x0/13 TC97-187 TC 97-187 DOCKET NO. In the Matter of IN THE MATTER OF THE APPLICATION OF TOTALTEL, INC. FOR A CERTIFICATE OF AUTHORITY TO PROVIDE TELECOMMUNICATIONS SERVICES IN SOUTH DAKOTA Public Utilities Commission of the State of South Dakota -MEMORANDA 12597 Yild and Decketed; 14197 TC Fay Liling; 17 95 Order Hantery COA, 17 98 Discket Classed

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TC97-187

Lance J.M. Steinhart

Attorney At Law 6455 East Johns Crossing Suite 285 Duluth, Georgia 30097

Also Admitted in New York and Maryland

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November 24, 1997 VIA FEDERAL EXPRESS

Mr. William Bullard Executive Director South Dakota Public Utilities Commission 500 East Capitol Avenue Pierre, SD 57501-5070 (605) 773-3201

Re: TotalTel, Inc.

Dear Mr. Bullard:

Enclosed please find one original and ten (10) copies of TotalTel, Inc.'s Application for Registration of a Telecommunications Company.

In order to expedite the processing of this application, I would like to suggest that all requests for information by the analyst be made by either telephone or facsimile. I will make every effort to respond on the day of the request.

I have also enclosed a check in the amount of \$250.00 payable to the "South Dakota Public Utilities Commission" for the filing fee, and an extra copy of this cover letter to be date stamped and returned to me in the enclosed self-addressed prepaid envelope.

If you have any questions or if I may provide you with any additional information, please do not hesitate to contact me. Thank you.

Respectfully submitted,

Lance .M. Steinhart Attorney for TotalTel. Inc.

Enclosures cc: Ms. Karen Ryan NOV 25 1997

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

> Telephone: (770) 232-9200 Facsimile: (770) 232-9208

TC97-187

APPLICATION FOR REGISTRATION OF TOTALTEL, INC. FILED WITH THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF TOTALTEL, INC. FOR AN ORDER authorizing the registration of applicant as a telecommunications company

N. BV. AAUS

Docket No.

APPLICATION

Application is hereby made to the South Dakota Public Utilities Commission for an Order authorizing TotalTel, Inc. ("Applicant") to register as a telecommunications company within the State of South Dakota. The following information is furnished in support thereof:

1. Name, Address and Telephone Number of Applicant

TotalTel, Inc. 150 Clove Road, 8th Floor Little Falls, New Jersey 07424 (201) 812-1100

All inquiries regarding complaints and regulatory matters should be addressed to:

Lance J.M. Steinhart, Esg. 6455 East Johns Crossing, Suite 285 Duluth, Georgia 30097 (770) 232-9200 (770) 232-9208 (Fax)

1

2. Registered Agent

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The name and address of the Applicant's registered agent are: National Registered Agents, Inc.

300 South Phillips Avenue, Ste. 300 Sioux Falls, SD 57102

3. Description of the Applicant

Applicant is a New Jersey Corporation whose date of organization was March 9, 1960. Applicant was incorporated under the name Mansol Ceramics Company and changed its name to TotalTel, Inc. on March 1, 1994. Its duration is perpetual. Applicant's authority to transact business as a foreign corporation in the State of South Dakota is attached hereto as Exhibit A. A copy of the Applicant's Articles of Incorporation, as Amended, is attached as Exhibit B hereto.

4. Facilities

Applicant does not own or maintain any transmission facilities or switching equipment in the State of South Dakota. The Applicant will provide services through Worldcom, AT&T and Qwest, its underlying carriers.

5. Stockholders

The names and addresses of all 5% or greater stockholders of Applicant are as follows:

Name and Address

Shares Owned Perce Issu

Percentage of all Shares Issued and Outstanding and Voting Control

Total7el USA Communications, Inc. 420 100% 150 Clove Road, 8th Floor Little Falls, New Jersey 07424

2

6. Officers and Directors

The name and address of the officers and directors of

Applicant are as follows:

Officers

D-44 . NO . 4

Warren H. Feldman, Esq. CEO, Director Thomas P. Gunning David Hess Jeff Slater

CEO, Secretary & Treasurer Co-President Co-President

Directors

Warren H. Feldman, Esg. Solomon Feldman Leon Genet Jay Miller

The above-named individuals can be reached at 150 Clove Road, 8th Floor, Little Falls, New Jersey 07424.

Corporate Ownership 7.

The name and address of any corporation, association or similar organization holding a five percent (5%) or greater ownership in the Applicant is as follows:

> TotalTel USA Communications, Inc. 150 Clove Road, 8th Floor Little Falls, New Jersey 07424

8. Subsidiaries owned or controlled by Applicant

None

9. Description of Services

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Applicant is a switch-based reseller which intends to offer 1+ direct dialing, 800 toll free, and travel card (no prepaid calling cards) service through the resale of telephone services provided by facilities-based interexchange carriers. Applicant has no points of presence in the State of South Dakota, <u>thus</u> Applicant neither owns, leases, nor operates any switching, transmission, or other physical facilities in the State of South Dakota, and no such facilities will be used by Applicant in providing service in the State of South Dakota. Rather, Applicant will be engaged in reselling services provided by facilities-based carriers within the State of South Dakota. Upon receiving certification, Applicant intends to provide services throughout the State of South Dakota.

Applicant intends to provide these services to customers on a jurisdictionally interstate basis subject to the FCC's jurisdiction and Applicant intends to provide these services on jurisdictionally intrastate basis pursuant to certification, registration or tariff requirements, or on an unregulated basis, in all fifty states except Alaska, subject to the jurisdiction of various public service and utilities commissions. Applicant or its parent company, TotalTel USA Communications, Inc. ("TotalTel USA"), is currently in the process of obtaining all required authorizations from the FCC and the state regulatory agencies. Applicant or TotalTel USA are currently authorized to provide service in 44 states.

4

Applicant intends to provide high quality service, with an industry standard blocking rate less than P.01. Its services will be available on a full-time basis, twenty-four hours a day, seven days a week, to customers within the geographic boundaries of the State of South Dakota.

10. Financial Qualifications

Applicant is financially qualified to provide intrastate interexchange telecommunications services within South Dakota. In particular, Applicant has adequate access to the capital necessary to fulfill any obligations it may undertake with respect to the provision of intrastate telecommunications services in the State of South Dakota. See Exhibit C which is attached hereto, a copy of TotalTel USA's SEC Form 100 for the six month period ending July 31, 1997. TotalTel USA will provide any necessary funding required for Applicant's South Dakota operations.

11. Tariff

0. QV. 4410

A copy of Applicant's proposed tariff is attached as Exhibit D hereto.

12. Prior Certification

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TotalTel USA was granted a Certificate of Authority to Operate as a Reseller of Long Distance Services Within the State of South Dakota by the Commission on August 29, 1994, in Docket TC94-063. TotalTel USA's Certificate was revoked on August 9, 1996 for failure to file an Annual Report. Applicant has since contracted with outside service vendors to assist the company with its ongoing compliance requirements.

WHEREFORE, the undersigned Applicant requests that the South Dakota Public Utilities Commission enter an order granting this application.

DATED this 22 day of Noventer, 1997.

TotalTel, Inc.

By: Lance J.M. Steinhart, Its Counsel

6455 East Johns Crossing Suite 285 Duluth, Georgia 30097 (770) 232-9200

STATE OF GEORGIA

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COUNTY OF FULTON

Lance J.M. Steinhart, being first duly sworn, deposes and says on behalf of the Applicant, that he is the Regulatory Counsel to TotalTel, Inc., the Applicant in the proceeding entitled above, that he has read the foregoing application and knows the contents thereof; that the same are true of his knowledge, except-as to matters which are therein stated on information or befief, and to those matters he blieves them to be true.

Lance J.M. Steinhart

Subscribed and sworn to before this ____ day of ____, 1997.

Notary Public

My Commission expires:

LIST OF EXHIBITS

- A CERTIFICATE OF AUTHORITY
- B ARTICLES OF INCORPORATION
- C FINANCIAL INFORMATION
- D PROPOSED TARIFF

EXHIBIT A - CERTIFICATE OF AUTHORITY

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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 TOTALTEL INC. (NJ) 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 TOTALTEL INC.



