



SWIDLER  
&  
BERLIN  
CHARTERED

TC98-108

May 27, 1998

**VIA OVERNIGHT DELIVERY**

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

RECEIVED  
MAY 28 1998  
SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

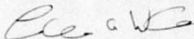
Re: **Application of ICG Telecom Group, Inc.**

Dear Mr. Bullard:

Enclosed for filing please find are an original and ten (10) copies of ICG Telecom Group, Inc.'s ("ICG") Petition for Certificate of Authority to Provide Intrastate Interexchange Telecommunications Services within the State of South Dakota. Also enclosed is a check in the amount of \$250.00 in payment of the requisite filing fee.

Please date-stamp the enclosed extra copy of this filing and return it in the attached self-addressed, stamped envelope. Should you have any questions concerning this filing, please do not hesitate to contact the undersigned.

Very truly yours,



Grace R. Chiu  
Lawrence A. Walke

Counsel for ICG Telecom Group, Inc.

Enclosures

cc: Thomas E. Allen, Jr. (via facsimile w/o encl.)  
Adrienne C. Leonard  
Phyllis A. Whitten

239481.1

TC 98-108  
ORIGINAL

BEFORE THE  
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

RECEIVED

MAY 28 1998

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Application of )  
)  
ICG Telecom Group, Inc. )  
)  
For a Certificate of Authority to Resell )  
Interexchange Telecommunications )  
Services in the State of South Dakota )

Docket No. \_\_\_\_\_

PETITION FOR CERTIFICATE OF AUTHORITY

ICG Telecom Group, Inc. ("ICG" or "Petitioner"), by its undersigned counsel and pursuant to Section 49-31-3 of the South Dakota Codified Laws and the Rules of the Public Utilities Commission, hereby submits its petition seeking authority to operate as a reseller of intrastate interexchange telecommunications services in the State of South Dakota. In support thereof, ICG provides the following information as well as a proposed tariff:

1. Petitioner's legal name is ICG Telecom Group, Inc. ICG intends to provide service in South Dakota under its own name. Petitioner may be reached at its principal place of business:

161 Inverness Drive West  
Englewood, Colorado 80112  
303/414-5000 (Tel.)  
303/414-8867 (Fax)

2. Correspondence or communications pertaining to this Application should be directed to Petitioner's attorneys of record:

Phyllis A. Whitten, Esq.  
Grace R. Chiu, Esq.  
Lawrence A. Walke, Esq.  
Swidler & Berlin, Chtd.  
3000 K Street, NW, Suite 300  
Washington, DC 20007-5116  
202/424-7500 (Tel.)  
202/424-7645 (Fax)

with a copy to:

Thomas E. Allen, Jr.  
Vice President, Government & External Affairs  
ICG Telecom Group, Inc.  
50 Glenlake Parkway, Suite 500  
Atlanta, Georgia 30328  
770/350-7307 (Tel.)  
770/350-7410 (Fax)

3. Questions concerning the ongoing operations of Petitioner following certification should be directed to Mr. Thomas E. Allen, Jr. at the above address and telephone number.

4. ICG is a privately-held Colorado corporation with authority to transact business in the State of South Dakota as a foreign corporation. A copy of Petitioner's Articles of Incorporation is attached hereto as Exhibit A.<sup>4/</sup> ICG is in the process of securing a Certificate of Authority to transact business as a foreign corporation. ICG will forward a copy of the Certificate as soon as it becomes available.

ICG is an indirect subsidiary of ICG Communications, Inc. ("ICG Communications"), a publicly traded Delaware corporation that provides, through its operating subsidiaries, competitive local exchange services and enhanced voice and data telecommunications services; network integration, system design and support services; and domestic and international satellite voice and data transmission services.

5. Petitioner's registered agent in the State of South Dakota is:

CT Corporation Systems  
319 South Coteau Street  
Pierre, South Dakota 57501

---

<sup>4/</sup> Exhibit A contains ICG's Articles of Amendment of the Articles of Incorporation, by which ICG changed its name from ICG Access Services, Inc. to ICG Telecom Group, Inc.

6. Petitioner seeks authority to provide resold intrastate interexchange telecommunications services to subscribers to and from all points in the State of South Dakota and, therefore, seeks statewide authorization.

7. ICG proposes to provide resold intrastate interexchange telecommunications services, including direct-dialed ("1+") outbound/inbound message telecommunications services, operator services, and postpaid calling card services, to and from all points within the State of South Dakota. Petitioner's services will be available on a full-time basis, 24 hours a day, seven days a week. Subject to demand and overall economic circumstances, Petitioner may subsequently offer additional services.

8. ICG was formed in 1993 to provide all forms of telecommunications services, including resold and facilities-based local exchange and interexchange services. ICG is in the process of seeking authority, where required, throughout the United States to provide competitive resold inter- and intrastate interexchange telecommunications services. Petitioner currently is authorized to provide resold intrastate interexchange services, by virtue of certification, registration or tariff requirements, or on an unregulated basis, in 17 states, including: Alabama, California, Colorado, Florida, Georgia, Indiana, Iowa, Kentucky, Michigan, New Jersey, North Carolina, Ohio, Oklahoma, Tennessee, Texas, Utah and Virginia. Petitioner has pending applications for certification to resell such services in Massachusetts, New Hampshire, New Mexico, New York, Oregon, Rhode Island, Pennsylvania, Minnesota and Maryland.

In addition, ICG currently is authorized to provide competitive local exchange telecommunications services in the following 13 states: Alabama, California, Colorado, Florida, Georgia, Indiana, Kentucky, New Jersey, North Carolina, Ohio, Oklahoma, Tennessee, and

Texas. Petitioner is presently seeking authority to provide local exchange telecommunications services in New Hampshire.

9. ICG's officers and other members of its management team are well qualified to execute its business plan, having extensive managerial, financial, and technical telecommunications experience. ICG's officers are as follows:

Sheldon S. Ohringer, President  
Henry R. Carabelli, Executive Vice President - National Operations  
James Newman, Senior Vice President & Chief Information Officer  
Marc E. Maassen, Vice President  
James D. Grenfell, Vice President  
Don Teague, Vice President, General Counsel & Secretary  
Kathleen M. Boelte, Treasurer  
Robert L. Merkel, Assistant Vice President - Tax

All of the individuals referenced above may be reached at the address listed in paragraph 1 of this Petition. Descriptions of the telecommunications and managerial experience of Petitioner's key management personnel are attached hereto as Exhibit B.

10. Petitioner has not installed nor does it currently plan to install any equipment, plant, or facilities in the State of South Dakota. As a resale carrier, ICG provides service over facilities leased from other carriers, the selection of which is based on its analysis of facility cost, suitability, and quality of service. In South Dakota, Petitioner initially intends to resell the services of WiTel and may resell those of other carriers, as circumstances dictate. In the event ICG subsequently contemplates the installation of any facilities in South Dakota, it will notify the Commission and revise its tariffs and/or seek expanded authority, as appropriate.

11. ICG has access to the financing and capital necessary to conduct its telecommunications operations as specified in this Petition. As a resale carrier, ICG will rely

upon its existing personnel and technological and financial resources to provide intrastate services; accordingly, no additional investment will be needed to offer the proposed services. In addition, Petitioner will rely on the substantial financial resources of its corporate parent, ICG Communications, to provide the services proposed herein. Attached hereto as Exhibit C is a copy of the consolidated financial statements of ICG Communications and its subsidiaries, which indicate that as of December 31, 1997, ICG Communications had current assets of \$310.2 Million, which exceeded current liability of \$99.3 Million, providing working capital of \$210.9 Million. With access to these substantial financial resources, ICG is financially well-qualified to provide the telecommunications services proposed in this Petition.

12. Information concerning ICG's proposed marketing structure is attached hereto as Exhibit D.

13. Attached hereto as Exhibit E is a copy of Petitioner's proposed tariff, containing Petitioner's rates, terms and conditions of service for the services proposed herein.

14. ICG's toll-free number for customer inquiries is 800/650-5960.

15. The entry of ICG into the telecommunications business in South Dakota will serve the public interest by creating greater competition in the interexchange marketplace and permitting customers to achieve increased efficiencies and cost savings. ICG's proposed intrastate services will enhance the services available to consumers and increase consumer choice through innovative, diversified, and reliable service offerings. Consumers will benefit both directly as a result of the competitively priced service options available from ICG and also indirectly as ICG's presence increases the incentives for other telecommunications providers to operate more efficiently, reduce

prices, and offer more innovative services. Approval of this Petition, therefore, will serve the public interest.

WHEREFORE, ICG Telecom Group, Inc. requests that the South Dakota Public Utilities Commission grant the requested Petition authorizing it to resell intrastate interexchange telecommunications services in the State of South Dakota.

Respectfully submitted,



---

Phyllis A. Whitten, Esq.  
Grace R. Chiu, Esq.  
Lawrence A. Walke, Esq.  
SWIDLER & BERLIN, CHTD.  
3000 K Street, N W , Suite 300  
Washington, DC 20007-5116  
202/424-7500 (Tel.)  
202/424-7645 (Fax)

Counsel for ICG Telecom Group, Inc.

Dated: May 27, 1998



**LIST OF EXHIBITS**

EXHIBIT A	Articles of Incorporation
EXHIBIT B	Management Qualifications
EXHIBIT C	Financial Qualifications
EXHIBIT D	Marketing Information
EXHIBIT E	Proposed Tariff
VERIFICATION	

EXHIBIT A

Articles of Incorporation



# STATE OF COLORADO

DEPARTMENT OF  
STATE

## CERTIFICATE

I, VICTORIA BUCKLEY, SECRETARY OF STATE OF THE STATE OF COLORADO HEREBY CERTIFY THAT ACCORDING TO THE RECORDS OF THIS OFFICE, THE ATTACHED IS A FULL, TRUE AND COMPLETE COPY OF ARTICLES OF INCORPORATION AND ALL AMENDMENTS THERETO OF

ICG TELECOM GROUP, INC.  
(COLORADO CORPORATION)

AS FILED IN THIS OFFICE AND ADMITTED TO RECORD.

Dated: June 17, 1997

*Victoria Buckley*

SECRETARY OF STATE

**NEXT**

**DOCUMENT (S)**

**BEST IMAGE**

**POSSIBLE**

**NEXT**

**DOCUMENT (S)**

**BEST IMAGE**

**POSSIBLE**

**ARTICLES OF INCORPORATION  
OF  
ICG ACCESS SERVICES, INC.**

The undersigned natural person of the age of eighteen years or more, acting as an incorporator of a corporation under the Colorado Corporation Act, adopts the following Articles of Incorporation for such corporation.

**ARTICLE I**

The name of the corporation is ICG Access Services, Inc.

**ARTICLE II**

The period of its duration is perpetual.

93110030 \$50.00  
SOS 11-19-93 08:30

**ARTICLE III**

3.1 **Purposes.** The nature, objects and purposes of the business to be transacted shall be as follows:

- (a) **To own and operate.** To own, operate and develop telecommunications services, including, without limitation, voice, video, data and satellite transmissions; and to own and operate facilities for operating telecommunications services.
- (b) **To acquire business.** To acquire (whether for cash or in exchange for its assets or securities, or otherwise), operate and deal in other businesses of all types and interests therein.
- (c) **To engage in other lawful business.** To engage in any other lawful business or activity for which corporations may be incorporated under the laws of Colorado.

**ARTICLE IV**

The aggregate number of shares of stock the corporation is authorized to issue is TEN THOUSAND (10,000) shares of common stock, no par value per share. All common stock, when issued, shall be fully paid and nonassessable. The holders of the common stock shall be entitled to one vote for each common share held by them of record at the time set for determining the holders thereof entitled to vote.

**ARTICLE V**

Cumulative voting of shares of stock is not permitted.

Shareholders shall not have preemptive rights to acquire additional unissued or treasury shares of the corporation. The corporation may issue and sell shares of its stock to its officers, directors or employees without first offering such shares to its shareholders for such consideration and upon such terms and conditions as shall be approved by the Board of Directors and without approval by the shareholders of the corporation.

**ARTICLE VI**

The Board of Directors may cause any shares issued by the corporation to be issued subject to such lawful restrictions, qualifications, limitations or special rights as they deem fit, which restrictions, qualifications, limitations or special rights shall be created by provisions in the Bylaws

COMPLETED BY REGISTRAR  
RA

COMP CHD EG

of the corporation or in the duly adopted resolutions of the Board of Directors; provided that notice of such special restrictions, qualifications, limitations or special rights must appear on the Certificate evidencing ownership of such shares.

#### ARTICLE VII

Meetings of shareholders may be held at such time and place as the Bylaws shall provide. A majority of the shares entitled to vote represented in person or by proxy shall constitute a quorum at any meeting of the shareholders.

#### ARTICLE VIII

The number of directors constituting the initial Board of Directors of the corporation is three (3) and the names and addresses of the persons who are to serve as directors until the first annual meeting of shareholders or until their successors are elected and shall qualify are:

<u>Name</u>	<u>Address</u>
William W. Becker	1050 Seventeenth Street, Suite 1610 Denver, CO 80265
William J. Maxwell	1050 Seventeenth Street, Suite 1610 Denver, CO 80265
John R. Evans	1050 Seventeenth Street, Suite 1610 Denver, CO 80265

The number of directors to be elected at the annual meeting of shareholders or at a special meeting called for the election of directors shall not be less than three, nor more than nine, the exact number to be fixed by the Bylaws; provided, however, that there need be only as many directors as there are shareholders in the event that the outstanding shares are held of record by fewer than three shareholders.

#### ARTICLE IX

A director of this corporation shall not be personally liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director except that this provision shall not limit the liability of a director to the corporation or to its shareholders for monetary damages for: (i) any breach of the director's duty of loyalty to the corporation or to its shareholders; (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) acts specified in Section 7-5-114 of the Colorado Corporation Code as the same may be amended from time to time; or (iv) any transaction from which the director derived an improper personal benefit. If the Colorado Corporation Code is amended to authorize corporate actions further limiting or eliminating the personal liability of directors, then the liability of a director of the corporation shall be limited or eliminated to the fullest extent permitted by the Colorado Corporation Code, as so amended.

Any repeal or modification of the foregoing Article IX by the shareholders of the corporation shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

#### ARTICLE X

The officers, directors and other members of management of this corporation shall be subject to the doctrine of corporate opportunities only insofar as it applies to business opportunities

in which this corporation has expressed an interest as determined from time to time by the corporation's Board of Directors as evidenced by resolutions appearing in the corporation's Minutes. When such areas of interest are delineated, all such business opportunities within such areas of interest which come to the attention of the officers, directors and other members of management of this corporation shall be disclosed promptly to this corporation and made available to it. The Board of Directors may reject any business opportunity presented to it and thereafter any officer, director or other member of management may avail himself/benefit of such opportunity. Until such time as this corporation, through its Board of Directors, has designated an area of interest, the officers, directors and other members of management of this corporation shall be free to engage in such areas of interest on their own and this doctrine shall not limit the rights of any officer, director or other member of management of this corporation to continue a business existing prior to the time that such area of interest is designated by this corporation. This provision shall not be construed to release any employee of the corporation (other than an officer, director or member of management) from any duties which he/she may have to the corporation.

#### ARTICLE XI

Any of the directors or officers of this corporation shall not, in the absence of fraud, be disqualified by his office from dealing or contracting with this corporation whether as vendor, purchaser or otherwise, nor shall any firm, association, or corporation of which he/she shall be a member, or in which he/she may be pecuniarily interested in any manner be disqualified. No director or officer, nor any firm, association or corporation with which he/she is connected as aforesaid shall be liable to account to this corporation or its shareholders for any profit realized by him/her from or through any such transaction or contract, it being the express purpose and intent of this Article to permit this corporation to buy from, sell to, or otherwise deal with partnerships, firms or corporations of which the directors and officers of this corporation, or any one or more of them, may be members, directors, or officers, or in which they or any of them have pecuniary interests; and the contracts of this corporation, in the absence of fraud, shall not be void or voidable or affected in any manner by reason of any such membership. The interested director or directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or a committee thereof authorizing, approving or ratifying any such contract or transaction. Further, the vote of any such interested director at a meeting of the Board of Directors or committee thereof authorizing, approving or ratifying any such contract or transaction may be counted if his relationship or interest with respect to any such contract or transaction (i) is disclosed and such transaction or contract is authorized, approved or ratified by a majority of the directors without counting the vote or consent of such interested director, or (ii) is disclosed to the shareholders of the Company and authorized, approved or ratified by the shareholders by vote or written consent, or (iii) such contract or transaction is fair and reasonable to the corporation.

#### ARTICLE XII

When with respect to any action to be taken by shareholders of this corporation, the Colorado Corporation Code requires the vote or concurrence of the holders of two-thirds of the outstanding shares entitled to vote thereon, or of any class or series, such action may be taken by the vote or concurrence of a majority of such shares or class or series thereof.

#### ARTICLE XIII

The name and address of the incorporator is Martin E. Freidel, 1050 Seventeenth Street, Suite 1610, Denver, Colorado 80265. The address of the corporation's usual registered office is 1050 Seventeenth Street, Suite 1610, Denver, Colorado 80265 and the name of the initial registered agent at such address is Martin E. Freidel.



IN WITNESS WHEREOF, I, the undersigned, being the incorporator designated in the foregoing Articles of Incorporation, have executed these Articles of Incorporation as of the 17 day of December, 1993.

  
Martin E. Freidel

**VERIFICATION**

I, Martin E. Freidel, the incorporator of ICG Access Services, Inc., hereby acknowledge and affirm under the penalties of perjury that the facts stated in the foregoing Articles of Incorporation are true and correct and that I am the duly authorized incorporator of such corporation.

  
Martin E. Freidel

**CONSENT OF APPOINTMENT BY THE REGISTERED AGENT**

I, Martin E. Freidel, hereby give my consent to serve as the registered agent for ICG  
Access Services, Inc.

Dated: May 12, 1993

  
Martin E. Freidel

CHANGE OF NAME

ARTICLES OF AMENDMENT TO THE  
ARTICLES OF INCORPORATION OF  
ICG ACCESS SERVICES, INC.

981056719 0 805.00  
SECRETARY OF STATE  
04-25-98 10:10

DP931130030

Pursuant to the provisions of the Colorado Business Corporation Act, the undersigned corporation adopts the following Articles of Amendment to its Articles of Incorporation:

FIRST: The name of the corporation is ICG ACCESS SERVICES, INC.

SECOND: The following amendment to the Articles of Incorporation was adopted on April 15, 1996, as prescribed by the Colorado Business Corporation Act, by a vote of the shareholders. The number of shares voted for the amendment was sufficient for approval.

Deleting Article First in its entirety and substituting the following Article First in lieu thereof:

"FIRST: The name of the Corporation is ICG TELECOM GROUP, INC."

ICG ACCESS SERVICES, INC.

