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ORIGINAL

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September 29, 1998

VIA OVERNIGHT DELIVERY

William Bullard, Executive Director
South Dakota Public Utilities Commission
500 E. Capitol Ave.
State Capitol Building, First Floor
Pierre, South Dakota 57501

RECEIVED
SEP 30 1998
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION


Re: Application of PaeTec Communications, Inc.

Dear Mr. Bullard:

Enclosed for filing on behalf of PaeTec Communications, Inc. ("PaeTec") are an original and ten (10) copies of PaeTec's application for a Certificate of Authority to provide intrastate interexchange telecommunications services in South Dakota. Also, please find enclosed a check for \$250, made payable to the South Dakota Public Utilities Commission, to cover the requisite filing fee.

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

Very truly yours,


Dana Frix
Grace R. Chiu

Counsel for PaeTec Communications, Inc.

Enclosure

cc: Richard E. Ottalagana (w/o encl.)
J. T. Ambrosi
Anandashankar Mazumdar

252405.1

**BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

Petition of)	
)	
PaeTec Communications, Inc.)	
)	
For a Certificate of Authority to Provide)	Docket No. _____
Resold Intrastate Interexchange Telecommunications)	
Services Within the State of South Dakota)	

PETITION

PaeTec Communications, Inc. ("PaeTec" 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 for a Certificate of Authority to operate as a reseller of intrastate interexchange telecommunications services. In support thereof, Petitioner provides the following information as well as a proposed initial tariff:

1. Petitioner's legal name is PaeTec Communications, Inc. Petitioner may be reached at its principal place of business:

290 Woodcliff Drive
Fairport, New York 14450
Telephone: (716) 340-2500
Facsimile: (716) 340-2563

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

Dana Frix
Grace R. Chiu
Swidler Berlin Shereff Friedman, LLP
3000 F. St., N.W., Suite 300
Washington, D.C. 20007-5116
Telephone: (202) 424-7500
Facsimile: (202) 424-7645

with a copy to:

Richard E. Ottalagana
Executive Vice President
PaeTec Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450
Telephone: (716) 340-2500
Facsimile: (716) 340-2563

Questions concerning the ongoing operations of Petitioner following certification should be directed to:

J. T. Ambrosi
Manager of Regulatory Affairs
PaeTec Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450
Telephone: (716) 340-2500
Facsimile: (716) 340-2563

3. PaeTec is a corporation organized and existing under the laws of the State of Delaware. PaeTec is authorized to transact business in South Dakota as a foreign corporation. A copy of Petitioner's certificate of incorporation and a copy of Petitioner's certificate of authority to transact business as a foreign corporation are attached hereto as Exhibit 1. PaeTec is a wholly owned subsidiary of PaeTec Corp., a Delaware holding company whose principal business is telecommunications. Petitioner has no subsidiaries located in South Dakota.

Petitioner's registered agent in South Dakota is:

HIQ Corporate Services, Inc.
919 Main St.
Post Office Box 277
Rapid City, South Dakota 57701

4. PacTec's officers and other key members of its management team include:

Arunas A. Chesonis, President and Chief Executive Officer
Joseph D. Ambersley, President - PacTec South
John Baron, President - PacTec North
Bradford M. Bono, President - PacTec East
Edward J. Butler, Jr., President - Wholesale Markets
Richard E. Ottalagana, Executive Vice President and Treasurer
Richard J. Padulo, Executive Vice President - Engineering and Operations
Daniel J. Venuti, Executive Vice President, Secretary, and General Counsel
Timothy J. Bancroft, Vice President - Finance

PacTec's directors are:

Arunas A. Chesonis, Chairman
Joseph D. Ambersley
John Baron
Bradford M. Bono
Edward J. Butler, Jr.
Richard E. Ottalagana

All of the individuals referenced above may be reached at the address listed in paragraph 1 of this Application.

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

6. Description of Services: PacTec proposes to provide resold intrastate interexchange telecommunications services, including direct-dialed ("1+") message telecommunications services, 800/888/877 services, operator services (to presubscribed customers only), and post-paid calling card services, in 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.

7. Petitioner has not installed nor does it currently plan to install any equipment, plant, or facilities in South Dakota. As a resale carrier, PaeTec will provide service over facilities leased from other carriers, the selection of which will be based on its analysis of facility cost, suitability, and quality of service.

8. Customers will be billed directly by Petitioner using industry accepted methods of billing and collection.

9. PaeTec's toll-free number for customer inquiries is (877) 4-PAETEC ((877) 472-3832).

10. Telecommunications Experience: PaeTec's management team is well qualified to execute its business plan, having extensive managerial, financial, and technical experience in the telecommunications industry. Descriptions of the telecommunications and managerial experience of Petitioner's key personnel are attached hereto as Exhibit 2.