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 November 18, 1997. /

Secretary of State

EXHIBIT B - ARTICLES OF INCORPORATION

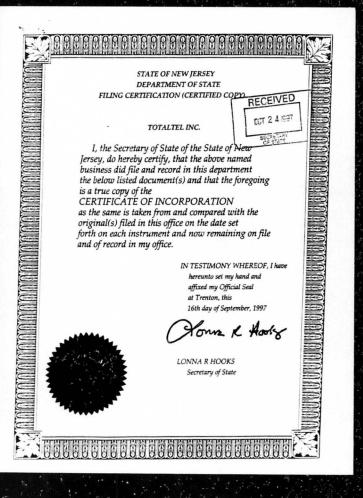
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DOCUMENT (S)

DISREGARD

BACKGROUND



12. TIPITATE OF ENDONPONATION 21 RAUSOL CEMANICS CUMPANY

2-44 . CO. - 00 . 44-C

This is to certify that we, the undersigned, do nereby associate surgeries in a corporation under and by intue of the provisions of an wet of the Englishater of the State of the Jersey, entitled, 'an Act Domesming Corporations," ('fitle 4 of the Arriace Statutes of 1937) and do severally agree to taky the under of shares of sofial stock set Opposite our respective memes.

> FIRST: The name of the corporation is MANSOL CERAMICS COMPANY

SECOND: The location of the principal office in this State is:

743 Broad Street City of Newark County of Tase:

The case of the agent therein in charge

thereof upon when process splinst this corporation may be served is:

MATHAN RAVIN

THID: The objects for which the corporation is formed are: "

(a) To engage in the business of example, pressing and sintering powered material, and to develop, manufacture, produce, sell, buy, purchase, examing anufacture, produce, sell, buy, purchase, examing ill typer of electronic computents, dwire, examines of every nature and description, or any product, dwiles, component or electronic consection therewith, issued, but not by easy of limitation, any and all types of ermais devices, components or elecents, and for any other purpose that the Board of Directors my down advisable for the corporation to engage in.

The statements

(b) To manufacture, purchase, or otherwise actuint goods, methanoire, real and personal storaty of meany class, and to hold, ann, norty-ye, tell or storwise disose of, trade, Jeal in and with the same.

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(c) To help, purchase, marry, yee, and a may implicitly entry is the purphers of the correction cills exclude not to there and exclusion half have for enough to the correction of any of inertial of a cillfactor of sents or machined is tales and implement or derive why matching.

(a) To mutuals, lease, steet, continues or charmine accurie, and to mon, help, introve, and acc man coercie, and to morphyse, hell, and cammer such plants wills, factories, buildingt, works, machimery, evidement, and facilities generally as may be necessary or Treseneals in connection with the buildings of the composition.

(e) To apply for, obtain, register, lease, ourchase or otherwise to acquire and to hold, use, own, operate and introduce and to sell, assign, or otherwise dispose of any trademarks, trademames, patents, copyrights, inventions, improvements and processes, whether secret or otherwise used in connection with or secured under letters petent of the United States or elsewhere or otherwise and to use, exercise, develop, grant licenses in respect of or otherwise turn to secount any such trademarks, patents, licenses, processes and the like or any such property rights, and to carry on any business whether manufacturing or otherwise. which is, or shall be bade necessary, convenient, advisable or adaptable for the udization by this company in any way. directly or indirectly of such inventions, improvements thereto, pricesses and discovaries chemical and mechanical concinations, letter: catint, _revemarks, copyright;, and right; in the nature thereof.

(f) To solicit, advertise and to do any and everything meceitary to bid in the procurement, constantion, process and sale of said products.

(g) To schize and may for in cash, stock or boads of this corporation, the good will, rights, assets and preservy, and to undertake or assume the whole or any part of the soligations or liabilities of any person, firm, association or comporation.

(h) To purchase, hold, sell, assign, transfer, mortgage, pleage, or otherwise dispose of the shares of the capital stock of, or any bonds, securities, or evidence of indebteness created by any other comparation or comportions argunized under the law of the Jersey are any other State or any foreign country, alway: "ubject, however, to the laws of the State of Ster Jersey, and, while the somer of such stack to exercise all the rights, powers, and privileges of ommersing including '+ right to were thereean (i) To enter into mice, perfus, and carry out contracts of every kind and for any level powers with

arr dram, firs, sesselation, corporation and

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and issue positionary entropy that a state of the second statements and evidences of insistences and an applicable instruments and evidences of insistences and to second the second statement of any of the farespine. The second statement is an applicable in the second statement of the second st

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(b) To purchase, hold, reissue and sell the shares of its own sapital stock, provided that shares of its own espital stock belonging for its shall not be voted upon directly or indirectly.

(1) To conduct business in any of the States, territories, possessions or dependencies of the Bhiled States, in the District of Columbia, and is any and all foreign countries, and to have one or more offices therein and to hold, purchase, mortgage and convey real and personal property therein without limit as to amount, but simps subject to the law of such state, territory, pessession, dependency or country.

(n) In general, to carry on other buriases is connection with the foregoing, and to have and carries all the power conferred by Titls 30, Corporations, General Beriard Statutes of New Jarsey, and to do any or all of the things bereinholders one is in to the same extent an asterul percess might or could do, and is any part of the weld.

FORTH . The Sy-Less of this surpretion shall be made, altered and annoted by a majority well of the divertary of the expression presses and any provide the which a querum is pressed as preserving to the price of the

<u>FIFTH</u> The treat estimated equital event of the corporation in One Bustred Houses (\$200,000.00) billers divided into one thousand (\$200) abures of a per value divided (\$200,00) billers each.

(a) All or my part of the shares of the stars about my be Leaved by the corporation from time for the, and for much consideration as may be determined and fixed by the beard of Directors as provided by Jac.¹

(b) So stockholder shall have pro-septive

rights in the stock of this corporation.

SUTH: Any person made a party to any action, suit or proceeding by reason of the fact that he, his testator or intestate, is or was a director of officer of the Corporation, or of any corporation which he served as such at the request of the Corporation, shall be and by virtue of the ensetment of this By-Law is hereby indemnified by the Corporation against the reasonable expenses, incluiing attorneys' fees, actually and necessarily incurred by his in defending himself in such sotion, suit or legal proceeding, or in any appeal therein, except in relation to matters as to which such officer or director is liable for pegligence or miscondust in the performance of his duties. Such right to indemnification shall exist whether or not such person continues to be a director or officer of the Corporation or of such other corporation at the time expenses are incurred. As used in this Article, able expenses shall include, is addition to cay a 2120-2 and which may be imp ---ter er off the paid in an shall not incluin my

er effiner in commention with a second provide the second second

...

SEVENTHE The sames and post office addresses of the incorporators and the number of shares subscribed for by each, the aggregate of which \$3,000.00 of common stock is the amount of capital stock with which this will com soos business are as follows:

JEAN STUDITS	4 Modionis Road Metuchen, New Jersey	10 shares
CECILIA P. ReCORDICK	393 Seventh Avenue Bevark, New Jarsey	10 shares
TELMA RAVER	32 Goldmith Avenue	10 sbares

EDDITH: The period of existence of this corport tion is unlimited.

Di WITHELS WEIRED?, we have bereusto set our h seals this 8th day of March, 1960.

Julit frank

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98855 Pir File 3.5.5 「「「「「「「」」 CERTIFICATE OF INCOMPONATION Y93199 HANSOL CERANICS CONPANY ANTON & ALVEN ANTON & ALVEN 744 Bread BL 3 Dated

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TOTAL TEL LEGAL DEPT.

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NC,B FILED

MAR I 1994

AMENDED CERTIFICATE OF INCORPORATION OF MANBOL CERAMICS COMPANY

Secretary of State 0919636

The undersigned hereby certifies that the following is an amendment to the certificate of incorporation of Mansol Ceramics company(same being originally filed March 9, 1950), duly authorized by a vote of the shareholders all in accordance with N.J.S.A. 14A:9-2(4). In accordance with the requirements of N.J.S.A. 14A:9-2(4), the following information is set forth:

FIRST: The name of the corporation is Mansol Ceramics Company.

BECOND: The Cartificate of Incorporation filed March 9, 1960 is hereby amended to change the name of the corporation to

TOTALTEL INC.

<u>THIEDI</u> On February 4, 1994, Total-Tel USA communications, Inc., the sole sharsholder in the corporation, by unanimous consent of its Board of Directors, consented to the above amendment.

FOURTH: The effective date of this amendment shall be the date of the filing hereof.

IN WITNESS WHEREOP, the undersigned being duly authorized by the Board of Directors, and with the consent of the sole shareholder, does hereby set his hand and seal this 17 day of February, 1994.

ATTEST:

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MANSOL CERAHICS COMPANY

President & Chief Executive Officer

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TOTAL TEL LEGAL DEPT.