By 

Martin E. Freidel, Vice President and  
Secretary

COMPUTER UPDATE COMPLETE  
ME

Mail to: Secretary of State  
Corporations Section  
1560 Broadway, Suite 200  
Denver, CO 80202  
(303) 894-2251  
Fax: (303) 894-2242

For office use only

CC

MUST BE TYPED  
FILING FEE: \$10.00  
MUST SUBMIT TWO COPIES

961107914 R \$10.00  
SECRETARY OF STATE  
08-06-96 10:48

DP 931130030

STATEMENT OF CHANGE OF  
REGISTERED OFFICE OR  
REGISTERED AGENT, OR BOTH

Please include a typed  
self addressed envelope

Pursuant to the provisions of the Colorado Business Corporation Act, the Colorado Nonprofit Corporation Act, the Colorado Uniform Limited Partnership Act of 1981 and the Colorado Limited Liability Company Act, the undersigned, organized under the laws of:

Colorado

submits the following statement for the purpose of changing its registered office or its registered agent or both, in the state of Colorado:

FIRST: The name of the corporation, limited partnership or limited liability company is: \_\_\_\_\_

ICG Telecom Group, Inc. PC 90

SECOND: Street address of current REGISTERED OFFICE is: 103w 17th Street, Suite 1610

Denver, Colorado 80265

(include City, State, Zip)

and if changed, the new street address is: 9405 E. Maroon Circle Englewood, CO 801

(include City, State, Zip)

THIRD: The name of its current REGISTERED AGENT is: \_\_\_\_\_

and if changed, the new registered agent is: \_\_\_\_\_

Signature of New Registered Agent \_\_\_\_\_

Principal place of business \_\_\_\_\_

(City, State, Zip)

The address of its registered office and the address of the business office of its registered agent, as changed, will be identical.

FOURTH: If changing the principal place of business address ONLY, the new address is \_\_\_\_\_

COMP. CHD. BUS

Signature Martin E. Freidel

Title Martin E. Freidel, Vice President

COMPUTER UPDATE COMPLETE

JT

Revised 7/95

Mail to: Secretary of State  
Corporations Section  
1560 Broadway, Suite 200  
Denver, CO 80202  
(303) 894-2251  
Fax (303) 894-2242

For office use only CC:

971008580 C 425.00  
SECRETARY OF STATE  
01-21-97 09:13

MUST BE TYPED  
FILING FEE: \$10.00  
MUST SUBMIT TWO COPIES

STATEMENT OF CHANGE OF  
REGISTERED OFFICE OR  
REGISTERED AGENT, OR BOTH

Please include a typed  
self addressed envelope

Pursuant to the provisions of the Colorado Business Corporation Act, the Colorado Nonprofit Corporation Act, the Colorado Uniform Limited Partnership Act of 1981 and the Colorado Limited Liability Company Act, the undersigned, organized under the laws of:

Colorado

submits the following statement for the purpose of changing its registered office or its registered agent or both, in the state of Colorado:

FIRST: The name of the corporation, limited partnership or limited liability company is: \_\_\_\_\_

ICC Telecom Group, Inc. <sup>of n/c</sup>

SECOND: Street address of current REGISTERED OFFICE is: \_\_\_\_\_

9605 E MARION CIRCLE ENGLEWOOD CO 80112

(Include City, State, Zip)

and if changed, the new street address is: 1675 BROADWAY DENVER CO 80202

(Include City, State, Zip)

THIRD: The name of its current REGISTERED AGENT is: Martin E. Fretzel

and if changed, the new registered agent is: The Corporation Company

Signature of New Registered Agent: Marcus J. Sunshine

Principal place of business: 1675 Broadway, Denver, CO 80202

(City, State, Zip)

The address of its registered office and the address of the business office of its registered agent, as changed, will be identical.

FOURTH: If changing the principal place of business address ONLY, the new address is \_\_\_\_\_

Signature: James D. Greenfall

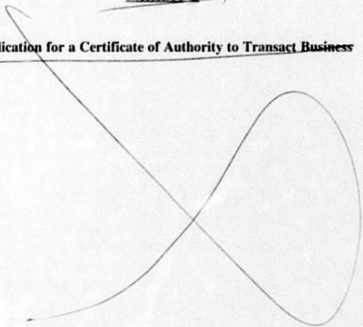
James D. Greenfall

Title: Vice President ~~COMPUTER UPDATE COMPLETE~~

CRW ~~Revised 10/97~~ PT

EXHIBIT B

Application for a Certificate of Authority to Transact Business



**EXHIBIT B**

**Management Qualifications**



## Management Profiles

### Officer

**Sheidon S. Ohringer**  
Executive Vice President, ICG Communications, Inc.;  
President, ICG Telecom Group, Inc.

Mr. Ohringer became president of ICG Telecom Group in Sept. 1997.

Since July 1997, Mr. Ohringer was group vice president of product marketing and business development for ICG Telecom Group after serving as senior vice president of business development and strategic planning. He joined the company in Nov. 1994.

Prior to joining ICG, Mr. Ohringer was senior vice president of sales and business development for US Long Distance, one of the nation's top long-distance companies, from 1991 to 1994. From 1984 through 1990, Mr. Ohringer held key management and executive positions with Telecom\*USA, a major long-distance carrier bought by MCI in 1990.

Mr. Ohringer started his career in 1980 with Northwestern Bell, then a subsidiary of AT&T, as an account executive in an advanced management training program.

He graduated from the University of Iowa in 1979 with a B.B.A. degree. Mr. Ohringer was a member of the board of directors of America's Carrier Telecommunications Association (ACTA), a leading telecommunications association in the U.S., and a former member of the board of directors of the North San Antonio Chamber of Commerce.



***ICG Telecom Group***

**Henry R. Carabelli**  
*Executive Vice President and Chief Operating Officer,  
ICG Telecom Group, Inc.*

Henry R. Carabelli was named chief operating officer for ICG Telecom Group in May 1997, an expansion of his continuing position as executive vice president.

Mr. Carabelli directs engineering, dial tone process, network planning, operating support systems, customer service, provisioning and purchasing in addition to regional operations, service reliability and quality assurance, and right-of-entry activities.

He joined ICG in April 1996 after a 19-year management career with Amertech and Michigan Bell. Most recently, he served as Amertech's general manager of network reliability and security, with responsibilities that included management of voice, packet, and signaling system 7 (SS7) networks, intelligent network provisioning, and integrated services digital network (ISDN) technical support.

At Michigan Bell (1977 through 1984 and 1987 through 1993), his most recent position was vice president of quality integration from 1990 to 1993. In this role he led the company's drive for improved customer satisfaction through process management.

Between 1987 and 1989, he served in three different positions: district manager of switching engineering, district manager of large business services and division manager of switching systems. Responsibilities included the financial and operational performance of the switching networks in Michigan and the overall planning and implementation of a variety of network and operations improvement projects. These projects included digital switch and signal transfer point cutovers, ISDN trials, and methods and procedures development.

As district manager participating in Bellcore's technology internship program in 1986, Mr. Carabelli coordinated the technology transfer to Amertech Services from the Applied Research Department as Amertech began building its internal applications and research capabilities.

Mr. Carabelli earned an M.B.A. from the University of Detroit and a B.S. degree in Marketing from the University of Michigan.



**ICG Telecom Group**

**James M. Newman**  
Senior Vice President and Chief Information Officer,  
ICG Telecom Group, Inc.

James M. Newman was named Senior Vice President and Chief Information Officer for ICG Telecom Group in September 1997.

Mr. Newman bears responsibility for managing ICG's information systems network and billing systems. As a career telecommunications professional, he brings over 26 years of experience in the telecommunications industry to his position.

Prior to joining ICG, he was a Director with San Francisco Consulting Group, a division of KPMG Peat Marwick LLP. He has also held positions as Vice President of Information Technology with Dial Call Communications in Atlanta, General Manager of Customer Connections with Contel Cellular, and Vice President of Corporate Systems and Vice President of Information Management Strategic Planning with US Sprint in Kansas City. In addition, Mr. Newman spent 17 years with GTE Communications Systems in Chicago where he was Director of Information Systems.

Mr. Newman earned an M.B.A. from the University of Chicago and a B.A. degree in Mathematics from DePaul University.



## Management Profiles

### *ICG Telecom Group - Vice President*

**Marc E. Maassen**  
Executive Vice President of Strategic Planning;  
Executive Vice President, Enhanced Services,  
ICG Communications, Inc.

Marc E. Maassen, who joined the company as vice president of sales and marketing in 1991, was named executive vice president of strategic planning, effective August 1, 1998.

Mr. Maassen was the company's vice president of corporate development from April 1993 to April 1995, and served as president of ICG Fiber Optic Technologies until July 1998.

Before joining ICG, Mr. Maassen held senior sales management positions with TelWatch, Inc., an integrated network management software company, and was director of telecommunications for First Interstate Banking System. He also has served as an account executive for AT&T Information Systems and was a major accounts manager at U S West.

Mr. Maassen holds a B.S. degree in Business Administration (marketing) from Colorado State University.

With more than 22 years experience within the telecommunications industry, Mr. Maassen also has been active in policy making through his positions as director of the Colorado Telecommunications Association and chairman of the CTA Public Policy Committee.



## Management Profiles

### *ICG Telecom Group - Vice President*

**James D. Grenfell**  
Chief Financial Officer,  
ICG Communications, Inc.

James D. Grenfell joined ICG Communications, Inc. as its chief financial officer and executive vice president in November 1995.

Previously, Mr. Grenfell served as director of financial planning for BellSouth Corporation and vice president and assistant treasurer of BellSouth Capital Funding.

A chartered financial analyst, Mr. Grenfell has been a telephone industry financial executive for more than 15 years. Hired by BellSouth in 1985, he was the company's finance manager of mergers and acquisitions. He handled BellSouth's financing strategies, including all capital market financings as well as public debt and banking relationships.

Prior to BellSouth, Mr. Grenfell spent two years as a project manager with Utility Financial Services and six years with GTE of the South, a subsidiary of GTE Corp., including four years as assistant treasurer.

He is a graduate of Virginia Tech with a B.S. degree in business and an M.B.A. in finance.



## Management Profiles

*ICG Telecom Group - Vice President,  
General Counsel and Secretary*

**Don Teague**  
General Counsel and Secretary,  
ICG Communications, Inc.

Mr. Teague brought more than 30 years of outstanding legal experience when he joined ICG in May 1997 as general counsel and secretary.

Prior to joining ICG, Mr. Teague was senior vice president and general counsel for Falcon Seaboard Resources, Inc., a privately owned company engaged principally in electricity generation, oil, gas and energy services. He was also a partner in the law firm of Vinson and Elkins where he worked in both Houston and London. Mr. Teague has a diverse legal background which includes experience with securities offerings, Securities and Exchange Commission (SEC) matters, mergers and acquisitions, banking and finance, energy regulation and international law.

Mr. Teague holds a B.B.A. and LL.B. from the University of Texas. He also holds a LL.M. from Harvard University.

**CONFIDENTIAL 1**

**EXHIBIT D**

**Marketing Information**

ICG will offer intrastate long distance services, including 1+ switched, toll free and calling card services, primarily to business customers within the State of South Dakota. Services may be marketed via internet web advertising, direct mail or telemarketing. In addition, customers desiring to purchase ICG's long distance services may do so by calling ICG's toll-free number, 1-888-424-4440.

**EXHIBIT E**

**Proposed Tariff**



ICG Telecom Group, Inc.  
161 Inverness Drive West  
Englewood, Colorado 80112

South Dakota PUC Tariff No.1  
Original Sheet No. 1

---

TITLE SHEET

INTEREXCHANGE TELECOMMUNICATIONS TARIFF

OF

**ICG TELECOM GROUP, INC.**

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of resold long distance interexchange telecommunications services provided by ICG Telecom Group, Inc. within the State of South Dakota. This tariff is on file with the South Dakota Public Utilities Commission. Copies may also be inspected during normal business hours at the Company's principal place of business.

---

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs

---

**CHECK SHEET**

The Title Page and pages listed below are inclusive and effective as of the date shown. Original and revised pages as named below contain all changes from the original tariff that are in effect on the date shown on each page.

<b>PAGE</b>	<b>REVISION LEVEL</b>	<b>PAGE</b>	<b>REVISION LEVEL</b>
Title	Original	26	Original
1	Original	27	Original
2	Original	28	Original
3	Original	29	Original
4	Original	30	Original
5	Original	31	Original
6	Original	32	Original
7	Original	33	Original
8	Original	34	Original
9	Original	35	Original
10	Original	36	Original
11	Original	37	Original
12	Original	38	Original
13	Original	39	Original
14	Original	40	Original
15	Original	41	Original
16	Original		
17	Original		
18	Original		
19	Original		
20	Original		
21	Original		
22	Original		
23	Original		
24	Original		
25	Original		

\* indicates new or revised pages included with this filing

---

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs

---

**TABLE OF CONTENTS**

Check Sheet .....	1
Table of Contents .....	2
Symbols .....	3
Tariff Format .....	4
Section 1 - Terms and Abbreviation .....	5
Section 2 - Rules and Regulations .....	8
Section 3 - Service Descriptions and Rates .....	28
Section 4 - Supplemental Services .....	37
Section 5 - Contracts and Promotions .....	41

**SYMBOLS**

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

- (C) To signify Changed Regulation.
- (D) Delete or Discontinue
- (I) Change Resulting in an Increase to a rate
- (M) Moved from Another Tariff Location
- (N) New
- (R) Change Resulting in a Reduction to a rate
- (S) Matter Appearing Elsewhere or Repeated for Clarification
- (T) Change in Text But No Change to Rate or Charge

---

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs

---

**TARIFF FORMAT**

- A. Page 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 sheets 14 and 15 would be 14.1.
- B. Page Revision Numbers** - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current sheet version on file with the Commission. For example, the 4th revised Sheet 14 cancels the 3rd revised Sheet 14. Because of various suspension periods, deferrals, etc., the most current sheet number on file with the Commission is not always the tariff page in effect. Consult the Check Sheet for the sheet 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).
  - 2.1.1.A.1.(a).1.
  - 2.1.1.A.1.(a).1.(i).
  - 2.1.1.A.1.(a).1.(i).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 pages 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 page if these are the only changes made to it (i.e., the format, etc. remain the same, just revised revision levels on some pages.) The tariff user should refer to the latest Check Sheet to find out if a particular page is the most current on file with the Commission.

---

**SECTION 1 - TERMS AND ABBREVIATIONS**

**Access Line** - An arrangement which connects the Customer's telephone to the Company's designated switching center or point of presence.

**Authorization Code** - A number assigned to each Travel Card Customer which is dialed by the Customer or Authorized User upon access to the Company's service. An Authorization Code identifies the caller and validates the caller's authorization to use the services provided.

**Authorized User** - A person, firm, partnership, corporation or other entity who is authorized by the Customer to be connected to and utilize the Company's services under the terms and regulations of this tariff.

**Business Customer** - For the purposes of this tariff, a Business Customer is a Customer of the Company whose primary use of the Company's service is for business purposes. A Business Customer is also a Customer who accesses the Company's service using a presubscribed Access Line that has been assigned a business class of service by the local service provider.

**Casual Calling** - Access to the Company's network and the subsequent use of service by the Customer through the dialing of an access code in the format of 10XXX, 101XXXX or other code sequence, where the last digits represented by the "X" are the unique Carrier Identification Code (CIC) assigned to the Company.

**Commission** - Refers to the South Dakota Public Utilities Commission.

**Company or Carrier** - ICG Telecom Group, Inc. unless otherwise clearly indicated by the context.

**Customer** - A person, firm, partnership, corporation or other entity which arranges for the Company to provide, discontinue or rearrange telecommunications services on behalf of itself or others; uses the Company's telecommunications services; and is responsible for payment of charges, all under the provisions and terms of this tariff. Customer also includes any person, firm, partnership, corporation, or other entity 1) which resells the services of the Company to end users; 2) places Casual Calls using the Company's service; or 3) accepts the charges for a collect or third party billed call.

**Dedicated Access Origination/Termination** - Where originating or terminating access between the Customer and the Company is provided on dedicated circuits. A method of reaching the Company's services whereby the Customer is connected directly to the Company's access point without utilizing the services of the local switched network.

---

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs

---

**SECTION 1 - TERMS AND ABBREVIATIONS (CONT'D)**

**Equal Access** - Where the local exchange company central office provides interconnection to interexchange carriers with Feature Group D circuits. In such end offices, Customers can presubscribe their telephone line(s) to their preferred interexchange carrier.

**Initial And Additional Period** - The Initial Period denotes the interval of time allowed at the rate specified for a connection between given service points. The Additional Period denotes the interval of time used for measuring and charging for time in excess of the Initial Period.

**LEC** - Local exchange company.

**Marks** - A collective term to mean such items as trademarks, service marks, trade names and logos; copyrighted words, artwork, designs, pictures or images; or any other device or merchandise to which legal rights or ownership are held or reserved by an entity.

**Pay Telephone** - Telephone instruments provided by other telecommunications companies for use by guests, patrons, visitors, or transient third parties. Pay Telephones permit the user to place calls to other parties and bill such calls on a non-sent-paid or sent-paid-basis. To facilitate sent-paid calling, Pay Telephones can be equipped with a credit card reader, coin box, or similar device that allows charges to be collected for each call at the instrument.

**Residential Customer** - For the purposes of this tariff, a Residential Customer is a Customer of the Company whose primary use of the Company's service is for personal use in a house, apartment or other residential dwelling unit. A Residential Customer is also a Customer who accesses the Company's service using a presubscribed Access Line that has been assigned a residential class of service by the local service provider.

**Premises** - The physical space designated by the Customer for the termination of the Company's service.

**SECTION 1 - TERMS AND ABBREVIATIONS (CONT'D)**

**Special Access Origination/Termination** - See Dedicated Access.

**Switched Access Origination/Termination** - Where access between the Customer and the interexchange carrier is provided on local exchange company Feature Group circuits and the connection to the Customer is a LEC-provided business or residential access line. The cost of switched Feature Group access is billed to the interexchange carrier.

**Travel Card** - A billing arrangement whereby the Customer or Authorized User may bill the charges for a call to a Company-issued account number. The terms and conditions of the Company or its billing agent apply to payment arrangements. Travel Cards are issued by the Company and provide the Customer or Authorized User with a Travel Card Account, Authorization Code and instructions for accessing the Company's network.

**Travel Card Call** - A service whereby the Customer or Authorized User dials all of the digits necessary to route and bill a call placed from a location other than his/her residence or normal place of business. Service is accessed via a "1-800" or other toll-free access code dialing sequence.

**V & H Coordinates** - Geographic points which define the originating and terminating points of a call in mathematical terms so that the airline mileage of the call may be determined. Call mileage may be used for the purpose of rating calls.

---

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs



**SECTION 2 - RULES AND REGULATIONS**

**2.1 Undertaking of The Company**

- 2.1.1 The Company undertakes to furnish communications service pursuant to the terms of this tariff in connection with one-way and/or two-way communications originating and terminating between points within the State of South Dakota. The Company's services and facilities are available twenty-four (24) hours per day, seven (7) days per week.
- 2.1.2 The Company is responsible under this tariff only for the services and facilities provided hereunder, and it assumes no responsibility for any service provided by any other entity that purchases access to the Company network in order to originate or terminate its own services, or to communicate with its own Customers.
- 2.1.3 The Company arranges for installation, operation, and maintenance of the communications services provided in this tariff for Customers in accordance with the terms and conditions set forth under this tariff. 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 the Company's network. The Customer shall be responsible for all charges due for such service arrangements.

