credits on behalf of the Applicant to customers where necessary.

(j) Small Business Billing, Inc. does not intend to acquire or construct any facilities for the provision of telecommunications services within New York. Rather, Small Business Billing, Inc. will resell the facilities of other authorized carriers.

(k) The public interest, convenience and necessity will be served by the grant of this Application of Small Business Billing, Inc. Through the entry of Small Business Billing, Inc. into the New York market, consumers will benefit from increased availability of a greater variety of long distance telecommunications service options. Applicant purchases long distance services from underlying carriers at a volume discount, which Applicant then resells at a competitive flat rate to small businesses. The public as a whole will benefit from increased competition within the New York long distance service industry. The entry of Small Business Billing, Inc. into the New York market will provide New York small businesses with long distance service options and pricing options not currently offered by other carriers.

WHEREFORE, the Applicant respectfully requests that the Commission grant it a Certificate of Public Convenience and Necessity authorizing it to resell intrastate inbound and outbound long distance telecommunications service within and throughout the state of New York.

Dated this 24th day of June, 1999.

Respectfully submitted,

Small Business Billing, Inc.
1054 Summit Avenue
South Saint Paul, Minnesota 55075



Steven C. Clay, Attorney for Applicant

Steven C. Clay
& Associates, P.A.
900 Flour Exchange Building
310 Fourth Avenue South
Minneapolis, Minnesota 55415
Telephone: (612) 321-9241
Facsimile: (612) 321-9207
Email: sclay@lawx.com

EXHIBIT 1



FILING RECEIPT

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ENTITY NAME: SMALL BUSINESS BILLING, INC.

DOCUMENT TYPE: APPLICATION AUTHORITY (FOR. BUSINESS)

COUNTY: NEWY

SERVICE COMPANY: CT CORPORATION SYSTEM

SERVICE CODE: 07

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FILED:02/05/1999 DURATION:PERPETUAL CASH#:990205000348 FILM #:990205000331

ADDRESS FOR PROCESS

EXIST DATE

C/O C T CORPORATION SYSTEM
1633 BROADWAY
NEW YORK, NY 10019

02/05/1999

REGISTERED AGENT

C T CORPORATION SYSTEM
1633 BROADWAY
NEW YORK, NY 10019



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FILER

FEES

250.00

PAYMENTS

250.00

STEVE CLAY
310 FOURTH AVENUE SOUTH STE 900
MINNEAPOLIS, MN 55415

FILING : 225.00 CASH : 0.00
TAX : 0.00 CHECK : 250.00
CERT : 0.00 CHARGE: 0.00
COPIES : 0.00 DRAWDOWN: 0.00
HANDLING: 25.00 BILLED: 0.00
REFUND: 0.00

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314



STATE OF MINNESOTA
SECRETARY OF STATE
ARTICLES OF INCORPORATION
Business and Nonprofit Corporations

0817 #3/

STATE OF MINNESOTA
DEPARTMENT OF STATE
FILED

JUN 03 1998

PLEASE TYPE OR PRINT LEGIBLY IN BLACK INK.

Please read the directions on the reverse side before completing this form. All information on this form is public information.
Jan Anderson Shave
Secretary of State *m*

TO EXPEDITE THE RETURN OF YOUR DOCUMENTS, PLEASE SUBMIT A STAMPED, SELF-ADDRESSED ENVELOPE.

The undersigned incorporator(s) is an (are) individual(s) 18 years of age or older and adopt the following articles of incorporation to form a (mark ONLY one):

☒ FOR-PROFIT BUSINESS CORPORATION (Chapter 302A) ☐ NONPROFIT CORPORATION (Chapter 317A)

ARTICLE I NAME

The name of the corporation is:

SMALL BUSINESS BILLING, INC. *m*

(Business Corporation names must include a corporate designation such as Incorporated, Corporation, Company, Limited or an abbreviation of one of those words.)

ARTICLE II REGISTERED OFFICE ADDRESS AND AGENT

The registered office address of the corporation is:

1186 ROSS AVENUE ST. PAUL MN 55106 ✓

(A complete street address or rural route and rural route box number is required: the address cannot be a P.O. Box) City State Zip

The registered agent at the above address is:

(Note: You are not required to have a registered agent.) Name

ARTICLE III SHARES

The corporation is authorized to issue a total of 100,000 shares. ✓

(If you are a business corporation you must authorize at least one share. Nonprofit corporations are not required to have shares.)