UNANIMOUS WRITTEN CONSENT

OF THE

BOARD OF DIRECTORS

OF

TOTAL-TEL USA COMMUNICATIONS, INC.

The undersigned, being all of the directors of Total-Tel USA Communications, Inc., a New Jersey corporation (the"Corporation"), do hereby, unanimously and severally, consent to the adoption of the following resolution;

RESOLVED that the Certificate of Incorporation for Mansol Ceramics Company be amended to change the name of said corporation to TotalTel, Inc.

Dated: February 4, 1993

Mark

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EXHIBIT C - FINANCIAL INFORMATION

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington. D.C. 20549

FORM 10-Q

(Mark one)

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QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended ______ July 31, 1997_____

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-2180

TOTAL-TEL USA COMMUNICATIONS, INC. (Exact name of registrant as specified in its charter)

New Jersey

22-1656895 (I.R.S. Employer Identification No.)

(State or other Jurisdiction of (I.R.S. E incorporation or organization) Ionorporation or organization 150 Clove Road, 8th Floor, Little Falls, NJ 07424 (Address of onnicinal executive offices) (Zip Code)

Registrant's telephone number, including area code: (201) 812-1100

(Former address of principal executive offices) (Zip Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No____

Indicate the number of shares cutstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class Common Share, \$.05 par value Outstanding at September 11, 1996 3,127,202 shares

001/013

0002/013

TOTAL-TEL USA COMMUNICATIONS, INC.

AND SUBSIDIARIES

SECOND QUARTER REPORT ON FORM 10-Q

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TOTAL-TEL USA COMMUNICATIONS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (Unaudited)

	Six mor	the ended		nonths ended July 31.
-	1997	1996	1997	1998
Net Sales	\$ 62,484,109	\$ 40,487,602	5 36,151,582	\$ 23,117,565
Costa and Expenses Cost of Sales Setling, general and administrative	50,713,044 10,242,680	29.677,300 8.752,452	30,445,599 5.225,793	17,088,793 4,777,632
	60,955,724	38,429,752	35,671,392	21.808,425
Operating Income	1,528,385	2.057.850	480,190	1,251,130
Other (Expense) Income Interest Income Other Income (Expense) Interest expense	50,291 582 (76,271)	61,162 37,265	24,781 (4,941) <u>(41,219)</u>	37,543 21,522
Total Other (Expense) Income	(25,398)	98,427	(21,379)	59,065
Earnings before provision for income taxes	1,502,987	2,158,277	458,811	1,310,195
Provision for Income Tax	621,800	871,400	200.400	528,700
NET EARNINGS	\$ <u>81,187</u>	\$ <u>1,284,877</u>	\$ <u>258,411</u>	\$
NET EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE	\$0.26	50.38	\$0.07	50.23
Weighted Average Shares Outstanding	3,442,365	3,413,842	3,465,536	3,357,164
Dividends Per Share	NONE	NONE	NONE	NONE

See notes to condensed consolidated financial statements.

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TOTAL-TEL USA COMMUNICATIONS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	JULY 31, <u>1997</u> (Unaudited)	JANUARY 31 1997 (Note)
ASSETS	(Unaudited)	(Able)
CURRENT ASSETS:		
CURRENT ASSETS.		
Cash and cash equivalents	\$ 2,183,923	\$ 2,589,187
Investments available for sale	922,494	1,010,594
Accounts receivable	21,105,732	13,933,652
Note receivable	147,375	163,706
Deferred income taxes	263,900	263,600
Prepaid expenses and other current assets	697.275	583,223
TOTAL CURRENT ASSETS	<u>25,320,699</u>	<u>18.543.962</u>
PROPERTY AND EQUIPMENT, LESS ACCUMU	ILATED	44 005 000
DEPRECIATION AND AMORTIZATION	11,564,448	11,065,689
THER ASSETS:		
Note Receivable	86,383	86,383
Deferred line installation costs, less		
accumulated amortization	329,222	281,392
Other assets	775.537	516.635
	1,191,142	884,410
	\$ 38.076,289	\$ 30,494,061

NOTE: The condensed consolidated balance sheet at January 31, 1997 has been derived from the Company's audited consolidated financial statements at that date.

See notes to condensed consolidated financial statements.

(Continued)

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TOTAL-TEL USA COMMUNICATIONS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	JULY 31, 	JANUARY 31, 1997
	(Unaudited)	(Note)
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES: -		
Accounts payable	\$ 16,717,699	\$ 10,222,260
Other current and accrued liabilities	2,154,674	2,222,141
Salaries and wages payable	509,638	613,477
TOTAL CURRENT LIABILITIES	19,382,011	<u>13,057,878</u>
OTHER LONG-TERM LIABILITIES	282.781	259,220
LONG-TERM DEBT	2,940,000	2,940,000
DEFERRED INCOME TAXES	848,398	850.301
SHAREHOLDERS' EQUITY		
Common stock	196,875 3,921,303	187,792 3.572.026
Additional paid-in capital Retained earnings	12.059.654 16,177,832	<u>11.178.467</u> 14,938,285
Treasury stock	(1.547,301)	(1,547,251)
Receivable from shareholder	(100,000) 92,568	(100,000) 95,628
Unrealized gain on securities available for sale	32,300	33,020
Total shareholders' equity	14,623,099	13,386,662
	<u>a 38,076,289</u>	<u>\$ 30,494,061</u>

NOTE: The condensed consolidated balance sheet at January 31, 1997 has been derived from the Company's audited consolidated financial statements at that date.

See notes to condensed consolidated financial statements.

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TOTAL TEL USA COMMUNICATIONS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Six months ended July 31.	
	1997	1995
OPERATING ACTIVITIES	\$ 881,187	\$ 1,284,877
Net earnings -	1.304.666	1.318.054
Adjustment for non-cash charges	(1,498,643)	(88,932)
Changes in assets and liabilities	(1,430,043)	
Net cash provided by operating activities	687,210	2,513,999
INVESTING ACTIVITIES:		
Maturities of securities available for sale	88,100	471,400
Purchase of securities available for sale		(685,141)
Collection of notes receivable	16,331	2,135
Note receivable employee	And States and	(107,156)
Purchase of property and equipment	(1,388,932)	(1,286,189)
Deposits on equipment		(745,000)
Additions to deferred line installation costs	(99,670)	(56,630)
Net cash used in investing activities	(1.384,171)	(2.406,581)
FINANCING ACTIVITIES:		
Exercise of stock options	291,697	34,892
Net cash provided by financing activities	291.697	34,892
NET (DECREASE) INCREASE IN CASH	(405.264)	142.310
AND CASH EQUIVALENTS	(400,204)	
CASH AND CASH EQUIVALENTS,		3,177,138
BEGINNING OF PERIOD	2.589,187	3.111.130
CASH AND CASH EQUIVALENTS,		
END OF PERIOD	\$ 2,183,923	<u>\$ 3,319,448</u>
SUPPLEMENTAL DISCLOSURES OF CASH		
FLOW INFORMATION:		
Cash paid during the period for:	s 78.859	
Interest	\$ 588,761	\$ 590,000
Income taxes	a	

See notes to condensed consolidated financial statements.

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TOTAL-TEL USA COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note A-Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. They do not include all information and notes required by generally accepted accounting principles for complete financial statements. However, except as disclosed herein, there has been no material change in the information disclosed in the notes to consolidated financial statements included in the Annual Report on Form 10-K of Total-Tel USA Communications, Inc. and Subsidiaries (the "Company") for the fiscal year ended January 31, 1997. In the opinion of Management, all adjustments (consisting of only normal recurring accruais) considered necessary for a fair presentation have been included. Operating results for the six month period ended July 31, 1997 are not necessarily indicative of the results that may be expected for the year ending uarvy 31, 1998.

Note B - New Accounting Pronouncements

In 1997, the Financial Accounting Standards Board issued Statement of Financial Accountings Standards No. 128, "Earnings per Share," which is effective for financial statements ending after December 15, 1997. This statement supersedes Accounting Principals Board Opinion No. 15 and replaces the presentation of primary EPS with a presentation of basic EPS. It also requires dual presentation of basic and diluted EPS on the face of the income statement for all entities with complex capital structures, and provides guidance on other computational changes. Had the provisions of the statement been effective for the current quarter, the following pro forma EPS amounts would have been disclosed:

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	THREE MONTHS	SIX MONTHS
Basic EPS	\$_0.08	\$ <u>0.28</u>
Diluted EPS:	\$_0.07	\$ <u>0.26</u>

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 129 "Disclosure of Information about Capital Structure," Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income," and Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" in 1997. The Company believes these Statements will not have a material impact on the Consolidated Financial Statements of the Company when adopted in the fourth quarter Fiscal 1998.

