

TC97-047

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OF COUNSEL
VINCENT T. EARLY
HON. C.H. MULLEN
THOMPSON BENNETT

JOSEPH J. BURGE
(1994-1995)

April 25, 1997

Mr. Marshall Damgaard
Executive Director
South Dakota Public Utilities Commission
State Capitol
Pierre, South Dakota 57501-5070

RECEIVED
APR 29 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Re: EASTON TELECCOM SERVICES INC.

Dear Mr. Damgaard:

Enclosed for filing with the Commission please find an original and ten (10) copies of the above captioned corporation's APPLICATION FOR AUTHORITY TO PROVIDE LOCAL EXCHANGE RESALE SERVICES WITHIN THE STATE OF SOUTH DAKOTA, along with a check in the amount of \$250.00 to cover filing fees relating to same.

Also enclosed is an exact duplicate of this letter. Please date-stamp the duplicate and return same to me in the enclosed postage pre-paid, addressed envelope.

Should you have any questions concerning this filing, please contact me.

Very truly yours,

EARLY, LENNON, PETERS & CROCKER, P.C.

Patrick D. Crocker

PD/C/ldt

BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

RECEIVED

APR 29 1997

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

In the of the Application of)
)
Easton Telecom Service Inc.)
) Docket No.
For a Certificate of Authority to Provide)
Resold Local Exchange Services)

APPLICATION FOR AUTHORITY TO PROVIDE
LOCAL EXCHANGE RESALE SERVICES

I. INTRODUCTION

Pursuant to S.D.C.L. § 49-31.3 and the Federal Telecommunications Act of 1996 ("Federal Act" or "Act"), Pub.L. No. 104-104, 100 Stat. 56 (1996) Easton Telecom Services Inc. ("Applicant") respectfully seeks to amend its Certificate of Public Convenience and Necessity to permit it to provide resold local exchange services in the State of South Dakota.

The recently enacted Telecommunication Act of 1996 presents this Commission with the unique opportunity to expand upon existing pro-competitive telecommunications policies to ensure that all consumers--residential and business--will have access to high quality, low-cost, and innovative telecommunications services. The Federal Act was adopted to promote competition and reduce regulation in order to secure lower prices and higher quality telecommunications services for the American populace.

In accordance with these goals, Congress included provisions in the Federal Act designed to facilitate increased competition in all aspects of the local exchange market. Section 253 of the Act prohibits states from imposing any requirements that would constitute any barriers to entry into the local exchange market. The Federal Act also imposes several requirements on the incumbent local exchange carriers ("LECs") to assist new entrants in the market. Specifically, the Federal Act prohibits all LECs from imposing unreasonable or discriminatory conditions or

limitations on the resale of telecommunications services, 47 U.S.C. § 251(b)(1). Incumbent LECs also must enter reciprocal compensation arrangements for the origination and termination of telecommunications services, 47 U.S.C. §§ 251, 252. Finally, incumbent LECs are required to offer for resale at wholesale rates (based on retail prices minus avoided costs), any telecommunications services that the carrier provides to subscribers who are not telecommunications carriers. *Id.* Applicant seeks authority from the Commission to provide local exchange services as soon as these rates are available.

The Federal Act's prohibition against barriers to entry clearly contemplates that the State will not impose any requirement that are more burdensome than necessary. In light of Applicant's extensive experience in providing telecommunications services in the State and its intent to provide nonfacilities-based services only, Applicant requests that a Certificate be granted without hearing or any other formal proceeding that would delay its expansion into the local resale market.

The approval of this Application will further the purposes of the Federal Telecommunications Act of 1996 as well as S.D.C.L. § 49-31.3. Accordingly, Applicant requests that the Commission amend its Certificate of Authority to provide resold local exchange services.

In support thereof, Applicant provides the following information:

II. QUALIFICATIONS

1. Applicant's legal name is Easton Telecom Services Inc. Applicant maintains its principal place of business at:

Easton Telecom Services Inc.
3046 Brecksville Road
Richfield, Ohio 44286
(Tel) 800-222-8122
(Fax) 216-659-9379

2. Correspondence or communications pertaining to this application should be directed to Applicant's attorney:

Patrick D. Crocker
Early, Lennon, Peters & Crocker P.C.
900 Commercial Building
Kalamazoo, MI 49007
(Tel) 616-381-8844
(Fax) 616-349-8525

3. Questions concerning the ongoing operations of Applicant following certification should be directed to:

Robert Mocas
3046 Brecksville Road
Richfield, Ohio 44286

4. Applicant is an Ohio corporation. Applicant is qualified to do business in the State of South Dakota. Applicant is currently registered to provide resold long distance services within the State. See Docket No. TC 96-120. A copy of Applicant's Articles of Incorporation and Certificate of Authority to Transact Business within the State are attached hereto as Exhibit A.

5. Applicant's registered agent in South Dakota is:

Corporation Guarantee and Trust Company
117 E. Capitol
P.O. Box 66
Pierre, South Dakota 57501-0066

6. Applicant intends to provide local exchange service on a resale basis. The specific manner in which Applicant will provide local exchange service depends upon the result of negotiations with the incumbent local exchange carriers currently operating within the State.

