

STATE OF ALABAMA  
PUBLIC SERVICE COMMISSION  
ADMINISTRATIVE LAW DIVISION

IN THE MATTER OF:

PHONEAID COMMUNICATIONS CORPORATION

DOCKET NO.: 31339

APPLICATION FOR APPROVAL OF A CERTIFICATE  
OF PUBLIC CONVENIENCE AND NECESSITY TO  
PROVIDE LOCAL EXCHANGE LONG DISTANCE  
RESALE TELECOMMUNICATIONS SERVICES IN THE  
STATE OF ALABAMA

\* \* \* \* \*

TESTIMONY AND PROCEEDINGS before  
the Honorable John Garner, Administrative  
Law Judge, Carl L. Evans Chief  
Administrative Law Judge Hearing Complex,  
RSA Union Building, 100 North Union  
Street, Room 900, Montgomery, Alabama, on  
Tuesday, March 30, 2010, commencing at  
approximately 9:41 a.m.; and reported by  
Dee Coker, Registered Professional  
Reporter and Commissioner for the State of  
Alabama at Large.

\* \* \* \* \*

## 1 APPEARANCES

2 FOR THE PUBLIC SERVICE COMMISSION:

3 Mr. William C. (Bill) Cook  
4 Public Utility Analyst  
5 Telecommunications Division  
6 RSA Union, Suite 923-B  
7 100 North Union Street  
8 Montgomery, Alabama 36104

9 FOR PHONEAID COMMUNICATIONS CORP.:

10 Mrs. Angela Lemke, President  
11 Mr. Joseph Lemke, Vice President  
12 3749 D Gulf Breeze Parkway #331  
13 Gulf Breeze, Florida 32563

14 \* \* \* \* \*

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21 ALJ GARNER: For the record,  
22 we're here this morning of March the  
23 30th, 2010 in the matter of Docket  
31339 which concerns the application  
of Phoneaid Communications Corp. for  
approval of a certificate of public  
convenience and necessity to provide  
local exchange, long distance

1 interexchange, and long distance  
2 resale telecommunications services  
3 in the state of Alabama.

4 The application was filed  
5 with the Commission on or about  
6 February 23rd, 2010. Interested  
7 parties were made aware of today's  
8 hearing pursuant to Commission  
9 Notice dated March 1, 2010.

10 Let the record reflect that  
11 the Commission did not receive any  
12 petitions to intervene in this  
13 matter.

14 For the record, let's go  
15 ahead and take appearances at this  
16 time. Who will be appearing on  
17 behalf of the applicant?

18 MRS. LEMKE: That's Angela  
19 Lemke, President of Phoneaid  
20 Communications. Our physical  
21 address is 3749 D Gulf Breeze  
22 Parkway, Number 331 in Gulf Breeze,  
23 Florida 32563.

1 ALJ GARNER: All right. Further  
2 appearances. Mr. Cook?

3 MR. COOK: Bill Cook,  
4 Telecommunications Division,  
5 Commission staff.

6 ALJ GARNER: Is there anyone  
7 else who needs to enter an  
8 appearance?

9 All right. Let the record  
10 reflect that no one has come  
11 forward.

12 In the way of preliminary  
13 matters, are there any changes to  
14 your application?

15 MRS. LEMKE: No, Your Honor.

16 ALJ GARNER: All right.  
17 Mr. Cook, did you have any  
18 preliminaries?

19 MR. COOK: No, sir.

20 ALJ GARNER: All right.  
21 Mrs. Lemke, if you will stand and  
22 raise your right hand, I need to  
23 swear you in and get you to make a

1 statement in support of the  
2 application.

3 ANGELA LEMKE

4 The witness, having first been  
5 sworn to speak the truth, the whole truth  
6 and nothing but the truth, testified as  
7 follows:

8 ALJ GARNER: You may be seated.

9 All right. Mrs. Lemke, if  
10 you would just give us some  
11 background about the applicant and  
12 what you intend to do with the  
13 authority you seek today if it's  
14 granted. We'll go from there with  
15 some questions, but we'll look to  
16 you to open it up.

17 MRS. LEMKE: Okay. Phoneaid  
18 Communications was formed in Santa  
19 Rosa County, Florida in April of  
20 2009 with an interconnection  
21 agreement made between Phoneaid  
22 Communications and AT&T for the  
23 southeast nine state region with an

1 active interconnection agreement  
2 filed in the state of Kentucky where  
3 we currently do offer service.