TOTAL-TEL USA COMMUNICATIONS, INC. AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS

Results of Operations

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Net sales were approximately \$62,484,000 for the first six months of the current fiscal year, an increase of approximately \$21,997,000 or 54.3% as compared to the first six months of the prior fiscal year. Net sales for the second quarter of the current fiscal year were approximately \$36,152,000, an increase of approximately \$13,034,000 or 56.4% compared to the second quarter of the prior fiscal year. These increases were attributable to substantially greater carrier sales. However, given the competitive climate in the long distance telephone industry, there can be no assurance that this rate of growth will continue throughout the remainder of fiscal year 1998.

For the current fiscal six months, the telephone service billed approximately 415,606,000 minutes of calling as compared to approximately 286,816,000 minutes of calling for the comparable six months of the prior year, resulting in an increase of approximately 128,790,000 minutes or 44.9%. For the second fiscal quarter of the current fiscal year, the Registrant billed approximately 219,675,000 minutes of calling as compared to approximately 152,636,000 minutes of calling for the second quarter of the prior fiscal year, an increase of 67,039,000 minutes or 43.9%. The average revenue per minute increased slightly in the current fiscal six month period and second quarter of the current fiscal year as compared to the prior fiscal year's six month period and prior. fiscal year's second quarter, and was primarily attributable to an increase in international calling minutes.

Cost of sales increased approximately \$21,036,000 or 70.9% to approximately \$50,713,000 for the current six months and increased approximately \$13,357,000 or 78.2% to approximately \$30,445,000 for the second quarter of the current fiscal year. Both of these increases were unfavorable in relation to the \$4,3% increase in the sales volume for the six month period and the \$6,4% increase in the second quarter. While the Registrant was able to continue to negotiate lower line rates from several of its major suppliers, the gross margin for the current six months decreased to approximately 18.8% as compared to approximately 26.7% for the first six months of the prior fiscal year, and decreased to 15.8% from 26.1% for the second quarter of the current fiscal year as reflective of the increased cost per minute incurred by the Registrant which was approximately \$0.19 per minute higher for the first six months and \$0.27 per minute higher for the second quarter of the current fiscal year as ompared to the respective periods of the prior fiscal year. 11/11/97 10:26 FAX 201 812 0698

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TOTAL-TEL USA COMMUNICATIONS, INC. AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Continued)

Selling, general and administrative expense for the current six months was approximately \$10,243,000, an increase of approximately \$1,490,000 or 17.0% as compared to the first six months of the prior fiscal year and approximately \$5,226,000 for the second quarter of the current fiscal year, an increase of approximately \$48,000 or 9.4% as compared to the second quarter of the prior fiscal year, an increase of approximately \$449,000 or 9.4% as compared to the first six months of the prior year are due primarily to increased salaries of approximately \$1,637,000, sales commissions of approximately \$419,400, partially offset by a reduction in bad debt expense of approximately \$160,000. The increase for the second quarter of the current fiscal year as compared to the second quarter of the prior fiscal year is due primarily to increased salaries of approximately \$240,000, advertising and promotion of approximately \$56,000 and legal and consulting expense of approximately \$160,000. The increase for the second quarter of the current fiscal year as compared to the second quarter of the prior fiscal year is due primarily to increased salaries of approximately \$240,000, sales commissions of approximately \$186,000, partially offset by a reduction in bad debt expense of approximately \$429,000, advertising and promotion of approximately \$28,000 and legal and consulting expense of approximately \$28,000.

The decrease in interest income for the first six months of fiscal year 1998 was due to a reduction in funds invested for this period as compared to the first six months of the fiscal year ended January 31, 1997

Earnings per share decreased to 5.26 per share for the current six months as compared to 5.38 per share for the six months ended July 31, 1996, and decreased to 5.07 per share for the second quarter of the current fiscal year as compared to 5.23 per share for the quarter ended July 31, 1996.

Liquidity and Capital Resources

At July 31, 1997, the Registrant had working capital of \$5,938,688, an increase of \$452,605 or 8.3% as compared to January 31, 1997. The ratio of current assets to current liabilities at July 31, 1997 was 1.3:1, as compared to a current ratio of 1.4:1 at January 31, 1997. The increase in working capital at July 31, 1997 was primarily attributable to an increase in accounts receivable of approximately \$7,402,000, a decrease in other current and accrued liabilities of \$67,000, a decrease in cash of approximately \$6,495,000, an increase in accounts payable of approximately \$6,495,000, an increase in salaries and wages payable of approximately \$104,000, an increase in prepaid expenses and other current assets of approximately \$114,000 and a decrease in investments available for sale of approximately \$88,000. The Registrant has continued to maintain a strong liquidity position. Ð

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TOTAL-TEL USA COMMUNICATIONS, INC. AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Continued)

The decrease in cash of approximately \$405,000 was the result primarily of an increase in accounts receivable and other current assets of approximately \$7,516,000, an increase in other assets of approximately \$259,000, a decrease in other current liabilities of approximately \$67,000, a decrease in salaries and wages payable of approximately \$104,000 and the purchase of equipment of approximately \$14,89,000 partially offset by net earnings of approximately \$881,000, non cash charges of approximately \$1,305,000 an increase in accounts payable of approximately \$6,495,000, the exercise of stock options of approximately \$252,000, a net decrease in securities available for sale of approximately \$16,000 and the collections of approximately \$16,000 of notes receivable.

Capital expenditures during the first six months of the current fiscal year totaled approximately \$1,239,000 and were financed from funds provided by operations. Approximately \$389,000 of these expenditures were applicable to the switching system to maintain the speed and quality of the network. Approximately \$100,000 was expended for equipment at customers locations. In addition, approximately \$150,000 was expended for the local area network in the Little Falls, New Jersey office to improve management information systems and operating efficiencies. The balance of capital expenditures was for furniture and fixtures.

Capital expenditures for the balance of fiscal 1998 are estimated at approximately \$2,800,000 and are expected to be used for the following:

To provide further enhancements to the signaling and switching system, to enhance the interconnection to the Bell Companies and other long distance carriers and to increase switching capacity to allow for growth; for office improvements, furniture and equipment in connection with the expansion of the main office and sales office operation; for new data processing equipment to complement and expand the present system of the Registrant: improvement to the new facility located in Belleville, New Jersey; continued development of the local network for the new sales and administrative offices in Little Falls, New Jersey; for additional vehicles for service technicians and for the purchase of a switch in Florida.

As of July 31, 1997, the Registrant had a credit facility with a major New Jersey bank. This agreement provides the Registrant with a line of credit of \$10,000,000 of which \$4,000,000 is unsecured and may be used for working capital purposes and the balance of \$6,000,000 is available to finance 80% of future equipment purchases. At July 31, 1997 the Registrant has borrowed \$2,000,000 for the purchase of equipment. The Registrant is currently nogotiating an increase in both the working capital line and the capital equipment line.

TOTAL-TEL USA COMMUNICATIONS, INC. AND SUBSIDIARIES

PART II - OTHER INFORMATION

THREE MONTHS ENDED JULY 31, 1997

ITEMS 1 - 3 Not applicable

ITEM 4

Submission of matters to a vote of security shareholders:

- (a) Annual meeting of shareholders was held September 23, 1997
- (b) The following directors were elected at the meeting: Sol Feldman Warren Feldman Leon Genet Jay J. Miller

ITEM 5 Not applicable

ITEM 6

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Exhibits and reports on Form 8-K

- (a) Exhibits 27 Financial Data Schedule
- (b) There were no reports on Form 8-K filed for the three months ended July 31, 1997.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

> TOTAL-TEL USA COMMUNICATIONS, INC. (Registrant)

Date September 30, 1997

By <u>/S/ Warren H, Feldman</u> Warren H, Feld.nan, Esq., Chairman, President and Chief Executive Officer

Date September 30, 1997

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By <u>/S/ Thomas P. Gunning</u> Thomas P. Gunning Chief Financial Officer, Secretary, Treasurer and Principal Accounting Officer 44.78

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TOTAL-TEL USA COMMUNICATIONS, INC.