7. Applicant is financially qualified to provide resold telecommunications services in the State. In particular, Applicant has access to the financing and capital necessary to conduct its telecommunications operations as specified in this Application. In support of Applicant's financial ability to provide the proposed service, Applicant attaches most recent statements as

Exhibit B.

8. All complaints and billing inquiries should be made to Applicant's headquarters in Richfield, Ohio. Applicant's customer service organization is available 24 hours per day, seven days per week to receive questions and billing inquiries. Customers may contact a Customer Service Representative ("CSR") by calling Applicant's toll-free customer service number or by writing to Applicant. When an inquiry is received, a CSR will research the questions and obtain pertinent information about the customer's account. If needed, CSR will make adjustments to a customer's bill at the time of inquiry. In the event of a billing dispute, each CSR has the authority to make adjustments to a customer's bill up to a specified dollar amount. Any adjustments which exceed this amount are handled by a department supervisor. When an adjustment is made, the customer will see the credit on the subsequent invoice. The contact person responsible for customer complaints is Robert Mocas. Mr. Mocas may be reached directly at (216) 659-6700. Applicant's toll-free number for customer complaints and inquiries is 1-800-222-8122.

9. Applicant is technically qualified to provide resold telecommunications services within the State. Applicant is authorized by registration or certification to provide resold long distance service in every state, excluding Alaska, Hawaii, New Mexico and Maine. Applicant currently provides small business customers with high quality cost effective telecommunications services. The successful provision of resold interexchange service in South Dakota and throughout the country is proof of Applicant's technical qualifications. Descriptions of Applicant's key personnel are attached hereto as Exhibit C.

III. PROPOSED SERVICES

1. Applicant proposes to provide resold local exchange service to subscribers from all points within the State of South Dakota and, therefore, seeks statewide authorization. Specifically, Applicant seeks authority to resell local exchange service in the existing service areas of US West and any other relevant carriers. Applicant intends to provide all forms of intrastate telecommunications services including: (1) Basic Residential Exchange Services (Local Exchange Flat Rate, Measured Rate Services, operator access, etc.); (2) Residential Custom and Class Features (call waiting, caller ID, call forwarding, etc.); (3) Basic Business Exchange Services; (4) Business Custom Calling and Class Features; (5) Adjunct Provided Features (voice messaging, etc.); and (6) Business and Residential Ancillary Services (911, directory listing, directory assistance, etc.)

2. The Federal Act establishes the framework for incumbent LECs to provide resellers of local exchange service with unbundled service at wholesale rates. 47 U.S.C. §§ 251, 252. These rates must be based on current retail rates minus the avoided costs as prescribed by the Federal Act until such time as commercially viable wholesale rates are available from the incumbent LECs. Applicant is unable to file a proposed tariff. As soon as such rates are available, and prior to the commencement of service, Applicant shall file a proposed tariff (containing its rates, terms and conditions of service) with the Commission for its review.

IV. CONCLUSION

The telecommunications industry is growing and changing at an impressive pace. The entry of Applicant into the local exchange resale market will enhance competition in the provision of telecommunications services within the State of South Dakota as prescribed by the South Dakota Codified Laws and the Federal Act. Applicant will bring significant benefits to South Dakota State telecommunications users. Applicant's expertise in the telecommunications sector

will permit it to select the most economic and efficient services, thereby providing customers with a better combination of price, quality, and customer service than other carries. Accordingly, Applicant anticipates its proposed service will provide subscribers with better quality services and will increase consumer choice of innovative, diversified, and reliable service offerings.

Wherefore, Easton Telecom Services Inc. requests that the South Dakota Public Utilities Commission approve the requested authority to amend its certificate of public convenience and necessity to include resold local exchange services in South Dakota.

Respectfully Submitted,

LDM SYSTEMS INC.

Dated: 4-22-97

By: 

Patrick D. Crocker
EARLY, LENNON, PETERS
& CROCKER, P.C.
900 Comerica Building
Kalamazoo, MI 49007-4752
Its: Attorneys

VERIFICATION

Robert Mocas, President of EASTON TELECOM SERVICES INC., first being duly sworn on oath, deposes and says that he has read the foregoing Application and verifies that the statements made therein are true and correct to the best of his knowledge, information, and belief.

EASTON TELECOM SERVICES INC.

By: Robert Mocas
Robert Mocas

The foregoing instrument was acknowledged before me this 14 day of March 1997
by Robert Mocas.

Karen E. Games
Notary Public Summit Ohio
For the County of Summit, Pennsylvania
My Commission Expires: February 2, 2000

KAREN E. GAMES Notary Public
SUMMIT OHIO
My Commission Expires Feb. 2, 2000

EXHIBIT A

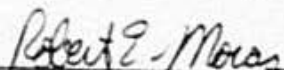
CERTIFICATE OF AMENDMENT TO
ARTICLES OF INCORPORATION
OF
SA-COMMUNICATIONS, INC.

