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DEC 27 2004

Missouri Public
Service Commission

Capsule Communications, Inc.

(Full Company Name)

COMPETITIVE LOCAL EXCHANGE CARRIER
and
INTEREXCHANGE TELECOMMUNICATIONS CARRIER
ANNUAL REPORT
TO THE
MISSOURI PUBLIC SERVICE COMMISSION

For Period Ending December 31, 2002

CLEC-IXC **Capsule Communications, Inc.**
 Annual Report of _____

for the year ended December 31, **2002**

1. State in full the exact '**certificated**' name of the
 Competitive Local Exchange/Interexchange Telecommunications Carrier:
 (Do not abbreviate; yet include any commission approved fictitious name, if applicable.)
Capsule Communications, Inc.

2. Effective date of certification by the MO Public Service Commission and associated case
 number:

Date (e.g. 00/00/0000): **3/31/2000** Case No: **TA-2000-536**

3. Was the company certificated in Missouri under any other name(s)? If yes, please provide all
 names and time periods involved since the original certification:

4. This Competitive Local Exchange/Interexchange telecommunications Carrier is a (Check box
 with an X) and under '**Explanation**' list registered name if different than certificated name
 listed above (e.g. parent corporation name). If '**Other**' is identified, explain:

	Type	Explanation
<input checked="" type="checkbox"/>	Corporation	_____
<input type="checkbox"/>	Partnership	_____
<input type="checkbox"/>	Sole Proprietorship	_____
<input type="checkbox"/>	LLC	_____
<input type="checkbox"/>	LP	_____
<input type="checkbox"/>	Other	_____

5. Date of incorporation or other original organization (e.g. 00/00/0000):
5/3/2000

6. Under the laws of what state is the Competitive Local Exchange/Interexchange
 telecommunications Carrier organized:
DE

7. State in full the name, street address, telephone number, and e-mail address* of the individual
 completing/verifying this Annual Report:

Patrick Hardy/TCS

1720 Windward Concourse

Suite 250

Alpharetta

GA

30005

678-775-2251

phardy@tcsteam.com

(*) To facilitate electronic sending of the Annual Report form next year.

10. Please Provide the following information concerning Total Company and gross intrastate operating revenues (i.e., Missouri Specific) Revenues for this Calendar Year: 2002

Revenues:	Total Company	MO Specific
Operating Revenues* from Telecommunication Services	463,494.00	173,130.00
Access Fee Revenues		
Federal USF Subsidies		
State USF Subsidies		
Other Revenues		
TOTAL REVENUES	463,944.00	173,130.00

MO Specific should match Statement of Revenue
(FY-2005 Mo.PSC Assessment)

11. Type of Missouri tax return filed (i.e. MO-1065, MO-1120A, MO-1120S, MO-NRP, MO-NRS etc.): 1120

12. Missouri Taxpayer ID: 22-3055962

* Missouri Revised Statutes §386.020(53)

(53) "Telecommunications service", the transmission of information by wire, radio, optical cable, electronic impulses, or other similar means. As used in this definition, "information" means knowledge or intelligence represented by any form of writing, signs, signals, pictures, sounds, or any other symbols. Telecommunications service does not include:

(a) The rent, sale, lease, or exchange for other value received of customer premises equipment except for customer premises equipment owned by a telephone company certificated or otherwise authorized to provide telephone service prior to September 28, 1987, and provided under tariff or in inventory on January 1, 1983, which must be detariffed no later than December 31, 1987, and thereafter the provision of which shall not be a telecommunications service, and except for customer premises equipment owned or provided by a telecommunications company and used for answering 911 or emergency calls;

(b) Answering services and paging services;

(c) The offering of radio communication services and facilities when such services and facilities are provided under a license granted by the Federal Communications Commission under the commercial mobile radio services rules and regulations;

(d) Services provided by a hospital, hotel, motel, or other similar business whose principal service is the provision of temporary lodging through the owning or operating of message switching or billing equipment solely for the purpose of providing at a charge telecommunications services to its temporary patients or guests;

(e) Services provided by a private telecommunications system;

(f) Cable television service;

(g) The installation and maintenance of inside wire within a customer's premises;

(h) Electronic publishing services; or

(i) Services provided pursuant to a broadcast radio or television license issued by the Federal Communications Commission;

Capsule Communications, Inc.