ARTICLE IV INCORPORATORS

(We), the undersigned incorporator(s) certify that I am (we are) authorized to execute these articles and that the information in these articles is true and correct. I (We) also understand that if any of this information is intentionally or knowingly misstated that criminal penalties will apply as if I had signed these articles under oath. (Provide the name and address of each incorporator. Each incorporator must sign below. List the incorporators on an additional sheet if you have more than two incorporators.)

Denise L. Pettit 1186 Ross Ave. St. Paul MN 55106 Denise L. Pettit ✓

Name Street City State Zip Signature

Name Street City State Zip Signature

List the Standard Industrial Classification Code (SIC) that most accurately describes the nature of the business of this corporation. Select one of the 2-digit SIC Codes listed on the backside of this form. _____

Print name and phone number of person to be contacted if there is a question about the filing of these articles.

528461

Jim Rolshouse 612-798-1173

Name Phone Number

State of Minnesota

SECRETARY OF STATE

CERTIFICATE OF INCORPORATION

I, Joan Anderson Grove, Secretary of State of Minnesota, do certify that: Articles of Incorporation, duly signed and acknowledged under oath, have been filed on this date in the Office of the Secretary of State, for the incorporation of the following corporation, under and in accordance with the provisions of the chapter of Minnesota Statutes listed below.

This corporation is now legally organized under the laws of Minnesota.

Corporate Name: Small Business Billing, Inc.

Corporate Charter Number: 10E-314

Chapter Formed Under: 302A

This certificate has been issued on 06/03/1998.



Joan Anderson Grove
Secretary of State.

EXHIBIT 2

President

Denise Pettit
1054 Summit Avenue
South Saint Paul, MN 55075

Director

Denise Pettit
1054 Summit Avenue
South Saint Paul, MN 55075

Sole Shareholder

Denise Pettit
1054 Summit Avenue
South Saint Paul, MN 55075

EXHIBIT 3

Small Business Billing, Inc.
Forecasted Balance Sheet

1999

ASSETS**Current Assets:**

CASH-NORWEST CHECKING	\$95,000.00
CASH-SAVINGS	50,000.00
ACCOUNTS RECEIVABLE	150,000.00
NOTES RECEIVABLE-CURRENT	4,200.00
OTHER RECEIVABLES	60,000.00
PREPAID INSURANCE	2,400.00
DEPOSITS	1,500.00

TOTAL Current Assets		\$363,100.00
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Fixed Assets:

FURNITURE AND FIXTURES	11,000.00
TELEPHONE EQUIPMENT	5,300.00
COMPUTER EQUIPMENT	24,000.00
COMPUTER EQUIPMENT-UBD	470.00
TELEPHONE EQUIPMENT-SALES	130,000.00
ACCUM DEPREC-FURN & FLX	(2,000.00)
ACCUM DEPREC-TELEPH EQPMNT	(1,400.00)
ACCUM DEPREC-EQUIP	(4,600.00)
ACCUM DEPREC-EQUIP SALE	(28,000.00)

TOTAL Fixed Assets		134,770.00
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Other Assets:

GOODWILL	50,000.00
ACCUM AMRT-GOODWILL	(17,000.00)

TOTAL Other Assets		33,000.00
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TOTAL ASSETS		\$530,870.00
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**Small Business Billing, Inc.
Forecasted Balance Sheet**

1999

LIABILITIES**Current Liabilities:**

ACCOUNTS PAYABLE	\$100,700.00
A/P - SUB-AGENTS	29,900.00
NOTES PAYABLE-QAI 2	2,200.00
WAGES PAYABLE	46,009.00
FEDERAL W/H PAYABLE	4,500.00
FICA PAYABLE	7,700.00
MEDICARE PAYABLE	1,750.00
CHILD SUPPORT W/H PAYABLE	460.00
SUTA PAYABLE	186.00
FUTA PAYABLE	1,300.00
HEALTH INSURANCE PAYBLE	2,700.00
OTHER PAYROLL W/H	6,067.00
ACCRUED INCOME TAX	122.00
OTHER ACCRUED EXPENSES	476.00

TOTAL Current Liabilities**\$205,870.00****TOTAL LIABILITIES****\$203,170.00****CAPITAL**

COMMON STOCK	250.00
ADDITNL PAID IN CAPITAL	750.00
RETAINED EARNINGS	10,000.00
Year-to-Date Earnings	314,000.00

TOTAL CAPITAL**\$325,000.00****TOTAL LIABILITIES & CAPITAL****\$530,870.00**

Small Business Billing, Inc.