Robert Mocas, President, and Heidi H. Mocas, Secretary, of SA-Communications, Inc. an Ohio corporation with its principal place of business located in Richfield, Summit County, Ohio, do hereby certify that on the 1st day of December, 1993, the following resolution adopting an amendment to the Articles of Incorporation was adopted without a meeting in a writing or writings approved and signed by all of the shareholders who would be entitled to notice of a meeting of the shareholders held for such purpose pursuant to Section 1701.54 of the Ohio General Corporation Law:

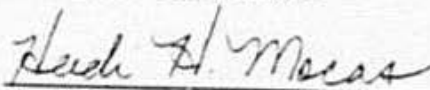
RESOLVED: That Article One of the Articles of Incorporation of SA-Communications, Inc. be and it hereby is amended to read as follows:

*FIRST. The name of said corporation shall be Easton Telecom Services Inc.

IN WITNESS WHEREOF, said Robert Mocas, President, and Heidi H. Mocas, Secretary, of SA-Communications, Inc., acting for and on behalf of said corporation, have hereunto subscribed their names this 1st day of December, 1993.



Robert Mocas, President



Heidi H. Mocas, Secretary

ACTION BY UNANIMOUS WRITTEN CONSENT
OF THE SHAREHOLDERS OF
SA-COMMUNICATIONS, INC.

Pursuant to the authority of Section 1701.54 of the Ohio Revised Code, the undersigned, being the sole shareholder of the corporation, does hereby make and adopt the following by his unanimous written consent as of the 1st day of December, 1993:

RESOLVED: That Article First of the Articles of Incorporation of SA-Communications, Inc. be and it hereby is amended effective December, 1993 to read as follows:

*FIRST. The name of said corporation shall be Easton Telecom Services Inc.

FURTHER RESOLVED: That Article Second of the Articles of Incorporation of SA-Communications, Inc. be and it hereby is amended to read as follows:

*SECOND. The place is Ohio where its principal office is to be located is Richfield, Summit County, Ohio.

FURTHER RESOLVED: That Robert Mocas, President, and Heidi H. Mocas, Secretary, of the corporation are hereby authorized and directed to certify a copy of these resolutions for filing with the Secretary of State of the State of Ohio and to take such other actions as may be necessary or expedient to effect the amendment to the Articles of Incorporation as hereinabove adopted.



Robert Mocas

(Being the sole shareholder
of the Corporation)

NEXT

DOCUMENT (S)

BEST IMAGE

POSSIBLE

ARTICLES OF INCORPORATION
OF
SA-COMMUNICATIONS, INC.

THE undersigned, desiring to form a corporation for profit under Sections 1701.01 et seq. of the Ohio Revised Code, do hereby state the following:

FIRST. The name of said corporation shall be SA-COMMUNICATIONS, INC.

SECOND. The place in Ohio where its principal office is to be located is NORTHELD, SUMMIT, OHIO.

THIRD. The purpose for which this corporation is formed is: to engage in any lawful act or activity for which corporations may be formed under Ohio revised code sections 1701.01 to 1701.98 inclusive.

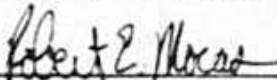
FOURTH. The authorized number of shares of the corporation is Five Hundred (500) all of which shall be common Stock without par value.

FIFTH. The amount of capital with which the corporation shall begin business is Five Hundred Dollars (\$500.00).

SIXTH. Without derogation from any other power to purchase shares of the corporation, the corporation, by action of its directors, may purchase outstanding shares of any class of the corporation to the extent not prohibited by law.

SEVENTH. Holders of common Stock shall have preemptive rights as provided in Section 1701.15 of the Ohio Revised Code.

IN WITNESS WHEREOF, I have hereunto subscribed my name this TENTH day of JULY, 1992.



ROBERT MCCAS

EXHIBIT B

June 19, 1996

Easton Telecom Services, Inc.
3046 Brecksville Road
Richfield, OH 44286

To the Shareholder:

We have compiled the accompanying balance sheet of Easton Telecom Services, Inc., an S corporation, as of April 30, 1996, and the related statements of income and retained earnings for the year then ended December 31, 1996, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by generally accepted accounting principles. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The Company, with the consent of its shareholder, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholder of an S corporation is taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements.

IVAN S. D'AMICO, INC.

NEXT

DOCUMENT (S)

DISREGARD

BACKGROUND

EASTON TELECOM SERVICES, INC
BALANCE SHEET
APRIL 30, 1996

ASSETS

CURRENT ASSETS

PETTY CASH	100.00
MONEY MARKET FUND- MC DONALD & CO	63,931.03
CASH MARINE MIDLAND BANK	145,619.10
INVESTMENTS @ CURRENT VALUES	25,312.50
ACCOUNTS RECEIVABLES	462,157.00
LESS: ALLOWANCE DOUBTFUL ACCTS	(5,739.18)
PREPAID EXPENSES	12,000.00

TOTAL CURRENT ASSETS

\$ 693,380.45

PROPERTY & EQUIPMENT

OFFICE FURN & FIXT	28,185.08
LESS: ACCUM DEPRECIATION	11,022.09

\$ 17,162.99

OTHER ASSETS

PREPAID NON COMPETE AGREEMENT	11,111.12
UNAMORTIZED ORGANIZATION COSTS	360.00
DEFERRED CERTIFICATION CHARGES	22,232.75
OFFICE SECURITY DEPOSIT	1,666.00