EXHIBIT 27 - FINANCIAL DATA SCHEDULE

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AS OF JULY 31, 1997 AND THE CONSOLIDATED STATEMENT OF OPERATIONS FOR THE SIX MONTHS ENDED JULY 31, 1997 AND IS QUALIFED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

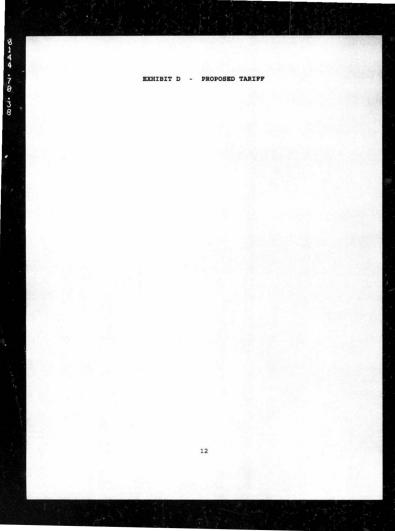
item h	lumber	tem Delengion	
5-02	(1)	Cash and cash items	\$ 2,183,923
5-02	(2)	Marketable securities	922,494
5-02(3) (a) (1)	Notes and accounts receivable-trade	22,389,446
5-02	(4)	Allowances for doubtful accounts	1,283,714
5-02	(6)	Inventory	0
5-02	(9)	Total current assets	25,320,699
5-02	(13)	Property, plant, and equipment	16,614,565
5-02	(14)	Accumulated depreciation	5,050,117
5-02	(18)	Total assets	38,076,289
5-02	(21)	Total current liabilities	19,382,011
5-02	(22)	Bonds, mortgages, and similar debt- long-term debt	2,940,000
5-02	(28)	Preferred stock - mandatory redemption	0
5-02	(29)	Preferred stock-no mandatory redemption	0
5-02	(30)	Common stock	196,875
5-02	(31)	Other stockholde: a equity	14.425,224
5-02	(32)	Total liabilities and stockholders' equity	38,076,289

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Consolidated Statement of Operations for the six months ended July 31, 1997

5-03(b) 1 (a)	Net sales of tangible products	62,484,109	
5-03 (b) 1	Total revenue	62,534,982	
5-03(b) 2 (a)	Cost of tangible goods sold	50,713,044	
5-03 (b) 2	Total costs and expenses applicable to sales and revenues	50,713,044	
5-03 (b) 3	Other costs and expenses	10,168,176	
5-03 (b) 5	Provision for doubtful accounts and notes	74,504	
5-03 (b) (8)	Interest and amortization of debt discount	76,271	
5-03 (b) (10)	income before taxes and other items	1,502.987	
5-03 (b) (11)	Income tax expense	621,800	
5-03 (b) (14)	Income/loss continuing operations	881,187	
5-03 (b) (15)	Discontinued operations	0	
5-03 (b) (17)	Extraordinary items	0	
5-03 (b) (18)	Cumulative effect - changes in accounting-principles	0	
5-03 (b) (19)	Net income	881,187	
5-03 (b) (20)	Earnings per share - primary	0.26	
5-03 (b) (20)	Earnings per share - fully diluted	0.26	



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ORIGINAL SHEET 1 SOUTH DAKOTA PUC TARIFF NO. 1 TELECOMMUNICATIONS SERVICES TARIFF

TITLE SHEET

SOUTH DAKOTA TELECOMMUNICATIONS TARIFF

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of service or facilities for Telecommunications Services furnished by TotalTel, Inc. ("TotalTel"), with principal offices at 150 Clove Road, 8th Floor, Little Falls, New Jersey 07424. This tariff applies for services furnished within the State of South Dakota. This tariff is on file with the South Dakota Public Utilities Commission, and copies may be inspected, during normal business hours, at the company's principal place of business.

ISSUED: ISSUED BY: EFFECTIVE:

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ORIGINAL SHEET SOUTH DAKOTA PUC TARIFF NO. 1 TELECOMMUNICATIONS SERVICES TARIFF

CONCURRING, CONNECTING OR

OTHER PARTICIPATING CARRIERS AND

BILLING AGENTS

- 1. Concurring Carriers - None
- 2. Connecting Carriers - None
- 3. Other Participating Carriers - None
- 4. Billing Agents - None

ISSUED: ISSUED BY: EFFECTIVE:

Warren P. Feldman 150 Clove Road, 8th Floor Little Falls, New Jersey 07424 2

ORIGINAL SHEET 3

SOUTH DAKOTA PUC TARIFF NO. 1

TOTALTEL, INC.

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TELECOMMUNICATIONS SERVICES TARIFF CHECK SHEET

Sheets 1 through 28 inclusive of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this sheet.

SHEET	REVISION
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
12	Original
13	Original
14	Original
15	Original
16	Original
17	Original
18	Original
19	Original
20	Original
21	Original
22	Original
23	Original
24	Original
25	Original
26	Original
27	Original
28	Original

* New or Revised Sheet

ISSUED: ISSUED BY: EFFECTIVE:

ORIGINAL SHEET 4

TOTALTEL, INC.

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SOUTH DAKOTA PUC TARIFF NO. 1

TELECOMMUNICATIONS SERVICES TARIFF

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ISSUED: ISSUED BY: EFFECTIVE:

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ORIGINAL SHEET 5

SOUTH DAKOTA PUC TARIFF NO. 1 TELECOMMUNICATIONS SERVICES TARIFF

TARIFF FORMAT

A. Sheet Numbering: Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between pages 11 and 12 would be page 11.1.

B. Sheet Revision Numbers: Revision numbers also appear in the upper right corner of each sheet where applicable. These numbers are used to indicate the most current page version on file with the Commission. For example, 4th Revised Sheet 13 cancels 3rd Revised Sheet 13. Consult the Check Sheet for the sheets currently in effect.

C. Paragraph Numbering Sequence: There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:

> 2. 2.1 2.1.1 2.1.1.A 2.1.1.A.1 2.1.1.A.1.(a).1 2.1.1.A.1.(a).1 2.1.1.A.1.(a).1.(j) 2.1.1.A.1.(a).1.(j).(1)

D. Check Sheets: When a tariff filing is made with the Commission, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the sheets contained in the tariff, with a cross reference to the current Revision Number. When new sheets are added, the Check Sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this sheet if these are the only changes made to it (i.e., the format, etc. Themains the same, just revised revision levels on some sheets). The tariff user should refer to the latest Check Sheet to find out if a particular sheet is the most current on Commission file.

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ORIGINAL SHEET 6 SOUTH DAKOTA PUC TARIFF NO. 1 TELECOMMUNICATIONS SERVICES TARIFF

SYMBOLS

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

(C) to signify change in regulation
(D) to signify a deletion
(I) to signify a rate increase
(L) to signify material relocated in the tariff
(N) to signify a new rate or regulation
(R) to signify a rate reduction
(T) to signify a change in text, but no change in rate or regulation

ISSUED: ISSUED BY: EFFECTIVE:

Warren P. Feldman 150 Clove Road, 8th Floor Little Falls, New Jersey 07424

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ORIGINAL SHEET 7 SOUTH DAKOTA PUC TARIFF NO. 1 TELECOMMUNICATIONS SERVICES TARIFF

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

<u>Access Line</u> - An arrangement from a local exchange telephone company or other common carrier, using either dedicated or switched access, which connects a Customer's location to TotalTel's location or switching center.

<u>Authorization Code</u> - A numerical code, one or more of which may be assigned to a Customer, to enable TotalTel to identify the origin of the Customer so it may rate and bill the call. Automatic number identification (ANI) is used as the authorization code wherever possible.

<u>Commission</u> - Used throughout this tariff to mean the South Dakota Public Utilities Commission.

<u>Customer</u> - The person, firm, corporation or other legal entity which orders the services of TotalTel and is responsible for the payment of charges and for compliance with the Company's tariff regulations.

<u>Company or TotalTel</u> - Used throughout this tariff to mean TotalTel, Inc., a New Jersey Corporation.

<u>Holiday</u> - New Year's Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. Holidays shall billed at the evening rate from 8 a.m. to 11 p.m. After 11 p.m., the lower night rate shall go into effect.

ISSUED: ISSUED BY: EFFECTIVE:

ORIGINAL SHEET 8 SOUTH DAKOTA PUC TARIFF NO. 1 TELECOMMUNICATIONS SERVICES TARIFF

<u>Telecommunications</u> - The transmission of voice communications or, subject to the transmission capabilities of the services, the transmission of data, facsimile, signaling, metering, or other similar communications.

<u>Underlying Carrier</u> - The telecommunications carrier whose network facilities provide the technical capability and capacity necessary for the transmission and reception of Customer telecommunications traffic.

