



210 N. Park Ave.
P.O. Drawer 200
Winter Park, FL
32790-0200

Tel: 407-740-8575
Fax: 407-740-0613

Mr. William Bullard, Jr.
Executive Director
South Dakota Public
Utilities Commission
500 East Capitol
Pierre, South Dakota 57501

Re: Registration of Long Distance of Michigan, Inc., d/b/a LDMI Long Distance

Dear Mr. Bullard:

Enclosed please find the original and ten copies of the registration of Long Distance of Michigan, Inc., d/b/a LDMI Long Distance, for authority to provide intrastate telecommunications services within South Dakota. A check in the amount of \$250 to cover the application fee is enclosed.

Please acknowledge receipt of this filing by returning a date-stamped copy of this letter in the envelope provided. Should you or your staff have any additional questions, please contact me at (407) 740-8575. Thank you.

Sincerely,

Carey Roesel
Consultant to Long Distance of Michigan, Inc., d/b/a LDMI Long Distance

cc: Brian Carvell - LDMI
File LDMI - SD
TMS# SDi9700

TC97-172

October 23, 1997
Overnight

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OCT 27 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Before the
South Dakota
Public Utilities Commission

TC97-172

Registration of)
Long Distance of Michigan, Inc.)
d/b/a LDMI Long Distance)
for authority to provide)
intrastate telecommunications) Docket No. _____
services within South Dakota)

Pursuant to Rule 20:10:24:02 of the Commission's Telecommunications Services Rules, Long Distance of Michigan, Inc., d/b/a LDMI Long Distance ("LDMI") submits the following registration information:

1. The name, address and telephone number of the applicant.

Long Distance of Michigan, Inc., d/b/a LDMI Long Distance
8801 Conant Street
Hamtramck, Michigan 48211-1403
Telephone: (313) 873-5500
Facsimile: (313) 873-6615

2. The name under which the Applicant will provide these services if different than in subdivision (1) of this section;

Not applicable.

3. If the applicant is a corporation:

- (a) **The state in which it is incorporated, the date of incorporation and a copy of its certificate of incorporation or, if it is an out-of-state corporation, a copy of its certificate of authority.**

The Applicant is a corporation organized under the state laws of Michigan on May 15, 1990. A copy of the Applicant's certificate of authority to operate in South Dakota is provided in Attachment I.

- (b) **The location of its principal office, if any, in this state and the name and address of its current registered agent.**

Principal office in South Dakota: None

Registered Agent: Ronald D. Olinger
117 E. Capitol
Pierre, South Dakota 57501

- (c) A copy of its articles of incorporation which includes a list of the names and addresses of the corporate officers and member of the board of directors at the time of incorporation.

See Attachment II.

- (d) A list of the names and addresses of the current corporate officers and members of the board of directors.

<u>NAME</u>	<u>TITLE</u>
Jerry W. Finefrock	Chairman, Board of Directors
Steven T. Sheldon	President and CEO
Patrick O'Leary	Executive Vice President and COO
Thomas Vendeveer	Vice President, Engineering
David Lynch	Vice President, Sales
Linda Hanson	Vice President, Sales Operations
Phil Jacobs	Vice President, Networking

All officers may be contacted through the headquarters location at 8801 Conant Street, Hamtramck, Michigan 48211-1403.

- (e) The names and addresses of the ten common stockholders who own the greatest number of shares of common stock and the number of shares owned by each.

SHAREHOLDERS

<u>NAME</u>	<u>% COMMON OWNED</u>
Jerry W. Finefrock	19%
Employee Stock Options - Reserved	14%
Missant Properties I	12%
Missant Family Trust	11%
Pat O'Leary	10%
Steven T. Sheldon	8%
Other Individual Investors	26% (<2% each)

All stockholders may be contacted through the headquarters location at 8801 Conant Street, Hamtramck, Michigan 48211-1403

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- (f) The names, address of any corporation, association, partnership, cooperative or individual holding a five percent or greater ownership or management interest in the applicant corporation. The amount and character of the ownership interest shall be indicated. A copy of any management agreement shall be attached.

CID Equity Partners has recently committed \$2.8 million in equity capital to LDMI (see notes in financial statements). A brief summary of this arrangement is provided with Attachment IV.

- (g) The names and addresses of subsidiaries owned or controlled by the applicant.

None.

4. If the applicant is a partnership, the name, title and business address of each partner, both general and limited.

Not applicable.

5. **A specific description of the telecommunications services the applicant intends to offer.**

LDMI offers outbound telecommunications services to residential and business Customers, utilizing switched access. Switched access service is available on a presubscription basis from equal access originating end offices. LDMI will also offer travel card and inbound toll-free services. All services are available twenty-four (24) hours per day, seven (7) days a week. Service is offered as an add-on to LDMI's interstate service.

LDMI will initially operate as a switchless reseller. Calls originate over LEC facilities to the Company's underlying carrier(s). The Company's underlying carrier performs all interexchange switching, routing and call termination functions. Call detail information is provided to the Company by the underlying carrier for purposes of rating and billing calls.

LDMI will market its services in South Dakota primarily to business customers. LDMI will use in-house telemarketing personnel, as well as authorized sales agents.

6. **A detailed statement of the means by which the applicant will provide its services, including the type and quantity of equipment to be used in the operation, the capacity, and the expected used of the equipment.**

LDMI does not plan to install equipment for call processing in South Dakota, but uses instead the switching capacity of its underlying carriers.

7. **The geographic areas in which the services are, or will be, offered, including a map describing the service boundaries.**

LDMI intends to offer service throughout the entire state of South Dakota. A map is provided in Attachment III.

8. **A current balance sheet and income statement; a copy of the applicant's latest annual report; a copy of the applicant's report to stockholders; the terms and conditions of service; the access charges and a copy of the applicant's tariff book.**

Current financial statements for LDMI are incorporated in this application as Attachment IV. This Attachment is offered in support of the Applicant's financial ability to provide the proposed services.

The terms and conditions of service, as well as all rates and charges are provided in the applicant's proposed tariff in Attachment V.

9. **The names and addresses of the applicant's representatives to whom all inquiries should be made regarding complaints and regulatory matters.**

For inquiries regarding this application and tariff, contact:

Carey Roesel, Consultant to LDMI
Technologies Management, inc.
210 Park Avenue North (zip: 32789)
P.O. Drawer 200
Winter Park, Florida 32790-0200
Telephone: (407) 740-8575
Facsimile: (407) 740-0613

For all other matters, contact:

Steven T. Sheldon, President and CEO
Long Distance of Michigan, Inc., d/b/a LDMI Long Distance
8801 Conant Street
Hamtramck, Michigan 48211-1403
Telephone: (313) 873-5500
Facsimile: (313) 873-6615

10. **Determination of Competitive Classification.**

LDMI requests a Fully Competitive classification for its services. LDMI will offer resold intrastate service within the State of South Dakota. Service is also available from the company on an interstate basis.

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11. **Supporting cost data for Initial Filing.**

Since LDMI will be operating as a switchless reseller, all network switching equipment and transmission facilities used by LDMI in providing service in South Dakota will be owned and operated by its underlying carrier(s). Expenses from the underlying carrier related to transmission costs will be incurred on an incremental basis as service is provided. LDMI's rates will exceed these incremental costs. As a result of its minimal investment and the incremental nature of its expenses, LDMI expects to break-even in South Dakota during the first few months of service and earn a profit after that time.

Respectfully Submitted,



Steven T. Sheldon, President and CEO
Long Distance of Michigan, Inc., d/b/a LDMI Long Distance

ATTACHMENT I
AUTHORITY TO OPERATE IN SOUTH DAKOTA

State of South Dakota



OFFICE OF THE SECRETARY OF STATE

CERTIFICATE OF AUTHORITY

I, JOYCE HAZELTINE, Secretary of State of the State of South Dakota, hereby certify that the Application for a Certificate of Authority of LONG DISTANCE OF MICHIGAN, INC. (MI) to transact business in this state duly signed and verified pursuant to the provisions of the South Dakota Corporation Acts, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I hereby issue this Certificate of Authority and attach hereto a duplicate of the application to transact business in this state under the name of LDMI LONG DISTANCE.



IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of South Dakota, at Pierre, the Capital, this December 23, 1996.