\$ 35,369.87

\$ 745,913.31

SEE ACCOUNTANT'S COMPILATION REPORT
DATE OF ISSUE JUNE 19, 1996

EASTON TELECOM SERVICES, INC
BALANCE SHEET
APRIL 30, 1996

LIABILITIES & STOCKHOLDER'S EQUITY

CURRENT LIABILITIES

ACCOUNTS PAYABLE		
ACCOUNT PAYABLE- FRONTIER COMMUN.	\$	64,115.68
ACC FICA TAX PAID		573,242.63
ACCRUED SALES TAX		6,746.88
ACCRUED SALES/EXCISE TAX- OTHER STATES		6,014.51
CURRENT PORTION NOTE PAYABLE		60,911.07
STOCKHOLDERS LOAN-MOCAS		10,381.36
		95.34

TOTAL CURRENT LIABILITIES

\$ 721,507.47

LONG-TERM DEBT, NET OF CURRENT PORTION

LONG TERM PORTION NOTE PAYABLE

58,247.17

\$ 58,247.17

STOCKHOLDER'S EQUITY

COMMON STOCK		500.00
PAID IN CAPITAL		16,500.00
COST OF TREASURY STOCK		(34,000.00)
RETAINED EARNINGS		(16,841.33)

(\$ 33,841.33)

\$ 745,913.31

SEE ACCOUNTANT'S COMPILATION REPORT
DATE OF ISSUE JUNE 19, 1996

EASTON TELECOM SERVICES, INC
STATEMENT OF RETAINED EARNINGS-INCOME TAX BASIS
APRIL 30, 1996

BEGINNING RETAINED EARNINGS:	
ACCUMULATED ADJUSTMENTS ACCOUNT:	
BALANCE, JANUARY 1, 1995	(23,631.70)
TAXABLE INCOME (LOSS)	6,790.37
ENDING RETAINED EARNINGS, DECEMBER 31, 1995	<u>(\$ 16,841.33)</u>

SEE ACCOUNTANT'S COMPILATION REPORT
DATE OF ISSUE JUNE 19, 1996

EASTON TELECOM SERVICES, INC
STATEMENT OF INCOME
APRIL 30, 1996

<u>EXPENSES</u>	<u>YEAR TO DATE 4-30-96</u>	<u>PERCENT</u>
ACCESS CIRCUIT	3,789.45	0.24
ADVERTISING	33.87	0.00
ANNUAL REGISTRATION	125.00	0.01
ANNUAL REPORT/APPL FEES	1,643.00	0.10
AUTO EXPENSE	2,254.44	0.14
BANK CHARGES	1,110.57	0.07
CERTIFICATION-STATE	4,889.78	0.31
CHARITABLE DONATIONS	25.00	0.00
CLEANING	1,030.70	0.07
STATE INCOME & FRANCHISE FEES	2,588.65	0.16
COI PAYMENT OTHER	1,805.91	0.11
CREDIT CHECKING FEES	2,647.62	0.17
DUES & SUBS	3,639.97	0.23
EQUIPMENT RENTAL	1,419.04	0.09
PAYROLL TAXES	6,645.10	0.42
FLORIST	2,065.00	0.13
INSURANCE-EMPLOYEE	3,741.32	0.24
LOAN ADVANCE	1,300.00	0.08
LOAN FEE & EXPENSE	2,371.28	0.15
MISC REIMB	2,879.89	0.18
OFFICE EXPENSES	8,170.05	0.52
POSTAGE-OVERNIGHT AIR	2,554.58	0.16
PAYROLL-SALARY	81,596.52	5.15
PAYROLL-BOURLY	9,082.86	0.57
PIC CHARGES-ERROR	153.51	0.01
REIMBURSED EXPENSES	3,391.49	0.21
PRINTING	1,413.07	0.09
PROFESSIONAL FEES	7,528.99	0.47
REGULATORY ASSESSMENT	147.47	0.01
RENT	6,664.00	0.42
TRAVEL & ENTERTAIN	2,745.99	0.17
TAXES-LOCAL BUSINESS	100.00	0.01
TELEPHONE-OFFICE	7,508.00	0.47
TRAINING	195.00	0.01
USAGE OVERCHARGE REIMB	532.11	0.03
UTILITIES	1,170.32	0.07
TOTAL EXPENSES	\$ 178,959.55	11.29%
INCOME BEFORE OTHER INCOME	\$ 2,036.47	0.13%
<u>OTHER INCOME & EXPENSE</u>		
DIVIDEND INCOME	284.10	0.02
INCREASE VALUE OF INVESTMENTS	4,469.80	0.28
TOTAL OTHER INCOME	\$ 4,753.90	0.30%
NET INCOME ON OPERAT	\$ 6,790.37	0.43%