4 We have serviced over 2500  
5 customers to date so far in the  
6 state of Kentucky and are looking to  
7 move with our application in  
8 providing public convenience utility  
9 services now in the state of  
10 Alabama.

11 ALJ GARNER: What services are  
12 you currently providing in Kentucky?

13 MRS. LEMKE: We're currently  
14 offering home phone service with  
15 long distance services.

16 ALJ GARNER: And is Kentucky the  
17 only other state that you offer it  
18 in at present?

19 MRS. LEMKE: Yes, it is.

20 ALJ GARNER: Okay. Anything  
21 else you want to add before we open  
22 it up to questions from staff?

23 MRS. LEMKE: I don't believe so.

1 ALJ GARNER: Okay. Mr. Cook?

2 MR. COOK: Thank you, sir.

3 EXAMINATION

4 BY MR. COOK:

5 Q. Will you please explain exactly the  
6 authority that you are seeking in  
7 Alabama, what kind of service you want  
8 to provide?

9 A. The authority? We'd like to offer  
10 local exchange service with the  
11 ability for UNE-P services and then  
12 the resale of long distance services  
13 as well.

14 Q. Okay. Does your company currently  
15 provide any telecommunication services  
16 under any other certificate or name in  
17 Alabama?

18 A. No, sir.

19 Q. Does your company plan to use a d/b/a?

20 A. No, sir.

21 Q. Are you seeking statewide authority to  
22 provide these services?

23 A. Yes.

1 Q. You say your company has been in the  
2 telecommunications business since  
3 April of 2009?

4 A. Yes.

5 Q. Where will your company books and  
6 records be maintained?

7 A. In Gulf Breeze, Florida in our  
8 corporate headquarters.

9 Q. Mrs. Lemke, will you be the contact  
10 person for the Alabama tariff-specific  
11 questions?

12 A. Yes, I will.

13 Q. Approximately how many employees does  
14 your company employ?

15 A. 12.

16 Q. Are these permanent employees?

17 A. Yes.

18 Q. Are any of them under a contract?

19 A. Yes. We do have a contract with a  
20 current call center. And I believe  
21 seven of our employees are under a  
22 contract.

23 With the addition of the Alabama



1 state, we do have intention on -- of  
2 bringing an additional eight staff on  
3 board to support the additional state  
4 service for customer service in sales.

5 Q. Okay. Will you have full control over  
6 these employees?

7 A. Yes.

8 Q. In other words, if they are found to  
9 be doing illegal or improper  
10 procedures, you will have the ability  
11 to fire them?

12 A. Yes. And I do have the ability to  
13 fire as well as hire personally those  
14 that are contracted on our staff.

15 Q. Okay. Of all the number of employees,  
16 how many will be responsible for  
17 Alabama-specific tariff matters?

18 A. Employees in charge of tariff  
19 matters? That's particularly myself.

20 Q. Yeah. Alabama operations  
21 particularly. How many will be  
22 involved in the operations in Alabama?

23 A. Oh, okay. I apologize. That would be

1           the entire staff. There won't be any  
2           state differential between Kentucky or  
3           Alabama.

4       Q. And you are currently authorize to  
5           provide telecommunication services in  
6           Kentucky?

7       A. Yes, sir.

8       Q. Is it your intent to provide services  
9           in other southern regional states?

10      A. Yes, it is. We currently do have an  
11          application filed for the state of  
12          Louisiana.

13      Q. Any more?

14      A. No.

15      Q. Just -- Right now, just Louisiana?

16      A. Yes.

17      Q. Have you had any applications or  
18          certificates pending, denied, or  
19          revoked?

20      A. No, sir.

21      Q. Has your company currently or ever  
22          been indicted or under investigation  
23          in any state?

1 A. No, sir.

2 Q. Any officers of the company?

3 A. No.

4 Q. Have you had any slamming or cramming  
5 complaints filed against you?

6 A. No.

7 Q. Has the company ever been penalized  
8 for service infractions such as  
9 disconnection by the underlying  
10 carrier?

11 A. No.

12 Q. Has the company, under the current  
13 name or any previous names or d/b/a,  
14 ever filed or presently any bankruptcy  
15 proceedings?