Joyce Hazeltine
JOYCE HAZELTINE
Secretary of State

0144.56.10

NEXT

DOCUMENT (S)

DISREGARD

BACKGROUND

SECRETARY OF STATE
 STATE CAPITOL
 500 E. CAPITOL
 PIERRE, S.D. 57501-1077
 605-773-4845
 FAX (605) 773-4890

FILE NO _____
 RECEIPT NO _____

APPLICATION FOR CERTIFICATE OF AUTHORITY

Pursuant to the provisions of SDCL 17-8-7, the undersigned corporation hereby applies for a Certificate of Authority to transact business in the State of South Dakota and for that purpose submits the following statement:

(1) The name of the corporation is LONG DISTANCE OF MICHIGAN, INC.

(Exact corporate name)

in South Dakota doing business as LDMI LONG DISTANCE

(2) If the name of the corporation does not contain the word "corporation", "company", "incorporated" or "limited" or does not contain an abbreviation of one of such words, then the name of the corporation with the word or abbreviation which it elects to add thereto for use in this state is _____

(3) State where incorporated MICHIGAN Federal Taxpayer ID# 38-2940840

(4) The date of its incorporation is 5/15/90 and the period of its duration is PERPETUAL

(5) The address of its principal office in the state or country under the laws of which it is incorporated is 8801 CONANT AVENUE, HAMTRAMCK, MI Zip Code 48211

(6) The street address, or a statement that there is no street address, of its proposed registered office in the State of South Dakota is 117 E. CAPITOL, PIERRE, SD Zip 57501 and the name of its proposed registered agent in the State of South Dakota at that address is RONALD D. OLINGER

(7) The purposes which it proposes to pursue in the transaction of business in the State of South Dakota are: INTEREXCHANGE TELECOMMUNICATIONS SERVICES

(8) The names and respective addresses of its directors and officers are:

Name	Officer Title	Street Address	City	State	Zip
JERRY W. FINEFROCK	DIR/PRES/CEO	3063 CEDAR HOLLOW DR.,	FRANKLIN	MI	48025
AGNES MISSANT	DIRECTOR	8801 CONANT AVE.,	HAMTRAMCK,	MI	48211
STEVEN T. SHELDON	VP. SECY, TREAS.	16054 SOUTHAMPTON,	LIVONIA,	MI	48154
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

(9) The aggregate number of shares which it has authority to issue, itemized by classes, par value of shares, shares without par value, and series, if any, within a class is:

Number or shares	Class	Series	Par value per share or statement that shares are without par value
75,000	COMMON	-	\$1.00
_____	_____	_____	_____
_____	_____	_____	_____

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Filed 12/23/96
 1996
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(10) The aggregate number of its issued shares, itemized by classes, par value of shares, shares without par value, and series, if any, within a class, is

Number of shares	Class	Series	Par value per share or statement that shares are without par value
58,500	COMMON	-	\$1.00

(11) The amount of its stated capital is \$ 58,500.00

(12) This application is accompanied by a CERTIFICATE OF FACT duly acknowledged by the secretary of state or other officer having custody of corporate records in the state or country under whose laws it is incorporated.

(13) That such corporation shall not directly or indirectly combine or make any contract with any incorporated company, foreign or domestic, through their stockholders or the trustees or assigns of such stockholders, or with any copartnership or association of persons, or in any manner whatever to fix the prices, limit the production or regulate the transportation of any product or commodity so as to prevent competition in such prices, production or transportation or to establish excessive prices therefor.

(14) That such corporation, as a consideration of its being permitted to begin or continue doing business within the State of South Dakota, will comply with all the laws of the said State with regard to foreign corporations.

The application must be signed by the chairman of the board of directors, or by the president or by another officer.

I DECLARE AND AFFIRM UNDER THE PENALTY OF PERJURY THAT THIS APPLICATION IS IN ALL THINGS, TRUE AND CORRECT.

Dated October 17 1996

Steven T. Sheldon
 (Signature) Steven T. Sheldon
 Vice President & Secretary
 (Title)

State of Michigan
 County of Wayne

On this 17 day of October, 1996, before me Beverly Lynn Lederbrink personally appeared Steven T. Sheldon, known to me, or proved to me, to be the Vice President of the corporation that is described in and that executed the within instrument and acknowledged to me that such corporation executed same.

My Commission Expires:
BEVERLY LYNN LEDERBRINK
 NOTARY PUBLIC
 MY COMMISSION EXPIRES 12/31/97 Beverly Lynn Lederbrink
 (Notary Public)

Notarial Seal

The Consent of Appointment below must be signed by the registered agent listed in number six.


CONSENT OF APPOINTMENT BY THE REGISTERED AGENT

I, RONALD D. OLINGER, hereby give my consent to serve as the
(name of registered agent)
 registered agent for Long Distance of Michigan, Inc. The LDM Long Distance
(corporate name)
 Dated 12-20 1996 Ronald D. Olinger
(signature of registered agent)

RESOLUTION BY THE BOARD OF DIRECTORS

"RESOLVED, That the Board of Directors of LONG DISTANCE OF MICHIGAN, INC., does hereby adopt the name LDMLONG DISTANCE for use in conducting business in the State of South Dakota."

Dated, ~~August~~ 17, 1996.
October



Steven T. Sheiron, ^{Secretary} V.P. &
CFO/Secretary

01444.656.114

ATTACHMENT II
ARTICLES OF INCORPORATION



Michigan Department of Commerce

Lansing, Michigan

This is to Certify That

LONG DISTANCE OF MICHIGAN, INC.

was validly incorporated on May 15, 1990, as a Michigan profit corporation, and said corporation is validly in existence under the laws of this State.

This certificate is issued to attest to the fact that the corporation is in good standing in this office as of this date and is duly authorized to transact business or conduct affairs in Michigan and for no other purpose. It is in the usual form, made by me as the proper officer, and is entitled to have full faith and credit given it in every court and office within the United States.

In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 17th day of August, 1995.

Carl L. Lipp, Director
Corporation & Securities Bureau

0144.56.16

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DOCUMENT (S)

DISREGARD

BACKGROUND

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MAY 15 1990

MICHIGAN DEPT. OF COMMERCE

ARTICLES OF INCORPORATION

OF

LONG DISTANCE OF MICHIGAN, INC.

FILED

MAY 15 1990

Administrator
MICHIGAN DEPT. OF COMMERCE
Corporation & Securities Bureau

These Articles of Incorporation are signed by the incorporator for the purpose of forming a profit corporation pursuant to the provisions of Act N. 284 Public Acts of 1972 as amended as follows:

267 030

ARTICLE I

The name of the corporation (hereinafter called the "Corporation") is LONG DISTANCE OF MICHIGAN, INC.

ARTICLE II

The purpose or purposes for which the Corporation is organized is to engage in any activity within the purposes for which corporations may be organized under the Michigan Business Corporation Act as now or hereafter in force.

ARTICLE III

The total authorized capital stock is:
Common Stock 50,000 shares, par value \$1.00 per share.

ARTICLE IV

The address of the initial registered office is:

30263 Cedar Hollow
Birmingham, Michigan 48010

The name of the initial resident agent at the registered office is:

Jerry W. Finefrock

SEAL APPEARS ONLY ON ORIGINAL

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ARTICLE V

The name and address of the incorporator is as follows:

Jerry W. Finefrock
30263 Cedar Hollow
Birmingham, Michigan 48010

ARTICLE VI

When a compromise or arrangement or a plan of reorganization of this Corporation is proposed between this Corporation and its creditors or any class of them or between this Corporation and its shareholders or any class of them, a court of equity jurisdiction within the state, on application of this Corporation or of a creditor or shareholder thereof, or on application of a receiver appointed for the Corporation, may order a meeting of the creditors or class of creditors or of the shareholders or class of shareholders to be affected by the proposed compromise or arrangement or reorganization, to be summoned in such manner as the court directs. If a majority in number representing 3/4 in value of the creditors or class of creditors, or of the shareholders or class of shareholders to be affected by the proposed compromise or arrangement or a reorganization, agree to a compromise or arrangement or a reorganization of this corporation as a consequence of the compromise or arrangement, the compromise or arrangement and the reorganization if sanctioned by the court to which the application has been made, shall be binding on all the creditors or class of creditors, or on all the shareholders or class of shareholders and also on this Corporation.

ARTICLE VII

Any action required or permitted by the Michigan Business Corporation Act as then in effect to be taken at an annual or special meeting of shareholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent

shall be given to shareholders who have not consented in writing.