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Warren P. Feldman 150 Clove Road, 8th Floor Little Falls, New Jersey 07424 EFFECTIVE:

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ORIGINAL SHEET 9 SOUTH DAKOTA PUC TARIFF NO. 1 TELECOMMUNICATIONS SERVICES TARIFF

SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of the Company

This tariff contains the regulations and rates applicable to intrastate resale telecommunications services provided by TotalTel for telecommunications between points within the State of South Dakota. Resale services are furnished subject to the availability of facilities and subject to the terms and conditions of this tariff in compliance with limitations set forth in the Commission's rules. The Company's services are provided on a statewide basis and are not intended to be limited geographically. The Company offers service to all those who desire to purchase service from the Company consistent with all of the provisions of this tariff. Customers interested in the Company's services shall file a service application with the Company which fully identifies the Customer, the services requested and other information requested by the Company. The Company reserves the right to examine the credit record and check the references of all applicants and Customers. The Company may examine the credit profile/record of any applicant prior to accepting the service order. The service application shall not in itself obligate the Company to provide services or to continue to provide service if a later check of applicant's credit record is, in the opinion of the Company, contrary to the best interest of the Company. The Company may act as the Customer's agent for ordering access connection facilities provided by other carriers or entities when authorized by the Customer, to allow connection of a Customer's location to a service provided by the Company. The Customer shall be responsible for all charges due for such service arrangement. The Company does not own any switching, transmission or other physical facilities in South Dakota.

ISSUED: ISSUED BY: EFFECTIVE:

Warren P. Feldman 150 Clove Road, 8th Floor Little Falls, New Jersey 07424

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ORIGINAL SHEET 10 SOUTH DAKOTA PUC TARIFF NO. 1 TELECOMMUNICATIONS SERVICES TARIFF

- 2.1.1 The services provided by TotalTel are not part of a joint undertaking with any other entity providing telecommunications channels, facilities, or services, but may involve the resale of the Message Toll Services (MTS) and Wide Area Telecommunications Services (WATS) of underlying common carriers subject to the jurisdiction of this Commission.
- 2.1.2 The rates and regulations contained in this tariff apply only to the resale services furnished by TotalTel and do not apply, unless otherwise specified, to the lines, facilities, or services provided by a local exchange telephone company or other common carriers for use in accessing the services of TotalTel.
- 2.1.3 The Company reserves the right to limit the length of communications, to discontinue furnishing services, or limit the use of service necessitated by conditions beyond its control, including, without limitation: lack of satellite or other transmission medium capacity; the revision, alteration or repricing of the Underlying Carrier's tariffed offerings; or when the use of service becomes or is in violation of the law or the provisions of this tariff.

2.2 Use of Services

- 2.2.1 TotalTel's services may be used for any lawful purpose consistent with the transmission and switching parameters of the telecommunications facilities utilized in the provision of services, subject to any limitations set forth in this Section 2.2.
- 2.2.2 The use of TotalTel's services to make calls which might reasonably be expected to frighten, abuse, torment, or harass another or in such a way as to unreasonably interfere with use by others is prohibited.

ISSUED: ISSUED BY:

Warren P. Feldman 150 Clove Road, 8th Floor Little Falls, New Jersey 07424 EFFECTIVE:

	SOUTH DAKOTA PUC TARIFF NO. 1 ELECOMMUNICATIONS SERVICES TARIFF
2.2.3	The use of TotalTel's services without payment for service or attempting to avoid payment for service by fraudulent means or devices, schemes, false or invalid numbers, or false calling or credit cards is prohibited.
2.2.4	TotalTel's services are available for use 24 hours per day, seven days per week.
2.2.5	TotalTel does not transmit messages, but the services may be used for that purpose.

2.2.6 TotalTel's services may be denied for nonpayment of charges or for other violations of this tariff.

ORIGINAL SHEET

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- 2.2.7 Customers shall not use the service provided under this tariff for any unlawful purpose.
- 2.2.8 The Customer is responsible for notifying the Company immediately of any unauthorized use of services.

2.3 Liability of the Company

- 2.3.1 The Company shall not be liable for any claim, loss, expense or damage for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff, if caused by the Underlying Carrier, an act of God, fire, war, civil disturbance, act of government, or due to any other causes beyond the Company's control.
- 2.3.2 The Company shall not be liable for, and shall be fully indemnified and held harmless by the Customer against any claim, loss, expense, or damage for defamation, libel, slander, invasion, infringement of copyright or patent, unauthorized use of any trademark, trade name or service mark, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data or information transmitted.

ISSUED: ISSUED BY:

TOTALTEL. INC.

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EFFECTIVE:

ORIGINAL SHEET 12 SOUTH DAKOTA PUC TARIFF NO. 1 TELECOMMUNICATIONS SERVICES TARIFF

- 2.3.3 No agent or employee of any other carrier or entity shall be deemed to be an agent or employee of the Company.
- 2.3.4 The Company's liability for damages, resulting in whole or in part from or arising in connection with the furnishing of service under this tariff, including but not limited to mistakes, omissions, interruptions, delays, errors, or other defects or misrepresentations shall not exceed an amount equal to the charges provided for under this tariff for the long distance call for the period during which the call was affected. No other liability in any event shall attach to the Company.
- 2.3.5 The Company shall not be liable for and shall be indemnified and saved harmless by any Customer or by any other entity from any and all loss, claims, demands, suits, or other action or any liability whatsoever, whether suffered, made, instituted, or asserted by any Customer or any other entity for any personal injury to, or death of, any person or persons, and for any loss, dmage, defacement or destruction of the premises of any Customer or others.
- 2.3.6 The Company shall not be liable for any indirect, special, incidental, or consequential damages under this tariff including, but not limited to, loss of revenue or profits, for any reason whatsoever, including the breakdown of facilities associated with the service, or for any mistakes, omissions, delays, errors, or defects in transmission occurring during the course of furnishing service.

ISSUED: ISSUED BY: EFFECTIVE:

ORIGINAL SHEET 13 SOUTH DAKOTA PUC TARIFF NO. 1 TELECOMMUNICATIONS SERVICES TARIFF

2.3.7 The remedies set forth herein are exclusive and in lieu of all other warranties and remedies, whether express, implied, or statutory, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

2.4 Responsibilities of the Customer

- 2.4.1 The Customer is responsible for placing any necessary orders and complying with tariff regulations. The Customer is also responsible for the payment of charges for services provided under this tariff.
- 2.4.2 The Customer is responsible for charges incurred for special construction and/or special facilities which the Customer requests and which are ordered by TotalTel on the Customer's behalf.
- 2.4.3 If required for the provision of TotalTel's services, the Customer must provide any equipment space, supporting structure, conduit and electrical power without charge to TotalTel.
- 2.4.4 The Customer is responsible for arranging access to its premises at times mutually agreeable to TotalTel and the Customer when required for TotalTel personnel to install, repair, maintain, program, inspect or remove equipment associated with the provision of TotalTel's services.
- 2.4.5 The Customer shall cause the temperature and relative humidity in the equipment space provided by Customer for the installation of TotalTel's equipment to be maintained within the range normally provided for the operation of microcomputers.

ISSUED: ISSUED BY: EFFECTIVE:

ORIGINAL SHEET 14 SOUTH DAKOTA PUC TARIFF NO. 1 TELECOMMUNICATIONS SERVICES TARIFF

2.4.6

- The Customer shall ensure that the equipment and/or system is properly interfaced with TotalTel's facilities or services, that the signals emitted into TotalTel's network are of the proper mode, bandwidth, power and signal level for the intended use of the subscriber and in compliance with criteria set forth in this tariff, and that the signals do not damage equipment, injure personnel, or degrade service to other Customers. If the Federal Communications Commission or some other appropriate certifying body certifies terminal equipment as being technically acceptable for direct electrical connection with interstate communications service, TotalTel will permit such equipment to be connected with its channels without the use of protective interface devices. If the Customer fails to maintain the equipment and/or the system properly, with resulting imminent harm to TotalTel equipment, personnel or the quality of service to other Customers, TotalTel may, upon written notice, require the use of protective equipment at the Customer's expense. If this fails to produce satisfactory quality and safety, TotalTel may, upon written notice, terminate the Customer's service.
- 2.4.7 The Customer must pay TotalTel for replacement or repair of damage to the equipment or facilities of TotalTel caused by negligence or willful act of the Customer or others, by improper use of the services, or by use of equipment provided by Customer or others.
- 2.4.8 The Customer must pay for the loss through theft of any TotalTel equipment installed at Customer's premises.

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ORIGINAL SHEET 15 SOUTH DAKOTA PUC TARIFF NO. 1 TELECOMMUNICATIONS SERVICES TARIFF

- 2.4.9 If TotalTel installs equipment at Customer's premises, the Customer shall be responsible for payment of any applicable installation charge.
- 2.4.10 The Customer must use the services offered in this tariff in a manner consistent with the terms of this tariff and the policies and regulations of all state, federal and local authorities having jurisdiction over the service.