**2.2 Use of the Company's Service**

- 2.2.1 Services provided under this tariff may be used by the Customer for any lawful telecommunications purpose for which the service is technically suited.
- 2.2.2 The services the Company offers shall not be used for any unlawful purpose or for any use as to which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits.
- 2.2.3 The Company may require applicants for service who intend to use the Company's offerings for resale, shared and/or joint use to file a letter with the Company confirming that their use of the Company's offerings complies with relevant laws and the South Dakota Public Utilities Commission regulations, policies, orders, and decisions.

---

**SECTION 2 - RULES AND REGULATIONS****2.2 Use of the Company's Service (Cont'd)**

**2.2.4** A Customer may transmit or receive information or signals via the facilities of the Company. The Company's services are designed primarily for the transmission of voice-grade telephonic signals, except as otherwise stated in this tariff. A user may transmit any form of signal that is compatible with the Company's equipment, but the Company does not guarantee that its services will be suitable for purposes other than voice-grade telephonic communication except as specifically stated in this tariff.

**2.3 Limitations**

**2.3.1** The Company reserves the right to discontinue service when necessitated by conditions beyond its control, or when the Customer is using the service in violation of the provisions of this tariff, or in violation of the law.

**2.3.2** Service is offered subject to the availability of the necessary facilities and equipment, or both facilities and equipment, and subject to the provisions of this tariff.

**2.3.3** The Company does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for errors in transmission or for failure to establish connections.

**2.3.4** Service may be limited or discontinued by the Company, without notice to the Customer, by blocking traffic to certain countries, cities, or NXX exchanges, or by blocking calls using certain Account Codes or Authorization Codes, when the Company deems it necessary to take such action to prevent unlawful use of its service. Service will be restored as soon as it can be provided without undue risk.

**2.3.5** The Company reserves the right to limit or to allocate the use of existing facilities, or of additional facilities offered by the Company, when necessary because of lack of facilities, or due to some other cause beyond the Company's control.

---

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs

**SECTION 2 - RULES AND REGULATIONS (CONT'D)**

**2.4 Assignment and Transfer**

- 2.4.1** All facilities provided under this tariff are directly or indirectly controlled by the Company and the Customer may not transfer or assign the use of service or facilities without the express written consent of the Company. All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions of service. Such transfer or assignment, when permitted, shall only apply where there is no interruption of the use or location of the service or facilities.

**2.5 Use of Company's Service by Others**

**2.5.1 Resale and Sharing**

There are no prohibitions or limitations on the resale of services. Prices for resold or shared services are those appearing in this tariff. Any service provided under this tariff may be resold to or shared with other persons at the option of Customer, subject to compliance with any applicable laws or the South Dakota regulations governing such resale or sharing. The Customer remains solely responsible for all use of services ordered by it or billed to its telephone number(s) pursuant to this tariff, for determining who is authorized to use its services, and for notifying the Company of any unauthorized use.

**2.5.2 Joint Use Arrangements**

Joint use arrangements will be permitted for all services provided under this tariff. From each joint use arrangement, one member will be designated as the Customer responsible for the manner in which the joint use of the service will be allocated. The Company will accept orders to start, rearrange, relocate, or discontinue service only from the Customer. Without affecting the Customer's ultimate responsibility for payment of all charges for the service, each joint user shall be responsible for the payment of the charges billed to it.

---

**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.6 Liability of the Company**

- 2.6.1** The Company's liability for damages arising out of mistakes, interruptions, omissions, delays, errors, or defects in transmission which occur in the course of furnishing service or facilities, in no event shall exceed \$100.00 or an amount equivalent to the proportionate charge to the Customer as described in Section 2.11, whichever is greater, for the period during which the faults in transmission occur.
- 2.6.2** The Company shall not be liable for any claim or loss, expense or damage (including indirect, special or consequential damage), for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff, if caused by any person or entity other than the Company, by any malfunction of any service or facility provided by any other carrier, by an Act of God, fire, war, civil disturbance, or act of government, or by any other cause beyond the Company's direct control.
- 2.6.3** The Company shall not be liable for, and shall be fully indemnified and held harmless by the Customer against any claim or loss, expense, or damage (including indirect, special or consequential damage) for defamation, libel, slander, invasion, infringement of copyright or patent, unauthorized use of any trademark, trade name or service mark, unfair competition, interference with or misappropriation or violation of any contract, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data, information, or other content revealed to, transmitted, or used by the Company under this tariff; or for any act or omission of the Customer; or for any personal injury or death of any person caused directly or indirectly by the installation, maintenance, location, condition, operation, failure, presence, use or removal of equipment or wiring provided by the Company, if not directly caused by negligence of the Company.
- 2.6.4** The Company shall not be liable for any defacement of or damages to the premises of a Customer resulting from the furnishing of service which is not the direct result of the Company's negligence.
- 2.6.5** Service furnished by the Company may be interconnected with the services or facilities of other carriers or private systems. However, service furnished is provided solely by the Company and is not a joint undertaking with other parties.

---

**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.5 Liability of the Company (Cont'd)**

- 2.6.6** The liability of the Company for errors in billing that result in overpayment by the Customer shall be limited to a credit equal to the dollar amount erroneously billed or, in the event that payment has been made and service has been discontinued, to a refund of the amount erroneously billed.
- 2.6.7** The Company shall be indemnified and saved harmless by the Customer from and against all loss, liability, damage and expense, including reasonable counsel fees, due to:
- 1) Any act or omission of: (a) the Customer or Authorized User, (b) any other entity furnishing service, equipment or facilities for use in conjunction with services or facilities provided by the Company; or (c) common carriers, except as contracted by the Company;
  - 2) Any delay or failure of performance or equipment due to causes beyond the Company's control, including but not limited to, acts of God, fires, floods, earthquakes, hurricanes, or other catastrophes; national emergencies, insurrections, riots, wars or other civil commotions; strikes, lockouts, work stoppages or other labor difficulties; criminal actions taken against the Company; unavailability, failure or malfunction of equipment or facilities provided by the Customer or third parties; and any law, order, regulation or other action of any governing authority or agency thereof;
  - 3) Any unlawful or unauthorized use of the Company's facilities and services;
  - 4) Breach in the privacy or security of communications transmitted over the Company's facilities;
  - 5) Changes in any of the facilities, operations or procedures of the Company that render any equipment, facilities or services provided by the Customer obsolete, or require modification or alteration of such equipment, facilities or services, or otherwise affect their use or performance;

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs

---

**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.6 Liability of the Company (Cont'd)****2.6.7 (Cont'd)**

- 6) Any noncompletion of calls due to network busy conditions;
- 7) And any other claim relating to the use of or furnishing of use of the Company's services or facilities which resulted from any act or omission of the Customer, its Authorized Users, guests, patrons, visitors or other transient third parties using the services of the Company through the Customer's equipment, or any other entity.

**2.7 Responsibilities of the Customer**

**2.7.1** The Customer is responsible for making proper application for service; placing any necessary orders; for complying with tariff regulations; and payment of charges for services provided. Specific Customer responsibilities include, but are not limited to the following:

- 1) The Customer shall ensure compliance with any applicable laws, regulations, orders or other requirements (as they exist from time to time) of any governmental entity relating to services provided or made available to other users by the Customer.
- 2) If required for the provision of the Company's services, the Customer must provide any equipment space, supporting structure, conduit and electrical power without charge to the Company.
- 3) The Customer is responsible for arranging access to its premises at times mutually agreeable to the Company and the Customer when required for the Company personnel to install, repair, maintain, program, inspect or remove equipment associated with the provision of the Company's services.

---

**SECTION 2 - RULES AND REGULATIONS (CONT'D)**

**2.7 Responsibilities of the Customer (Cont'd)**

**2.7.1 (Cont'd)**

- 4) The Customer shall ensure that any Customer provided equipment and/or systems are properly interfaced with Company facilities or services, that the signals emitted into Company's network are of the proper mode, bandwidth, power, and signal level for the intended use of the Customer and in compliance with the criteria set forth in this tariff, and that the signals do not damage equipment, injure personnel, or degrade service to other Customers.
- 5) The Customer must pay the Company for replacement or repair of damage to the equipment or facilities of the Company caused by negligence or willful act of the Customer, users, or others, by improper use of the services, or by use of equipment provided by the Customer, users, or others.
- 6) The Customer must pay for the loss through theft of any Company equipment installed at Customer's premises.
- 7) The Customer is responsible for establishing its identity as often as necessary during the course of a call.
- 8) The Customer is responsible for identifying the station, party, or person with whom communications is desired and/or made at the called number.

---

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs

---

**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.8 Billing and Payment For Service****2.8.1 Responsibility for Charges**

The Customer is responsible for payment of all charges for services and equipment furnished to the Customer or its Authorized Users for transmission of calls via the Company's network. In particular and without limitation to the foregoing, the Customer is responsible for any and all cost(s) incurred as the result of:

- 1) any delegation of authority resulting in the use of Customer's communications equipment and/or network services which result in the placement of calls via the Company;
- 2) any and all use of the services provided by the Company, including calls which the Customer did not individually authorize;
- 3) any calls placed by or through the Customer's equipment via any remote access feature(s);
- 4) any calls placed via the Company's Travel Service as a result of the Customer's intentional or negligent disclosure of Authorization Codes or Account Codes assigned to the Customer; and
- 5) any and all calls placed to a toll-free number (e.g., "800" or "888") provided to the Customer by the Company.

---

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs



---

**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.8 Billing and Payment For Service (Cont'd)****2.8.2 Payment for Service**

All charges due by the Customer are payable to the Company or any agent duly authorized to receive such payments. The billing agent may be the Company, a local exchange telephone company, credit card company, or other billing service. Terms of payment shall be according to the rules and regulations of the agent and subject to the rules of regulatory bodies having jurisdiction.

Non-recurring charges for installations, service connections, moves or rearrangements are due and payable within thirty (30) days after the closing date printed on the invoice or bill mailed to the Customer by the Company. Billing thereafter will include recurring charges and actual usage as defined below:

- 1) Billing of the Customer by the Company will begin on the Service Commencement Date, which is the day on which the Company notifies the Customer that the service or facility is available for use, except that the Service Commencement Date may be postponed by mutual agreement of the parties, or if the service or facility does not conform to standards set forth in this tariff or the Service Order. Billing accrues through and includes the day that the service, facility, arrangement or component is discontinued.
- 2) The Company shall present invoices for recurring charges monthly to the Customer, in advance of the month in which service is provided, and recurring charges shall be due and payable within thirty (30) days after the closing date printed on the bill mailed to the Customer by the Company.
- 3) When service does not begin on the first day of the month, or end on the last day of the month, the recurring charge for the fraction of the month in which service was furnished will be calculated on a pro rata basis. For this purpose, every month is considered to have thirty (30) days.
- 4) When billing is based upon Customer usage, usage charges will be billed monthly in arrears for service provided in the preceding billing period.

---

**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.8 Billing and Payment For Service (Cont'd)****2.8.3 Disputed Charges**

Any objections to billed charges must be reported to the Company or its billing agent within thirty (30) days of the closing date printed on the bill issued to the Customer. Adjustments to Customers' bills shall be made to the extent that circumstances exist which reasonably indicate that such changes are appropriate. Customers may contact the South Dakota Public Utilities Commission with 1) any unresolved dispute or 2) disputed charges for which the Company refuses an adjustment if disputed charges were reported to the Company after thirty (30) days from the closing date on the Customer's bill.

**2.8.4 Taxes**

The Company reserves the right to bill any and all applicable taxes in addition to any recurring, non-recurring, per call charges, usage charges or charges for special arrangements and construction, including, but not limited to any Federal Excise Tax, State Sales Tax, Municipal Taxes and Gross Receipts Tax. Unless otherwise specified in this tariff, such taxes will be itemized separately on Customer bills.

---

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs

**SECTION 2 - RULES AND REGULATIONS (CONT'D)**

**2.8 Billing and Payment For Service (Cont'd)**

**2.8.9 Charges for Cancellation of Application for Service**

- A) Where the Company permits the Customer to cancel an application for service prior to the start of installation of service or prior to any special construction, no charges will be imposed.
- B) Where, prior to cancellation by the Customer, the Company incurs any expenses in installing the service or in preparing to install the service that it otherwise would not have incurred, a charge equal to the costs the Company incurred, less net salvage, shall apply, but in no case shall this charge exceed the sum of the charge for the minimum period of services ordered, including installation charges, and all charges others levy against the Company that would have been chargeable to the Customer had service begun.
- C) Where the Company incurs any expense in connection with special construction, or where special arrangements of facilities or equipment have begun, before the Company receives a cancellation notice, a charge equal to the costs incurred, less net salvage, may apply. In such cases, the charge, unless otherwise specified in this tariff, will be based on such elements as the cost of the equipment, facilities, and material, the cost of installation, engineering, labor, and supervision, general and administrative expense, other disbursements, depreciation, maintenance, taxes, provision for return on investment, and any other costs associated with the special construction or arrangements.

**START**

**OF**

**RETAKE**

---

**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.8 Billing and Payment For Service (Cont'd)****2.8.5 Late Payment Fees**

A late payment fee of 1.5% per month will be charged on any past due balance. Any applicable late payment fees will be assessed according to the terms and conditions of the Company or its billing agent and pursuant to South Dakota law.

**2.8.6 Return Check Charge**

A return check charge of \$15.00 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 Company or its billing agent and pursuant to South Dakota law.

**2.8.7 Minimum Service Period**

The minimum period for which services are provided and for which rates and charges are applicable is one (1) month unless otherwise specified in this tariff or by mutually agreed upon contract. When a service is discontinued prior to the expiration of the minimum period, charges are applicable, whether the service is used or not.

**2.8.8 Non-Routine Installation Charges**

At the Customer's request, installation and/or maintenance may be performed outside the Company's regular business hours or in hazardous locations. In such cases, charges based on cost of the actual labor, material, or other costs incurred by or charged to the Company will apply. If installation is started during regular business hours but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

---

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs

**END**

**OF**

**RETAKE**

**SECTION 2 - RULES AND REGULATIONS (CONT'D)**

**2.8 Billing and Payment For Service (Cont'd)**

**2.8.9 Charges for Cancellation of Application for Service**

- A) Where the Company permits the Customer to cancel an application for service prior to the start of installation of service or prior to any special construction, no charges will be imposed.
- B) Where, prior to cancellation by the Customer, the Company incurs any expenses in installing the service or in preparing to install the service that it otherwise would not have incurred, a charge equal to the costs the Company incurred, less net salvage, shall apply, but in no case shall this charge exceed the sum of the charge for the minimum period of services ordered, including installation charges, and all charges others levy against the Company that would have been chargeable to the Customer had service begun.
- C) Where the Company incurs any expense in connection with special construction, or where special arrangements of facilities or equipment have begun, before the Company receives a cancellation notice, a charge equal to the costs incurred, less net salvage, may apply. In such cases, the charge, unless otherwise specified in this tariff, will be based on such elements as the cost of the equipment, facilities, and material, the cost of installation, engineering, labor, and supervision, general and administrative expense, other disbursements, depreciation, maintenance, taxes, provision for return on investment, and any other costs associated with the special construction or arrangements.

---

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs

**SECTION 2 - RULES AND REGULATIONS (CONT'D)**

**2.9 Deposits**

The Company does not normally require deposits. However the Company reserves the right to collect an amount not to exceed 2 months estimated charges as a deposit from Customers whose credit history is unacceptable or unknown to the Company. Deposits, if collected, will be collected and maintained in accordance with Commission rules.

**2.10 Advance Payments**

The Company does not normally require advance payments for service. However, for Customers whom the Company determines an advance payment is necessary, the Company reserves the right to collect an amount not to exceed one (1) month's estimated charges as an advance payment for service. This will be applied against the next month's charges and a new advance payment may be collected for the next month, if necessary.

---

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs



---

**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.11 Refunds or Credits for Service Outages or Interruptions**

- 2.11.1** An interruption period begins when the Customer reports a service, facility or circuit to be inoperative and, if necessary, releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative. Credits for service outages or interruptions are subject to the regulations listed below.
- 2.11.2** If the Customer reports a service, facility or circuit to be interrupted but declines to release it for testing and repair, or refuses access to its premises for test and repair by the Company, the service, facility or circuit is considered to be impaired but not interrupted. No credit allowances will be made for a service, facility or circuit considered by the Company to be impaired.
- 2.11.3** Credit allowances for interruption periods which are not due to the Company's testing or adjusting, to the negligence of the Customer, or to the failure of channels, equipment and/or communications systems provided by the Customer, are subject to the general liability provisions set forth in this tariff. It shall be the obligation of the Customer to notify Company immediately of any interruption in service for which a credit allowance is desired by Customer. Before giving such notice, the 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.
- 2.11.4** The Customer shall be responsible for the payment of service charges based upon time and materials for visits by the Company's agents or employees to the premises of the Customer when the service difficulty or trouble report results from the use of equipment or facilities provided by any party other than the Company, including but not limited to the Customer.

---

**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.11 Refunds or Credits for Service Outages or Interruptions (Cont'd)**

**2.11.5** For purposes of credit computation every month shall be considered to have seven hundred and twenty (720) hours. For services with a monthly recurring charge, no credit shall be allowed for an interruption of continuous duration of less than four (4) hours. The Customer shall be credited for an interruption of four (4) or more hours at the rate of 1/720th of the monthly charge for the services affected for each day that the interruption continues. The formula used for computation of credits is as follows:

$$\text{Credit} = A/720 \times B$$

A = outage time in hours (must be 4 or more)

B = total monthly recurring charge for affected service.

**2.11.6** For usage sensitive long distance services, credits will be limited to, at maximum, the price of the initial period of the individual call that was interrupted plus any operator service charges or surcharges required to reconnect the caller.

---

**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.12 Cancellation or Termination of Service****2.12.1 Cancellation by Customer**

Customers of presubscribed long distance services may cancel service by providing the Company with written or verbal notification thirty (30) days prior to the requested cancellation date. The Company shall hold the Customer responsible for payment of all bills for service furnished until the cancellation date specified by the Customer or until thirty (30) days after the date that the cancellation notice is received, whichever is later.

**2.12.2 Cancellation by Company**

- A) The Company may terminate service to a Customer for nonpayment of undisputed charges or other violation of this tariff or provision of law upon five (5) days written notice to the Customer without incurring any liability for damages due to loss of telephone service to the Customer. Charges will not be considered past due until thirty (30) days from the closing date printed on the Customer's bill.
- B) The Company may refuse or discontinue service under the following conditions provided that, unless otherwise stated, the Customer shall be given five (5) days notice to comply with any rule or remedy any deficiency:
- 1) For non-compliance with or violation of any State, municipal, or Federal law, ordinance or regulation pertaining to telephone service.
  - 2) For use of telephone service for any purpose other than that described in the application.
  - 3) For neglect or refusal to provide reasonable access to the Company or its agents for the purpose of inspection and maintenance of equipment owned by the Company or its agents.