ARTICLE VIII

No director of the Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for breach of fiduciary duty as a director; provided, however, that this Article shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the Corporation or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for a violation of Section 551(1) of the Michigan Business Corporation Act, (iv) for any transaction from which the director derived an improper personal benefit, or (v) for any act or omission occurring prior to the effective date of this Article. If the Michigan Business Corporation Act is hereafter amended to further eliminate or limit the liability of a director of a Corporation, then a director of the Corporation, in addition to the circumstances set forth herein, shall not be liable to the fullest extent permitted by the Michigan Business Corporation Act as so amended. Any repeal or modification of this Article shall not adversely affect any right or protection of a director of the Corporation existing hereunder with respect to any act or omission occurring prior to the time of such repeal or modification.

IN WITNESS WHEREOF, the undersigned, the incorporator of the above-named Corporation, has signed these Articles of Incorporation on this 11th day of May 1990.


JESSE W. FIREPROCK

DOCUMENT WILL BE RETURNED TO NAME AND MAILING ADDRESS INDICATED
BELOW:

Liberson, Bloom, Bloom & Bock
Kenneth J. Bloom
26699 West Twelve Mile Road
Suite 200
Southfield, MI 48034-1578

Name of person or organization remitting fees:

Kenneth J. Bloom

Preparer's name and business telephone number:

Kenneth J. Bloom
(313) 352-5040

565:95

ATTACHMENT III
SERVICE AREA MAP

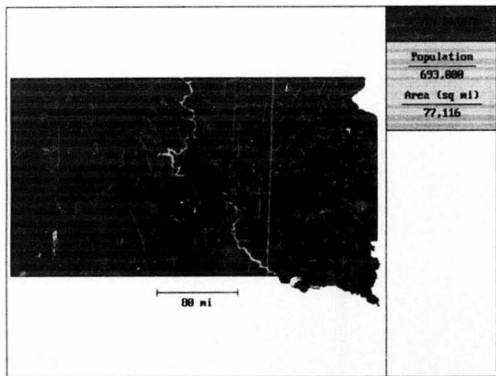


Figure 1: LDMI proposes to offer service statewide throughout the state of South Dakota.

44-38861-428

ATTACHMENT IV
FINANCIAL INFORMATION

Deloitte &
Touche LLP



*Long Distance of
Michigan, Inc.*

d/b/a LDMI

*Financial Statements for the
Years Ended December 31, 1995 and 1996, and
Independent Auditors' Report*

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JUN 6 1995
JUN 6 1995

LONG DISTANCE OF MICHIGAN, INC.
d/b/a LDMI

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1996:	
Balance Sheets	2
Statements of Operations	3
Statements of Stockholders' Deficiency	4
Statements of Cash Flows	5
Notes to Financial Statements	6-10

8
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**Deloitte &
Touche LLP**



Suite 900
600 Renaissance Center
Detroit, Michigan 48243-1704

Telephone: (313) 396-3000

INDEPENDENT AUDITORS' REPORT

To the Shareholders
Long Distance of Michigan, Inc.
d/b/a LDMI
Hamtramck, Michigan

We have audited the accompanying balance sheets of Long Distance of Michigan, Inc. d/b/a LDMI as of December 31, 1995 and 1996, and the related statements of operations, stockholders' deficiency and of cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Long Distance of Michigan, Inc. d/b/a LDMI as of December 31, 1995 and 1996, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Deloitte & Touche LLP

March 15, 1997

**Deloitte Touche
Tomatsu
International**

LONG DISTANCE OF MICHIGAN, INC.
d/b/a LDMI

BALANCE SHEETS
DECEMBER 31, 1995 AND 1996

ASSETS	1995	1996	1996 Proforma Unaudited (Note 8)
CURRENT ASSETS:			
Cash	\$ 22,547	\$ 1,771	\$ 2,228,915
Accounts receivable (net of allowance for doubtful accounts of \$45,067 and \$76,758 at December 31, 1995 and 1996, respectively) (Note 3)	834,937	1,829,539	1,829,539
Prepaid expenses and other current assets	75,684	139,936	139,936
Total current assets	933,168	1,971,246	4,198,390
PROPERTY AND EQUIPMENT - Net (Note 2)	2,237,812	3,337,657	3,337,657
OTHER ASSETS - Net	98,673	76,652	76,652
TOTAL ASSETS (Note 4)	\$ 3,269,653	\$ 5,385,555	\$ 7,612,699
LIABILITIES AND STOCKHOLDERS' (DEFICIENCY) EQUITY			
CURRENT LIABILITIES:			
Bank line of credit (Notes 3 and 8)	\$ 213,701	\$ 569,312	
Current portion of long-term debt (Note 4)	226,221	710,353	\$ 710,353
Trade accounts payable	482,198	1,497,272	1,497,272
Accrued compensation, taxes and other liabilities	482,525	992,003	992,003
Total current liabilities	1,404,645	3,768,940	3,199,628
LONG-TERM DEBT (exclusive of current maturities) (Note 4)	2,084,755	2,540,775	2,540,775
Total liabilities	3,489,400	6,309,715	5,740,403
COMMITMENTS (Note 6)			
STOCKHOLDERS' (DEFICIENCY) EQUITY:			
Series A 6% Senior Convertible Participating Preferred stock (no par value; authorized 19,500 shares; issued and outstanding 19,384 shares) (Note 8)			3,414,669
Common stock (\$1 par value; authorized 75,000 shares; issued and outstanding 58,435 shares at December 31, 1995 and 1996) (Notes 5 and 8)	58,435	58,435	55,123
Additional paid-in-capital	1,197,181	1,197,181	582,280
Accumulated deficit	(1,475,363)	(2,179,776)	(2,179,776)
Total stockholders' (deficiency) equity	(219,747)	(92,160)	1,872,296
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIENCY) EQUITY	\$ 3,269,653	\$ 5,385,555	\$ 7,612,699

See notes to financial statements.

LONG DISTANCE OF MICHIGAN, INC.
d/b/a LDMI

STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 1995 AND 1996

	1995	1996
NET REVENUE	\$6,176,085	\$12,041,690
COST OF REVENUES	<u>3,289,743</u>	<u>6,686,871</u>
GROSS PROFIT	2,886,342	5,354,819
OPERATING EXPENSES:		
Selling, general and administrative	2,446,713	5,078,627
Depreciation and amortization	<u>371,663</u>	<u>645,019</u>
Total operating expenses	<u>2,818,376</u>	<u>5,723,646</u>
INCOME (LOSS) FROM OPERATIONS	67,966	(368,827)
OTHER INCOME	52,350	5,668
INTEREST EXPENSE	<u>(277,542)</u>	<u>(341,254)</u>
NET LOSS	<u>\$ (157,226)</u>	<u>\$ (704,413)</u>

See notes to financial statements.

LONG DISTANCE OF MICHIGAN, INC.
d/b/a LDMI

STATEMENTS OF STOCKHOLDERS' DEFICIENCY
YEARS ENDED DECEMBER 31, 1995 AND 1996

	Shares	Common Stock	Additional Paid-in Capital	Accumulated Deficit
BALANCES, JANUARY 1, 1995	57,905	\$57,905	\$1,144,717	\$(1,318,137)
Net loss				(157,226)
Issuance of 530 shares (Note 5)	<u>530</u>	<u>530</u>	<u>52,464</u>	
BALANCES, DECEMBER 31, 1995	58,435	\$8,435	1,197,181	(1,475,363)
Net loss				(704,413)
BALANCES, DECEMBER 31, 1996	<u>58,435</u>	<u>\$58,435</u>	<u>\$1,197,181</u>	<u>\$(2,179,776)</u>

See notes to financial statements.

LONG DISTANCE OF MICHIGAN, INC.
d/b/a LDMI

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1995 AND 1996

	1995	1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$(157,226)	\$ (704,413)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	371,663	645,019
Gain on sale of equipment	(50,045)	
Changes in assets and liabilities that provided (used) cash:		
Accounts receivable	(257,253)	(994,602)
Prepaid expenses and other current assets	(33,881)	(64,252)
Other assets	(21,213)	(26,750)
Trade accounts payable	186,091	1,015,074
Accrued liabilities	166,748	509,478
Net cash provided by operating activities	<u>204,884</u>	<u>379,554</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(779,881)	(1,696,093)
Proceeds from sale of equipment	75,000	
Net cash used in investing activities	<u>(704,881)</u>	<u>(1,696,093)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings on bank line of credit	73,266	355,611
Repayment of long-term debt	(133,364)	(158,602)
Proceeds from long-term debt	537,242	1,098,754
Net cash provided by financing activities	<u>477,144</u>	<u>1,295,763</u>
NET DECREASE IN CASH	(22,853)	(20,776)
CASH, BEGINNING OF YEAR	45,400	22,547
CASH, END OF YEAR	\$ 22,547	\$ 1,771
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION - Cash paid during the year for:		
Interest	<u>\$ 182,092</u>	<u>\$ 253,042</u>
Income taxes	<u>None</u>	<u>None</u>

See notes to financial statements.