Forecasted Income Statement

Year Ended
December 31, 1999

Income

SALES-LONG DISTANCE/QAI	\$2,927,906.00
SALES-CORP SRVC/CENTRAL CORP	36,008.20
SALES-LONG DISTANCE/RSL/LDM	1,251,217.00
WEB PAGE SALES/CYBER LONG DIST	2,340.00
REFUNDS & ALLOWANCES	(4,034.05)
OTHER INCOME	111.36

TOTAL Income 4,213,548.51

Operating Expenses

SUB-AGENT PAYMENTS	2,627,058.30
TELEPHONE	82,824.10
FREIGHT OUT	177.05
VERIFICATION COSTS-CEI	127,946.85
VERIFICATION COSTS-S/A	69,258.60
SALES COMMISSIONS	508,497.15
PAYROLL TAXES (SALES)	5,631.57
FICA	22,300.61
MEDICARE	5,215.52
FUTA	2,260.97
SUTA	1,790.12
HEALTH	2,281.04
LIFE	334.34
WORKER'S COMPENSATION	733.61
DENTAL	1,376.53
RENT-SALES AREA	28,120.68
DEPRECIATION EXPENSE	4,459.70
EQUIPMENT LEASE	735.76
TELEPHONE	65.27
TEMPORARY HELP	1,200.00

TOTAL Operating Expenses 3,492,267.77

GROSS PROFIT 721,280.74

Small Business Billing, Inc.

Forecasted Income Statement

Year Ended
December 31, 1999

General/Administrative Expenses

GENERAL ADMINISTRATIVE	817.60
OFFICE SALARIES	193,566.32
PAYROLL TAXES (OFFICE)	3,167.77
FICA	9,962.61
MEDICARE	2,329.97
FUTA	358.94
SUTA	576.48
HEALTH	12,852.18
LIFE	239.95
DENTAL	2,265.51
RENT-OFFICE	14,885.13
RENT-PARKING	5,681.50
ABANDON PROJECTS	90.00
ADVERTISING	550.94
AMORTIZATION EXPENSE	2,976.15
AUTO EXPENSES	2,700.00
BANK CHARGES	908.71
BEVERAGE SUPPLIES	687.00
DATA PROCESSING	1,782.25
DEPRECIATION EXPENSES	13,397.25
DUES AND SUBSCRIPTIONS	(294.79)
EMPLOYEE APPRECIATION	2,454.33
EMPLOYEE RECRUITMENT	1,883.22
MEALS AND TICKETS	175.05
OTHER	147.94
EQUIPMENT RENTAL	3993.72
FILING FEE	1,145.36
INTEREST EXPENSE	6,440.25
INSURANCE-BUSINESS	874.71
INSURANCE-WORKERS COMP	2,027.46
LICENSES AND FEES	535.16
MEETING EXPENSE	131.00
MISCELLANEOUS	7.02
OFFICE SUPPLIES	6,670.55
PENALTIES	1,805.32
POSTAGE AND DELIVERIES	2,386.46
PRINTING	37.15
PROFESSIONAL SERVICES	71,101.16
ACCOUNTING	11,190.60
ATTORNEY	44,385.50
REPAIRS AND MAINTENANCE	295.02
REPAIRS & MAINT.-EQUIPMENT	13,350.00

Small Business Billing, Inc. Forecasted Income Statement

Year Ended
December 31, 1999

SUPPLIES	1,470.42
TELEPHONE	(4,657.85)
TEMPORARY HELP	2,243.63
TRAVEL	10,767.90
TRAINING	5,339.30
UTILITIES	7,242.68
TOTAL General/Administrative Expenses	462,944.53
OPERATING PROFIT	258,336.21
Other Income & Expenses	
RENTAL INCOME	64,750.00
INTEREST INCOME	2,684.47
VENDING MACHINE INCOME	132.20
TOTAL Other Income & Expenses	67,566.67
PROFIT BEFORE TAXES	325,902.88
Provisions for Taxes	
INCOME TAX EXPENSE	902.88
TOTAL Provisions for Taxes	902.88
NET PROFIT	\$325,000.00