SEE ACCOUNTANT'S COMPILATION REPORT
DATE OF ISSUE JUNE 19, 1996

EASTON TELECOM SERVICES, INC
STATEMENT OF INCOME
APRIL 30, 1996

	YEAR TO DATE 4-30-96	PERCENT
<u>INCOME</u>		
COI PAYMENTS	14,838.21	0.94
MISCELLANEOUS REVENUE	3,951.39	0.25
CYBERLINK COMMISSION	965.86	0.06
MSVPP REVENUE	105,489.20	6.65
RVPP REVENUE	36,690.88	2.31
VVNS REVENUE	32,515.31	2.05
STD TELCOM REVENUE	1,388.52	0.09
DEBIT CARD REVENUE	1,008.00	0.06
LDOS COMMISSION	536.92	0.03
COI-PAYMENTS RECEIPTS	585.97	0.04
FRONTIER PAYMENTS REC	1,380,433.9	87.06
ITG PAYMENTS RECEIVED	7,223.95	0.46
TOTAL INCOME	\$1,585,628.09	100.00%
<u>COST OF GOODS SOLD</u>		
FRONTIER USAGE	986,089.09	62.19
CIC USAGE	80,941.92	5.10
CALLING CARD USAGE	72,714.79	4.59
COMMISSIONS	223,861.84	14.12
STATE SALES & EXCISE TAXES	41,024.43	2.59
TOTAL COST OF GOODS	\$1,404,632.07	88.59%
GROSS MARGIN	\$ 180,996.02	11.41%

SEE ACCOUNTANT'S COMPILATION REPORT
DATE OF ISSUE JUNE 19, 1996

EASTON TELECOM SERVICES, INC
STATEMENT OF INCOME
APRIL 30, 1996

	YEAR TO DATE 4-30-96	PERCENT
NET INCOME (LOSS) PERIOD	<u>\$ 6,790.37</u>	<u>0.43%</u>

SEE ACCOUNTANT'S COMPILATION REPORT
DATE OF ISSUE JUNE 19, 1996

IVAN & D'AMICO INC.

Certified Public Accountants

5661 PEARL ROAD, PARMA, OHIO 44123

TELEPHONE: (216) 884-3420

FAX NUMBER: (216) 884-7832

February 26, 1996

Easton Telecom Services, Inc.
3046 Brecksville Road
Richfield, OH 44286

To the Shareholder:

We have compiled the accompanying balance sheet of Easton Telecom Services, Inc., an S corporation, as of December 31, 1995, and the related statements of income and retained earnings for the year then ended December 31, 1995, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by generally accepted accounting principles. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The Company, with the consent of its shareholder, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholder of an S corporation is taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in these financial statements.

IVAN & D'AMICO, INC.

EASTON TELECOM SERVICES, INC
BALANCE SHEET
DECEMBER 31, 1995

ASSETS

CURRENT ASSETS

FIRST MERIT BANK- CHECKING ACCT	36,276.79
PETTY CASH	100.00
MONEY MARKET FUND- MC DONALD & CO	13,646.93
CASH MARINE MIDLAND BANK	83,352.01
INVESTMENTS @ COST	10,842.70
ACCOUNTS RECEIVABLES	372,770.59
LESS: ALLOWANCE DOUBTFUL ACCTS	(5,739.18)

TOTAL CURRENT ASSETS

\$ 511,249.84

PROPERTY & EQUIPMENT

OFFICE FURN & FIXT	28,185.08
LESS: ACCUM DEPRECIATION	11,022.09

\$ 17,162.99

OTHER ASSETS

PREPAID NON COMPETE AGREEMENT	11,111.12
UNAMORTIZED ORGANIZATION COSTS	360.00
DEFERRED CERTIFICATION CHARGES	22,232.75
OFFICE SECURITY DEPOSIT	1,666.00

\$ 35,369.87

\$ 563,782.70

EASTON TELECOM SERVICES, INC
BALANCE SHEET
DECEMBER 31, 1995

LIABILITIES & STOCKHOLDER'S EQUITY

CURRENT LIABILITIES

ACCOUNTS PAYABLE	\$ 15,433.42
ACCOUNT PAYABLE- FRONTIER COMMUN.	199,231.64
SALES COMMISSIONS ACCRUED	58,006.34
ACC FICA	5,134.72
STATE WITHHOLDING	731.76
ACC CITY TAX WH	58.19
ACCRUED SALES TAX	5,248.13
ACCRUED SALES/EXCISE TAX- OTHER STATES	47,417.61
CURRENT PORTION NOTE PAYABLE	10,381.36
STOCKHOLDERS LOAN-MOCAS	95.34

TOTAL CURRENT LIABILITIES \$ 541,738.51

LONG-TERM DEBT, NET OF CURRENT PORTION

LONG TERM PORTION NOTE PAYABLE	62,675.89
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\$ 62,675.89

STOCKHOLDER'S EQUITY

COMMON STOCK	500.00
PAID IN CAPITAL	16,500.00
COST OF TREASURY STOCK	(34,000.00)
RETAINED EARNINGS	(23,631.70)

(\$ 40,631.70)

\$ 563,782.70

SEE ACCOUNTANT'S COMPILATION REPORT
DATE OF ISSUE FEBRUARY 26, 1996

EASTON TELECOM SERVICES, INC
STATEMENT OF RETAINED EARNINGS-INCOME TAX BASIS
DECEMBER 31, 1995

BEGINNING RETAINED EARNINGS:

ACCUMULATED ADJUSTMENTS ACCOUNT:

BALANCE, JANUARY 1, 1995	(4,700.05)
TAXABLE INCOME (LOSS)	(18,931.65)
ENDING RETAINED EARNINGS, DECEMBER 31, 1995	<u>(\$ 23,631.70)</u>