11. Telecommunications Authorizations: PaeTec was formed to provide all forms of telecommunications services, including resold local exchange and interexchange services. PaeTec is in the process of seeking authority, where required, throughout the United States to provide competitive resold intrastate interexchange telecommunications services. PaeTec currently is authorized to provide resold intrastate interexchange telecommunications services, by virtue of certification, registration or tariff requirements, or on an unregulated basis, in California, Massachusetts, Michigan, New Hampshire, New Jersey, Ohio, Rhode Island, Texas, and Virginia. PaeTec has pending applications for authority in Alabama, Connecticut, Delaware, Florida, Georgia, Illinois, Maine, Maryland, Nevada, New York, South Carolina, and Vermont. In addition, PaeTec is currently authorized to provide competitive local exchange telecommunications services in

Massachusetts and New Jersey. PaeTec has pending applications to provide competitive local exchange telecommunications services in California, Connecticut, Florida, Illinois, Maryland, New York, Pennsylvania, and Virginia.

12. PaeTec has access to the financing and capital necessary to conduct the telecommunications operations as specified in this application. As a resale carrier, PaeTec will rely upon its existing personnel and technological and financial resources to provide intrastate services. Any additional investment needed to offer the proposed services will be furnished by PaeTec Corp., its parent company.

In support of its application, PaeTec submits the attached consolidated financial statements of its parent, PaeTec Corp., for the four months ended August 31, 1998, which indicate that PaeTec Corp. had current assets of \$5,942,417, which exceeded current liabilities of \$228,149, providing working capital of \$5,714,268 as of August 31, 1998. PaeTec also submits its financial statements for the four months ended August 31, 1998. With access to substantial financial resources through its parent corporation, PaeTec Corp., PaeTec is financially well qualified to provide the telecommunications services proposed in this application. The financial statements of PaeTec and PaeTec Corp. are attached hereto as Exhibit 3.

13. Attached hereto as Exhibit 4 is a copy of Petitioner's proposed tariff, containing PaeTec's rates, terms, and conditions of service for the services proposed herein.

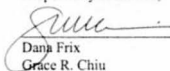
14. PaeTec has not finalized its marketing plan at this time. PaeTec expects that initial marketing vehicles may include direct mail and limited printed advertising. PaeTec has no current plans to deploy a sales force within the region, but will assess whether and to what extent to deploy

such a force as business develops. Since PaeTec's marketing plan has not been finalized, PaeTec does not have any sample promotional material.

15. The entry of PaeTec 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. PaeTec'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 offerings. Consumers will benefit both directly as a result of the competitively priced service options available from PaeTec and also indirectly as PaeTec'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 of the State of South Dakota.

WHEREFORE, PaeTec Communications, Inc., respectfully requests that the South Dakota Public Utilities Commission grant the requested authority to operate as a reseller of intrastate interexchange telecommunications services in South Dakota.

Respectfully submitted,



Dan Frix

Grace R. Chiu

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP
3000 K St., N.W., Suite 300
Washington, D.C. 20007-5116
Telephone: 202/424-7500
Facsimile: 202/424-7645

Counsel for PaeTec Communications, Inc.

Dated: September 29, 1998

EXHIBITS

- | | |
|-----------|---|
| EXHIBIT 1 | CERTIFICATE OF INCORPORATION AND
CERTIFICATE OF AUTHORITY TO TRANSACT BUSINESS |
| EXHIBIT 2 | MANAGEMENT QUALIFICATIONS |
| EXHIBIT 3 | FINANCIAL INFORMATION |
| EXHIBIT 4 | PROPOSED TARIFF
VERIFICATION |

EXHIBIT 1

CERTIFICATE OF INCORPORATION AND
CERTIFICATE OF AUTHORITY TO TRANSACT BUSINESS

NEXT

DOCUMENT (S)

BEST IMAGE

POSSIBLE

State of Delaware
Office of the Secretary of State PAGE 1

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "PAETEC COMMUNICATIONS, INC.", FILED IN THIS OFFICE ON THE TWENTY-EIGHTH DAY OF MAY, A.D. 1998, AT 3:05 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.




Edward J. Freel, Secretary of State

2901942 8100

981205214

AUTHENTICATION. 9107400

DATE: 05-28-98

CERTIFICATE OF INCORPORATION

OF

PARTEC COMMUNICATIONS, INC.