LONG DISTANCE OF MICHIGAN, INC.
d/b/a LDMI

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1995 AND 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - Long Distance of Michigan, Inc. d/b/a LDMI (the "Company") was organized on May 15, 1990 (commenced operations on June 1, 1992) for the purpose of providing long-distance telecommunication services, concentrating primarily on small and medium-sized businesses located in Michigan.

Property and Equipment are stated at cost, less allowance for accumulated depreciation and amortization. Depreciation and amortization is computed using accelerated and straight-line methods over the estimated useful lives of the assets, which range from 3 to 25 years. Computer software development costs for specified internal applications are deferred and amortized on a straight-line basis over 3 to 5 years.

Revenue Recognition - Revenue is recorded based on customer usage and reduced by an estimate of amounts that will not be collected which amounted to \$45,067 and \$76,758 in 1995 and 1996, respectively.

Other Assets consist primarily of deferred financing costs and are amortized over the terms of the applicable debt agreements. Accumulated amortization at December 31, 1995 and 1996 was \$31,334 and \$76,937, respectively.

Management Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and contingent liabilities at December 31, 1995 and 1996, and revenues and expenses during the years then ended. The actual outcome of the estimates could differ from the estimates made in the preparation of the financial statements.

2. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	1995	1996
Switching and other transmission equipment	\$1,726,479	\$ 3,316,324
Furniture, fixtures and equipment	946,174	923,906
Installed circuits	313,513	421,287
Equipment under capital lease (Note 4)	118,544	118,544
Leasehold improvements	9,606	33,492
Subtotal	<u>3,114,316</u>	<u>4,813,553</u>
Less accumulated depreciation and amortization	<u>(876,504)</u>	<u>(1,475,896)</u>
Total	<u>\$2,237,812</u>	<u>\$ 3,337,657</u>

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3. BANK LINE OF CREDIT

On October 18, 1995, the Company and a bank entered into a \$1,000,000 revolving loan facility (the "Facility") pursuant to a guarantee by the U.S. Small Business Association. The Facility expires in October 1998. The Facility provides working capital for the Company and bears interest at the current prime rate plus 2.25% annually (10.5% at December 31, 1996). Advances on the Facility are based upon a specified formula involving the Company's trade accounts receivable and are collateralized by the Company's trade accounts receivable and the personal guarantees of two of the Company's officers. The Facility contains certain restrictive covenants which require the Company to maintain certain minimum levels of tangible net worth (plus subordinated debt), certain net income or loss criteria, and to limit additional lease liabilities and intangible asset additions. The Company was not in compliance with its minimum net loss and tangible net worth covenant requirements for the year ended December 31, 1996 and received waivers of such covenants through July 31, 1997. In connection with the Company's issuance of preferred stock on July 3, 1997, the line of credit was paid in full and canceled (Note 8).

4. LONG-TERM DEBT

Long-term debt consists of the following at December 31:

	1995	1996
Note payable - NTFC	\$1,600,641	\$2,699,395
Community Development Block Grants (CDBG)	436,165	337,381
Convertible subordinated debentures	121,496	121,496
Note payable - stockholder	33,475	11,446
Notes payable - installations	54,189	49,107
Capital lease obligations	65,010	32,303
	<hr/>	<hr/>
Total	2,310,976	3,251,128
Less current portion	226,221	710,353
	<hr/>	<hr/>
Long-term portion	\$2,084,755	\$2,540,775

Note Payable, NTFC - On September 30, 1994, the Company entered into a promissory note with Northern Telecom Finance Corporation (NTFC) providing up to \$1.86 million, towards the purchase of a new switching station by the Company in addition to a discretionary line of credit for additional capital acquisitions. Effective May 24, 1996, the note was amended to provide for total borrowings up to \$3.44 million. Interest is calculated on the note based on the 90 day commercial paper rate plus 5% (effective rate of 10.78% at December 31, 1996). The note is collateralized by substantially all of the Company's assets other than its accounts receivable and is subordinate to the bank line of credit (Note 3). The note requires interest and principal payments in monthly installments through October 2001. Subsequent draws on the line of credit have increased the total debt balance which approximates \$2.7 million at December 31, 1996.

CDBG Notes - The Company received Community Development Block Grant loans in the original amount of \$688,293 payable in monthly installments of \$10,731, plus interest at 9.5% per annum. In addition, the Company previously deferred interest charges totalling \$61,158. The notes and deferred interest mature at various dates through April 1999. The loan was granted by the Michigan Department of Commerce and the City of Hamtramck, and is collateralized by a subordinated interest in the Company's accounts receivable and the personal guarantees of two of the Company's officers. The CDBG notes are subordinate to the bank line of credit (Note 3).

Convertible Subordinated Debentures represent borrowings from a shareholder of the Company and an unrelated party. The notes bear interest at rates ranging from 19% to 24% per annum. In April 1997, debentures totaling \$26,500 were converted into 265 common shares. The remaining debentures are due on November 1, 1997 and may be converted at the holder's discretion into common shares of the Company's stock at a conversion price of \$100 per share.

During 1995, a holder of convertible subordinated debentures converted \$53,000 of such debentures into common stock of the Company (530 shares). Also during 1995 an additional \$45,000 of convertible subordinated debentures were issued to the unrelated party.

Note Payable - Stockholder was entered into between the Company and its landlord, a stockholder, in satisfaction of expenses incurred by the related party on behalf of the Company. The note bears interest at 12% and requires monthly payments by the Company of \$1,975 including interest until June 1997.

Notes Payable - Installations represent notes payable to various local telecommunication providers in connection with the installation of digital service lines. The notes bear interest at rates ranging from 5.5% to 10% per annum and are payable in monthly installments of approximately \$850 including interest through January 2003.

Capital Lease Obligations - The Company has noncancelable capital lease obligations for certain computer and office equipment (Note 2) of \$32,304 and \$65,010 (net of \$3,373 and \$16,189 representing future interest payments) at December 31, 1995 and 1996, respectively. Amortization of \$31,149 and \$19,300 has been recorded and included in accumulated depreciation as of December 31, 1995 and 1996, respectively. The leases extend through October 1998.

Maturities of long-term debt obligations are as follows:

Year Ending December 31:	
1997	\$ 710,353
1998	577,561
1999	677,506
2000	700,789
2001	584,919
Total	<u>\$3,251,128</u>

5. CAPITAL STOCK

During 1996, the Board of Directors of the Company approved the 1996 Stock Option Plan (the "Plan") for key employees and reserved 6,750 common shares for issuance under the Plan. Subsequent to year end, the total amount of common shares reserved was increased to 11,138 shares. The Plan authorizes the Company to issue incentive stock options to employees. Options are generally exercisable over a 10 year period from the date of grant. In December 1996, options to purchase 6,350 common shares were authorized at exercise prices ranging from \$1 to \$100 per share, subject to the attainment by the Company of certain revenue benchmarks which had not been met as of December 31, 1996. No options were exercised, canceled or otherwise terminated during 1996, nor were any options exercisable at December 31, 1996. No stock options were issued or outstanding during 1995.

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The Company accounts for its stock options in accordance with Accounting Principles Board Opinion No. 25, pursuant to which no compensation expense has been recognized during the year ended December 31, 1996. Had compensation cost been determined consistent with SFAS No. 123, "Accounting for Stock-Based Compensation," the Company's compensation expense and pro forma net loss would not be materially different from the amounts reported in the 1996 financial statements.

During 1995, 530 shares of common stock were issued to a holder of convertible subordinated debentures at \$100 per share (Note 4).

6. COMMITMENTS

The Company occupies a facility in the city of Hamtramck under an operating lease from a shareholder of the Company through April 1998. The Company also occupies a facility in Rosemont, Illinois under a short-term lease. Future minimum payments under noncancelable lease obligations as of December 31, 1996 are as follows: 1997 - \$282,900 and 1998 - \$310,233. Effective July 1, 1997, the Company amended its lease agreement in Hamtramck to expand its rental area and extend the lease period through June 30, 2002, requiring annual base rental payments of \$400,400.