SEE ACCOUNTANT'S COMPILATION REPORT
DATE OF ISSUE FEBRUARY 26, 1996

EASTON TELECOM SERVICES, INC
STATEMENT OF INCOME
DECEMBER 31, 1995

	YEAR TO DATE 12-31-95	PERCENT
<u>INCOME</u>		
RVPP REVENUE	160,474.64	7.71
LONG DISTANCE REVENUE	998.11	0.05
VTNS REVENUE	160,780.85	7.72
MSVPP REVENUE	257,705.15	12.38
COI PAYMENTS	1,046.77	0.05
MISC INCOME	1,749.01	0.08
ALLNET COMMISSION	17,937.46	0.86
CYBERLINK COMMISSION	1,075.87	0.15
DEBIT CARD REVENUE	17,947.12	0.86
COI-PAYMENTS RECEIPTS	21,514.60	1.03
FRONTIER PAYMENTS REC	1,410,890.93	67.77
ITG PAYMENTS RECEIVED	27,714.29	1.33
TOTAL INCOME	\$2,081,834.80	100.00%
<u>COST OF GOODS SOLD</u>		
SALES COMM ON SERV	552,017.74	26.52
COMMISSION ON DEBIT CARD	2,312.15	0.11
FRONTIER USAGE	827,004.97	39.72
CIC USAGE	66,706.02	3.20
DEBIT CARD USAGE	23,698.61	1.14
COI PAYMENT CT	6,999.72	0.34
TOTAL COST OF GOODS	\$1,478,739.21	71.03%
GROSS MARGIN	\$ 603,095.59	28.97%

SEE ACCOUNTANT'S COMPILATION REPORT
DATE OF ISSUE FEBRUARY 26, 1996

EASTON TELECOM SERVICES, INC
STATEMENT OF INCOME
DECEMBER 31, 1995

	YEAR TO DATE 12-31-95	PERCENT
<u>OTHER INCOME & EXPENSE</u>		
DIVIDEND INCOME	(1,559.54)	(0.07)
LOSS SALES OF INVESTMENTS	4,111.29	0.20
USAGE OVERCHARGE REIMB	1,884.50	0.09
MISC REIMB	208.35	0.01
INTEREST EXPENSE	3,378.11	0.17
MOVING EXPENSES	720.00	0.03
	\$ 8,942.71	0.43%
TOTAL INTEREST INCOME (EXPENSE)		
NET INCOME BEFORE OFFICERS COMPENSATION	\$ 69,461.73	3.34%
LESS: OFFICERS COMPENSATION	88,393.38	4.25
	(\$ 18,931.65)	(0.91%)
NET INCOME (LOSS) FOR PERIOD		

SEE ACCOUNTANT'S COMPILATION REPORT
DATE OF ISSUE FEBRUARY 26, 1996

EXHIBIT C

NEXT

DOCUMENT (S)

BEST IMAGE

POSSIBLE

BIOGRAPHY

ROBERT E. MOROS

Age:

38 years old.

Married:

Married, 22 years to Betty.

Children:

3 children, Ronald 5 yrs., Collin 4 yrs.

Education:

Bachelor of Arts, Kent State University 1979

Post Graduate Studies, Kent State University,

School of Business Management 1987-1991.

Associations:

Member of Society of Telecommunications

Professionals, Cleveland Ohio since 1987.

Telecommunications Research Association since

1994

Employment History:

1979-1981:

General post college employment with Cincinnati Steel Casting Company, Cleveland, Ohio as Research Assistant to the Foundry Engineer. Later promoted to Foundry Manager supervising over 20 employees. We produced alloy steel castings from 18 valve bodies, and miscellaneous parts for the automotive industry. Acquired and utilized production management and personnel management skills.

1981:

Hired by Mid-Com Consultants, Inc. in March, as Analyst Trainee.

Mid-Com, founded in 1966, was a leading edge telecommunications Consulting firm specializing in Network Design and Analysis, Premises Systems procurement, and cost containment.

Initially reported to and was trained by the Executive Vice President for the first two years of employment. I became accustomed to and familiar with all types of local and long distance telecommunications billings and voice and data services. Also assisted with FAX and Kay System Analysis which allowed for exposure to many different brands of equipment.

Promoted to Senior Analyst and began to take responsibility for my own consulting customer base. Completed various analysis and design projects for numerous personal customers as well as assisting other staff consultants on projects that fell into my areas of expertise.

Late in 1988, Mid-Com purchased Artel Multiplication Calling Plan and Revenue Volume Pricing Plan, initially as a value added service to our consulting customers. These varied discount offerings were the earliest available Artel 'Aggregation' services, and we quickly realized that there was considerable potential for the concept. At the request of the President, I began to move away from consulting and began to devote all my time and energy to the Aggregation Division.

Over the next few months our customer base approached six million in monthly AT&T 310 service usage, and we were one of AT&T's single largest customers. In 1990 with the purchase of software Defined Network Service, and Multiservice Volume Pricing Plan, we rounded out our offerings and became the country's only "full service aggregation company".

My responsibilities included the research and investigation of the AT&T 711 tariffs, extensive sales training and support, "back office" management and development, and I was the principle interface with AT&T. In early 1990 I was promoted to Senior Vice President and continued to maintain a high profile with AT&T, the sales and administrative staff, and the customer base. Mid-Com was widely regarded as the premier aggregation/resale company in the nation.