- FIRST:** The name of this Corporation is **PARTEC COMMUNICATIONS, INC.**
- SECOND:** Its Registered Office in the State of Delaware is to be located at 1209 Orange Street, in the City of Wilmington, County of New Castle 19801. The Registered Agent in charge thereof is The Corporation Trust Company.
- THIRD:** The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.
- FOURTH:** The aggregate number of shares which the Corporation is authorized to issue is One Thousand Five Hundred (1,500), all of which are to be shares of common stock having no par value.
- FIFTH:** The name and mailing address of the incorporator is as follows:
- | | |
|------------------|--|
| Name: | Thomas F. Young, Esq. |
| Mailing Address: | 700 Midtown Tower
Rochester, New York 14604 |
- SIXTH:** The Board of Directors is authorized to make, alter or repeal the By-laws of the Corporation. Election of directors need not be by written ballot.

SEVENTH: Liability of Directors. A member of the Corporation's Board of Directors shall not be personally liable to the Corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director, except for liability of the director (a) for any breach of the director's duty of loyalty to the Corporation or its shareholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the Delaware General Corporation Law, relating to the payment of unlawful dividends or unlawful stock repurchases or redemptions, or (d) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended. Any repeal or modification of this Paragraph by

the stockholders 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.

EIGHTH: Indemnification.

(a) **Right to Indemnification.** Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or officer of the Corporation, or as a director or officer of the Corporation he or she is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "Indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expenses, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith, and such indemnification shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the Indemnitee's heirs, executors and administrators; provided, however, that, except as provided in subparagraph (b) hereof with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such Indemnitee in connection with a proceeding (or part thereof) initiated by such Indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. This right to indemnification conferred in this Paragraph shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an Indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such Indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such Indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such Indemnitee is not entitled to be indemnified for such expenses under this Paragraph or otherwise.

(b) **Right of Indemnitee to Bring Suit.** If a claim under subparagraph (a) of this Paragraph is not paid in full by the Corporation within sixty days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty days, the Indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an advancement of expenses) it shall be a defense that the Indemnitee has not met the applicable standard of conduct set forth in the Delaware General Corporation Law. In any suit by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that the Indemnitee has not met the applicable standard of conduct set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the Indemnitee has not met such applicable standard of conduct, or, in the case of such a suit brought by the Indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified; or to such advancement of expenses, under this Paragraph or otherwise shall be on the Corporation.

(c) **Non-Exclusivity of Rights.** The rights of indemnification and to the advancement of expenses conferred in this Paragraph shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Certificates of Incorporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

(d) **Insurance.** The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or of another corporation, partnership, joint venture, trust or other enterprise, against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

(c) Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and to the advancement of expenses, to any employee or agent of the Corporation to the fullest extent of the provisions of this Paragraph with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

The undersigned, for the purpose of forming a corporation under the laws of the State of Delaware, makes, files and records this Certificate; and certifies that the facts herein stated are true, and I have accordingly hereunto set my hand this 28th day of May, 1998.


Thomas P. Young, Esq.
700 Midtown Tower
Rochester, New York 14604

State of South Dakota



OFFICE OF THE SECRETARY OF STATE

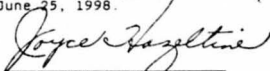
CERTIFICATE OF AUTHORITY

I, JOYCE HAZELTINE, Secretary of State of the State of South Dakota, hereby certify that the Application for a Certificate of Authority of PAETEC COMMUNICATIONS, INC. (DE) 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 PAETEC COMMUNICATIONS, 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 25, 1998.


JOYCE HAZELTINE
Secretary of State

SECRETARY OF STATE
STATE CAPITOL
500 E CAPITOL
PIERRE, S.D. 57501-5077
805-773-4849
FAX(805) 776-4849

FILE NO. _____

RECEIPT NO. _____

RECEIVED

RECEIVED

JUN 25 1998

JUN 24 1998

APPLICATION FOR CERTIFICATE OF AUTHORITY

State of South Dakota S.D. SEC. OF STATE

Pursuant to the provisions of SDCL 47-8-7, 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 PAETEC COMMUNICATIONS, 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 DELAWARE Federal Taxpayer ID# 16-1551095

(4) The date of its incorporation is 5/28/98 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
1209 ORANGE STREET, WILMINGTON DE Zip Code 19801

mailing address if different from above is: 290 WOODCLIFF DRIVE
FAIRPORT NY Zip Code 14450

(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 919 MAIN STREET, P.O. BOX 277, RAPID CITY SD Zip 57701

and the name of its proposed registered agent in the State of South Dakota at that address is
HIG CORPORATE SERVICES, INC.