Rent expense was \$260,526 and \$330,530 for the years ended December 31, 1995 and 1996, respectively, including \$313,800 and \$235,467 paid to a shareholder.

7. TAXES

Deferred income taxes reflect the estimated future tax effects of (i) temporary differences between the amount of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws and regulations, and (ii) net operating loss carryforwards. As of December 31, 1995 and 1996, the Company had deferred tax assets of approximately \$404,000 and \$620,000, respectively. These amounts are net of approximately \$47,000 and \$309,000 of deferred tax liabilities related to temporary differences at December 31, 1995 and 1996, respectively, relating primarily from the treatment of certain organizational costs, book to tax depreciation differences, and reserves for bad debts. Total deferred tax assets as of December 31, 1995 and 1996 are entirely offset by a valuation allowance, due to the uncertainty of their realization.

As of December 31, 1996, net operating loss carryforwards of approximately \$2,733,000 were available for federal income tax purposes, expiring at various dates through 2010.

8. SUBSEQUENT EVENT (UNAUDITED)

Effective July 3, 1997, the Company's Board of Directors increased the total authorized number of common stock to 110,000 shares.

On July 3, 1997, the Company authorized the issuance of 19,500 shares and sale of 15,000 shares of its no par, Series A 6% senior convertible participating preferred stock at approximately \$187 per share for \$2.8 million (\$2 million in cash and an \$800,000 demand note). In addition, on August 29, 1997, 2,192 shares of participating preferred stock were sold to each of two other investors for \$187 per share resulting in aggregate proceeds of approximately \$818,212. The proceeds to the Company from the investors, net of transaction costs of \$203,543, were \$3,414,669. The proceeds are to be used mainly for working capital requirements, the repayment of the existing bank line of credit (Note 3) and the repurchase of 3,312 common shares for \$618,213.

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The unaudited pro forma balance sheet as of December 31, 1996 has been prepared to show the financial position of the Company had the preferred stock issuance, retirement of common stock and the repayment of the bank line of credit been accomplished as of that date. Following is a brief description of the terms of the stock issuance.

Holders of the 6% convertible participating preferred stock are entitled to cumulative dividends upon issuance, to preference in liquidation over holders of common stock at \$187 per share plus accrued cumulative dividends, and to convert each share of such stock into one share of common stock, subject to antidilution adjustments upon issuance of additional common shares by the Company. Authorized but unissued common stock is reserved for issuance upon such conversion. Each share of preferred stock has the same voting rights as the number of common shares into which it is convertible.

In addition, on July 17, 1997, the Company entered into a receivable sale agreement with a financing company for the sale of its accounts receivables. The proceeds from the sale will provide additional working capital for the Company. The agreement provides for the nonrecourse sale of eligible accounts receivables, less a service fee, to an initial commitment of \$2,500,000 (and a total maximum commitment of up to \$6,500,000) and is available until July 17, 1999.

\$2,800,000



LDMI

*The undersigned has acquired an equity interest
in the above privately-held company.*

CID

EQUITY PARTNERS

CID Equity Partners committed \$2.8 million in equity capital to Long Distance of Michigan, Inc. (LDMI), a telecommunications service provider. The investment by CID will enable LDMI to expand its regional presence and offer a broader range of services to its customers.

LDMI's primary focus is small and medium sized businesses. The company originates service primarily in Michigan, but serves all fifty states as well as virtually all other dialable countries and territories around the world. Utilizing its own switching center, the company provides long distance and local communications services, and is currently experimenting with several other offerings.

With continuing deregulatory influences and a changing competitive landscape in the telecommunications industry, LDMI anticipates many key opportunities to arise in the near future.

CID's objective is to invest in Midwest companies with the potential for substantial appreciation. Through long-term investments of five to seven years, we develop a partnership, establish a direction for growth, and build the value of the company.

CID has raised approximately \$220 million in five funds since 1981 and has invested in 47 Midwest companies.

CID EQUITY PARTNERS

One American Square, Suite 2850, Box 82074 • Indianapolis, IN 46282 • Tel. 317.269.2350
Two Nationwide Plaza, Suite 805 • Columbus, OH 43215 • Tel. 614.222.8185

John T. Hackett, Managing General Partner
John C. Applin, General Partner

Kevin E. Sheehan, General Partner
William S. Oesterle, General Partner

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ATTACHMENT V

TARIFF

**LONG DISTANCE OF MICHIGAN, INC.
D/B/A LDMI LONG DISTANCE**

S. Dakota Tariff No. 1
Original Page 1

SOUTH DAKOTA
TELECOMMUNICATIONS TARIFF
OF
**LONG DISTANCE OF MICHIGAN, INC.
D/B/A LDMI LONG DISTANCE**

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of intrastate, intraLATA service and resold facilities for telecommunications services provided by Long Distance of Michigan, Inc., d/b/a LDMI Long Distance, within the state of South Dakota.

Dated:

Issued by: Steven T. Sheldon, President and CEO, (313) 873-5500
Long Distance of Michigan, Inc., d/b/a LDMI Long Distance
8801 Conant Street
Hamtramck, Michigan 48211-1403

TABLE OF CONTENTS

Section 1 - Technical Terms and Abbreviations	4
Section 2 - Rules and Regulations	7
Section 3 - Description of Service and Rates	18
Section 4 - Miscellaneous Services	29
Section 5 - Promotions	30

Dated:

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Long Distance of Michigan, Inc., d/b/a LDMI Long Distance
8801 Conant Street
Hamtramck, Michigan 48211-1403

SYMBOLS

The following are the only symbols used for the purposes indicated below:

- C** - Change to rule or regulation or rate structure
- D** - Delete or discontinue.
- I** - Change Resulting in an increase to a Customer's bill.
- M** - Moved from another tariff location.
- N** - New
- R** - Change resulting in a reduction to a Customer's bill.
- T** - Change in text or regulation.

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TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement which connects the Customer's location to a American Long Lines switching center or point of presence.

Authorization Code - A pre-defined series of numbers to be dialed by the Customer upon access to the Company's system to identify the caller and validate the caller's authorization to use the services provided. The Customer is responsible for charges incurred through the use of his or her assigned Authorization Code.

Authorized User - A person, firm, corporation, or any other entity authorized by the Customer to communicate utilizing the Carrier's service.

Commission - South Dakota Public Utilities Commission.

Company or Carrier - Long Distance of Michigan, Inc., d/b/a LDMI Long Distance, unless otherwise clearly indicated by the context.

Customer - The person, firm, corporation or other entity which orders, cancels, amends or uses service and is responsible for payment of charges and compliance with the Company's tariff.

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TECHNICAL TERMS AND ABBREVIATIONS, CONT'D.

End User - Any person, firm, corporation, partnership or other entity which uses the services of the Carrier under the provisions and regulations of this tariff. The End User is responsible for payment unless the charges for the services utilized are accepted and paid by another Customer.

LATA - Local access and transport area. A geographic area established by the US District Court for the District of Columbia in Civil Action No. 17-49, within which a local exchange company provides communications services.

LDMI - Long Distance of Michigan, Inc., d/b/a LDMI Long Distance, unless otherwise clearly indicated by the context.

LEC - Local Exchange Company

Premises - A building or buildings on contiguous property.

Resp Org (Responsible Organization) - The entity that has total responsibility for the account management of a particular toll-free (e.g. 800/888) number, including maintaining its customer record in the Service Management System ("SMS"). An entity which accesses the SMS to (a) search for and reserve toll-free numbers and (b) create and maintain toll-free number customer records.

Special Access Origination/Termination - Where originating or terminating access between the Customer and the interexchange carrier is provided on dedicated circuits. The cost of these dedicated circuits is billed by the access provider directly to the Customer.

Switched Access Origination/Termination - Where originating or terminating access between the Customer and the interexchange carrier is provided on local exchange company Feature Group circuits. The cost of switched Feature Group access is billed to the interexchange carrier.

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LONG DISTANCE OF MICHIGAN, INC.
D/B/A LDMI LONG DISTANCE

S. Dakota Tariff No. 1
Original Page 6

TECHNICAL TERMS AND ABBREVIATIONS, CONT'D.