16 A. No.

17 Q. How do you propose to market or obtain  
18 customers in the state of Alabama?

19 A. We'll use separate -- several  
20 different media methods. We'll do  
21 television commercials; we will do  
22 print advertising, direct mail.

23 One of the foundations of our

1 business model is to work through  
2 community outreach programs in  
3 educating the public about their --  
4 the availability of Lifeline funds to  
5 customers.

6 USAC has noted that only -- less  
7 than 9 percent of Alabama customers  
8 currently participate in that  
9 program. So we would like to reach  
10 out to commissioners, local and county  
11 government officials in helping to  
12 create community outreach programs and  
13 educating the public.

14 Q. Okay. Do you plan to market  
15 business --

16 A. No.

17 Q. -- or residential customers?

18 A. Residential only.

19 Q. Okay. Will you have a marketing or a  
20 sales staff located in Alabama?

21 A. No.

22 Q. Of your total number of sales and  
23 marketing staff, how many are contract

1 or independent agents?

2 A. None.

3 Q. Will you --

4 A. Outside of -- We do have an outside  
5 advertising agency.

6 Q. But they won't be actual physical  
7 people?

8 A. No. They just produce commercials and  
9 things of that sort.

10 Q. Does your company have a toll-free  
11 number?

12 A. Yes, we do.

13 Q. Can you give me that number, please?

14 A. We have several toll-free numbers.  
15 Our customer service toll-free is  
16 877-895-4050. I think we --

17 MR. LEMKE: That's correct.

18 Q. How is that number manned?

19 A. It comes into a server platform, and  
20 then it's evenly distributed to the  
21 first available agent. There's  
22 options if the customer would like to  
23 speak with sales, customer service, or

1           billing.

2       Q.   Okay.   So if a customer calls at three  
3           o'clock in the morning, it will give a  
4           voice mail or --

5       A.   It will prompt the customer which area  
6           they're trying to reach, and then it  
7           will direct towards that department's  
8           voice mail.

9       Q.   You said that AT&T will be your  
10          underlying carrier?

11      A.   Yes.

12      Q.   Have you started any negotiations with  
13          any other carrier?

14      A.   No, sir.

15      Q.   Have you entered into an  
16          interconnection or resale agreement  
17          with AT&T?

18      A.   We are in an interconnection agreement  
19          for the state of Kentucky.   And we  
20          have contacted our contract manager to  
21          start the negotiation process for the  
22          state of Alabama.   We're working with  
23          our same contract manager through our

1 attorney.

2 Q. Okay. Are you planning on going into  
3 the CenturyTel area?

4 A. No. We'll be using the -- the AT&T  
5 ILEC inter -- or exchange boundary  
6 map.

7 Q. Okay. Are you going to have any  
8 specific locations in Alabama or --

9 A. No.

10 Q. -- that you're going to concentrate on  
11 or just the whole state in general?

12 A. Yeah, just the whole state in general.

13 Q. Will you be co-locating with AT&T  
14 systems, or are you proposing to  
15 construct any facilities?

16 A. No construction of facilities.

17 Q. Do you plan on constructing any type  
18 of facilities or putting in a switch  
19 or anything?

20 A. No.

21 Q. How will your customer complaints be  
22 handled?

23 A. We have a customer care division.

1            Depending on the -- the type of  
2            complaint, that customer would be then  
3            routed to whichever department. If it  
4            was a billing dispute or -- they would  
5            be sent to billing and whatnot.

6        Q.    Okay. Can you briefly explain your  
7            billing procedures?

8        A.    Uh-huh. We outsource through  
9            Spandocs. It is a billing company  
10           located out of New York. We bill on a  
11           daily basis.

12                Once a customer is activated, we  
13                will submit a bill out 16 days in  
14                advance of their billing due date with  
15                an invitation to continue services for  
16                the following month. Our service will  
17                be paid for in advance for the  
18                following month.

19                I believe that -- that's basically  
20                it. I mean, it is done on an every  
21                day cycle, a file sent to Spandocs,  
22                and then that file is then printed and  
23                mailed within the same day.



1 Q. Okay. Will your company name appear  
2 on the bill?

3 A. Yes, it does.

4 Q. Will your company charge a fee for  
5 paper invoice?

6 A. No, we do not.

7 Q. Will your company provide a directory  
8 to its customers or will it have to be  
9 the underlying carrier?

10 A. Yeah, that will be through the ILEC.

11 Q. Who will provide operator service or  
12 directory assistance?

13 A. Directory assistance will be provided  
14 through an 800 toll directory  
15 assistance, and the operator  
16 assistance will be available through  
17 the underlying carrier.