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

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

Name	Officer Title	Street Address	City	State	Zip
SEE ATTACHED					

(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>1,500</u>	<u>COMMON</u>	<u>--</u>	<u>NO PAR VALUE</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
1 (ONE)	COMMON	---	NO PAR VALUE

(11) The amount of its stated capital is \$ 0.00

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 20, 19 98

State of NEW YORK

County of MONROE

Richard Ottalagana
(Signature)

PRESIDENT
(Title)

On this 20th day of JUNE, 19 98, before me KAREN F. FERRINI personally appointed RICHARD OTTALAGANA, known to me, or proved to me, to be the 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: 11/30/98

Karen F. Ferrini
(Notary Public)

KAREN F. FERRINI
Notary Public, State of New York
No. 4765553
Qualified in Monroe County 98
Commission Expires Nov. 30, 98

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

CONSENT OF APPOINTMENT BY THE REGISTERED AGENT

I, HIQ CORPORATE SERVICES, INC., hereby give my consent to serve as the
(name of registered agent)

registered agent for PAETEC COMMUNICATIONS, INC.
(corporate name)

Date 6-23 19 98

BY: Roxanne D. Moniodis, SECRETARY

Roxanne D. Moniodis
(signature of registered agent)

EXHIBIT 2

MANAGERIAL QUALIFICATIONS

Arunas A. Chesonis
President and Chief Executive Officer

Arunas A. Chesonis, 36, is the President and Chief Executive Officer of PaeTec Communications, Inc. Formerly with ACC Corp., the parent company for all ACC-owned operations in the United States, Canada, Germany, and the United Kingdom, Mr. Chesonis was also President and Chief Operating Officer for ACC Global Corp., which coordinated all purchasing and network optimization for international terminations and fiber capacity for ACC worldwide.

Mr. Chesonis joined ACC in May 1987 as Vice President of Operations for the U.S. business unit. In January 1989 he was named President of ACC Long Distance Corp. (U.S.). He has also been President of ACC's Canadian operations and Managing Director of ACC's U.K. enterprise primarily during the initial start-up years. Prior to joining ACC, he held various positions within Rochester Telephone Corporation, now Frontier Corporations.

Mr. Chesonis holds a B.S. in Civil Engineering from MIT and an MBA from the University of Rochester. In 1995, he received the Rochester Business Journal "Forty Under 40" award. In 1997, he received the Rosenthal Award for Innovation in Modern Finance from the Simon School at the University of Rochester. He is an active board member of Compeer, Inc., and the Humane Society of Monroe County.

Mr. Chesonis lives in Victor, New York, with his wife, Pamela, and their three children, Adam, Erik, and Tessa.

Joseph D. Ambersley
President - PaeTec South

Joseph D. Ambersley has been working in the telecommunications industry for the past sixteen years beginning in 1983 with Microtel, Inc., in Boca Raton, Florida. He served as vice President of Carrier Sales for ATC/Microtel, and for the past seven years has been Vice President of Carrier Sales at National Tel of Florida.

Mr. Ambersley was elected to the Board of Directors of ACTA, one of the national trade associations representing interexchange carriers, and served from 1995 to 1998. He has been the secretary/treasurer of the Associated Communications Companies of America (ACCA) for the past five years.

Mr. Ambersley received a Bachelor of Science Degree from Florida State University in 1972 and a Master's Degree from Rollins College in 1976. Prior to 1983, Joseph was the Athletic Director at the University of West Florida in Pensacola.

Jack Baron
President - PacTec North

Mr. Baron joins PacTec Communications, Inc., with over 14 years management experience including seven years in telecommunications sales and customer service management. Most recently, Mr. Baron served as Vice President of Sales and Customer Service for ACC Telecommunications's U.S. operations. In just under three years, Mr. Baron's commercial sales teams grew annual revenues from \$30 million to over \$100 million, and successfully transitioned ACC from plain vanilla long distance sales and service to a comprehensive product offering of long distance, local, internet and data services. During his tenure with ACC, in addition to U.S. sales, Mr. Baron managed Account Development, Customer Service, Sales Support, Information Processing, University Sales and Service, and Marketing.

Prior to joining ACC in 1995, Mr. Baron served as President of ETI Technical College, a four-year engineering college in Cleveland, Ohio. While there Mr. Baron had full profit and loss responsibility and returned the college to profitability following \$1 million in annual losses prior to his arrival in 1992.

Mr. Baron was Vice President of Corporate Sales and Telephonic Banking at Goldome Bank through the late '80s and early '90s, managing 114 people comprising the bank's largest and most profitable sales and customer service groups. Mr. Baron was a regional manager for Allnet Communications for all of western New York State and Pennsylvania from 1983 to 1987.