[Reserved for Future Use]

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8801 Conant Street
Hamtramck, Michigan 48211-1403

SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of LDMI

- 2.1.1 LDMI is a resale common carrier providing intrastate communications long distance message toll telephone service to Customers for the transmission and reception of voice, data, and other types of communications.
- 2.1.2 The Company offers intrastate telecommunications service in conjunction with interstate service.
- 2.1.3 Long distance usage charges are based on the actual usage of LDMI's network. Chargeable time begins when a connection is established between the calling station and the called station. Chargeable time ends when either party "hangs up" thereby releasing the network connection.
- 2.1.4 No charges apply for incomplete calls.
- 2.1.5 Service is provided twenty-four (24) hours per day, seven (7) days per week.
- 2.1.6 Billing or other Customer Service issues can be directed to the Customer Service Manager, (800) 922-7730, 8801 Conant Street, Hamtramck, Michigan 48211-1403.

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SECTION 2 - RULES AND REGULATIONS, CONT'D.

2.2 Limitations

- 2.2.1 Service is offered subject to the availability of the necessary resold facilities and equipment, or both resold facilities and equipment, and subject to the provisions of this tariff.
- 2.2.2 LDMI reserves the right to discontinue or limit service when necessitated by conditions beyond its control, or when the Customer is using service in violation of provisions of this tariff, or in violation of the law.
- 2.2.3 The Company does not undertake to transmit messages, but offers the use of its resold facilities when available, and will not be liable for errors in transmission or for failure to establish connections.
- 2.2.4 All services and resold facilities provided under this tariff are directly or indirectly controlled by LDMI and the Customer may not transfer or assign the use of service or resold facilities without the express written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or resold facilities.
- 2.2.5 Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions of service.

2.3 Use

Services provided under this tariff may be used for any lawful purpose for which the service is technically suited.

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SECTION 2 - RULES AND REGULATIONS, CONT'D.

2.4 Liabilities of the Company

- 2.4.1** The liability of the Company for its willful misconduct or gross negligence which is the sole legal cause of damage or injury is not limited by this tariff. With respect to any other claim or suit, by a Customer or by any others, for damages associated with acts or omissions involving initiation, installation, provision, termination, maintenance, repair, interruption or restoration of any service or facilities offered under this tariff, the Company's liability, if any, is limited to the actual damages or injury sustained, which in the event of any failure of service shall be deemed to be 1/30 of the monthly charge for service affected for each 24-hour period during which such failure of service occurs and is reported to or known by the Company.
- 2.4.2** In no event will Company be responsible for consequential damages or lost profits suffered by Customer on account of interrupted or unsatisfactory service unless Company is found to have been willfully negligent.
- 2.4.3** The Company is not liable for any act or omission of any other company or companies furnishing a portion of the service. No agents or employees of other carriers shall be deemed to be agents or employees of the Company.
- 2.4.4** The Company shall be indemnified and held harmless by the Customer against:
- A. Claims for libel, slander, infringement of copyright or unauthorized use of any trade mark, trade name or service mark arising out of the material, data, information, or other content transmitted by the Customer over the Company's facilities; and
 - B. Claims for patent infringement arising from combining or connecting the Company's facilities with apparatus and systems of the Customer; and
 - C. All other claims arising out of any act or omission of the Customer in connection with any service provided by the Company.

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SECTION 2 - RULES AND REGULATIONS, CONT'D.

2.4 Liabilities of the Company, Cont'd.

- 2.4.5** The Company will make no refund of overpayments by a Customer unless the claim for such overpayment together with proper evidence be submitted within one (1) year from the date of alleged overpayment unless billing records prepared by the Company can be produced which would justify a credit beyond one year.

2.5 Validation of Credit

LDMI reserves the right to validate the credit worthiness of Subscribers through available credit verification procedures.

2.6 Payment for Service

2.6.1 Payment Arrangements

The Customer is responsible for payment of all charges for services and equipment furnished to the Customer for transmission of calls via the Company. The Customer agrees to pay to the Company any cost(s) incurred as a result of any delegation of authority resulting in the use of his or her communications equipment and/or network services which result in the placement of calls via the Company. The Customer agrees to pay the Company or its authorized agent any and all cost(s) incurred as a result of the use of the service arrangement, including calls which the Customer did not individually authorize.

- 2.6.2** All charges due by the Customer are payable to the Company or any agency duly authorized to receive such payments. Terms of payment shall be according to the rules and regulations of the agency and subject to the rules of regulatory agencies, such as the SD PUC. Any objections to billed charges must be promptly reported to the Company or its billing agent. Adjustments to Customers' bills shall be made to the extent that circumstances exist which reasonably indicate that such changes are appropriate.

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Hamtramck, Michigan 48211-1403

SECTION 2 - RULES AND REGULATIONS, CONT'D.

2.6 Payment for Service, Cont'd.

2.6.3 Charges for installations, service connections, moves, and rearrangements, where applicable, are payable upon demand by the Company or its authorized agent. The billing thereafter will include recurring charges and actual usage as defined in this tariff.

2.6.4 The Customer shall be responsible for all calls placed by or through Customer's equipment by any person. In particular and without limitation to the foregoing, the Customer is responsible for any calls placed by or through the Customer's equipment via any remote access features. The Customer is responsible for all calls placed via their authorization code as a result of the Customer's intentional or negligent disclosure of the authorization code.

2.7 Late Payment Charge and Cost of Collection

A late fee of 1.5% per month will be charged on any past due balance. In the event that the Company incurs fees or expenses, including attorney's fees, collecting or attempting to collect, any charges owed to the Company, the Company may charge the Customer all such fees and expenses reasonably incurred.

2.8 Return Check Charge

A return check charge of \$20.00 will be assessed for checks returned for insufficient funds. Any applicable return check charges will be assessed according to the terms and conditions of the billing entity (i.e. local exchange company and/or commercial credit card company) and pursuant to South Dakota law and Commission regulations.

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SECTION 2 - RULES AND REGULATIONS, CONT'D.

2.9 Deposits and Advance Payments

Each service applicant will be required to establish credit. Any applicant whose credit has not been duly established to the sole and exclusive satisfaction of the Company may be required to make an advance payment or a deposit to be held as a guarantee of payment of charges at the time of application. In addition, an existing customer may be required to make a deposit or increase a deposit presently held.

2.9.1 Advance Payments

- A. An advance payment may not exceed the estimated charges for two (2) months' service plus installation.
- B. Credit of advance payment equal to one (1) months charges plus installation will be applied to the Subscriber's account on the first bill rendered after the service is installed. Balance of payment will be applied to successive monthly billings.

2.9.2 Deposits

- A. A deposit is not to exceed the estimated charges for two (2) months service plus 30% of the estimated charge. Deposits will be held for a period of one year. Interest on intrastate deposits will be in accordance with South Dakota Rules. Interest will be no less than 3% and at least comparable to current passbook savings rates.
- B. A deposit will be returned...

...When an application for service has been cancelled prior to the establishment of service. The deposit will be applied to any charges applicable in accordance with the tariff and the excess portion of the deposit will be returned.

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SECTION 2 - RULES AND REGULATIONS, CONT'D.

2.9 Deposits and Advance Payments, Cont'd.

2.9.2 Deposits, cont'd.

B. cont'd.

...Upon the discontinuance of service. The Company will refund the Subscriber's deposit or the balance in excess of unpaid bills for that service. At the option of the Company, such a deposit may be refunded or credited to the Subscriber at any time prior to the termination of the service.

- C. The fact that a deposit has been made in no way relieves the Subscriber from complying with the regulation with respect to advance payments and the prompt payment of bills on presentation.

2.10 [Reserved for Future Use]

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Hamtramck, Michigan 48211-1403

SECTION 2 - RULES AND REGULATIONS, CONT'D.

2.11 Taxes and Fees

The Company shall charge the Customer an amount sufficient to recover any governmental assessments, fees, license, or other similar taxes or fees imposed upon the Company.

Taxes and fees shall be added pro-rate, insofar as practical, to the rates and charges stated in the Company's rate schedules and listed as separate line items on the Customer's bill for services provided.

2.12 Terminal Equipment

The Company's resold facilities and service may be used with or terminated in Customer-provided terminal equipment or Customer-provided communications systems, such as a PBX, key systems or Pay Telephone. Such terminal equipment shall be furnished and maintained at the expense of the Customer, except as otherwise provided. The Customer is responsible for all costs at his or her premises, including personnel, wiring, electrical power, and the like, incurred in the use of the Company's service. When such terminal equipment is used, the equipment shall comply with the generally accepted minimum protective criteria standards of the telecommunications industry as endorsed by the Federal Communications Commission.