---

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs

---

**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.12 Cancellation or Termination of Service (Cont'd)****2.12.2 (Cont'd)**

- 4) For noncompliance with or violation of Commission regulation or the Company's rules and regulations on file with the Commission.
- 5) Without notice in the event of Customer use of equipment or services in such a manner as to adversely affect the Company's equipment or service to others.
- 6) Without notice in the event of tampering with the equipment or services owned by the Company or its agents.
- 7) Without notice in the event of unauthorized or fraudulent use of service. Whenever service is discontinued for fraudulent use of service, the Company may, before restoring service, require the Customer to make, at his or her own expense, all changes in facilities or equipment necessary to eliminate illegal use and to pay an amount reasonably estimated as the loss in revenues resulting from such fraudulent use.
- 8) Without notice by reason of any order or decision of a court or other government authority having jurisdiction which prohibits the Company from furnishing such services.
- 9) For periods of inactivity over sixty (60) days.
- 10) The Customer is responsible for providing adequate access lines to enable the Company to terminate all toll-free (e.g., 800/888) service calls to the Customer's telephone equipment. Should the Customer have insufficient access lines on which to terminate toll-free calls, the Company reserves the right to request the Customer to add additional lines for call terminations. If, after ninety (90) days, the Customer has not made the requested change, the Company, without incurring any liability, reserves the right to terminate the Customer's service, with five (5) days written notice.

---

**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.13 Interconnection**

Service furnished by the Company may be connected with the services or facilities of other carriers. Such service or 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 the Company's service. Any special interface equipment or facilities necessary to achieve compatibility between carriers is the responsibility of the Customer.

**2.14 Customer Provided Equipment**

**2.14.1** The Company's facilities and service may be used with or terminated in terminal equipment or communications systems such as a PBX, key system, single line telephone, or Pay Telephone. Such terminal equipment shall be furnished and maintained at the expense of the Customer. 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.

**2.14.2** When such terminal equipment is used, the equipment shall comply with the generally accepted minimum protective criteria standards of the telecommunications industry. The Customer is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltages and currents impressed on Company-provided equipment and wiring by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to Company-provided equipment and wiring or injury to the Company's employees or to other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense, subject to prior Customer approval of the equipment expense.

---

**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.14 Customer Provided Equipment (Cont'd.)**

**2.14.3** The Company shall not be responsible for the installation, operation, or maintenance of any Customer provided communications equipment. Where such equipment is connected to the facilities furnished pursuant to this tariff, the responsibility of the Company shall be limited to the furnishing of facilities offered under this tariff and to the maintenance and operation of such facilities. Subject to this responsibility, the Company shall not be responsible for:

- 1) the through transmission of signals by Customer provided equipment or for the quality of, or defects in, such transmission; or
- 2) the reception of signals by Customer-provided equipment; or
- 3) network control signaling where such signaling is performed by Customer-provided network control signaling equipment.

**2.15 Company Provided Equipment**

**2.15.1** The Company shall use reasonable efforts to maintain only the facilities and equipment that it furnishes to the Customer. The Customer may not nor may the Customer permit others to rearrange, disconnect, remove, attempt to repair, or otherwise interfere with any of the facilities or equipment installed by the Company, except upon the written consent of the Company.

**2.15.2** The Company may substitute, change or rearrange any equipment or facility at any time, but shall endeavor to maintain the technical parameters of the service provided the Customer. In the event that technical parameters change as a result of the Company's actions, the Company will provide the Customer with thirty (30) days notice prior to such change.

**2.15.3** Equipment the Company provides or installs at the Customer Premises for use in connection with the services the Company offers shall not be used for any purpose other than that for which the equipment is provided.

---

**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.16 Inspection, Testing and Adjustment**

Upon reasonable notice, the facilities or equipment provided by the Company shall be made available to the Company for such tests and adjustments as may be necessary for their maintenance in a condition satisfactory to the Company. No interruption allowance shall be granted for the time during which such tests and adjustments are made, unless such interruption exceeds twenty-four hours in length and credit for the interruption is requested by the Customer.

**2.17 Customer Provided Equipment**

**2.17.1** The Company will make every effort to reserve toll-free (e.g., "800" or "888") 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.

**2.17.2** If a Customer accumulates undisputed past-due charges, the Company reserves the right not to honor the Customer's request for a change in toll-free number service to another carrier (e.g., "porting" of the 800/888 number), including a request for a Responsible Organization (Resp Org) change, until such time as all charges are paid in full.

**2.18 Miscellaneous Rates and Charges**

The Company may adjust its rates and charges or impose additional rates and charges on its Customers in order to recover amounts it is required by governmental or quasi-governmental authorities to collect from or pay to others in support of statutory or regulatory programs. Examples of such programs include, but are not limited to, the Universal Service Fund, and compensation to payphone service providers for the use of their payphones to access Company services.

---

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs

**SECTION 3 - SERVICE DESCRIPTIONS AND RATES**

**3.1 General**

The Company provides direct dialed (1+) outbound and inbound toll-free long distance, postpaid calling card services, directory assistance, and operator assisted services for communications originating and terminating within the State of South Dakota. The Company's services are available twenty-four (24) hours per day, seven (7) days a week. Unless otherwise specified in this tariff, intrastate service is offered in conjunction with interstate service.

Customers are charged individually for each call placed through the Company's network. Charges may vary by service offering, form of access, mileage band, class of call, time of day, day of week and/or call duration. Customers are billed based on their use of the Company's services and network. Monthly recurring and non-recurring charges may also apply.

---

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs



---

**SECTION 3 - SERVICE DESCRIPTIONS AND RATES (CONT'D)****3.2 Timing of Calls**

- 3.2.1** Billing for calls placed over the Company's network is based in part on the duration of the call as follows, unless otherwise specified in this tariff:
- 3.2.2** Timing of each call begins when the called station is answered (i.e. when two-way communications are established.) Answer detection is based on standard industry answer detection methods, including hardware and software answer detection. For Collect Calls, charges apply only if the called party accepts the responsibility for payment. For Person-to-Person Calls, charges apply only if the calling party is connected with the designated called party or an agreed upon substitute.
- 3.2.3** Chargeable time for calls ends when one of the parties disconnects from the call.
- 3.2.4** Unless otherwise specified in this tariff, the minimum Initial Period for billing for InterLATA call purposes is eighteen (18) seconds.
- 3.2.5** Unless otherwise specified in this tariff, billing for InterLATA call Additional Periods (usage after the Initial Period) is in six (6) second increments.
- 3.2** Any fractional period of partial billing increments is Rounded to the next whole increment.
- 3.2.7** The Company will not knowingly bill for unanswered calls. When a Customer indicates that he/she was billed for an incomplete call, the Company will reasonably issue credit for the call.
- 3.2.8** Unless otherwise specified in this tariff, the minimum Initial Period for billing for IntraLATA call purposes is one (1) minute and one (1) minute additional increments.

---

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs

## SECTION 3 - SERVICE DESCRIPTIONS AND RATES (CONT'D)

## 3.3 Rate Periods and Holidays

- 3.3.1 For time of day, usage sensitive services utilizing Day, Evening and Night/Weekend designations, the following rate periods apply unless otherwise specified in this tariff:

	MON	TUES	WED	THUR	FRI	SAT	SUN
8:00 AM TO 5:00 PM*	DAYTIME RATE PERIOD						
5:00 PM TO 11:00 PM*	EVENING RATE PERIOD						EVE
11:00 PM TO 8:00 AM*	NIGHT/WEEKEND RATE PERIOD						

\* Up to but not including.

- 3.3.2 For time of day, usage sensitive services utilizing Peak and Off-Peak designations, the following rate periods apply unless otherwise specified in this tariff:

	MON	TUES	WED	THU R	FRI	SAT	SUN
7:00 AM TO 6:00 PM*	PEAK RATE PERIOD						
6:00 PM TO 7:00 AM*	OFF-PEAK RATE PERIOD						

\* Up to but not including.

- 3.3.3 Calls are billed based on the rate in effect for the actual time period(s) during which the call occurs. Calls that cross rate period boundaries are billed the rates in effect in that boundary for each portion of the call, based on the time of day at the Customer location.

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs

---

**SECTION 3 - SERVICE DESCRIPTIONS AND RATES (CONT'D)****3.3 Rate Periods and Holidays (Cont'd)**

- 3.3.4** For services subject to holiday discounts, the following are Company recognized national holidays, determined at the location of the calling station. The evening rate or off-peak rate is used on national holidays, unless a lower rate normally would apply.

New Year's Day	January 1
Memorial Day	As Federally Observed
Independence Day	July 4
Thanksgiving Day	As Federally Observed
Christmas Day	December 25

---

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs

**SECTION 3 - SERVICE DESCRIPTIONS AND RATES (CONT'D)**

**3.4 Calculation of Distance**

- 3.4.1** Usage charges for mileage sensitive services vary based on the type of service subscribed to by the Customer.

For services utilizing Switched Access Origination, mileage measurements are based on the airline distance between serving wire centers associated with the originating and terminating points of the call. The serving wire centers of a call are determined by the area codes and exchanges of the origination and terminating points.

For any outbound services utilizing Dedicated Access Origination, mileage measurements are based on the distance in airline miles between the Company's access point associated with the station utilizing Dedicated Access Origination and the serving wire center associated with the called station. For inbound services utilizing Dedicated Access Termination, mileage measurements are based on the distance in airline miles between the serving wire center associated with the calling station and the Company's access point associated with the station utilizing Dedicated Access Origination.

The distance between the originating and terminating points is calculated by using the vertical ("V") and horizontal ("H") coordinates of the serving wire centers or the Company's access points. For determining the airline mileage of a call, the Company references the V and H coordinates as found in BellCore's V&H Tape and NECA FCC Tariff No. 4.

---

**SECTION 3 - SERVICE DESCRIPTIONS AND RATES (CONT'D)****3.4 Calculation of Distance (Cont'd)**

**3.4.2** The airline distance is determined as follows:

- Step 1: Obtain the "V" and "H" coordinates for the Wire Centers serving the Customer and the destination point.
- Step 2: Obtain the difference between the "V" coordinates of each of the Wire Centers. 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 Wire Centers.

**3.4.3** The formula for distance calculations is:

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

---

**SECTION 3 - SERVICE DESCRIPTIONS AND RATES (CONT'D)****3.5 Public Pay Telephone Surcharge**

In order to recover the Company's expenses to comply with the FCC's pay telephone compensation plan effective on October 7, 1997 (FCC 97-371), an undiscountable per call charge is applicable to all interstate, intrastate, and international calls that originate from any domestic pay telephone used to access Company services. This surcharge, which is in addition to standard tariffed usage charges and any applicable service charges and surcharges associated with service, applies for the use of the instrument used to access Company service and is unrelated to the Company service accessed from the pay telephone.

Pay telephones include coin-operated and coinless phones owned by local telephone companies, independent companies and other interexchange carriers. The Public Pay Telephone Surcharge applies to the initial completed call and any reoriginated call (i.e., using the # symbol).

Whenever possible, the Public Pay Telephone Surcharge will appear on the same invoice containing the usage charges for the surcharged call. In cases where proper pay telephone coding digits are not transmitted to the Company prior to completion of a call, the Public Pay Telephone Surcharge may be billed on a subsequent invoice after the Company has obtained information from a carrier that the originating station is an eligible pay telephone.

The Public Pay Telephone Surcharge does not apply to calls placed from pay telephones at which the Customer pays for service by inserting coins during the progress of the call.

Per Call Charge: \$0.30

---

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs

---

**SECTION 3 - SERVICE DESCRIPTIONS AND RATES (CONT'D)****3.6 Outbound/Inbound Long Distance Service**

The Company's Outbound/Inbound Long Distance Service is a combined "1+" direct dial and inbound toll-free number (e.g., 800, 888) service available for Customer use twenty-four (24) hours a day, seven (7) days a week. Inbound toll-free calls may originate from any exchange in South Dakota and terminate to the Customer's location at no charge to the calling party. Customers access the Company's network through Switched Access Origination/Termination.

Outbound/Inbound Long Distance Service offers Customers a single rate for intrastate service regardless of time of day or distance. Calls are billed in six (6) second increments after a minimum initial period of eighteen (18) seconds. Each call is rounded up to the nearest one-tenth of a minute after the first minute.

A) Non-Recurring Charges:	\$0.0000
B) Monthly Recurring Charges:	\$0.0000
C) Per Call Charges:	(See section 3.5)
D) Per Minute Charges:	\$0.152

**SECTION 3 - SERVICE DESCRIPTIONS AND RATES (CONT'D)**

**3.7 Postpaid Calling Card Services**

The Company's Postpaid Calling Card Services are offered to Customers of its long distance services.

A Customer must complete and sign a contract (Agreement) form signifying the Customer's agreement to pay for such Postpaid Calling Card Services pursuant to the rate set forth below.

There is a one-minute minimum charge per Postpaid Calling Card call. Each call is rounded up to the nearest full minute after the first minute.

The Company's Postpaid Calling Card Services are accessed by dialing a toll-free number and entering the Calling Card Number (area code, phone number, and PIN).

Charge per minute	\$0.19
(within continental US)	

---

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs



---

**SECTION 4 - SUPPLEMENTAL SERVICES****4.1 Operator Assisted Services**

The Company's Long Distance Operator Assisted Services are available for use by presubscribed Customers of the Company's Outbound/Inbound Long Distance Service. Calls are billed in six (6) second increments, after an initial minimum period of eighteen (18) seconds, with additional per call charges reflecting the level of operator assistance and billing arrangement requested by the Customer. Each call is rounded up to the nearest one-tenth of a minute after the first minute.

**4.1.1 Operator Services Call Types and Billing Arrangements**

- A) Person-to-Person: A per call charge that applies in addition to long distance usage charges for calls placed with the assistance of a Company operator to a particular party at the destination number. This charge applies regardless of billing arrangement, including, but not limited to, billing to the originating line, a Company calling card, commercial credit card, collect, by deposit of coins in pay telephones, or to a third party. This charge does not apply unless the specified party or an acceptable substitute is available.
- B) Station-to-Station (also referred to as "sent paid"): A per call charge that applies in addition to long distance usage charges for non-Person-to-Person calls placed with the assistance of a Company operator. This charge applies regardless of billing arrangement, including, but not limited to, billing to the originating line, a Company calling card, commercial credit card, collect, by deposit of coins in pay telephones, or to a third party.
- C) Third Party Billed: A billing arrangement whereby charges for a call may be billed to a telephone number that is different from the calling number and the called number. The terms and conditions of the third party's local exchange company apply to payment arrangements for Third Party Billed calls.
- D) Collect Billed: A billing arrangement whereby the originating caller may bill charges for a call to the called party, provided the called party agrees to accept the charges. The terms and conditions of the called party's local exchange company apply to payment arrangements for Collect Billed calls.

---

**SECTION 4 - SUPPLEMENTAL SERVICES****4.1 Operator Assisted Services (Cont'd)****4.1.1 (Cont'd)**

- E) 0+ Mechanized Calls: Calls made by dialing zero plus the desired telephone number, where the call is interrupted by a mechanized operator (i.e., a recorded announcement) requesting the caller to enter the billing information.
- F) 0+ Time Out Calls: Calls made by dialing zero plus the desired telephone number, where the call is interrupted by a live operator or mechanized operator (i.e., recorded announcement) requesting the caller to enter the billing information.
- G) 0- Calls: Calls made by dialing zero only and the caller then waits for the operator to pick up the line and assist to the caller in placing and/or billing for the call.
- H) Time Charge Calls: Calls made by dialing 0- or 0+, where the caller asks the operator to place the call, and return to the line at the end of the call and provide the customer with the cost for the completed call.

---

**SECTION 4 - SUPPLEMENTAL SERVICES (CONT'D)****4.1 Operator Assisted Services (Cont'd)****4.1.2 Operator Services Rates and Charges**

A) Non-Recurring Charges:	\$0.0000
B) Monthly Recurring Charges:	\$0.0000
C) Per Call Charges:	
Person-to-Person	\$3.00
Station-to-Station	\$1.65
Third Party Billed	\$1.85
Collect Billed	\$1.65
0 + Mechanized	\$0.65
0 + Time Out	\$1.85
0 - Calls	\$1.85
Time Charge Calls	\$1.65

**PER MINUTE CHARGES:**

See per minute rates in connection with the services set forth in Section 3.

---

**SECTION 4 - SUPPLEMENTAL SERVICES (CONT'D)****4.2 Directory Assistance**

Long Distance Directory Assistance for intraLATA and interLATA numbers is available to Customers of the Company's Outbound/Inbound Long Distance Services. A Directory Assistance charge applies to each call to the Directory Assistance Bureau. Up to two requests may be made on each call to Directory Assistance. The Directory Assistance charge applies to each call regardless of whether the Directory Assistance Bureau is able to furnish the requested telephone number. Customers must dial "1" plus an area code followed by "555-1212" to reach the Company's Long Distance Directory Assistance Bureau.

## Directory Assistance Charge, Per Call

IntraLATA Service	\$0.35
InterLATA Service	\$0.60

---

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs

---

**SECTION 5 - CONTRACTS AND PROMOTIONS****5.1 General****5.1.1 Contracts**

At the option of the Company, service may be offered on a contract basis to meet specialized requirements of the Customer not contemplated in this tariff. The terms of each contract shall be mutually agreed upon between the Customer and Company and may include discounts off of rates contained herein, waiver of recurring or nonrecurring charges, charges for specially designed and constructed services not contained in the Company's general service offerings, or other customized features. The terms of the contract may be based partially or completely on the term and volume commitment, type of originating or terminating access, mixture of services or other distinguishing features. Service shall be available to all similarly situated Customers for a fixed period of time following the initial offering to the first contract Customer as specific in each individual contract.

**5.1.2 Promotions**

From time to time the Company shall, at its option, promote subscription or stimulate network usage by offering to waive some or all of the nonrecurring or recurring charges for the Customer (if eligible) of target services for a limited duration. Such promotions shall be made available to all similarly situated Customers in the target market area.

**5.2 Demonstration of Service Promotion**

From time to time the Company may demonstrate service for potential Customers by providing free use of its network on a limited basis for a period of time, not to exceed one (1) month. Demonstration of service and the type, duration or quantity of service provided will be at the Company's discretion.

**5.3 Competitive Response Promotion**

In order to acquire or retain customer, the Company may match certain offers made by other interexchange carriers/resellers where the customer can demonstrate to the Company's satisfaction that it intends to accept such offer as an inducement to subscribe to or remain subscribed to such other interexchange carrier's/reseller's services.

239477.1

Issued: May 29, 1998

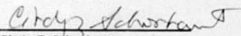
Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs

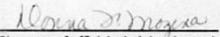
VERIFICATION

STATE OF COLORADO        )  
                                  )  
COUNTY OF ARAPAHOE    )            ss.

I, Cindy Z. Schonhaut, being duly sworn according to law, declare that I am Senior Vice President, Government & External Affairs, of ICG Communications, Inc.; that I am authorized to make the following verification on behalf of ICG Telecom Group, Inc., the Applicant in the subject proceeding; that I have read the foregoing application and exhibits; and that the same are true and correct to the best of my knowledge, information, or belief.

  
Cindy Z. Schonhaut

Sworn and subscribed before me this 27<sup>th</sup> day of May, 1998.