2.5 Cancellation or Interruption of Services

- 2.5.1 Without incurring liability, upon five (5) working days' (defined as any day on which the company's business office is open and the U.S. Mail is delivered) written notice to the Customer, TotalTel may immediately discontinue services to a Customer or may withhold the provision of ordered or contracted services:
 - 2.5.1.A For nonpayment of any sum due TotalTel for more than thirty (30) days after issuance of the bill for the amount due,
 - 2.5.1.B For violation of any of the provisions of this tariff,
 - 2.5.1.C For violation of any law, rule, regulation, policy of any governing authority having jurisdiction over TotalTel's services, or
 - 2.5.1.D By reason of any order or decision of a court, public service commission or federal regulatory body or other governing authority prohibiting TotalTel from furnishing its services.

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2.5.2

- Without incurring liability, TotalTel may interrupt the provision of services at any time in order to perform tests and inspections to assure compliance with tariff regulations and the proper installation and operation of Customer and TotalTel's equipment and facilities and may continue such interruption until any items of noncompliance or improper equipment operation so identified are rectified.
- 2.5.3 Service may be discontinued by TotalTel without notice to the Customer, by blocking traffic to certain countries, cities or NXX exchanges, or by blocking calls using certain Customer authorization codes, when TotalTel deems it necessary to take such action to prevent unlawful use of its service. TotalTel will restore service as soon as it can be provided without undue risk, and will, upon request by the Customer affected, assign a new authorization code to replace the one that has been deactivated.
- 2.5.4 The Customer may terminate service upon thirty (30) days written notice for the Company's standard month to month contract. Customer will be liable for all usage on any of the Company's service offerings until the Customer actually leaves the service. Customers will continue to have Company usage until the Customer notifies its local exchange carrier and changes its long distance carrier. Until the Customer so notifies its local exchange carrier, it shall continue to generate and be responsible for long distance usage.

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2.6 Credit Allowance

- Credit allowance for the interruption of 2.6.1 service which is not due to the Company's testing or adjusting, negligence of the Customer, or to the failure of channels or equipment provided by the Customer, are subject to the general liability provisions set forth in 2.3 herein. It shall be the obligation of the Customer to notify the Company immediately of any interruption in service for which a credit allowance is desired. Before giving such notice, the Customer shall ascertain that the trouble is not being caused by any action or omission by the Customer within his control, or is not in wiring or equipment, if any, furnished by the Customer and connected to the Company's facilities.
- 2.6.2 No credit is allowed in the event that service must be interrupted in order to provide routine service quality or related investigations.
- 2.6.3 Credit for failure of service shall be allowed only when such failure is caused by or occurs due to causes within the control of the Company or in the event that the Company is entitled to a credit for the failure of the facilities of the Company's Underlying Carrier used to furnish service.
- 2.6.4 Credit for interruption shall commence after the Customer notifies the Company of the interruption or when the Company becomes aware thereof, and ceases when service has been restored.
- 2.6.5 For purposes of credit computation, every month shall be considered to have 720 hours.

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ORIGINAL SHEET 18 SOUTH DAKOTA PUC TARIFF NO. 1 TELECOMMUNICATIONS SERVICES TARIFF

- 2.6.6 No credit shall be allowed for an interruption of a continuous duration of less than two hours.
- 2.6.7 The Customer shall be credited for an interruption of two hours or more at the rate of 1/720th of the monthly charge for the facilities affected for each hour or major fraction thereof that the interruption continues.

Credit Formula:

Credit = $\frac{A}{720} \times B$ "A" - outage time in hours "B" - monthly charge for affected activity

2.7 Restoration of Service

The use and restoration of service shall be in accordance with the priority system specified in part 64, Subpart D of the Rules and Regulations of the Federal Communications Commission.

2.8 Deposit

The Company does not require deposits to commence service.

2.9 Advance Payments

TotalTel does not require advance payments.

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Warren P. Feldman 150 Clove Road, 8th Floor Little Falls, New Jersey 07424

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2.10 Payment and Billing

- 2.10.1 Service is provided and billed on a billing cycle basis, beginning on the date that service becomes effective. Billing is payable upon receipt. A late fee will be assessed on unpaid amounts 30 days after rendition of bills.
- 2.10.2 The customer is responsible for payment of all charges for services furnished to the Customer, as well as to all persons using the Customer's codes, exchange lines, facilities, or equipment, with or without the knowledge or consent of the Customer. The security of the Customer's Authorization Codes, subscribed exchange lines, and direct connect facilities is the responsibility of the Customer. All calls placed using direct connect facilities, subscribed exchange lines, or Authorization Codes will be billed to and must be paid by the Customer. Recurring charges and non-recurring charges are billed in advance. Charges based on actual usage during a month and any accrued interest will be billed monthly in arrears.
- 2.10.3 All bills are presumed accurate, and shall be binding on the customer unless objection is received by the Company in writing within 30 days after such bills are rendered. No credits, refunds, or adjustments shall be granted if demand therefore is not received by the Company in writing within such 30 day period.

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2.11 Collection Costs

In the event Company is required to initiate legal proceedings to collect any amounts due to Company for regulated or non-regulated services, equipment or facilities, or to enforce any judgment obtained against a Customer, or for the enforcement of any other shall, in addition to all amounts due, be liable to Company for all reasonable costs incurred by Company in such proceedings and enforcement actions, including reasonable attorneys' fees, collection agency fees or payments, and court costs. In any such proceeding, the amount of collection costs, including attorneys' fees, due to the Company, will be determined by the court.

2.12 Taxes

All federal, state and local taxes, assessments, surcharges, or fees, including sales taxes, use taxes, gross receipts taxes, and municipal utilities taxes, are billed as separate line items and are not included in the rates quoted herein.

2.13 Late Charge

A late fee of 1.5% per month or the amount otherwise authorized by law, whichever is lower, will be charged on any past due balances.

2.14 Returned Check Charge

A fee of \$20.00 will be charged whenever a check or draft presented for payment for service is not accepted by the institution on which it is written.

ISSUED: ISSUED BY:

Warren P. Feldman 150 Clove Road, 8th Floor Little Falls, New Jersey 07424 EFFECTIVE:

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ORIGINAL SHEET 21 SOUTH DAKOTA PUC TARIFF NO. 1 TELECOMMUNICATIONS SERVICES TARIFF

SECTION 3 - DESCRIPTION OF SERVICE

3.1 Computation of Charges

- 3.1.1 The total charge for each completed call may be a variable measured charge dependent on the duration, distance and time of day of the call. The total charge for each completed call may also be dependent only on the duration of the call, i.e. a statewide flat rate per minute charge. The variable measured charge is specified as a rate per minute which is applied to each minute. All calls are measured in six second increments with a thirty second minimum per call. All calls are rounded up to the next whole increment.
- 3.1.2 Where mileage bands appear in a rate table, rates for all calls are based upon the airline distance between the originating and terminating points of the call, as determined by the vertical and horizontal coordinates associated with the exchange (the area code and three digit central office code) associated with the originating and terminating telephone numbers. If the Customer obtains access to the Company's network by a dedicated access circuit, that circuit will be assigned an exchange for rating purposes based upon the Customer's main telephone number at the location where the dedicated access circuit terminates. The vertical and horizontal (V & H) coordinates for each exchange and the airline distance between them will be determined according to industry standards.

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3.1.3 Timing begins when the called station is answered and two way communication is possible, as determined by standard industry methods generally in use for ascertaining answer, including hardware answer supervision in which the local telephone company sends a signal to the switch or the software utilizing audio tone detection. Recognition of answer supervision is the responsibility of the Underlying Carrier. Timing for each call ends when either party hangs up. TotalTel will not bill for uncompleted calls.

3.2 Customer Complaints and/or Billing Disputes

Customer inquiries or complaints regarding service or accounting may be made in writing or by telephone to the Company at:

150 Clove Road, 8th Floor Little Falls, New Jersey 07424 (800) 805-1000

Any objection to billed charges should be reported promptly to TotalTel. Adjustments to Customers' bills shall be made to the extent that records are available and/or circumstances exist which reasonably indicate that such charges are not in accordance with approved rates or that an adjustment may otherwise be appropriate. Where overbilling of a subscriber occurs, due either to Company or subscriber error, no liability exists which will require the Company to pay any interest, dividend or other compensation on the amount overbilled.