18 Q. Okay. Are you familiar with the  
19 Commission rules and regulations that  
20 govern telecommunication carriers in  
21 Alabama?

22 A. Yes, I am.

23 Q. Do you agree to abide by these rules?

1       A.   Yes, I do.

2       Q.   Are you aware of our filing procedures  
3           and notifications of promotions, et  
4           cetera?

5       A.   Yes.   In filing rates and promotional  
6           changes, yes.

7       Q.   Are you familiar with our Commission  
8           rules regarding inspections and  
9           supervision fees?

10      A.   Yes, sir.

11      Q.   You said that your records would be  
12           located in your home corporate office  
13           in Gulf Breeze.   Do you agree to make  
14           those records available to us?

15      A.   Yes, sir.

16      Q.   Are you aware that all rate changes,  
17           increases or decrease, introduction of  
18           new services must receive prior  
19           approval from this Commission before  
20           initializing?

21      A.   Yes, sir.

22      Q.   Are you also aware that the Commission  
23           must be notified if there are any

1 changes in key contract personnel --  
2 contact personnel, company ownership  
3 via merger, transfers, acquisitions  
4 and/or mailing address?

5 A. Yes, sir.

6 MR. COOK: I've checked both of  
7 your tariffs, and I see no problem  
8 with either one of your tariffs.  
9 They seem to be in order and very  
10 well put together.

11 I have no further questions,  
12 Your Honor.

13 ALJ GARNER: I have just a  
14 couple.

15 Mrs. Lemke, did you have a  
16 background in the telecommunications  
17 business prior to getting involved  
18 with this company?

19 MRS. LEMKE: Only for a short  
20 while when I worked for Quest  
21 Communications out of Denver,  
22 Colorado.

23 ALJ GARNER: Are there other

1 parties involved with your  
2 operations who have more extensive  
3 experience in the provision of  
4 telecommunications services?

5 MRS. LEMKE: In the provision  
6 side, yes. The call center that we  
7 contract through has experience with  
8 the provisioning of the AT&T service  
9 through, as well as we've been able  
10 to, in our own community, hire  
11 individuals into our corporate  
12 location that worked for other  
13 providers that have since went out  
14 of business.

15 ALJ GARNER: Okay. Are your  
16 services in Kentucky exclusively  
17 prepaid?

18 MRS. LEMKE: Yes, they are.

19 ALJ GARNER: And is that what  
20 your intention is for Alabama as  
21 well?

22 MRS. LEMKE: Yes, it is.

23 ALJ GARNER: Tell me again how

1       many customers you've already signed  
2       up in Kentucky.

3               MRS. LEMKE:   We've serviced over  
4       2500 customers.

5               ALJ GARNER:   And how long have  
6       you been operating in Kentucky?

7               MRS. LEMKE:   Since April of  
8       2009.

9               ALJ GARNER:   So about a year.

10               And so you don't really use  
11       independent agents at all in your  
12       solicitations?

13               MRS. LEMKE:   We have an outside  
14       advertising agency that we use in  
15       the state of Kentucky as well as a  
16       local agency in Pensacola, Florida.  
17       We have discussed also working with  
18       a local agency here in the state of  
19       Alabama.

20               ALJ GARNER:   For your ad  
21       campaigns?

22               MRS. LEMKE:   Yes, for the ad  
23       campaigns.

1           ALJ GARNER: But is it your  
2           intention to stay with your  
3           television print ads, direct mail,  
4           things of that nature for future  
5           solicitation purposes?

6           MRS. LEMKE: Yes. That will be  
7           our media advertising outlets.

8           ALJ GARNER: You mentioned a  
9           community outreach type program.  
10          What have you utilized there to get  
11          the word out with respect to  
12          Lifeline and link-up services?

13          MRS. LEMKE: In the state of  
14          Kentucky, we have been working with  
15          a social service network. We've  
16          been able to put out some fliers in  
17          some local social security offices  
18          where individuals come in to learn  
19          about, you know, eligible benefits  
20          to them.