Effective May 11, 1991, the founder of Mid-Com sold his interest and the rights to the name Mid-Com to his brother, and all operations became centralized in Seattle Washington. I chose not to continue working for this organization at that time.

July 11, 1991.

Founded SK-Communications, Inc. to continue our telecommunications aggregation and resale efforts. As President, I brought extensive experience and knowledge of this dynamic marketplace to this new venture, as well as previous associations with experienced personnel and satisfied end user customers.

In September of 1993, we formally changed the name of the company to Easton Telecom Services Inc. due to a name conflict with another organization. We also began the formal process of tariffing and certification at the F.C.C. and State PUC's, to enable us to provide resale service under the Easton Telecom logo.

Throughout 1994 under my direction as President and sole shareholder, we resold the network services of several facilities based carriers under the Easton Telecom brand name and logo as tariffs allowed. Annual resale sales for 1994 was nearly one million dollars.

In January 1995, Easton entered into an agreement with Frontier Communications International, Rochester, NY. Since then Easton Telecom has become one of their fastest growing customers, and ranks within the top twenty of Frontier's carrier/reseller customer base. The company has grown to 7 employees and nearly 1000 small and medium size business customers. Resale revenue for 1995 will exceed two million dollars.

BIOGRAPHY

HEIDI H. MCCAS

Age: 36 years old.
Marital Status: Married, 11 years to Rob
Dependents: 2 children, Rochelle 6 yrs., Collin 5 yrs.
Education: Bachelor of Business Administration,
Degree in Transportation & Logistics Management
Kent State University 1982
Post Graduate Studies, Kent State University,
School of Business Management 1987-1990.

Employment History:

1982-1987
Initial post college employment with Roadway Express, Cleveland, Ohio as Clerical/Management Trainee. Responsibilities included customer service, collections and tracking overages and shortages.

1987-1992
Hired by Federal Express, Akron, Ohio as Customer Service Agent. Promoted to Courier within 6 months. During this time I was training to become an Operations Manager which included in-house management seminars. In 1989 I completed management training and was promoted to Operations Manager for the Akron station. As Operations Manager, I was responsible for the Outbound Operations. I managed 20 employees which included customer service agents and couriers. The Outbound Operations consisted of some deliveries, but mostly picking up our customer's shipments throughout portions of 4 counties in the Akron area and returning them to the station for loading into airplane cans. The cans were then transported to the Cleveland airport for off loading into the aircraft. Every step of this process has it's own deadlines. Missing any of these deadlines could jeopardize the Cleveland/Memphis operations. As a manager, I had weekly meetings with my employees to inform and train. I was also responsible for researching my employees benefits and concerns.

In 1990, I had our first child and continued to work up to and after the birth of our second child. Shortly after my sons birth, I left my job to become a full time mom.

When my husband started Easton Telecom in 1992, I returned to Federal Express for a short time as a handler. I also started doing the bookkeeping for Easton over the kitchen table on weekends. Since then I now work three to four days a week at Easton doing the bookkeeping, payroll, all state taxes and maintaining the office. I am the Vice President, as well as, the Secretary of Easton Telecom.

EASTON TELECOM SERVICES

P.O. BOX #32
RICHFIELD, OHIO 44286
(216) 659-6700

BANKONE
RICHFIELD/BATH OFFICE
BATH, OH 44210

56-66/412

CHECK NO.

4398

4398

Two Hundred Fifty and No/100 Dollars

DATE

AMOUNT

3/14/97

\$250.00

PAY
TO THE
ORDER
OF

SOUTH DAKOTA PUBLIC UTILITIES

Heidi Mocas
AUTORIZED SIGNATURE

⑈004398⑈ ⑆04⑆200665⑆ 6⑆⑆89⑆904⑆

TC97-047

South Dakota
Public Utilities Commission
State Capitol 500 E. Capitol
Pierre, SD 57501-5070
Phone: (800) 332-1782
Fax: (605) 773-3809

TELECOMMUNICATIONS SERVICE FILINGS

These are the telecommunications service filings that the Commission has received for the period of:

04/25/97 through 05/01/97

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five days of this filing.

DOCKET NUMBER	TITLE/STAFF/SYNOPSIS	DATE FILED	INTERVENTION DEADLINE
PETITION FOR ARBITRATION			
TC97-045	Sprint Communications Company L.P. petitions the Commission for arbitration of the unresolved issues in the interconnection negotiations between Sprint and U S WEST Communications	04/25/97	05/15/97
REQUEST FOR CERTIFICATE OF AUTHORITY			
TC97-046	Application by Rapid City's Red Phone Book for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota (Staff: TS/CH) "The applicant will negotiate with incumbent local exchange service providers in order to resell local exchange service. When this has been completed a detailed statement will be provided to the public utilities commission."	04/29/97	05/16/97
TC97-047	Application by Easton Telecom Services, Inc. for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota (Staff: TS/KC) "Applicant intends to provide local exchange service on a resale basis. The specific manner in which Applicant will provide local exchange service depends upon the result of negotiations with the incumbent local exchange carriers currently operating within the State."	04/29/97	05/16/97
TC97-048	Application by Associated Network Partner, Inc. for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota (Staff: DJ/CH) "ANPI requests authorization to resell intraLATA and interLATA, intrastate, WATS and MTS type long distance services to retail providers, who will in turn resell those services to the public, in equal access areas throughout the state."	04/29/97	05/16/97
NONCOMPETITIVE TARIFF FILING			