2.13 Cancellation by Customer

The Customer may cancel non-contractual service by contacting the Company verbally or in writing and giving one week's notice. For services with a monthly service fee, the entire service fee is non-refundable for any partial month of service received prior to cancellation by the Customer.

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SECTION 2 - RULES AND REGULATIONS, CONT'D.

2.14 Interconnection

Service furnished by LDMI may be connected with the services or resold facilities of other carriers. Such service or resold facilities are provided under the terms, rates and conditions of the other carrier. The Customer is responsible for all charges billed by other carriers for use in connection with LDMI service. Any special interface equipment or facilities necessary to achieve compatibility between carriers is the responsibility of the Customer.

2.15 Refusal or Discontinuance by Company

LDMI may refuse or discontinue service for any of the following reasons:

- For non-compliance with or violation of any State, municipal, or Federal law, ordinance or regulation pertaining to telephone service.
- Without notice by reason of any order or decision of a court or other government authority having jurisdiction which prohibits Carrier from furnishing such services.

Dated:

Issued by: Steven T. Sheldon, President and CEO, (313) 873-5500
Long Distance of Michigan, Inc., d/b/a LDMI Long Distance
8801 Conant Street
Hamtramck, Michigan 48211-1403

SECTION 2 - RULES AND REGULATIONS, CONT'D.

2.16 Interruption of Service

Credit allowances for interruptions of service which are not due to the Carrier's testing or adjusting, to the negligence of the Customer, or to the failure of channels, equipment or communications systems provided by the Customer, are subject to the general liability provisions set forth in Section 2.4 herein. Credit allowance is equal to a prorated portion of usage charges applicable to the interrupted service. It shall be the obligation of the Customer to notify Carrier immediately of any interruption in service for which a credit allowance is desired by Customer. Before giving such notice, Customer shall ascertain that the trouble is not within his or her control, or is not in wiring or equipment, if any, furnished by Customer and connected to Carrier's terminal. Interruptions caused by Customer-provided or Carrier-provided automatic dialing equipment are not deemed an interruption of service as defined herein since the Customer has the option of using the long distance network via local exchange company access.

2.17 [Reserved for Future Use]

2.18 Inspection, Testing and Adjustment

Upon reasonable notice, the resold facilities provided by the Carrier shall be made available to the Carrier for tests and adjustments as may be deemed necessary by the Carrier for maintenance. No interruption allowance will be granted for the time during which such tests and adjustments are made.

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SECTION 2 - RULES AND REGULATIONS, CONT'D.

2.19 Customer Inquiries and Billing Questions

Customer inquiries or complaints regarding service or billing may be made in writing or by phone to LDMI at:

Customer service and Billing Inquiries (800) 374-5364
Long Distance of Michigan, Inc., d/b/a LDMI Long Distance
8801 Conant Street
Hamtramck, Michigan 48211-1403
Telephone: (313) 873-5500
Facsimile: (313) 873-6615

LDMI will respond within 72 hours to of receipt of an inquiry. If the Customer is dissatisfied with LDMI's response to a complaint or inquiry, the Customer may request resolution of the conflict by the South Dakota Utilities Commission at:

500 East Capitol
Pierre, South Dakota 57501-5070
(605) 773-3201 or (800) 332-1782

Dated:

Issued by: Steven T. Sheldon, President and CEO, (313) 873-5500
Long Distance of Michigan, Inc., d/b/a LDMI Long Distance
8801 Conant Street
Hamtramck, Michigan 48211-1403

SECTION 3 - DESCRIPTION OF SERVICES AND RATES

3.1 General

The Company provides intrastate, interexchange switched telecommunications services between locations in South Dakota. The Company's service includes direct-dialed calling with charges based upon call duration, and/or total volume.

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SECTION 3 - DESCRIPTION OF SERVICES AND RATES, CONT'D.

3.2 Time of Day Rate Periods

None of LDMI's offerings are presently time-of-day sensitive.

Dated:

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Long Distance of Michigan, Inc., d/b/a LDMI Long Distance
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Hamtramck, Michigan 48211-1403

SECTION 3 - DESCRIPTION OF SERVICES AND RATES, CONT'D.

3.3 [Reserved for Future Use]

Dated:

Issued by: Steven T. Sheldon, President and CEO, (313) 873-5500
Long Distance of Michigan, Inc., d/b/a LDMI Long Distance
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Hamtramck, Michigan 48211-1403

SECTION 3 - DESCRIPTION OF SERVICES AND RATES, CONT'D.

3.4 Calculation of Distance

Usage charges for any mileage sensitive services vary based on the type of service subscribed to by the Customer. For services utilizing switched access, mileage measurements for rate schedules are based on the distance in airline miles between rate centers associated with the originating and terminating stations. For services utilizing dedicated access, mileage measurements for rate schedules are based on the distance in airline miles between the LDMI network access point associated with the station utilizing Dedicated Access Origination/Termination and the rate center associated with the called/calling station.

The distance between the originating and terminating points is calculated by using the "V" and "H" coordinates of the serving wire centers as defined by BellCore (Bell Communications Research), in the following manner:

- Step 1:** Obtain the "V" and "H" coordinates for the serving wire center or network access point serving the Customer's location and the called/calling station.
- Step 2:** Obtain the difference between the "V" coordinates. Obtain the difference between the "H" coordinates.
- Step 3:** Square the differences obtained in Step 2.
- Step 4:** Add the squares of the "V" difference and "H" difference obtained in Step 3.
- Step 5:** Divide the sum of the square obtained in Step 4 by ten (10). Round to the next higher whole number if any fraction results from the division.
- Step 6:** Obtain the square root of the whole number obtained in Step 5. Round to the next higher whole number if any fraction is obtained. This is the distance between the originating and terminating locations of the call.

Formula:

$$\sqrt{\frac{(V_1 - V_2)^2 + (H_1 - H_2)^2}{10}}$$

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SECTION 3 - DESCRIPTION OF SERVICES AND RATES, CONT'D.

3.5 Call Timing

- 3.5.1 Long distance usage charges are based on the actual usage of the Company's network. Chargeable time begins when the calling and the called station are connected.
- 3.5.2 Chargeable time ends when the calling service point terminates, thereby releasing the network connection.
- 3.5.3 Unless otherwise specified in this tariff, the minimum call duration for billing purposes is eighteen (18) seconds.
- 3.5.4 Unless otherwise specified in this tariff, usage is measured and rounded in six (6) second increments (after the initial 18 seconds) for billing purposes.
- 3.5.5 No charges apply to unanswered calls.

Dated:

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Hamtramck, Michigan 48211-1403

SECTION 3 - DESCRIPTION OF SERVICES AND RATES, CONT'D.

3.6 Outbound Service

3.6.1 General Description

Outbound Service is offered to Residential and Business Subscribers for outbound calling. Outbound Service utilizes Customer-provided switched access lines.

There is no minimum monthly billing.

3.6.2 Usage Rate

Per Minute: \$0.1425

Dated:

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SECTION 3 - DESCRIPTION OF SERVICES AND RATES, CONT'D.

3.7 Inbound Toll-Free (8XX) Service

3.7.1 General Description

LDMI's Inbound Toll-Free Number Service is an 8XX number service available for Customer use twenty-four (24) hours a day, seven (7) days a week. Service is terminated over standard Customer-provided switched access lines. Intrastate service is offered in conjunction with Interstate service.

There is no minimum monthly billing.

3.7.2 Reservation of Toll-Free Numbers

The Company will make every effort to reserve toll-free vanity numbers on behalf of Customers, but makes no guarantee or warranty that the requested toll-free number(s) will be available or assigned to the Customer requesting the number.

3.7.3 Toll-Free Number Portability

If a Customer accumulates undisputed delinquent charges, the Company reserves the right not to honor that Customer's request for a change in service, including a request for Resp. Org. change, until such charges are paid in full.

The Customer does not retain rights in toll-free numbers which are shared with other Customers of the Company. Shared toll-free numbers are not portable.

3.7.4 Usage Rate

Per Minute: \$0.1500

Dated:

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Long Distance of Michigan, Inc., d/b/a LDMI Long Distance
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Hamtramck, Michigan 48211-1403

SECTION 3 - DESCRIPTION OF SERVICES AND RATES, CONT'D.