  
Signature of official administering oath

My Commission Expires 02/26/2002  
My commission expires \_\_\_\_\_

0065942

065942

05/27/98

05/27/98 ST053798 PI

\$250.00

TC 98-108

\$250.00

**SWIDLER & BERLIN  
CHARTERED**  
3000 K STREET, N.W., SUITE 300  
WASHINGTON, D.C. 20007

FIRST UNION NATIONAL BANK  
WASHINGTON, D.C.

0065942

15-122540

NO. 065942

\*\*EXACTLY\*\*\*\*\*250\*DOLLARS AND\*00\*CENTS

DATE

AMOUNT

05/27/98

\*\*\*\*\*250.00

PAY South Dakota Public  
TO THE Utilities Commission  
ORDER OF

GENERAL ACCOUNT  
TWO SIGNATURES REQUIRED ABOVE \$10,000

⑈065942⑈ ⑆05400⑆ 220⑆ 2030000087305⑈

TC98-106	In The Matter Of The Establishment Of Switched Access Revenue Requirement For Golden West Telecom Cooperative (Staff: BK/KC) Golden West Telecom Cooperative filed a switched access cost study developing a revenue requirement that is included in the revenue requirement used to determine the switched access rates for the Local Exchange Carrier Association.	05/27/98	06/12/98
----------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------	----------

You may receive this listing and other PUC publications via our website or via internet e-mail. You may subscribe to the PUC mailing list at <http://www.state.sd.us/state/execute/puc/puc.htm>

PAGE 2 OF 2

South Dakota Public Utilities Commission State Capitol 500 E. Capitol Pierre, SD 57501-5070 Phone: (605) 773-3705 Fax: (605) 773-3809		<b>TELECOMMUNICATIONS SERVICE FILINGS</b> These are the telecommunications service filings that the Commission has received for the period of: <b>05/22/98 through 05/28/98</b> 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
<b>REQUEST FOR CERTIFICATE OF AUTHORITY</b>			
TC98-102	Application by Comcast Telecommunications, Inc. d/b/a Comcast Long Distance for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota (Staff: TS/KC) Applicant seeks authority to offer a full range of "1+" interexchange telecommunications services on a resale basis. Specifically, Applicant seeks authority to provide MTS, out-WATS, debt card and calling card services. Applicant does not intend to provide operator services, 900 or 700 services.*	05/26/98	06/12/98
TC98-107	Application by OLS, Inc. for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota (Staff: DJ/EM) Applicant seeks authority to provide outbound interexchange, 900/888, calling card and directory assistance services. Applicant does not intend to offer 900, 911, collect or third-party billed calling.	05/28/98	06/12/98
TC98-108	Application by ICG Telecom Group, Inc. for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota (Staff: HB/CH) ICG proposes to provide resold intrastate interexchange telecommunications services, including direct dialed ("1+") outbound/inbound message telecommunications services, operator services, and postpaid calling card services, to and from all points within the state of South Dakota.	05/28/98	06/12/98
<b>NONCOMPETITIVE TELECOMMUNICATIONS FILINGS</b>			
TC98-103	In The Matter Of The Establishment Of Switched Access Revenue Requirement For Beresford Municipal Telephone Company (Staff: BK/KC) Beresford Municipal Telephone Company filed a switched access cost study developing a revenue requirement that is included in the revenue requirement used to determine the switched access rates for the Local Exchange Carrier Association.	05/27/98	06/12/98
TC98-104	In The Matter Of The Establishment Of Switched Access Revenue Requirement For Union Telephone Company (Staff: GR/KC) Union Telephone Company filed a switched access cost study developing a revenue requirement that is included in the revenue requirement used to determine the switched access rates for the Local Exchange Carrier Association.	05/27/98	06/12/98
TC98-105	In The Matter Of The Establishment Of Switched Access Revenue Requirement For Baltic Telecom Cooperative (Staff: HB/KC) Baltic Telecom Cooperative filed a switched access cost study developing a revenue requirement that is included in the revenue requirement used to determine the switched access rates for the Local Exchange Carrier Association.	05/27/98	06/12/98

PAGE 1 OF 2



SWIDLER  
&  
BERLIN  
CHARTERED

ORIGINAL

July 20, 1998

**VIA OVERNIGHT DELIVERY**

Mr. William Bullard, Jr.  
Executive Director  
South Dakota Public Utilities Commission  
State Capitol Building  
500 East Capitol Avenue  
Pierre, SD 57501-5070

RECEIVED  
JUL 21 1998  
SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Re: Application of ICG Telecom Group, Inc. for a Certification of Authority to Operate as a Telecommunications Company, Docket No. TC98-108

Dear Mr. Bullard:

On behalf of ICG Telecom Group, Inc. ("ICG"), enclosed for filing in the above-referenced docket are the original and two (2) copies of ICG's responses to the June 1, 1998, data requests of Mr. Harlan Best of the Fixed Utilities Division.

As a preliminary matter, ICG indicated in its application that it would provide a copy of its Certificate of Authority to Transact Business in the State of South Dakota under separate cover as soon as possible. Accordingly, attached hereto as Attachment 1 is a copy of ICG's certificate.

Below please find ICG's responses to the data requests:

1. Provide a stand alone financial report for the applicant, ICG Telecom Group, Inc. The administrative rules apply to the applicant and not the applicant's parent.

**Please see Attachment 2.**

2. At tariff section 2.8.3, please add the SDPUC's address and toll free telephone number. 500 E. Capital Avenue, Pierre SD 57501, 800-332-1782.

**Section 2.8.3 has been revised. Please see Attachment 3.**

Mr. William Bullard, Jr.

July 20, 1998

Page 2

3. At tariff section 2.9, please provide the Company guidelines when a deposit is necessary from a customer because the "credit history is unacceptable or unknown to the Company."

**Since ICG filed its application for interexchange authority, it has changed its policy to not require security deposits of interexchange customers. Section 2.9 has been revised accordingly. Please see Attachment 3.**

4. At tariff section 2.10, please provide the Company guidelines "for Customers whom the Company determines" when an advance payment is necessary.

**Since ICG filed its application for interexchange authority, it has changed its policy to not require advance payments of interexchange customers. Section 2.10 has been revised accordingly. Please see Attachment 3.**

5. Why do tariff sections 2.15 and 2.17 have the (same) title?

**Section 2.17 has been renamed. Please see Attachment 3.**

6. Provide a copy of the contract in tariff section 3.7.

**Please see Attachment 4.**

7. Any such contract in tariff section 5.1.1 shall be filed with the SDPUC.

**Section 5.1.1 has been revised. Please see Attachment 3.**

8. Any such promotion in tariff section 5.1.2 shall be on file with the SDPUC.

**Section 5.1.2 has been revised. Please see Attachment 3.**

Mr. William Bullard, Jr.  
July 20, 1998  
Page 3

Please associate the enclosed items with ICG's above-captioned application. Please date-stamp and return to the undersigned the extra copy of this filing in the prepared envelope provided herein. Should you have any questions, please do not hesitate to contact the undersigned.

Very truly yours,



Grace R. Chiu  
Lawrence A. Walke

Counsel for ICG Telecom Group, Inc.

cc: Harlan Best (SDPUC)  
Thomas E. Allen, Jr. (w/o encl.)  
Adrienne C. Leonard, Esq.  
Phyllis A. Whitten

ORIGINAL

ATTACHMENTS

- |              |                                                                            |
|--------------|----------------------------------------------------------------------------|
| Attachment 1 | Certificate of Authority to Transact Business in the State of South Dakota |
| Attachment 2 | Financial Statements                                                       |
| Attachment 3 | Revised Tariff Pages                                                       |
| Attachment 4 | Long Distance Carrier Agreement                                            |

**Attachment 1**

**Certificate of Authority to Transact Business in the State of 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 ICG TELECOM GROUP, INC. (CO) 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 ICG TELECOM GROUP, 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 June 15, 1998.

*Joyce Hazelatine*  
JOYCE HAZELTINE  
Secretary of State

**NEXT**

**DOCUMENT (S)**

**BEST IMAGE**

**POSSIBLE**

SECRETARY OF STATE  
 STATE CAPITOL  
 500 E. CAPITOL  
 PIERRE, S.D. 57501-4807  
 605-773-4845  
 FAX (605) 773-4360

FILE NO. \_\_\_\_\_  
 RECEIPT NO. \_\_\_\_\_

**APPLICATION FOR CERTIFICATE OF AUTHORITY**

RECEIVED  
 JUN 15 1998  
 S.D. SECRETARY OF STATE

Pursuant to the provisions of SDC § 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 ICG Telecom Group, Inc.  
 (Exact corporate name)

(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 Colorado Federal Taxpayer ID# 84-1261063

(4) The date of its incorporation is November 19, 1993 and the period of its duration, which may be perpetual, is perpetual

(5) The address of its principal office in the state or country under the laws of which it is incorporated is 161 Inverness Drive West, Englewood, CO Zip Code 80112

mailing address if different from above is: \_\_\_\_\_  
P.O. Box 6742, Englewood, CO Zip Code 80155-6742

(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 319 South Coteau Street, Pierre, SD Zip 57501  
 and the name of its proposed registered agent in the State of South Dakota at that address is CT Corporation System

(7) The purposes which it proposes to pursue in the transaction of business in the State of South Dakota are: (state specific purpose) Telecommunications

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

Name	Officer Title	Street Address	City	State	Zip
<u>See Addendum "A"</u>					

(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 of shares	Class	Series	Par value per share or statement that shares are without par value
<u>10,000</u>	<u>Common</u>		<u>None</u>



(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
140	Common		None

10,269,033 as of 12/31/97

(11) The amount of its stated capital is \$ 10,269,033 as of 12/31/97. Shares issued times par value equals stated capital. In the case of no par value stock, stated capital is the consideration received for the issued shares.

(12) This application is accompanied by a CERTIFICATE OF FACT or a CERTIFICATE OF GOOD STANDING 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, in the presence of a notary public, 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 June 2 19 98

Don Teague  
(Signature) Don Teague  
Vice President  
(Title)

State of Colorado  
County of Arapahoe

On this 2nd day of June, 19 98, before me Mary Lynn Biegen personally appeared Don Teague, 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: 3/3/99

Mary Lynn Biegen  
(Notary Public) Mary Lynn Biegen

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, C.T. Corporation System, hereby give my consent to serve as the

(name of registered agent)

registered agent for ICG Telecom Group, Inc.

(corporate name)

Dated June 7 19 98

Maecia J. Sunkara  
(Signature of registered agent)  
Maecia J. Sunkara, Esq., Vice Pres

**Addendum "A"**  
**South Dakota Application for Certificate of Authority**  
**ICG Telecom Group, Inc.**

**OFFICERS AND DIRECTORS AND THEIR ADDRESSES:**

<u>OFFICERS</u>	<u>ADDRESS</u>
President - Sheldon S. Ohringer	161 Inverness Drive West Englewood, Colorado 80112
Executive Vice President-National Operations- Henry R. Carabelli	161 Inverness Drive West Englewood, Colorado 80112
Senior Vice President and Chief Information Officer - James Newman	161 Inverness Drive West Englewood, Colorado 80112
Vice President - Marc E. Maassen	161 Inverness Drive West Englewood, Colorado 80112
Vice President - James D. Grenfell	161 Inverness Drive West Englewood, Colorado 80112
Vice President, General Counsel, Secretary - Don Teague	161 Inverness Drive West Englewood, Colorado 80112
Assistant Secretary - Kathleen M. Boelle	161 Inverness Drive West Englewood, Colorado 80112
Treasurer - Regina A. Vigilante	161 Inverness Drive West Englewood, Colorado 80112
Assistant Vice President - Tax - Robert L. Merkai	161 Inverness Drive West Englewood, Colorado 80112
 <u>DIRECTORS</u>	 <u>ADDRESS</u>
Marc E. Maassen	161 Inverness Drive West Englewood, Colorado 80112
James D. Grenfell	161 Inverness Drive West Englewood, Colorado 80112
Sheldon S. Ohringer	161 Inverness Drive West Englewood, Colorado 80112

**Attachment 2**

**Financial Statements**

*confidential*

*9/10/98*

Attachment 3

Revised Tariff Pages

**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.8 Billing and Payment For Service (Cont'd)****2.8.3 Disputed Charges**

Any objections to billed charges must be reported to the Company or its billing agent within thirty (30) days of the closing date printed on the bill issued to the Customer. Adjustments to Customers' bills shall be made to the extent that circumstances exist which reasonably indicate that such changes are appropriate. Customers may contact the South Dakota Public Utilities Commission with 1) any unresolved dispute or 2) disputed charges for which the Company refuses an adjustment if disputed charges were reported to the Company after thirty (30) days from the closing date on the Customer's bill. The Commission's address is:

South Dakota Public Utility Commission  
500 E. Capital Avenue  
Pierre, South Dakota 57501  
800-332-1782

**2.8.4 Taxes**

The Company reserves the right to bill any and all applicable taxes in addition to any recurring, non-recurring, per call charges, usage charges or charges for special arrangements and construction, including, but not limited to any Federal Excise Tax, State Sales Tax, Municipal Taxes and Gross Receipts Tax. Unless otherwise specified in this tariff, such taxes will be itemized separately on Customer bills.

---

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs

**SECTION 2 - RULES AND REGULATIONS (CONT'D)**

**2.9 Deposits**

The Company will not require deposits.

**2.10 Advance Payments**

The Company will not require advance payments for service.

---

**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.16 Inspection, Testing and Adjustment**

Upon reasonable notice, the facilities or equipment provided by the Company shall be made available to the Company for such tests and adjustments as may be necessary for their maintenance in a condition satisfactory to the Company. No interruption allowance shall be granted for the time during which such tests and adjustments are made, unless such interruption exceeds twenty-four hours in length and credit for the interruption is requested by the Customer.

**2.17 Miscellaneous Terms Regarding Toll-Free Services**

**2.17.1** The Company will make every effort to reserve toll-free (e.g., "800" or "888") 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.

**2.17.2** If a Customer accumulates undisputed past-due charges, the Company reserves the right not to honor the Customer's request for a change in toll-free number service to another carrier (e.g., "porting" of the 800/888 number), including a request for a Responsible Organization (Resp Org) change, until such time as all charges are paid in full.

**2.18 Miscellaneous Rates and Charges**

The Company may adjust its rates and charges or impose additional rates and charges on its Customers in order to recover amounts it is required by governmental or quasi-governmental authorities to collect from or pay to others in support of statutory or regulatory programs. Examples of such programs include, but are not limited to, the Universal Service Fund, and compensation to payphone service providers for the use of their payphones to access Company services.

---

**SECTION 5 - CONTRACTS AND PROMOTIONS****5.1 General****5.1.1 Contracts**

At the option of the Company, service may be offered on a contract basis to meet specialized requirements of the Customer not contemplated in this tariff. The terms of each contract shall be mutually agreed upon between the Customer and Company and may include discounts off of rates contained herein, waiver of recurring or nonrecurring charges, charges for specially designed and constructed services not contained in the Company's general service offerings, or other customized features. The terms of the contract may be based partially or completely on the term and volume commitment, type of originating or terminating access, mixture of services or other distinguishing features. Service shall be available to all similarly situated Customers for a fixed period of time following the initial offering to the first contract Customer as specific in each individual contract. **Any contract referred to in this paragraph shall be filed with the Commission.**

**5.1.2 Promotions**

From time to time the Company shall, at its option, promote subscription or stimulate network usage by offering to waive some or all of the nonrecurring or recurring charges for the Customer (if eligible) of target services for a limited duration. Such promotions shall be made available to all similarly situated Customers in the target market area. **Any promotion referred to in this paragraph shall be filed with the Commission.**

**5.2 Demonstration of Service Promotion**

From time to time the Company may demonstrate service for potential Customers by providing free use of its network on a limited basis for a period of time, not to exceed one (1) month. Demonstration of service and the type, duration or quantity of service provided will be at the Company's discretion.

**5.3 Competitive Response Promotion**

In order to acquire or retain customer, the Company may match certain offers made by other interexchange carriers/resellers where the customer can demonstrate to the Company's satisfaction that it intends to accept such offer as an inducement to subscribe to or remain subscribed to such other interexchange carrier's/reseller's services.

279477.1

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs



---

**SECTION 5 - CONTRACTS AND PROMOTIONS****5.1 General****5.1.1 Contracts**

At the option of the Company, service may be offered on a contract basis to meet specialized requirements of the Customer not contemplated in this tariff. The terms of each contract shall be mutually agreed upon between the Customer and Company and may include discounts off of rates contained herein, waiver of recurring or nonrecurring charges, charges for specially designed and constructed services not contained in the Company's general service offerings, or other customized features. The terms of the contract may be based partially or completely on the term and volume commitment, type of originating or terminating access, mixture of services or other distinguishing features. Service shall be available to all similarly situated Customers for a fixed period of time following the initial offering to the first contract Customer as specific in each individual contract. Any contract referred to in this paragraph shall be filed with the Commission.

**5.1.2 Promotions**

From time to time the Company shall, at its option, promote subscription or stimulate network usage by offering to waive some or all of the nonrecurring or recurring charges for the Customer (if eligible) of target services for a limited duration. Such promotions shall be made available to all similarly situated Customers in the target market area. Any promotion referred to in this paragraph shall be filed with the Commission.

**5.2 Demonstration of Service Promotion**

From time to time the Company may demonstrate service for potential Customers by providing free use of its network on a limited basis for a period of time, not to exceed one (1) month. Demonstration of service and the type, duration or quantity of service provided will be at the Company's discretion.

**5.3 Competitive Response Promotion**

In order to acquire or retain customer, the Company may match certain offers made by other interexchange carriers/resellers where the customer can demonstrate to the Company's satisfaction that it intends to accept such offer as an inducement to subscribe to or remain subscribed to such other interexchange carrier's/reseller's services.

239477.1

Issued: May 29, 1998

Effective: \_\_\_\_\_

Issued by: J. Carl Jackson, Senior Director, Government and External Affairs

Attachment 4

Long Distance Carrier Agreement



# ICG

TELECOM GROUP, INC.

161 Inverness Drive West, Englewood, Colorado 80112

ATTACHMENT C

## LONG DISTANCE CALLING CARD SERVICE AGREEMENT

### LONG DISTANCE SERVICES

#### SERVICE

ICG shall provide Long Distance Service requested under this Order form to \_\_\_\_\_ ("Customer") during the term set forth in adjacent "Term" section.

#### TERM

Customer selects the following service term (please check appropriate box):

Monthly  12 Months  24 Months  36 Months

The term selected shall commence on installation of the Long Distance service.

#### DISCOUNTS

Customer will receive a discount on ICG Long Distance Services based on the Term selected in section above. Termination charges will apply if Customer discontinues Services prior to the expiration of the Term.

#### SERVICE

Outbound (1+) Service  Inbound Service (Toll Free)

### CALLING CARDS

#### QUANTITY

QUANTITY:

Additional Information:

#### ACTIVATION

a. \_\_\_\_\_ ICG shall activate Calling Cards upon written notification from Customer stating the Control Numbers of the Calling Cards to be activated and the date when such activation is to be effective.

b. \_\_\_\_\_ For Activation purposes, written notice sent by facsimile by Customer shall be effective.

c. \_\_\_\_\_ Customer requests PIN numbers to be printed on the Calling Cards.