CLEC-IXC Annual Report of _____
for the year ended December 31, 2002

13. In an effort to update our Electronic Filing & Information system (EFIS) with current company contact and address information please provide the following information. Either verify the information through EFIS and initial in space provided or complete each sub-type and the Data Center Staff will update as required.

a. Official Representative of the Company:

Information contained in EFIS is current:

Name:	Patrick Hardy/TCS			_____ initials
Street/ PO Box:	1720 Windward Concourse	Suite 250		
City, State, Zip:	Alpharetta	GA	30005	
Telephone number:	678-775-2251			
Fax number:	678-775-2254			
E-mail address:	phardy@tcsteam.com			

b. Consumer Services:

Information contained in EFIS is current:

Name:	Nancy Hawkins			_____ initials
Street/ PO Box:	721 Broad Street			
City, State, Zip:	Chattanooga	TN	37402	
Telephone number:	(215) 633-9400			
Fax number:	(215) 244-3440			
E-mail address:	_____			

c. Individual to receive statement of revenue (assessment):

Information contained in EFIS is current:

Name:	Harriet Tweed			_____ initials
Street/ PO Box:	721 Broad Street			
City, State, Zip:	Chattanooga	TN	37402	
Telephone number:	(215) 633-9400			
Fax number:	(215) 244-3440			
E-mail address (*):	htweed@covista.com			

(*) To facilitate electronic sending of the statement of revenue next year.

In addition provide specific contacts for areas (d. through n.) if applicable on the following pages. In lieu of additional contacts being provided, designate if a, b, or c, above should be identified as the contact.

d. Tariff:

Information contained in EFIS is current:

Name:	Harriet Tweed			_____ initials
Street/ PO Box:	721 Broad Street			
City, State, Zip:	Chattanooga	TN	37402	
Telephone number:	(215) 633-9400			
Fax number:	(215) 244-3440			
E-mail address:	htweed@covista.com			

for the year ended December 31, 2002

13. continued

e. CFO/Comptroller:

Information contained in EFIS is current:

Name: **Frank Pazera** _____ initials _____
 Street/ PO Box: **721 Broad Street** _____
 City, State, Zip: **Chattanooga TN 37402** _____
 Telephone number: **(215) 633-9400** _____
 Fax number: **(215) 244-3440** _____
 E-mail address: _____

f. Technical:

Information contained in EFIS is current:

Name: **Harriet Tweed** _____ initials _____
 Street/ PO Box: **721 Broad Street** _____
 City, State, Zip: **Chattanooga TN 37402** _____
 Telephone number: **(215) 633-9400** _____
 Fax number: **(215) 244-3440** _____
 E-mail address: **htweed@covista.com** _____

g. Surveillance:

Information contained in EFIS is current:

Name: **Harriet Tweed** _____ initials _____
 Street/ PO Box: **721 Broad Street** _____
 City, State, Zip: **Chattanooga TN 37402** _____
 Telephone number: **(215) 633-9400** _____
 Fax number: **(215) 244-3440** _____
 E-mail address: **htweed@covista.com** _____

h. In-House Attorney:

Information contained in EFIS is current:

Name: _____ initials _____
 Street/ PO Box: _____
 City, State, Zip: _____
 Telephone number: _____
 Fax number: _____
 E-mail address: _____

i. Attorney:

Information contained in EFIS is current:

Name: **Lance JM Steinhart, Esq.** _____ initials _____
 Street/ PO Box: **1720 Windward Concourse Suite 250** _____
 City, State, Zip: **Alpharetta GA 30005** _____
 Telephone number: **678-775-2251** _____
 Fax number: **678-775-2254** _____
 E-mail address: **phardy@tcsteam.com** _____

for the year ended December 31, 2002

13. continued

j. Consultant:

*Information contained in EFIS
is current:*

Name: **Patrick Hardy/TCS** _____ initials
 Street/ PO Box: **1720 Windward Concourse** _____ **Suite 250**
 City, State, Zip: **Alpharetta** _____ **GA** _____ **30005**
 Telephone number: **678-775-2251**
 Fax number: **678-775-2254**
 E-mail address: **phardy@tcsteam.com**

k. Other:

*Information contained in EFIS
is current:*

Name: **Harriet Tweed** _____ initials
 Street/ PO Box: **721 Broad Street**
 City, State, Zip: **Chattanooga** _____ **TN** _____ **37402**
 Telephone number: **(215) 633-9400**
 Fax number: **(215) 244-3440**
 E-mail address: **htweed@covista.com**

l. Regulatory:

*Information contained in EFIS
is current:*

Name: **Patrick Hardy/TCS** _____ initials
 Street/ PO Box: **1720 Windward Concourse** _____ **Suite 250**
 City, State, Zip: **Alpharetta** _____ **GA** _____ **30005**
 Telephone number: **678-775-2251**
 Fax number: **678-775-2254**
 E-mail address: **phardy@tcsteam.com**

m. Area Contact Entry:

*Information contained in EFIS
is current:*

Name: _____ initials
 Street/ PO Box: _____
 City, State, Zip: _____
 Telephone number: _____
 Fax number: _____
 E-mail address: _____

n. Carrier Billing Relations:

*Information contained in EFIS
is current:*

Name: **Nancy Hawkins** _____ initials
 Street/ PO Box: **721 Broad Street**
 City, State, Zip: **Chattanooga** _____ **TN** _____ **37402**
 Telephone number: **(215) 633-9400**
 Fax number: **(215) 244-3440**
 E-mail address: **htweed@covista.com**

**Instructions for completing the
Competitive Local Exchange Carrier Access Line Report**

I. BACKGROUND

In opening local telephone markets to competition, the Missouri Public Service Commission (MoPSC) is interested in determining and tracking the amount of actual competition occurring throughout the state. For a variety of reasons including but not limited to statutory reasons, the MoPSC finds it necessary to track the level of competition in local telephone markets.

II. PURPOSE

The purpose of this portion of the Annual Report is to ascertain, on an exchange specific basis, the number of voice-grade equivalent access lines in service being provided by your company in each exchange (as identified in your tariff) in Missouri. Information is sought for residential and business voice-grade equivalent access lines on an exchange-by-exchange basis. **Please use the common exchange name as shown in your tariffs.** Further, information is sought on the following ways of provisioning each access line: (A) pure resale lines; (B) unbundled network element lines (UNE); (C) unbundled network element platform lines (UNE-P); and, (D) pure facility based lines. **Please report on a separate line the number of company used lines.**

III. WHAT IS MEANT BY "VOICE TELEPHONE SERVICE"?

Voice telephone service means local exchange or exchange access services that allow end users to originate and terminate local telephone calls on the public switched telephone network, whether used by the end user for telephone calls or for other types of calls carried over the public switched network (for example, lines used for facsimile equipment and "dial-up" internet lines).

IV. WHAT IS MEANT BY "VOICE-GRADE" EQUIVALENT LINES?

You are to report voice-grade equivalent lines. Count as one voice-grade equivalent line: traditional analog POTS lines, Centrex-CO extensions, and Centrex-CU trunks. Count lines based on how they are charged to the customer rather than how they are physically provisioned. For example, count Basic Rate Integrated (BRI) and Digital Network (ISDN) Services lines as two voice-grade equivalent lines. Report 8 voice-grade equivalent lines if a customer buys 8 trunks that happen to be provisioned over a DS1 circuit. If a customer buys a DS1 circuit that is provided as channelized service, report 24 voice-grade equivalent lines, even if there is some indication that the customer is only using 8 of the derived lines. Thus, a voice-grade equivalent line is a line that directly connects an end user to a carrier and allows the end user to originate and terminate local telephone calls on the public switched network.

Voice-grade equivalent lines include high capacity (DS1, DS-3, etc.) lines that are channelized to provide voice-grade service. In such instances, it is the number of channels available for voice traffic to/from the public switched network that should be counted as voice-grade equivalent access lines. **Note for competitive LEC's providing local exchange service over hybrid fiber-coaxial cable television systems:** Count your records and report how many voice-grade equivalent lines are being billed.