3.8 Travel Service

3.8.1 General Description

Travel Card Service is available in conjunction with other LDMI services, or as a stand-alone offering. The service is typically used for originating telephone calls while away from home or office. Service is accessed by dialing the Company-designated toll-free access number, a valid authorization code, and the destination number. Travel Card Service is billed in six (6) second increments after a minimum call duration of thirty (30) seconds. Intrastate service is offered in conjunction with Interstate service.

3.8.2 Usage Rate

Per Minute: \$0.2500

Dated:

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Long Distance of Michigan, Inc., d/b/a LDMI Long Distance
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Hamtramck, Michigan 48211-1403

SECTION 3 - DESCRIPTION OF SERVICES AND RATES, CONT'D.

3.9 [Reserved for Future Use]

Dated:

Issued by: Steven T. Sheldon, President and CEO, (313) 873-5500
Long Distance of Michigan, Inc., d/b/a LDMI Long Distance
8801 Conant Street
Hamtramck, Michigan 48211-1403

SECTION 3 - DESCRIPTION OF SERVICES AND RATES, CONT'D.

3.10 [Reserved for Future Use]

Dated:

Issued by: Steven T. Sheldon, President and CEO, (313) 873-5500
Long Distance of Michigan, Inc., d/b/a LDMI Long Distance
8801 Conant Street
Hamtramck, Michigan 48211-1403

LONG DISTANCE OF MICHIGAN, INC.
D/B/A LDMI LONG DISTANCE

S. Dakota Tariff No. 1
Original Page 28

SECTION 3 - DESCRIPTION OF SERVICES AND RATES, CONT'D.

3.11 [Reserved for Future Use]

Dated:

Issued by: Steven T. Sheldon, President and CEO, (313) 873-5500
Long Distance of Michigan, Inc., d/b/a LDMI Long Distance
8801 Conant Street
Hamtramck, Michigan 48211-1403

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SECTION 4 - MISCELLANEOUS SERVICES

4.1 Directory Assistance

A Directory Assistance charge applies per intrastate directory assistance calls made from points within the State of South Dakota. The customer may make two (2) requests for a telephone number per call. The Directory Assistance Charge applies regardless of whether the operator is able to supply the requested number. Discounts are not applicable to Directory Assistance Charges. Directory Assistance Charges are not included in usage commitments or computed in any discount calculations.

Per call to directory assistance: \$0.60

Dated:

Issued by: Steven T. Sheldon, President and CEO, (313) 873-5500
Long Distance of Michigan, Inc., d/b/a LDMI Long Distance
8801 Conant Street
Hamtramck, Michigan 48211-1403

SECTION 5 - PROMOTIONS

5.1 Promotional Offerings - General

From time to time, the Company may provide promotional offerings to introduce a current or potential Customer to a service not being used by the Customer. These offerings may be limited to certain dates, times or locations and may waive or reduce recurring or nonrecurring charges.

5.2 Demonstration of Calls

From time to time the Company shall demonstrate service by providing free test calls of up to four minutes duration over its network.

Dated:

Issued by: Steven T. Sheldon, President and CEO, (313) 873-5500
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8801 Conant Street
Hamtramck, Michigan 48211-1403

NEXT

DOCUMENT (S)

DISREGARD

BACKGROUND

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:

10/17/97 through 10/30/97

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
REQUEST FOR CERTIFICATE OF AUTHORITY			
TC97-168	Application by Atlas Equity, Inc. d/b/a Performance Telecom for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: TS/CH) "Applicant seeks statewide authority to provide intra- and interLATA interexchange telecommunications services... Applicant intends to provide interexchange intrastate voice message telephone services."	10/27/97	11/14/97
TC97-170	Application by iTELSA (USA), Inc. for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: TS/CH) "The Applicant will provide interexchange services as a non-facilities-based reseller. Applicant proposes to offer 1+ and prepaid phone card services to both business and residential users."	10/27/97	11/14/97
TC97-171	Application by New Media Telecommunications, Inc. for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: TS/KC) "New Media, proposes to provide intrastate long distance service in conjunction with its interstate long distance service."	10/27/97	11/14/97
TC97-172	Application by Long Distance of Michigan, Inc. d/b/a LDMI Long Distance for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: DJ/KC) "LDMI offers outbound telecommunications services to residential and business customers, utilizing switched access. Switched access service is available on a presubscription basis from equal access originating end offices. LDMI will also offer travel card and inbound toll-free services. Service is offered as an add-on to LDMI's interstate service."	10/27/97	11/14/97
FORMAL COMPLAINT FILED			
TC97-169	Avery and Dixie Thompson vs U S WEST Communications, Inc. On October 24, 1997, the Commission received a complaint filed by Avery and Dixie Thompson, Complainants, Reliance, SD, against U S WEST Communications, Inc. (Respondent) regarding delays in the provisioning of new services. According to the complaint, Complainants contacted Respondent in April of 1997, requesting phone service at a new location. Complainants state they were informed by Respondent that they should call the Respondent two weeks prior to the date they wanted service. Complainants indicate that their service at the new residence was needed on September 12, 1997. Complainants contacted Respondent on September 12, 1997, and were informed that Respondent did not have adequate facilities at the Complainants' new location. On or about September 23, 1997, Complainants were told by Respondent that services would not be provisioned until late October, 1997. Respondent provisioned services to Complainants in late October but the complaint does not indicate whether those services are working as of the date of the complaint. Complainants are asking that Respondent provision the services requested, that Respondent reimburse Complainants for certain expenses relating to the delayed service, and that Respondent compensate Complainants for the inconvenience caused by the delay in provisioning service.	10/24/97	NA

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: tarryn@pub.state.sd.us Faxing the address to the Commission at: 605-773-3809

17.05.228

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

IN THE MATTER OF THE APPLICATION OF)	ORDER GRANTING
LONG DISTANCE OF MICHIGAN, INC., D/B/A)	CERTIFICATE OF
LDMI LONG DISTANCE FOR A CERTIFICATE)	AUTHORITY
OF AUTHORITY TO PROVIDE)	
TELECOMMUNICATIONS SERVICES IN)	TC97-172
SOUTH DAKOTA)	

On October 27, 1997, the Public Utilities Commission (Commission), in accordance with SDCL 49-31-3 and ARSD 20:10:24:02, received an application for a certificate of authority from Long Distance of Michigan, Inc., d/b/a LDMI Long Distance (LDMI).

LDMI proposes to offer outbound telecommunications services to residential and business customers, utilizing switched access. Switched access service is available on a presubscription basis from equal access originating end offices. LDMI will also offer travel card and inbound toll-free services. A proposed tariff was filed by LDMI. The Commission has classified long distance service as fully competitive.

On October 30, 1997, the Commission electronically transmitted notice of the filing and the intervention deadline of November 14, 1997, to interested individuals and entities. No petitions to intervene or comments were filed and at its regularly scheduled December 2, 1997, meeting, the Commission considered LDMI's request for a certificate of authority. Commission Staff recommended granting a certificate of authority, subject to the condition that LDMI not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission.

The Commission finds that it has jurisdiction over this matter pursuant to Chapter 49-31, specifically 49-31-3 and ARSD 20:10:24:02 and 20:10:24:03. The Commission finds that LDMI has met the legal requirements established for the granting of a certificate of authority. LDMI has, in accordance with SDCL 49-31-3, demonstrated sufficient technical, financial and managerial capabilities to offer telecommunications services in South Dakota. The Commission approves LDMI's application for a certificate of authority, subject to the condition that LDMI not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission. As the Commission's final decision in this matter, it is therefore

ORDERED, that LDMI's application for a certificate of authority is hereby granted, effective December 27, 1997, subject to the condition that LDMI not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission. It is

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FURTHER ORDERED, that LDMI shall file informational copies of tariff changes with the Commission as the changes occur.

Dated at Pierre, South Dakota, this 12th day of December, 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 socket service list, by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: Alaine Kalbs

Date: 12/12/97

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner

63-63-44-6

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

CERTIFICATE OF AUTHORITY

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

Authority was Granted December 2, 1997, effective December 27, 1997
Docket No. TC97-172

This is to certify that

**LONG DISTANCE OF MICHIGAN, INC., D/B/A
LDMI LONG DISTANCE**

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 12th day of December, 1997.

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION:**



James A. Burg

JAMES A. BURG, Chairman

Pam Nelson

PAM NELSON, Commissioner

Laska Schoenfelder

LASKA SCHOENFELDER, Commissioner