### TARIFF APPLICABILITY

Customer understands and acknowledges that the Long Distance Service will be provided by ICG pursuant to the rates, terms and conditions of ICG's FCC Tariff No. 1 and FCC Tariff No. 2 on file with the Federal Communications Commission and, depending upon where the Customer is located, the following state tariffs: Alabama P.S.C. Tariff No. 3, on file with the Alabama Public Service Commission; Schedule Cal. P.U.C. No. A1, on file at the California Public Utilities Commission; Colorado P.U.C. Tariff No. 3 and Colorado P.U.C. Tariff No. 4, on file at the Colorado Public Utility Commission; Georgia Tariff No. 2 on file with the Georgia Public Service Commission; Kentucky P.U.C. Tariff No. 2, on file with the Kentucky Public Utilities Commission; N.C.U.C. Price List No. 1 and N.C.U.C. No. 1, Intrastate Telecommunications Services, on file at the North Carolina Utilities Commission; PUCC Tariff No. 2, on file at the Public Utility Commission of Ohio; Tennessee Tariff No. 1 on file at the Tennessee Regulatory Authority; Texas Tariff No. 1 and Rate Sheet for Intrastate Interexchange Telecommunications Services, on file at the Texas Public Utility Commission. In the event of a conflict between the applicable ICG Tariff(s) and this Agreement, the Tariff will always take precedence.

ICG Initials \_\_\_\_\_ Customer Initials \_\_\_\_\_

White - Sales Operations Coordinator    Canary - Customer    Pink - Customer Service    Gold - Local Sales Branch

SWIDLER  
&  
BERLIN  
CHARTERED

July 31, 1998

RECEIVED

AUG 03 1998

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

**VIA OVERNIGHT DELIVERY**

Mr. William Bullard, Jr.  
Executive Director  
South Dakota Public Utilities Commission  
State Capitol Building  
500 East Capitol Avenue  
Pierre, SD 57501-5070

Re: Application of ICG Telecom Group, Inc., Docket No. TC98-108

Dear Mr. Bullard:

As requested by Mr. Harlan Best of the Fixed Utilities Division, on behalf of ICG Telecom Group, Inc. ("ICG"), enclosed for filing in the above-captioned docket are the original and two (2) copies of the 1997 Annual Report of ICG's corporate parent, ICG Communications, Inc.

Additionally, in response to a request by Mr. Best, ICG herewith affirms that it will add to its Long Distance Calling Card Service Agreement a reference to ICG's interexchange ("IXC") tariff to be on file with the South Dakota Public Utilities Commission following ICG's certification to provide IXC services in South Dakota. As requested by Mr. Best, this amendment will appear on the next published version of the Agreement.

Please associate the enclosed item with ICG's application. Please date-stamp and return to the undersigned the extra copy of this cover letter in the prepared envelope provided herein. Should you have any questions, please do not hesitate to contact the undersigned.

Very truly yours,

Phyllis A. Whitten  
Lawrence A. Walke

Counsel for ICG Telecom Group, Inc.

Enclosure

cc: Harlan Best (SDPUC)  
Thomas E. Allen, Jr. (via facsimile w/o encl.)  
Adrienne C. Leonard, Esq.

246576.1

**NEXT**

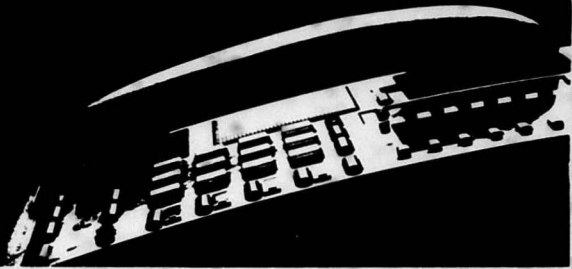
**DOCUMENT (S)**

**BEST IMAGE**

**POSSIBLE**



1997 SUMMARY AND PROSPECTS



## CONTENTS

Highlights	1
President's Letter	3
Operating Performance	6
Financial Information	12
Corporate Governance	20



LOWELL



THE UNIVERSITY OF CHICAGO PRESS





### Executive Summary

ICG Communications Inc. is a leading provider of...  
 and offers a wide range of...  
 services to its clients.

Our services include...  
 and are designed to...  
 meet the needs of our...

With a strong track record...  
 and a commitment to...  
 excellence, we are...

For more information...  
 please contact us at...  
 or visit our website...

ICG Communications Inc.  
 1234 Main Street  
 Suite 500  
 Toronto, Ontario M5H 1A5  
 Canada

Phone: (416) 123-4567  
 Fax: (416) 987-6543  
 Email: info@icg.com

### Financial Performance

The following table summarizes our financial performance for the periods indicated.

	2008	2007	2006	2005
Revenue	\$1,200	\$1,100	\$1,000	\$900
Operating Profit	\$300	\$280	\$260	\$240
Net Income	\$250	\$230	\$210	\$190
EPS	\$0.25	\$0.23	\$0.21	\$0.19

- Completed a major expansion project in the... region.
- Prepared a comprehensive business plan for... 2009.
- Retained our position as a market leader in... services.
- Completed a successful acquisition of... company.
- Announced a strategic partnership with... to enhance our... capabilities.
- Introduced a new line of products to our... portfolio.
- Expanded our market presence in... and... markets.
- Maintained a strong commitment to... and... values.
- Received a major award from... for our... achievements.
- Implemented a new internal control system to... efficiency.
- Announced a new initiative to... our... services.

## T O U R S H A R E H O L D E R S



In last year's annual report, we stated that our two principal tasks in becoming a new telephone company were to sell and provision local dial tone service.

We successfully completed the first phase of this monumental endeavor. We attracted some of the most talented and experienced telecommunications professionals in the industry. We established our own direct sales and marketing organization. We created our own internal operating support systems, allowing us to provision (bring into service), support and bill a large number of new dial tone customers. We strengthened our regional markets by deploying fiber networks and state-of-the-art switching capacity and entering into strategic partnerships.

We began the year without a single dial tone line sold or brought into service. By February, the first customers "switched" to ICG's local dial tone service in California. Shortly thereafter, we launched dial tone service in every other regional ICG market, accelerated our sales efforts and acquisitions, and ended the year with more than 141,000 lines provisioned. During the last quarter of 1997 alone, we "switched" and brought into service more customer lines than all but one other competitive local telephone company.

We also began the year predicting expenses would rise and profits would be delayed because we had to build our network, create a sales organization and add the necessary people and infrastructure in advance of generating higher-margin local dial tone revenue. As anticipated, our deficit in earnings before interest, taxes, depreciation and amortization (EBITDA) peaked in the second quarter. Since that time, each subsequent quarter we have improved EBITDA, and it is our goal to continue to do so until we are profitable. For the year, we also achieved record revenue of \$273 million - up 43 percent over the previous calendar year - due greatly to the launch of dial tone service.

In short, we are well on our way to becoming a meaningful alternative to the Incumbent Local Exchange Carriers (ILECs) in the markets we serve.

1987 Growth in Customer Lines of Service



Growth in Telecom Services Revenue (October 21 - November 9, 1998)



Clearly, there are important tasks we must accomplish to become an even stronger competitor to the ILECs. We must do more of what we have been doing – selling more services and enhancing the capacity of our operating support systems to provide for the numerous new customers who will “switch” in 1998 and beyond.

However, that does not fully satisfy our expanding ambitions. We are no longer content to be a smaller, albeit dramatically growing, version of an ILEC. Even while we execute our core business plan, the telecommunications business is experiencing rapid change. Opportunities are broadening, and we must aggressively take advantage of them.

Building a new telephone company now means providing local dial tone combined with long distance, Internet and other data services. We now have the ambition to become a leading provider of a full range of high-quality, competitive and innovative telecommunications services. Having built a substantial fiber optic switched network, combined with a competent sales organization and comprehensive operating support systems, we are ready to react to new opportunities and to lead the telecommunications industry.

The fastest growing segment in telecommunications is data transmission. Explosive growth in data is in part driven by the demands of Internet users. Recognizing the boundless opportunities for Internet and data growth, ICG made what we believe will be our most important acquisition – our merger with NETCOM On-Line Communication Services, Inc. (Netcom).

Netcom, one of the country's largest Internet Service Providers (ISPs), possesses one of the nation's largest and most robust data networks with 238 points of presence. This merger, which closed January 21, 1998, gives us the ability to provide ICG's customers with Internet services and a data platform that will enable us to offer a full range of new data products.

One such service is Internet Protocol (IP) Telephony, a low-cost long distance service over the Internet. In March 1998, ICG took an industry lead by announcing plans to launch a major new nationwide IP telephony service. ICG announced that by 1998 year end, it expects to offer IP telephony for 5.9 cents per minute to customers in 166 markets covering nearly 90 percent of the U.S. long distance market – nearly seven times the coverage of any announced IP telephony competitor, assuming favorable market and regulatory conditions.

Moreover, unlike other competing services, ICG's IP telephony will be of the highest quality because it will be carried over Netcom's comprehensive national private data network and it will be bundled with ICG's local dial tone service within ICG's regional markets.

At this point, it is not clear if IP telephony simply will be an additional product we can offer our dial tone customers or if it will represent for ICG a major corporate expansion into the \$80 billion long distance telephone business. The hurdles we need to overcome in IP telephony are just as high as those we are overcoming now in providing local

dial tone service. For example, we are concerned about ILEC access charges and pricing, and we have not yet finished the exhaustive testing of IP telephony equipment. However, we bring to IP telephony strengths that did not exist at ICG a year ago. We now have a switched fiber optic platform in place and the rapidly evolving support systems to process not thousands or tens of thousands but millions of calls and vast amounts of data daily.

To further realize the opportunities in data, we also announced plans to launch Digital Subscriber Line (DSL) technology in our regional markets in 1998, with broader deployment in 1999. ICG took an industry lead by becoming the first Competitive Local Exchange Carrier (CLEC) to join a prominent consortium, including Microsoft, Intel and Compaq, to accelerate DSL's deployment. DSL enables home office and business customers to use their existing twisted-pair copper wiring to receive competitively priced high-speed Internet access from ICG. We are currently experimenting with several DSL solutions and anticipate bundling DSL service with our local dial tone, long distance, Internet and data offerings. As with IP telephony, it is impossible to predict DSL's potential, but we do know that if it becomes a successful commercial application, ICG will be a leader in providing DSL services.

We are very pleased with the direction of ICG's local dial tone and Netcom's Internet businesses. At the same time, we may make meaningful additions to our product line with opportunities such as IP telephony and DSL. If these new products become viable businesses, we will take full advantage of the opportunity without losing focus on our core dial tone business. It's important to remember that the success of new ventures depends on factors both within our control, such as technology deployment, and factors outside our control, such as ILEC interconnections and FCC or governmental regulations.

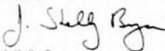
For example, ICG's reliance on the ILECs for interconnection is still a concern, as some ILECs have been willing partners for us in the dial tone business, opening their markets to us - although there is always room for improvement - while others have been slow to abide by mandated telecommunications laws. We will continue to compete against them for dial tone market share while working with them for interconnection, DSL interface and other service agreements. When necessary, we will use regulatory, legal and legislative means to ensure a fair marketplace.

...

As we enter 1998, I am proud of ICG. We have successfully met the often daunting challenges of bringing competitive local dial tone service to our regional markets. Our main task ahead is simple: to make our dial tone business as big and as profitable as possible. By accomplishing this, we are also in prime position to act opportunistically and become an integrated communications provider in a rapidly changing telecommunications marketplace.

We thank our employees, shareholders and customers for their support, and we look forward to a dynamic year in which we will hear "I Switched" to ICG many times.

Sincerely,



J. Shelby Bryan

*President and Chief Executive Officer, April 1998*



## A PLATFORM FOR DIAL TONE

To build a platform for launching local dial tone service in 1997, ICG concentrated on building out and enhancing its fiber optic switched network in each of its regional markets.

### BUILDING THE ICG NETWORK

Historically, ICG always has been a facilities-based telecommunications company, building large, technologically advanced, fiber optic switched networks that can carry ample traffic and provide a variety of services.

Prior to 1997, the core telephony services ICG provided over its network were special access and switched termination of long distance - competitive access services aimed primarily at larger businesses seeking to reduce costs by bypassing the Incumbent Local Exchange Carrier (ILEC). These competitive access services, although successful for ICG, have limited market potential.

Local dial tone represents a significantly larger market potential. For example, the estimated 1997 total revenue for local dial tone service across

the nation was approximately \$100 billion. When you add long distance services, the fast-growing Internet and data services, the total market potential is approaching \$200 billion a year. ICG's markets currently address approximately one third of that \$200 billion opportunity. By comparison, the national competitive access business represents only a \$6 to \$7 billion market.

To maximize the Company's opportunity in the local dial tone market, ICG continued to concentrate on its regional networks - California, Ohio, Colorado, its Southeastern markets (Louisville, Kentucky; Nashville, Tennessee; Birmingham, Alabama; Charlotte, North Carolina; and Atlanta, Georgia), and in Texas and Oklahoma through CSW/ICG ChoiceCom, LP. ICG chose these markets primarily because together they cover nearly one third of the national local dial tone market. In fact, ICG expects to address (reach with its switches) significantly more than 10 million telephone lines in those markets by the end of 1999, with millions more still to address in the years to come. Furthermore, ICG concentrates and clusters its networks in these markets to create scale economies that give the Company an advantage over its competitors - the ILECs.

To attack this potential, during 1997, ICG accelerated the build-out of its network. At the end of 1997, the Company had operational

### A PLATFORM FOR INTRASTATE LONG DISTANCE

Research shows that a significant amount of long distance traffic occurs within state boundaries. ICG's regional concentration creates opportunities for providing intrastate long distance origination and termination. For ICG customers, this means additional discounts for long distance services.

To take advantage of this opportunity, in July 1997, ICG signed a facility agreement with Qwest Communications International, Inc. for high-capacity fiber networks linking its major clusters in California. This fiber capacity is scheduled to be activated in 1998. In other ICG markets, additional intrastate fiber capacity has linked ICG clustered cities through strategic relationships with electrical utility companies.

Fiber Miles Operational  
(calendar '97)



3,043 miles of state-of-the-art fiber and had another 1,004 miles under construction. That compares to 2,385 miles at the end of calendar year 1996 – an increase of more than 25 percent. At the end of 1997, ICG also had significant switching capacity with 19 operational high-capacity voice switches and 15 operational data switches throughout its network.

#### STRENGTHENING MARKET PRESENCE

As part of its facilities-based strategy, ICG formed strategic partnerships and made acquisitions to expand its network presence in its regional markets.

The Company entered into a strategic alliance in early 1997 with Central and South West Corp. (CSW), a premier electric utility, to enhance greatly ICG's presence in Texas and, soon, in Oklahoma. Concentrating on building out its infrastructure there, the strategic alliance now known as CSW/ICG ChoiceCom, LP is adding and making operational a fiber network with Lucent switches in the major Texas markets, including Dallas, Houston, Corpus Christi, San Antonio and Austin.

In October 1997, the Company also acquired Communications Buying Group (CBG), a reseller of local phone service, to give ICG a larger market presence throughout Ohio. At the end of 1997, CBG had 48,256 local dial tone lines in service. Ultimately, ICG will bring

a sizable number of these customers onto its own network where they will yield higher margins. CBG brings other expertise to ICG. For example, CBG has become adept at selling long distance service to its local dial tone customers – more than half subscribe to both services. Consequently, ICG has incorporated many of CBG's long distance sales techniques into its own strategies. The Company also has given CBG management responsibility for ICG's markets in Ohio and the Southeast region.

ICG also continued to use its strategic partnerships with electric utilities to increase market presence, diversify risk and reduce costs. The Company added to its successful relationships with, among others, Southern California Edison, Alabama Power Company and American Electric Power in Ohio when, in 1997, it entered into an agreement with Louisville Gas & Electric to enhance ICG's presence in the Kentucky area.

With its scalable, facilities-based network already in place by the end of 1997, ICG will employ a success-based approach to facility expansion. Currently, the Company plans to increase its presence by launching service in Atlanta later in 1998. Within its other regional markets, ICG will expand its network in those areas where revenue and opportunity warrant it. The Company will keep its eyes open for other tactical consolidation opportunities which would further strengthen its existing markets.

Switches Operational  
(calendar '97)



# ICG'S NATIONAL PRESENT

THE 1967 NATIONAL PRESENT

## COMMUNICATIONS



Philadelphia is the central hub for communications in the Northeast. It is connected to New York, Washington, D.C., and other regional centers. The network is designed for efficient data and voice transmission across the region.

## TELEVISION



The television network in the Northeast is centered on Philadelphia, with WPTZ-TV serving as the primary station. It provides comprehensive coverage to the surrounding metropolitan areas and beyond.



The radio network in the Northeast is centered on Philadelphia, with WPTZ-TV serving as the primary station. It provides comprehensive coverage to the surrounding metropolitan areas and beyond.



ICG's National Present is a comprehensive communication system designed to meet the needs of the Northeastern United States. It provides reliable and efficient services for both business and personal communication.

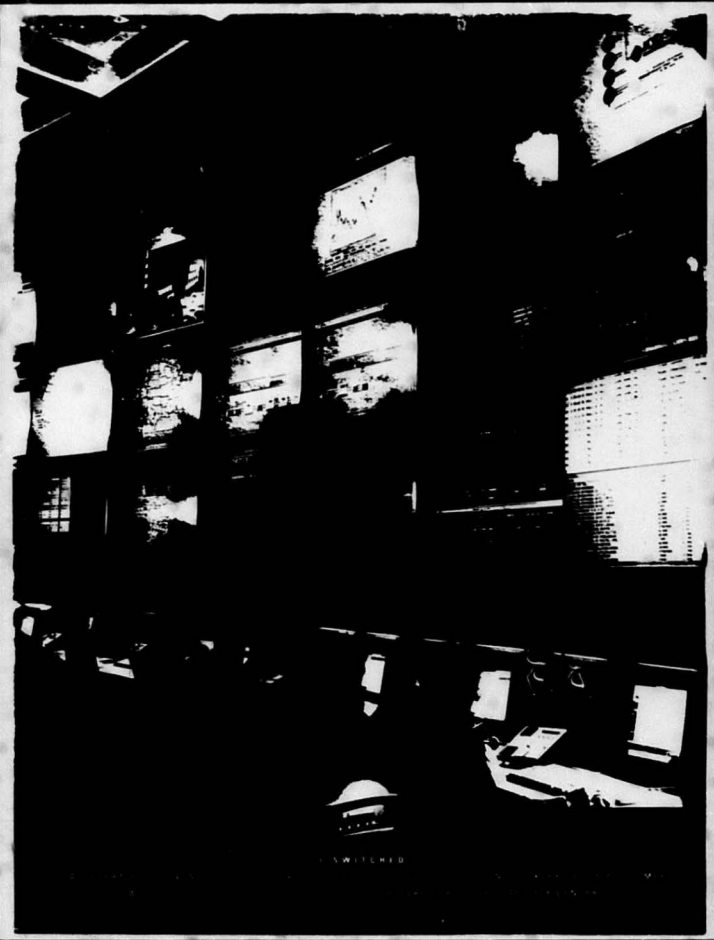


**NEXT**

**DOCUMENT (S)**

**BEST IMAGE**

**POSSIBLE**



SWITCHED

Concurrent with building its network, ICG developed the infrastructure, marketing and operating support systems for delivering local dial tone to a rapidly growing customer base. The Company also prepared itself to become an integrated communications provider (ICP), bundling local dial tone with a suite of long distance, Internet and data services.