**Instructions for completing the
Competitive Local Exchange Carrier Access Line Report Con't.**

V. WHAT IS MEANT BY PURE RESALE VOICE GRADE EQUIVALENT LINES?

Pure resold lines are those lines provided pursuant to § 251 (c)(4) of the Communications Act of 1934, as amended. Pure resold lines are those lines not owned or controlled by the telephone company billing the end user for the service. Pure resold lines are typically leased from an underlying carrier at a wholesale discount off the tariffed rate. The use of resold lines exclusively provides a means to offer service without owning or controlling any equipment. Pure resold lines are those lines provided under a general or local exchange tariff, but without benefit of an accompanying switched access tariff.

VI. WHAT IS MEANT BY UNBUNDLED NETWORK ELEMENT (UNE) LINES?

UNE lines are those lines where the carrier provides some portion of the equipment required to provide telephone service. The most common example is a competitive LEC who provides the switching but leases a loop (or extended loop) from the incumbent LEC. UNE loops are obtained on a stand alone basis and service is provided to the end user without combining other UNEs. Service provisioned over UNE loops requires the carrier to lease a loop from another LEC in order to connect the customer to the carrier's own switch. UNE lines are provided under a general or local exchange tariff in combination with a switched access tariff.

VII. WHAT IS MEANT BY UNE-P VOICE GRADE EQUIVALENT LINES?

UNE Platform (UNE-P) lines are those lines utilizing a combination of UNEs so that service provisioned over UNE-P lines does not require the carrier to use its own switch, port, or loop. UNE-P lines are commonly used by competitive LECs. UNE-P lines are provided under a general or local exchange tariff in combination with a switched access tariff.

VIII. WHAT IS MEANT BY FULL FACILITY BASED VOICE GRADE EQUIVALENT LINES?

Full facility based lines are those lines owned or controlled exclusively by a local exchange carrier and used to connect to an end user's premises. Count as your own such facilities, those facilities that you actually owned as well as facilities such as dark fiber that you obtained the right to use from other entities. Do not include, as full facilities based lines, lines provided over UNE loops that you obtained from another carrier. Full facility based lines are provided under a general or local exchange tariff in conjunction with a switched access tariff.

IX. WHAT IS MEANT BY PUBLIC ACCESS LINES?

Some carriers (particularly incumbent carriers) still separate pay telephone lines from business lines. Use this column to report pay telephone lines if your company tariffs reflect pay telephone lines distinct from business lines.

CLEC-IXC

Annual Report of

Capsule Communications, Inc.

for the year ended December 31, **2002**

VERIFICATION

The foregoing report must be verified by the oath of the President, Treasurer, General Manager or Receiver of the company. The oath required may be taken before any person authorized to administer an oath by the laws of the State in which the same is taken.

OATH

State Of Tennessee

County Of Hamilton } ss:

Frank Patera makes oath and says that
(Insert here the name of the affiant)

s/he is CFO
(Insert here the official title of the affiant)

of Capsule Communications, Inc.
(Insert here the exact legal title or name of the respondent)

that s/he has examined the foregoing report; that to the best of his or her knowledge, information, and belief, all statements of fact contained in the said report are true and the said report is a correct statement of the business affairs of the above-named respondent.

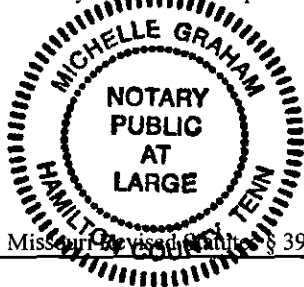
_____, _____, to and including _____,

[Signature], CFO
(Signature of affiant)

Subscribed and sworn before me, a Notary Public in and for the

State and county above named, this 20th day of December, 2004

My Commission expires January 10, 2006



[Signature]
(Signature of officer authorized to administer oaths)

Missouri Revised Statutes § 392.210

Original must be mailed to:
Manager of the Data Center
MoPSC, 200 Madison Street, Suite 100
P.O. Box 360, Jefferson City, MO 65102-0360