21                   We've talked with a director  
22          in United Way in Pensacola with the  
23          hopes of being introduced to the

1 United Way director in Louisville,  
2 Kentucky. And we'd like to further  
3 pursue that once we're able to offer  
4 service in the state of Alabama as  
5 well.

6 ALJ GARNER: All right. Very  
7 good.

8 Your financial situation,  
9 that's very up to date, I believe as  
10 of February the 22nd, the day before  
11 the application was filed.

12 Are you familiar with the  
13 company's financial situated?

14 MRS. LEMKE: Yes. I'm the  
15 internal CFO currently.

16 ALJ GARNER: You wear a lot of  
17 hats.

18 MRS. LEMKE: I don't intend on  
19 staying in that position forever.

20 ALJ GARNER: I understand.

21 Have there been any  
22 substantial changes to your  
23 financial condition since you filed

1 the documents that support the  
2 application?

3 MRS. LEMKE: Only one -- only  
4 one change. Just in the fact that  
5 some receivables actually became  
6 paid. Through USAC, we actually did  
7 receive some funds. There was one  
8 slight change in the receivables  
9 versus the -- the cash.

10 ALJ GARNER: So have you been  
11 designated as an ETC in Kentucky?

12 MRS. LEMKE: Yes, we are.

13 ALJ GARNER: Do you intend to  
14 seek that same status here?

15 MRS. LEMKE: Yes, we would like  
16 to.

17 ALJ GARNER: You understand that  
18 you have to do that separately?

19 MRS. LEMKE: Yes, sir.

20 ALJ GARNER: And I believe you  
21 said this, but let me ask it again.  
22 So your method of doing business in  
23 Kentucky, you haven't received any



1       complaints or been the subject of an  
2       investigation by the Kentucky Public  
3       Service Commission.

4               MRS. LEMKE:   No, sir.

5               ALJ GARNER:   Okay.

6               MRS. LEMKE:   No, we actually --  
7       we work -- we use the USAC marketing  
8       platform really to -- to go out and  
9       educate the public.  We use our  
10      marketing media as an education tool  
11      in letting the consumers know -- a  
12      lot of times that -- they don't know  
13      that these benefits are something  
14      that can help them to have access to  
15      emergency service facilities, you  
16      know.

17                       So we use a lot of the --  
18      the methods that USAC has  
19      presented.  Joe and I attended a  
20      seminar presented by USAC.  And  
21      through their different media  
22      recommendations, that's really what  
23      spawned a lot of the ways that we

1           currently market in Kentucky and how  
2           we would market in Alabama.

3           ALJ GARNER:   Okay.   Well, that's  
4           very interesting.

5                       Do you know the percentage  
6           of your customer base in Kentucky  
7           that is Lifeline eligible?

8           MRS. LEMKE:   The percentage of  
9           current customers?

10          ALJ GARNER:   Yes.

11          MRS. LEMKE:   Yes.   98 percent of  
12          our customers are Lifeline eligible.

13          ALJ GARNER:   That makes sense.  
14          That was more a matter of curiosity  
15          than substance for this proceeding.

16                       All right.   Mr. Cook, any  
17          follow-up questions?

18          MR. COOK:    No, sir.

19          ALJ GARNER:   Anything you want  
20          to clarify before we close out?

21          MRS. LEMKE:   I don't believe so.

22          ALJ GARNER:   Okay.   If not, the  
23          matter will be taken under

1           advisement. And that will conclude  
2           the hearing.

3                       \* \* \* \* \*

4                       END OF PROCEEDINGS

5                       \* \* \* \* \*

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1 REPORTER'S CERTIFICATE

2 STATE OF ALABAMA

3 ELMORE COUNTY

4 I, Dee Coker, Registered

5 Professional Reporter and Commissioner for

6 the State of Alabama at Large, hereby

7 certify that on Tuesday, March 30, 2010, I

8 reported the PROCEEDINGS in the matter of

9 the foregoing cause, and that pages 2

10 through 27 contain a true and accurate

11 transcription of said proceedings.

12 I further certify that I am

13 neither kin nor of counsel to the parties

14 to said cause, nor in any manner

15 interested in the results thereof.

16

17

18 /s/Dee Coker  
19 DEE COKER, CCR, RPR  
20 and Commissioner for the  
State of Alabama at Large  
CCR 85, Expires 9/30/2010

21 COMMISSION EXPIRES: 1/20/2013

22

23