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The Company will respond within seventy two (72) hours of receipt of an inquiry. If the Customer is dissatisfied with the Company's response to a complaint or inquiry, the Customer may file the Commission for resolution of the conflict. The South Dakota Public Utilities Commission can be reached at:

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

If a Customer accumulates more than One Hundred Dollars (\$100.00) of undisputed delinquent TotalTel 800 Service charges, the TotalTel Resp. Org. reserves the right not to honor that Customer's request for a Resp. Org. change until such undisputed charges are paid in full.

3.3 Level of Service

A Customer can expect end to end network availability of not less than 99% at all times for all services.

3.4 Billing Entity Conditions

When billing functions on behalf of TotalTel or its intermediary are performed by local exchange telephone companies or others, the payment of charge conditions and regulations of such companies and any regulations imposed upon these companies by regulatory bodies having jurisdiction apply. TotalTel's name and tollfree telephone number will appear on the Customer's bill.

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ORIGINAL SHEET 24 SOUTH DAKOTA PUC TARIFF NO. 1 TELECOMMUNICATIONS SERVICES TARIFF

3.5 Service Offerings

3.5.1 1+ Dialing

The customer utilizes "1+" dialing, or "10XXX" dialing followed by "1 + ten digits" for interLATA calls, or dials "10XXX" followed by "1 + 7 digits" or "1 + 10 digits" for intraLATA calls.

3.5.2 Travel Cards.

The Customer utilizes an 11 digit "800" access number established by TotalTel to access a terminal. Upon receiving a voice prompt, the Customer uses push button dialing to enter an identification code assigned by the Company, followed by the ten digit number of the called party.

3.5.3 800 Service (Toll free).

This service is inbound calling only where an 800 or 888 number rings into a Customer's premise routed to a specific telephone number or terminated over a dedicated facility.

3.5.4 Local Calls and Directory Assistance.

Local calls will not be accepted or completed. TotalTel does not provide local directory assistance. Access to long distance directory assistance is obtained by dialing 1 + 555-1212 for listings within the originating area code and 1 + (area code) + 555-1212 for other listings. When more than one number is requested in a single call, a charge may apply for each number requested. A charge will be applicable for each number requested, whether or not the number is listed or published.

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3.5.5 Specialized Pricing Arrangements.

Customized service packages and competitive pricing packages at negotiated rates may be furnished on a case-by-case basis in response to requests by Customers to the Company for proposals or for competitive bids. Service offered under this tariff provision will be filed with the Commission. Specialized rates or charges will be made available to similarly situated Customers on a nondiscriminatory basis.

3.5.6 Emergency Call Handling Procedures

Emergency "911" calls are not routed to company, but are completed through the local network at no charge.

3.5.7 Promotional Offerings

The Company may, from time to time, make promotional offerings to enhance the marketing of its services. These offerings may be limited to certain dates, times and locations. The Company will notify the Commission of such offerings as required by Commission rules and regulations.

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SECTION 4 - RATES

4.1 1+ Dialing

\$0.109 per minute

4.2 Travel Cards

\$0.25 per minute

A per call charge of \$.35 will apply for calls originated from a pay phone.

4.3 800 Service (Toll Free)

\$0.114 per minute

A monthly service charge of \$20 will apply per number.

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4.4 Directory Assistance

\$.65

4.5 Returned Check Charge

\$20.00

4.6 Rate Periods

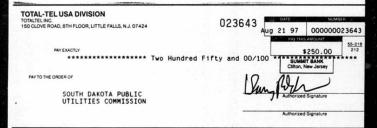
	Monday - Friday	Sat.	Sun.
8 a.m. to 5 p.m.*	Daytime Rate Period	1.5	
5 p.m. to 11 p.m.*	Evening Rate Period		Evening Rate Period
11 p.m. to 8 a.m.*	Night/Weekend Rat	e Period	

* To, but not including

When a message spans more than one rate period, total charges for the minutes in each rate period are calculated and the results for each rate period are totaled to obtain the total message charge. If the calculation results in a fractional charge, the amount will be rounded down to the lower cent.

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Public State C Pierre Phon	iouth Dakota Utilities Commission Ipitol 500 E. Capitol , SD 57501-5070 e: (800) 332-1782 e: (605) 773-3809	$\begin{array}{c} TELECOMMUNICATIONS SERVICE\\ \mbox{These are the telecommunications service llings that the commission has received for th}\\ 11/20/97 through 12/04/97\\ If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kol$	e period of:	
DOCKET NUMBER		TITLE/STAFF/SYNOPSIS	DATE FILED	INTERVENTION DEADLINE
		REQUEST FOR CERTIFICATE OF AUTHORITY		
TC97-187	Dakota. (Staff: TS/KC)	c. for a Certificate of Authority to operate as a telecommunications company within the state of South "Applicant is a switch-based reseller which intends to offer 1+ direct dialing, 800 toll free, and travel cards) service through the resale of telephone services provided by facilities-based interexchange	11/25/97	12/19/97
TC97-189	company within the state	ed Communications Networks, Inc. for a Certificate of Authority to operate as a telecommunications of South Dakota. (Staff: TS/CH) Applicant seeks authority to provide "Dialed Domestic Message rices, and Caling Card Service.	12/03/97	12/19/97
	REQ	UEST FOR ELIGIBLE TELECOMMUNICATIONS COMPANY STATUS	5	
TC97-188	telecommunications can Communications, Inc. is services in the following Kilgore, and (605) 288 No	tions, Inc. pursuant to 47 U.S.C. 214(e) and 47 C.F.R. 54.201 hereby seeks designation as an eligible fier within the local exchange area that constitutes its service area in South Dakota. Great Plains the facilities based local exchange carrier presently providing local exchange telecommunications exchanges in South Dakota: (605) 822 North Cody, (605) 429 North Crookston, (605) 969 North th Gordon. Great Plains Communications, Inc., to its knowledge, is the only carrier today providing nunciations service in the above exchange area. (Staff: HB/KC)	12/01/97	12/12/97

Important Notice: The Commission is compling a list of internet addresses. If you have an internet address please notify the Commission by E-maining it to Terry Norum at Lenyn @puc state sd us Faxing the address to the Commission at 605-773-030

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE APPLICATION OF) TOTALTEL, INC. FOR A CERTIFICATE OF) A UTHORITY TO PROVIDE) TELECOMMUNICATIONS SERVICES IN) SOUTH DAKOTA)

0144 .70 .68

ORDER GRANTING CERTIFICATE OF AUTHORITY

TC97-187

On November 25, 1997, the Public Utilities Commission (Commission), in accordance with SDLL 49-31-3 and ARSD 20.10.24.02, received an application for a certificate of authority from TotaTfel, Inc. (TotaTfel).

TotalTel proposes to offer 1+ direct dialing, 800 toll free, and travel card (no prepaid calling cards) service. A proposed tariff was filed by TotalTel. The Commission has classified long distance service as fully competitive.

On December 4, 1997, the Commission electronically transmitted notice of the filing and the intervention deadline of December 19, 1997, to interested individuals and entities. No petitions to intervene or comments were filed and at its regularly scheduled April 9, 1998, meeting, the Commission considered TotalTeTs request for a certificate of authority. Commission Staff recommended granting a certificate of authority, subject to the condition that TotalTeT to 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 TotalTel has met the legal requirements established for the granting of a certificate of authority. TotalTel has, in accordance with SOCL 49-31-3, demonstrated sufficient technical, financial and managerial capabilities to offer telecommunications services in South Dakota. The Commission approves TotalTel's application for a certificate of authority, subject to the condition that TotalTel 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 TotalTel's application for a certificate of authority is hereby granted, subject to the condition that TotalTel not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission. It is

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

	CERTIFICATE OF SERVICE
documen record in list, by	e undersigned hereby certifies that this t has been served today upon all parties of this docket, as listed on the docket service first class mail, in properly addressed web-charges prepaid thereon.
ву	Delaine Kalko
Date	4/17/98
	(OFFICIAL SEAL)

Dated at Pierre. South Dakota, this 17 th day of April, 1998.

BY ORDER OF THE COMMISSION:

JAMES A BURG, Chaltman

PAM NELSON, Commissioner

Jaska Chunfeldu

LASKA SCHOENFELDER, Commissioner

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

CERTIFICATE OF AUTHORITY

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

> Authority was Granted April 9, 1998 Docket No. TC97-187

> > This is to certify that

TOTALTEL, 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 17th day of april 1998.

SOUTH DAKOTA PUBLIC

JAMES A BURG Chairman



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PAM NELSON, Commissioner

LASKA SCHOENFELDER, Commissioner