TC97-049	Application by U S WEST Communications to reflect the second phase of increases to the residential and business lines as agreed to in Docket TC94-121. (Staff: HB/KC) "Specifically the changes are as follows: 1) Increases the residential rate by \$2.10, with the exception of Rate Group I, which reached the price ceiling of \$19.35. The \$2.10 includes the \$.60 agreed upon for the second portion of the Touchtone fold-in. 2) Increases the business lines and trunks by \$.90 to reflect the second half of the Touchtone fold-in, to a price ceiling of \$38.40 for the one-party flat business. [T]he monthly rate for the semi-public phones [is also increased] by \$.90 to reflect the second portion of the Touchtone fold-in. U S WEST Communications is requesting an effective date of August 12, 1997."	04/30/97	05/16/97
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Important Notice: The Commission is compiling a list of internet addresses. If you have an internet address please notify the Commission by E-mailing it to Terry Norum at: terry@pub.state.sd.us. Faxing the address to the Commission at 605-773-3809.

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE APPLICATION OF)	ORDER GRANTING
EASTON TELECOM SERVICES INC FOR AN)	AMENDED CERTIFICATE OF
AMENDED CERTIFICATE OF AUTHORITY TO)	AUTHORITY
PROVIDE LOCAL EXCHANGE SERVICES IN)	
SOUTH DAKOTA)	TC97-047

On April 29, 1997, the Public Utilities Commission (Commission) received an application from Easton Telecom Services Inc. (Easton) for an Amended Certificate of Authority to provide telecommunications services in South Dakota. The application stated, "Easton intends to provide local exchange service on a resale basis. The specific manner in which Easton will provide local exchange service depends upon the result of negotiations with the incumbent local exchange carriers currently operating within the State."

On May 1, 1997, the Commission electronically transmitted notice of the filing and the intervention deadline of May 16, 1997, to interested individuals and entities.

At its regularly scheduled meeting of June 3, 1997, the Commission considered Easton's request for an Amended Certificate of Authority. Commission Staff recommended approval of the Certificate of Authority and also granting a waiver of ARSD 20:10:24:02 (6), (7), (8), and (12).

The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapter 49-31 and ARSD Chapter 20:10:24. The Commission finds that Easton has met the legal requirements established for the granting of an Amended Certificate of Authority. Easton has, in accordance with the above cited authority, demonstrated sufficient technical, financial and managerial capabilities to offer telecommunications services in South Dakota. Pursuant to ARSD 20:10:24:02, the Commission finds good cause to waive subparagraphs (6), (7), (8), and (12) because the information required by these subparagraphs is dependent on the outcome of negotiations or arbitrations between Easton and local exchange carriers.

Further, the Commission finds that pursuant to Easton's request, the Certificate of Authority for Easton shall authorize it to offer its services in those areas in South Dakota where U S WEST Communications, Inc. is the incumbent local exchange carrier. In the future should Easton choose to provide services statewide, with respect to rural telephone companies, Easton will have to come before the Commission in another proceeding before being able to provide service in that rural service area pursuant to 47 U.S.C. § 253(f) which allows the Commission to require a company that seeks to provide service in a rural service area to meet the requirements in 47 U.S.C. § 214(e)(1) for designation as an eligible telecommunications carrier. In addition, the granting of statewide certification will not affect the exemptions, suspensions, and modifications for rural telephone companies found in 47 U.S.C. § 251(f). Subject to the above, the Commission approves Easton's application for an Amended Certificate of Authority. As the Commission's final decision in this matter, it is therefore

ORDERED, that Easton's application for an Amended Certificate of Authority to provide local exchange services is granted, effective June 29, 1997, and it is

FURTHER ORDERED, that the Commission shall authorize Easton to offer its services in those areas in South Dakota where U S WEST Communications, Inc. is the incumbent local exchange carrier, and it is

FURTHER ORDERED, that the Commission finds good cause to waive subparagraphs (6), (7), (8), and (12) of ARSD 20:10:24:02.

Dated at Pierre, South Dakota, this 10th day of June, 1997.

CERTIFICATE OF SERVICE	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By:	<u><i>Aldine Krebs</i></u>
Date:	<u>6/12/97</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

AMENDED CERTIFICATE OF AUTHORITY

To Conduct Business As A Telecommunications Company
Within The State Of South Dakota

Authority was Granted June 3, 1997, effective June 29, 1997
Docket No. TC97-047

This is to certify that

EASTON TELECOM SERVICES INC.

is authorized to provide telecommunications services in South Dakota.

This certificate is issued in accordance with SDCL 49-31-3 and ARSD 20:10:24.02, and is subject to all of the conditions and limitations contained in the rules and statutes governing its conduct of offering telecommunications services.

Dated at Pierre, South Dakota, this 10th day of June, 1997.

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION:



JAMES A. BURG, Chairman



PAM NELSON, Commissioner



LASKA SCHOENFELDER, Commissioner