#### AUTOMATING THE PROVISIONING OF CUSTOMERS

By reorganizing itself into regional business units, ICG decentralized operations and brought sales efforts closer to the customer. The Company began hiring and training sophisticated telecommunications sales people, tripling its direct sales force in 1997 from 70 to 210 and, at the same time, introducing its new local service with pin-point marketing, focusing on small- and medium-sized businesses in targeted territories within ICG's markets.

In conjunction with these sales and marketing initiatives, ICG took a disciplined

approach to the provisioning process – the means through which customers are "switched" to ICG. Once a sale is made, provisioning begins – starting with order entry and following a complex path leading to actual service delivery.

Early in 1997, it became clear that it would be relatively easy to convince customers to "switch" to ICG from the ILEC. The key would be to keep pace with aggressive sales efforts through efficient provisioning. Throughout 1997, ICG began assembling the provisioning elements necessary to bring service to its customers. At first, ICG handled nearly all orders manually – writing every order, checking the service translation requirements, overlaying the order onto ICG's network architecture, faxing internal documents, coordinating provisioning requirements with ILECs and inputting the billing information. This time-intensive approach meant sales efforts had to be modified to ensure customer satisfaction. To keep pace with growing demand, ICG also had to streamline the process, work smarter and make sure the customer received regular updates throughout the provisioning process. This increased provisioning throughput enabled ICG to put more local dial tone lines in service with each consecutive quarter. Still, there was room for improvement.

Toward the end of 1997, ICG implemented a comprehensive plan to automate



#### SERVICE RELIABILITY CENTER

ICG believes quality customer care – especially service reliability – is the key to retaining customers. At ICG's national Service Reliability Center, a state-of-the-art facility in Englewood, Colorado, service technicians do not wait for problem calls. Instead, they monitor ICG's lines to ensure they are always operating. When a breakdown occurs, these technicians immediately re-route telephone traffic and dispatch repair crews to ensure fast recovery and minimal or no network down time.

1997 Telecom Services Revenue Components  
In Thousands of Dollars



provisioning to increase throughput capacity, reduce cycle times, reduce costs and improve customer service. This included establishing operating systems to handle the increasing demand for ICG service. Some of these new operating systems will be operational in the first half of 1998. However, ICG expects to see the real impact – a significant increase in its ability to service its growing customer base – by the end of the year.

ICG's new automated provisioning includes better, more sophisticated software, an automated billing system with capacity for millions of customers, a state-of-the-art Service Reliability Center, proactive customer care centers and improved relationships with ILECs where the two are interdependent.

For small- and medium-sized businesses, convenience is a key factor when choosing a telecommunications service provider. They rely on ICG's expertise. These customers expect all-inclusive service and the ability to track local, long distance, Internet and other telecommunications services on the same bill.

Skilled information technology experts currently are working to integrate the key pieces of ICG's systems – sales and marketing, customer care, service provisioning, network provisioning, service assurance, billing and business support – in order to ensure higher service quality and lower cost. ICG's goals are to reduce the time between ordering the Company's service and actually

receiving it, ensure reliable service quality and integrate ICG's software to improve billing quality.

Committed to best-in-class customer service, ICG is developing state-of-the-art customer care centers and customer service practices. Unlike the ILEC monopolies, ICG will take the time to listen to its customers and be responsive to their needs. ICG will be close to its customers – proactively soliciting customer opinions about ICG products and satisfaction with ICG services.

It is ICG's goal to leap-frog the incumbent monopoly competition and its peers in the industry with premier, automated end-to-end provisioning and customer care systems – the key to selling and provisioning new customers swiftly, capturing meaningful market share away from the entrenched ILEC and positioning the Company as a leading provider of a full range of telecommunications services.

#### BECOMING AN INTEGRATED COMMUNICATIONS PROVIDER

ICG's facilities-based strategy has enabled it to evolve quickly to meet the demands and opportunities of a rapidly changing telecommunications marketplace. The Company began by providing competitive access services over its networks and quickly became one of the leading Competitive Access Providers (CAPs) in the country. When the Telecommunications Act of

1996 opened the doors for competitive local dial tone service. ICG refocused its resources on launching local dial tone and quickly grew into a leading CLEC. In the fourth quarter of 1997, the Company set a pace for provisioning local dial tone customers - 42,228 new customer lines - that outperformed most of its CLEC peers around the nation. At the same time, ICG's revenue from local dial tone service exceeded the revenue of either of its competitive access services.

When ICG first launched dial tone service in early 1997, the sales strategy was to grab market share as quickly as possible by making the "switch" to ICG's service from the ILEC easy for the customer. Once ICG gained customer confidence in the Company's ability to deliver quality local service and got its network and operating support systems in place, ICG was poised to offer its local dial tone customers a broader range of bundled telecommunications services.

Toward the end of 1997, the Company began to market aggressively to its dial tone customers a competitively priced long distance service. Not only does this bring incremental revenue to the Company, it also contributes to maximizing the utilization of ICG's asset base, further driving the scale economic benefits from the Company's concentrated network cluster strategy. Finally, the bundling of long distance service along with local dial tone and other services will help minimize customer churn - when customers buy more

products from a single company, they are less likely to shop around. The benefits of this sales effort will begin to be realized in 1998.

Among the key components within ICG's bundled services are the new Internet and data offerings. With the strategic merger with NETCOM On-Line Communication Services, Inc. (Netcom) initiated in late 1997 and completed in 1998, ICG can now offer its customers a full range of Internet services in addition to local and long distance services. Netcom is a first tier Internet service provider with more than 500,000 customers at year end and a growing business base. Netcom offers one of the industry's most complete suites of Internet services, ranging from direct dial-up Internet access to Web site hosting and data storage. At year end, Netcom had 238 points of presence - electronic gateways to the Internet - throughout the nation.

The Company expects to begin selling Netcom's Internet and data services to its local dial tone customers in 1998. Those Netcom customers who reside in ICG's service areas will be able to take advantage of savings by switching to ICG for local service and connection to Netcom's point of presence. The Netcom merger also positions ICG to be at the forefront of providing leading-edge telecommunications services. The combination of ICG's regional networks and voice expertise and Netcom's national points of presence and data expertise creates a powerful union.



In January 1998, ICG entered the Internet business with the merger with NETCOM On-Line Communication Services, Inc., a leading Internet service provider. Through a stock-for-stock merger, ICG acquired more than 500,000 Internet customers nationwide, including more than 12,000 businesses, and instantly gained a national presence. The merger enables ICG to offer corporate customers bundled services such as local, long distance and Internet access, with choice, value and quality.



SWITZER

The future of ICG and the telecommunications industry is very bright. Still, the Company remains focused on the mission at hand: "switching" as many customers as possible onto ICG's network for local dial tone service bundled with long distance, Internet access and data services. Every new dial tone customer and each additional bundled service drive high-margin revenue for ICG and help the Company reach its goal of positive EBITDA.

ICG also plans to develop and launch competitive and innovative telecommunications services that position the Company as a leading integrated communications provider and create new, profitable revenue streams.

#### MILLIONS OF CUSTOMERS STILL TO "SWITCH"

The biggest opportunity for incremental revenue is with new and existing ICG customers. For every customer who has already "switched" to ICG's networks, there are still thousands more potential new customers.

Automation of ICG's provisioning technologies will bring faster, more efficient movement of new customers onto ICG's networks and switches. These new customers equate to incremental revenue because they are added to existing networks - the network investment has already been made. Both new and existing customers bring opportunities for increased product revenue as they add to the services they purchase from ICG.

Among these services are long distance products, which ICG plans to market aggressively to its customers in 1998. The Company has already developed several regional long distance packages utilizing ICG's intrastate long-haul connectivity between major markets within its regional clusters. Tailored to each market, these packages offer sharp discounts compared to other providers in each region.

Another long distance opportunity comes through ICG's synergies with Netcom. With customers throughout the U.S., Netcom gives ICG a national presence and the ability to market certain services to customers outside ICG's wired markets. With combined customer bases, expanded distribution channels, economies of scale and cross-selling opportunities, ICG and Netcom can combine efforts to launch new products and complement their existing services.



#### A MAJOR MARKETING PUSH FOR NEW CUSTOMERS

With ICG's suite of telecommunications services now in place - local dial tone, long distance, Internet and data - the Company is ready to begin a major marketing push to "switch" new customers to ICG. The Company plans to launch a campaign entitled "Let's Talk About Your Business™" in mid-1998 using print advertising, direct mail and billboards in most of ICG's regional markets. The focus will be on helping companies grow their businesses by using ICG as their integrated communications provider - helping them to manage all their telecommunications needs.



#### **PROVIDING ADDITIONAL NETWORK SUPPORT SERVICES**

ICG Fiber Optic Technologies, Inc. (FOTI) is one of the nation's leading installers and servicers of integrated network solutions. Because business networks have become more complex - moving vast amounts of information at higher speeds to more locations than ever before - high end, quality installation has become essential. FOTI has differentiated itself as a company capable of installing and servicing complex networks for today and tomorrow. By committing extensive resources to training - an overwhelming majority of FOTI technicians are trained to top industry standards - FOTI's ability to guarantee a level of high-end excellence has helped it land significant contracts.

Going forward, ICG's capital investments, such as deploying new equipment, will be success driven. Within its targeted service territories, ICG has built a base switched-network platform from which incremental capital will drive higher margin revenue. ICG will concentrate on bringing the majority of its customers onto this switched network, either by direct on-network connectivity or in combination with a T1 (a broadband pipeline equal to 24 dial tone lines) or unbundled local loop supplied by the ILEC. Any new construction within ICG's markets will meet demand for innovative and competitive services, while providing a return on invested capital.

#### **NEW PRODUCTS AND SERVICES**

ICG has quickly emerged as a leader in developing new and innovative telecommunications services.

##### **Internet Protocol Telephony**

In March of 1998, ICG announced its Internet Protocol (IP) Telephony service: using digital technology to distribute long distance voice over the Internet at dramatically reduced costs.

However, rather than use the congested Internet for delivery of this service, ICG will use Netcom's private broadband Internet network which already reaches the nation's

top markets. This will give ICG's IP telephony service greater signal clarity than IP telephony services distributed over the public Internet. ICG plans to begin marketing its IP telephony service during the second quarter of 1998 - selling over the Internet (Netcom has one of the busiest sites on the Web) and through ICG's inbound telemarketing center.

Assuming favorable market and regulatory conditions, for ICG's customers this means the opportunity to purchase long distance service with quality, convenience and dramatic savings - per-minute rates of 5.9 cents for calls originating and terminating on ICG's IP network, which covers 166 U.S. cities.

Many industry analysts predict low-cost long distance using IP telephony will be a major new business product. ICG has a solid strategic edge through the combined experience of its voice and Netcom's data technologies, plus their combined customer and network base.

Covering 90 percent of the U.S. long distance market and nearly seven times the number of markets served by any competitor, ICG will be a leader in commercially deploying IP telephony equipment. Working with industry leaders such as Lucent Technologies and Cisco Systems, ICG's rapid deployment also will include other IP services such as virtual private networks and IP facsimile.



## DSL – High-Speed Internet Access

Another significant opportunity for ICG is in high-speed Internet access and data transmission. The growth of Internet and network data users has been exponential over the past several years, and most industry experts predict data (including Internet) will surpass voice as the top telecommunications service by the year 2000. This makes speed of access and transmission some of the market's most sought after commodities.

ICG's deployment of Digital Subscriber Line (DSL) technology – high-speed data transmission – thrusts the Company firmly into the mix of high-speed data providers.

DSL makes it possible to digitize narrow bandwidth copper wires in order to exponentially increase the capacity for high-speed bandwidth. By introducing customers to radically increased capacity for data transmission – from 144 kilobytes per second up to nine megabytes per second – ICG provides the benefits of a T1 line or multiple T1 capacity at a greatly reduced rate, which has vast appeal to businesses and the rapidly increasing number of individuals who work at home.

To provide DSL, ICG must be physically co-located at the ILEC's central office. So, the Company will target customers in the markets where it is broadening co-location as part of its plan to address the unbundled local loop market.

## Bundled Services

As part of its third major push in 1998, ICG has identified extensive opportunities to bundle its best-of-class services to further custom-tailor product packages for customers. Within this bundled approach, ICG will provide the three primary services customers demand – full-featured local, long distance and Internet services – all through one T1 line, saving customers the cost of leasing a T1 just for Internet connectivity.

ICG's bundled service offering is designed to maximize the capacity of its network by better utilizing the bandwidth of a T1 – a win for customers in lowered costs, greater reliability and higher speed, and a benefit for ICG in maximizing the utilization of its assets.

• • •

Going forward, the Company will continue to add more customers; upgrade them to additional levels of service; look for tactical acquisitions that strengthen the Company's existing markets; deploy IP telephony, DSL and bundled services; and explore opportunities based on emerging technologies in the converging data and telephony industries.

Above all, ICG's philosophy when launching new products and services is simple: Stay focused on the core business of providing local, long distance, Internet and data services to customers in ICG's markets while creating value for customers and shareholders alike.

## NETCOM PROVIDES OPPORTUNITIES FOR FOTI

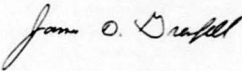
Netcom also provides new opportunities for FOTI. Not only can FOTI capitalize on the added services Netcom brings, but FOTI also is positioned to become a network installer and service provider to Netcom. FOTI will facilitate the installation of Netcom's IP telephony and long distance networks and equipment, plus ICG's co-locations. In fact, FOTI will likely become the service provider within ICG's organization, covering installation and network support at both the customer's end and the server's end.

In 1997, ICG's three business segments were operated through three wholly owned subsidiaries: ICG Telecom Group, Inc. ("Telecom services") - the Company's CLEC and enhanced service business; ICG Fiber Optic Technologies, Inc. ("Network services") - ICG's network integration and support business; and ICG Satellite Services, Inc. ("Satellite services") - ICG's maritime and VSAT (very small aperture terminal) business.

In January 1998, ICG formed a new subsidiary associated with the Company's recent merger with NETCOM On-Line Communication Services, Inc.: ICG Services, Inc., which will include ICG's Internet and data business. Additionally, ICG Services, Inc. has formed a new subsidiary which acquires telecommunications equipment, software and capacity for lease or sale to other ICG subsidiaries. In February 1998, ICG Services, Inc. successfully issued \$300 million of 10 percent Senior Discount Notes. Combined with other Senior Discount Notes and Preferred Securities issued since January 1997 and through the first quarter of 1998, ICG has raised more than \$600 million.

In April 1998, ICG entered into definitive agreements to sell certain maritime assets of ICG Satellite Services, Inc. This transaction follows our initiatives to focus more clearly on ICG's core assets.

At the beginning of 1997, ICG changed its reporting fiscal year from September 30 to December 31. The following financial statements reflect this change in our fiscal reporting periods. These financial statements should be read in conjunction with the full financial statements and management's discussion and analysis presented in ICG's 1998 proxy statement and the Company's 1997 Form 10-K, both filed with the Securities and Exchange Commission. Copies can be obtained without charge by writing to the Investor Relations Department at ICG Communications, Inc., 161 Inverness Drive West, Englewood, Colorado 80112 or by calling 800-408-4253.



James D. Grenfell

*Executive Vice President and Chief Financial Officer*

**Forward-Looking Statements**

Throughout this report, we make numerous forward-looking statements regarding business strategies, market potential, future financial performance, product launches and other matters that involve major risks and uncertainties which could cause actual results to differ materially from such forward-looking statements. These forward-looking statements are based on the beliefs of management as well as assumptions made by and information currently available to management. Generally, potential risks and uncertainties include, but are not limited to, such factors as the continued health of the telecommunications industry and the overall economy; the ability of vendors to deliver required equipment and services; changes in law and regulations; changes in strategic relationships; competitive responses; access to capital resources; increases in operational costs; and the overall market acceptance of ICG's proposed products and services. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated or expected. The Company does not intend to update these forward-looking statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

Calendar years ended December 31, 1995, 1996 and 1997

Unaudited	Years ended December 31,		
	1995	1996	1997
	(in thousands, except per share data)		
Revenue			
Telecom services	\$ 40,048	128,955	177,690
Network services	59,203	60,379	65,678
Satellite services	23,124	21,317	29,986
Total revenue	122,375	190,651	273,354
Operating costs	(88,738)	(158,072)	(246,418)
Selling, general and administrative expenses	(70,833)	(82,350)	(150,767)
Depreciation and amortization	(18,212)	(35,274)	(57,081)
Net loss on disposal of long-lived assets	(1,271)	(3,328)	(671)
Provision for impairment of long-lived assets	(7,000)	(9,894)	(11,950)
Operating loss	(62,679)	(98,365)	(193,533)
Interest expense	(37,012)	(94,953)	(117,545)
Interest income	7,529	21,512	21,907
Other expense	(25)	(3,948)	(660)
Loss before income taxes, minority interest, share of losses and cumulative effect of change in accounting	(93,187)	(175,754)	(289,831)
Income tax benefit	36	5,131	-
Minority interest in share of losses, net of accretion and preferred dividends on preferred securities of subsidiaries	(4,310)	(27,079)	(37,812)
Share of losses of joint venture and investment	(843)	(1,586)	-
Cumulative effect of change in accounting for revenue from long-term telecom services contracts	(3,453)	-	-
Net loss	\$ (101,757)	(199,288)	(327,643)
Loss per share	\$ (4.17)	(6.96)	(10.11)
Weighted average number of shares outstanding	24,410	28,630	32,399
Earnings before interest, taxes, depreciation and amortization	\$ (37,196)	(49,771)	(123,821)

CONSOLIDATED BALANCE SHEETS

December 31, 1996 and 1997

Assets	December 31,	
	1996	1997
	(in thousands)	
Current assets:		
Cash and cash equivalents	\$ 359,934	119,834
Short-term investments available for sale	32,601	98,181
Receivables:		
Trade, net of allowance of \$2,515 and \$5,376 at December 31, 1996 and 1997, respectively	41,131	59,042
Revenue earned, but unbilled	6,053	8,599
Due from affiliate	-	9,384
Other	1,440	1,896
<b>Total receivables</b>	<b>48,624</b>	<b>78,721</b>
Investments	2,845	3,901
Prepaid expenses and deposits	5,019	10,543
Notes receivable, net	200	-
<b>Total current assets</b>	<b>449,223</b>	<b>310,180</b>
Property and equipment	460,221	738,488
Less accumulated depreciation	(58,545)	(106,321)
<b>Net property and equipment</b>	<b>401,676</b>	<b>632,167</b>
Investments	5,170	-
Long-term notes receivable from affiliate and others, net	623	10,375
Restricted cash	13,333	38,749
Other assets, net of accumulated amortization:		
Goodwill	31,881	77,562
Deferred financing costs	21,963	22,196
Transmission and other licenses	8,526	8,031
Other	9,738	3,404
<b>Total other assets</b>	<b>72,108</b>	<b>116,193</b>
<b>Total assets</b>	<b>\$ 944,133</b>	<b>1,107,664</b>

These financial statements should be read in conjunction with the full financial statements presented in ICC's 1997 proxy statement.

Liabilities and Stockholders' Deficit	December 31,	
	1998	1997
	(in thousands)	
Current liabilities		
Accounts payable	\$ 24,813	29,143
Accrued liabilities	31,890	57,691
Deferred revenue	5,419	5,049
Current portion of capital lease obligations	24,683	5,637
Current portion of long-term debt	817	1,784
<b>Total current liabilities</b>	<b>87,622</b>	<b>99,304</b>
Capital lease obligations, less current portion	71,146	66,939
Long-term debt, net of discount, less current portion	690,258	890,568
<b>Total liabilities</b>	<b>849,126</b>	<b>1,056,811</b>
Minority interests	1,967	-
Redeemable preferred stock of subsidiary (\$164.8 million and \$301.2 million liquidation value at December 31, 1998 and 1997, respectively)	159,120	292,442
Company-obligated mandatorily redeemable preferred securities of subsidiary limited liability company which holds solely Company preferred stock (\$133.4 million liquidation value at December 31, 1997)	-	127,729
Stockholders' deficit:		
Common stock	8,088	647
Additional paid-in capital	294,472	326,318
Accumulated deficit	(368,640)	(696,283)
<b>Total stockholders' deficit</b>	<b>(66,080)</b>	<b>(369,318)</b>
<b>Total liabilities and stockholders' deficit</b>	<b>\$ 944,133</b>	<b>1,107,664</b>

**CONSOLIDATED STATEMENTS OF OPERATIONS**

*Fiscal years ended September 30, 1995 and 1996,  
the three months ended December 31, 1995 (unaudited) and 1996,  
and fiscal year ended December 31, 1997*

	Fiscal years ended		Three months ended		Fiscal year ended
	September 30,	1996	1995	December 31,	1997
	(in thousands, except per share data)				
<b>Revenue:</b>					
Telecom services	\$ 32,330	87,681	13,513	34,787	177,690
Network services	58,778	60,116	15,718	15,981	150,678
Satellite services	20,502	21,297	6,168	6,188	29,986
<b>Total revenue</b>	<b>111,610</b>	<b>169,094</b>	<b>35,399</b>	<b>56,956</b>	<b>278,354</b>
<b>Operating costs and expenses:</b>					
Operating costs	78,846	135,253	27,110	49,929	246,418
Selling, general and administrative expenses	62,954	76,725	18,628	24,253	150,678
Depreciation and amortization	16,624	30,368	4,919	9,825	57,081
Net loss (gain) on disposal of long-lived assets	241	5,128	1,030	(772)	671
Provision for impairment of long-lived assets	7,000	9,994	-	-	11,950
<b>Total operating costs and expenses</b>	<b>165,665</b>	<b>257,468</b>	<b>51,687</b>	<b>83,225</b>	<b>466,887</b>
<b>Operating loss</b>	<b>(54,055)</b>	<b>(88,374)</b>	<b>(16,288)</b>	<b>(26,279)</b>	<b>(193,533)</b>
<b>Other income (expense):</b>					
Interest expense	(24,368)	(85,714)	(15,215)	(24,454)	(117,545)
Interest income	4,162	19,300	3,750	5,962	21,907
Other, net	(523)	(3,877)	7	(64)	(660)
<b>Total other income (expense)</b>	<b>(20,729)</b>	<b>(70,291)</b>	<b>(11,458)</b>	<b>(18,556)</b>	<b>(96,298)</b>
<b>Loss before income taxes, minority interest, share of losses and cumulative effect of change in accounting</b>	<b>(74,784)</b>	<b>(158,665)</b>	<b>(27,746)</b>	<b>(44,835)</b>	<b>(289,831)</b>
<b>Income tax benefit</b>	<b>-</b>	<b>5,131</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Loss before minority interest, share of losses and cumulative effect of change in accounting</b>	<b>(74,784)</b>	<b>(153,534)</b>	<b>(27,746)</b>	<b>(44,835)</b>	<b>(289,831)</b>
<b>Minority interest in share of losses, net of accrual and preferred dividends on preferred securities of subsidiaries</b>	<b>(1,123)</b>	<b>(25,306)</b>	<b>(3,215)</b>	<b>(4,988)</b>	<b>(37,812)</b>
<b>Share of losses of joint venture and investment</b>	<b>(741)</b>	<b>(1,814)</b>	<b>(228)</b>	<b>-</b>	<b>-</b>
<b>Loss before cumulative effect of change in accounting</b>	<b>(76,648)</b>	<b>(180,654)</b>	<b>(31,189)</b>	<b>(49,823)</b>	<b>(327,643)</b>
<b>Cumulative effect of change in accounting</b>	<b>-</b>	<b>(3,452)</b>	<b>(3,452)</b>	<b>-</b>	<b>-</b>
<b>Net loss</b>	<b>\$ (76,648)</b>	<b>(184,107)</b>	<b>(34,642)</b>	<b>(49,823)</b>	<b>(327,643)</b>
<b>Loss per share - basic and diluted:</b>					
<b>Loss before cumulative effect of change in accounting</b>	<b>\$ (3.25)</b>	<b>(6.70)</b>	<b>(1.24)</b>	<b>(1.56)</b>	<b>(10.11)</b>
<b>Cumulative effect of change in accounting</b>	<b>-</b>	<b>(0.13)</b>	<b>(0.14)</b>	<b>-</b>	<b>-</b>
<b>Loss per share - basic and diluted</b>	<b>\$ (3.25)</b>	<b>(6.83)</b>	<b>(1.38)</b>	<b>(1.56)</b>	<b>(10.11)</b>
<b>Weighted average number of shares outstanding</b>	<b>23,604</b>	<b>26,955</b>	<b>25,139</b>	<b>31,840</b>	<b>32,339</b>

These financial statements should be read in conjunction with the full financial statements presented in CG's 1998 proxy statement.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal years ended September 30, 1995 and 1996  
 and the three months ended December 31, 1995 (unaudited) and 1996  
 and fiscal year ended December 31, 1997

	Fiscal years ended September 30,		Three months ended December 31,		Fiscal year ended December 31,
	1995	1996	1995	1996	1997
	(in thousands)				
Cash flows from operating activities:					
Net loss	\$ (76,648)	(184,107)	(34,642)	(49,823)	(327,643)
Adjustments to reconcile net loss to net cash used by operating activities, primarily depreciation and amortization and non-cash interest expense	40,967	140,090	24,768	37,220	213,830
Change in operating assets and liabilities, excluding the effects of business acquisitions, dispositions and non-cash transactions	(7,117)	660	5,276	3,967	(13,141)
<b>Net cash used by operating activities</b>	<b>(42,798)</b>	<b>(43,357)</b>	<b>(4,598)</b>	<b>(8,636)</b>	<b>(176,954)</b>
Net cash used by investing activities, primarily acquisitions of property, equipment and other assets	(71,583)	(135,254)	(25,242)	(62,342)	(429,867)
Net cash provided (used) by financing activities, primarily proceeds from issuance of preferred securities and long-term debt, net of principal payments	377,772	360,227	(8,413)	(1,701)	315,721
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>263,391</b>	<b>181,666</b>	<b>(38,253)</b>	<b>(91,148)</b>	<b>(241,100)</b>
Cash and cash equivalents, beginning of period	6,025	269,416	269,416	451,082	359,934
<b>Cash and cash equivalents, end of period</b>	<b>\$ 269,416</b>	<b>451,082</b>	<b>231,163</b>	<b>359,934</b>	<b>118,834</b>

These financial statements should be read in conjunction with the full financial statements presented in CO's 1997 proxy statement.

INDEPENDENT AUDITORS' REPORT

THE BOARD OF DIRECTORS AND STOCKHOLDERS,  
ICG COMMUNICATIONS, INC.

We have audited, in accordance with generally accepted auditing standards, the consolidated balance sheets of ICG Communications, Inc. and subsidiaries as of December 31, 1996 and 1997, and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for the fiscal years ended September 30, 1995 and 1996, the three-month period ended December 31, 1996, and the fiscal year ended December 31, 1997, appearing in the proxy statement for the 1998 Annual Meeting of Stockholders of the Company (not included herein). Our report dated February 19, 1998, expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived, and should be read in conjunction with such consolidated financial statements.

As explained in note 2 to the consolidated financial statements, during the year ended September 30, 1996, the Company changed its method of accounting for long-term telecom services contracts.

KPMG Peat Marwick LLP

KPMG Peat Marwick LLP  
Denver, Colorado  
February 19, 1998



## CORPORATE DATA

### TEL COMMUNICATIONS INC.

#### BOARD OF DIRECTORS

**William J. Dowdy**  
Chairman of the Board  
Senior President of United Cellular Company

**J. Stanley Bryan**  
President, Chief Executive Officer of TCI

**David W. Carrington**  
Executive Vice President of TCI Services Inc.  
Chairman and Chief Executive Officer of Services

**Henry R. Ficker**  
Vice President of Finance & Strategy  
Training of Gulf Canada Resources Ltd.

**John F. Ficker**  
President of Service Management and System  
Management Reg'd.

**William E. Ficker**  
General Partner of Atlantic Telephone System

**Robert C. Galt**

**J. Stanley Hayes**  
President, Chief Executive Officer of TCI

**Joseph J. Park**  
Executive Vice President of TCI  
President of TCI Satellite Services Inc.

**David W. Parkerson**  
Executive Vice President of TCI Services Inc.  
Chairman and Chief Executive Officer of Services

**James D. Robinson**  
Executive Vice President  
Chief Executive Officer of TCI

**John R. Ryan**  
Executive Vice President of TCI  
President of TCI Cable Services and Technology

**Mark E. Sauer**  
Executive Vice President of Service Training of TCI

**William S. Shickler**  
Executive Vice President of TCI  
President of TCI Cable Services and Technology

**Earl W. Stinson**  
President of TCI Satellite Services Inc.

**Edwin J. Tupper**  
President of TCI Services and System  
and Service of TCI

### TEL COMMUNICATIONS CANADA INC.

#### BOARD OF DIRECTORS

**William J. Dowdy**  
Chairman of the Board  
Senior President of United Cellular Company

**J. Stanley Bryan**  
President, Chief Executive Officer of TCI

**David W. Carrington**  
Vice President of Finance & Strategy  
Training of Gulf Canada Resources Ltd.

**John F. Ficker**  
Vice President of Finance & Strategy  
Training of TCI

**John W. Ficker**  
President of Service Management and System  
Management Reg'd.

#### CORPORATE HEADQUARTERS

800 - 368-6666 ext. 100

800 - 368-6666 ext. 200

Engineering - 800-368-6666

#### INDEPENDENT AUDITORS

KPMG - New Brunswick, N.B.

800 - 368-6666 ext. 300

Finance - 800-368-6666

800-368-6666

#### REGISTERED OFFICE

800-368-6666

A copy of the 1991 Form 10-K filed with the  
Securities and Exchange Commission for  
communications, Inc. is available upon request.

800-368-6666 ext. 400. For more information  
please contact the Regulatory Department at  
800-368-6666 ext. 400.

#### REGULATORY INFORMATION

800-368-6666 ext. 400

For more information regarding the status of  
communications, Inc.'s applications for  
licensing, please contact the Regulatory  
Department at 800-368-6666 ext. 400.

The Radio Spectrum and Regulatory Division  
of the CRTC is responsible for the regulation of  
communications companies. CRTC's radio  
spectrum is divided into three parts: radio and  
television, satellite and cable. For more information  
regarding the radio spectrum, please contact the  
CRTC's Radio Spectrum Division at 800-368-6666.

#### REGULATORY INFORMATION

800-368-6666 ext. 400

For more information regarding the status of  
communications, Inc.'s applications for  
licensing, please contact the Regulatory  
Department at 800-368-6666 ext. 400.



1000 University Drive, Suite 1000

Englewood, Colorado 80110

402.501.1111

[www.icgcomm.com](http://www.icgcomm.com)

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP

WASHINGTON OFFICE  
3000 K STREET, NW, SUITE 300  
WASHINGTON, DC 20007-5116  
TELEPHONE (202) 424-7500  
FACSIMILE (202) 424-7647

NEW YORK OFFICE  
919 THIRD AVENUE  
NEW YORK, NY 10022-9998  
TELEPHONE (212) 758-9500  
FACSIMILE (212) 758-9526

September 11, 1998

**VIA OVERNIGHT DELIVERY**

Mr. William Bullard, Jr.  
Executive Director  
South Dakota Public Utilities Commission  
State Capitol Building  
500 East Capitol Avenue  
Pierre, SD 57501-5070

FAX Received SEP 11 1998

RECEIVED  
SEP 14 1998  
SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

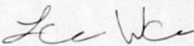
Re: Application of ICG Telecom Group, Inc. for a Certification of Authority to  
Operate as a Telecommunications Company, Docket No. TC98-108

Dear Mr. Bullard:

On behalf of ICG Telecom Group, Inc. ("ICG"), enclosed for filing in the above-referenced docket are the original and two (2) copies of ICG's Request for Confidential Treatment of Information.

Please date-stamp and return to the undersigned the extra copy of this filing in the prepared envelope provided herein. Should you have any questions, please do not hesitate to contact the undersigned.

Very truly yours,



Phyllis A. Whitten  
Lawrence A. Walke

Counsel for ICG Telecom Group, Inc.

cc: Harlan Best (SDPUC) (via facsimile)  
Thomas E. Allen, Jr. (w/o encl.)  
Adrienne C. Leonard, Esq.

ORIGINAL

BEFORE THE  
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

Application of )  
ICG Telecom Group, Inc. )  
) Docket No. TC98-108  
Application for a Certificate of )  
Authority to Operate as a )  
Telecommunications Company in the )  
State of South Dakota )

RECEIVED

SEP 14 1998

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

FAX Received SEP 11 1998

**REQUEST FOR CONFIDENTIAL TREATMENT OF INFORMATION**

On July 21, 1998, ICG Telecom Group, Inc. ("ICG") submitted stand-alone financial information regarding the applicant in the above-captioned proceeding. ICG, by its undersigned counsel and pursuant to Sections 20:10:01:40 and 20:10:01:41 of the Administrative Rules of South Dakota, hereby requests confidential treatment of this information. In support thereof, ICG provides the following information:

**1. Identification of the document and the general subject matter of the materials for which confidentiality is being requested:**

The document in question is a stand alone financial report which is referenced in ICG's Application of ICG Telecom Group for Certificate of Authority to Provide Interexchange Telecommunications Services in the State of South Dakota ("Application"), submitted on May 28, 1998.

**2. The length of time for which confidentiality is being requested and a request for handling at the end of that time:**

ICG requests that this document be kept confidential so long as the South Dakota Public Utilities Commission ("PUC") keeps the Application on file, after which time it should be returned to ICG at the most recent address provided for that purpose.

**3. The name, address, and phone number of a person to be contacted regarding the confidentiality request:**

Correspondence or communications pertaining to this Request should be directed to ICG's attorneys of record:

Phyllis A. Whitten, Esq.  
Lawrence A. Walke, Esq.  
Swidler Berlin Shereff Friedman, LLP  
3000 K Street, N.W. Suite 300  
Washington, D.C. 20007-5116  
(202) 424-7500 (Tel.)  
(202) 424-7645 (Fax)

with a copy to:

Thomas E. Allen, Jr.  
Vice President, Government and External Affairs  
ICG Telecom Group, Inc.  
50 Glenlake Parkway, Suite 500  
Atlanta, Georgia 30328  
(770) 350-7307 (Tel.)  
(770) 350-7410 (Fax)

**4. The statutory or common law grounds and any administrative rules under which confidentiality is requested:**

It is generally held at common law that, absent a statute making them so, corporate books and records are not public information and are not open to inspection by those other than shareholders or persons having some connection to the corporation. Moreover, pursuant to S.D. Admin. R. 20:10:01:42, disclosure would result in material damage to ICG's financial or competitive position.

**5. The factual basis that qualifies the information for confidentiality under the authority cited:**

ICG is a privately held corporation not registered on any securities exchange and therefore has no public constituency entitled to access the records at issue in this Request. Moreover, the information contained in these records may reveal to ICG's competitors ICG's

investment priorities, expansion plans, and long-term strategy, which could cause material and irreversible damage to ICG's competitive position.

WHEREFORE, for good cause shown, ICG requests that the Commission grant this request that the attached information be treated as confidential.

Respectfully submitted,



Phyllis A. Whitten, Esq.  
Lawrence A. Walke, Esq.  
Swidler Berlin Shereff Friedman, LLP  
3000 K Street, N.W. Suite 300  
Washington, D.C. 20007-5116  
(202) 424-7500 (Tel.)  
(202) 424-7645 (Fax)

Counsel for ICG Telecom Group, Inc.

Dated: September 11, 1998

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE APPLICATION OF )  
ICG TELECOM GROUP, INC. FOR A )  
CERTIFICATE OF AUTHORITY TO PROVIDE )  
TELECOMMUNICATIONS SERVICES IN )  
SOUTH DAKOTA )

ORDER GRANTING  
CERTIFICATE OF  
AUTHORITY  
TC98-108

On May 28, 1998, 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 ICG Telecom Group, Inc. (ICG).

ICG proposes to provide resold intrastate interexchange telecommunications services, including direct dialed ("1+") outbound/inbound message telecommunications services, operator services and postpaid calling card services, to and from all points within the state of South Dakota. A proposed tariff was filed by ICG. The Commission has classified long distance service as fully competitive.

On May 28, 1998, the Commission electronically transmitted notice of the filing and the intervention deadline of June 12, 1998, to interested individuals and entities. No petitions to intervene or comments were filed and at its regularly scheduled September 23, 1998, meeting, the Commission considered ICG's request for a certificate of authority. Commission Staff recommended granting a certificate of authority.

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 ICG has met the legal requirements established for the granting of a certificate of authority. ICG 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 ICG's application for a certificate of authority. As the Commission's final decision in this matter, it is therefore

ORDERED, that ICG's application for a certificate of authority is hereby granted. It is

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

Dated at Pierre, South Dakota, this 5th day of October, 1998.

CERTIFICATE OF SERVICE	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By	<u>Melanie Kallas</u>
Date	<u>10/9/98</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

James A. Burg  
JAMES A. BURG, Chairman

Pam Nelson  
PAM NELSON, Commissioner

Laska Schoenfelder  
LASKA SCHOENFELDER, Commissioner

# SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

---

## CERTIFICATE OF AUTHORITY

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

Authority was Granted September 23, 1998  
Docket No. TC98-108

*This is to certify that*

**ICG TELECOM GROUP, 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 9<sup>th</sup> day of October, 1998

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION:**



*James A. Burg*  
\_\_\_\_\_  
JAMES A. BURG, Chairman

*Pam Nelson*  
\_\_\_\_\_  
PAM NELSON, Commissioner

*Laska Schoenfelder*  
\_\_\_\_\_  
LASKA SCHOENFELDER, Commissioner