Mr. Baron has an MPA from Syracuse University with a concentration in marketing where he graduated summa cum laude. He has a B.S. in Neuroscience from the University of Rochester.

Mr. Baron lives in Fairport with his wife, Lisa, and their two daughters, Jessica and Lauren.

Richard E. Ottalagana
Executive Vice President

Richard Ottalagana, 55, has over 30 years experience in the telecommunications industry. Mr. Ottalagana began his career in telecommunications working summers as a central office installer for Stromberg-Carlson while attending Rider University. After his discharge from the Army, Mr. Ottalagana worked for approximately two years with GTE as an auditor before joining Rochester Telephone Corp. (now Frontier) in 1972. While at Rochester Telephone he held managerial positions in virtually all disciplines over a 20-year span, including sales, operations, engineering, labor relations, operator services, regulatory, accounting and finance.

Mr. Ottalagana joined ACC Corp in 1993 as Director of Business Development where his primary duty was to develop a business plan for that company to enter the local exchange marketplace as a competitive local exchange carrier ("CLEC"). With approval of that plan by ACC's Board of Directors, Mr. Ottalagana was promoted to Vice President and General Manager where he had overall responsibility to develop and implement the local exchange plan. Primarily under Mr.

Ottalagana's leadership, the CLEC subsidiary became the first profitable CLEC in the United States with annualized revenues of approximately \$60 million at the end of 1997. Because of his daily involvement, the CLEC became both net income and cash flow positive approximately three years ahead of the expected results in the business plan.

Mr. Ottalagana holds a bachelor's degree in accounting and has numerous technical telecommunications courses to his credit. He serves as Chairman of the Board to the Summit Federal Credit Union. Mr. Ottalagana is active in a variety of community activities in Rochester, New York, where he resides with his wife, Jean, and daughter, Lynne.

Richard J. Padulo
Executive Vice President of Engineering & Operation

Mr. Padulo is joining PaeTec Communications with over 34 years of experience in the telecommunications industry. Mr. Padulo started his career in the U.S. Army as a communications specialist. From there, Mr. Padulo was employed at Rochester Telephone Corp., now known as Frontier Communications. His technical experience includes central office switching, operations and teaching switch center operations and management.

In 1992, Mr. Padulo joined ACC Telecommunications as the Director of Operations where he assisted in the management of the long distance operations in the United States and Canada.

In 1994, Mr. Padulo assisted in the start up of ACC's local telephone subsidiary, ACC National Telecom, where he assisted with the business planning and assumed the position of Director of Operations and Engineering. He was also involved in building six switch sites and networks for the core of the business.

Mr. Padulo has received several certificates and certifications for various seminars and training facilities.

Mr. Padulo resides in Rochester, New York, with his wife, Mary; they have two children.

Daniel J. Venuti
Executive Vice President, Secretary and General Counsel

Mr. Venuti, 38, comes to PaeTec Communications with over 14 years' experience in corporate legal matters, with a concentration in telecommunications law. Prior to joining PaeTec, Mr. Venuti served as Vice President and General Counsel for ACC Telecommunications in Rochester, New York, with responsibility for all of ACC's United States legal and regulatory operations. Mr. Venuti joined ACC in 1994 and actively supported all aspects of ACC's long distance, CLEC, Internet, and data services product offerings. He also successfully guided ACC's publicly traded parent company, ACC Corp., through a number of acquisitions, financing transactions, and secondary stock offerings. Prior to assuming the General Counsel role at ACC, Mr. Venuti spent just under 10 years in private practice with Bond, Schoeneck, & King, the largest law firm in central New York. Mr. Venuti built a successful general corporate practice serving the various needs of the business community, while also developing a specialized practice focusing on telecommunications-related matters.

Mr. Venuti holds a J.D. from the State University of New York at Buffalo School of Law, where he graduated Magna Cum Laude. He also has a B.A., Magna Cum Laude, from Syracuse University. Mr. Venuti is a member of the American Corporate Counsel Association, the Federal Communications Bar Association, the New York State Bar Association, and the Onondaga County Bar Association.

Mr. Venuti resides in Solvay, New York, with his wife, Paulette, and their three children, Brian, Kimberly, and Gina.

Timothy J. Bancroft
Vice President of Finance

Mr. Bancroft joins PaeTec with over 25 years of experience in the communications industry, having held a variety of pertinent positions with Frontier Corporation and most recently, as the Vice President of Finance of a subsidiary of Citizens Communications. His diverse experience includes marketing, strategic business planning, mergers and acquisitions in addition to a traditional corporate finance role and perspective.

Mr. Bancroft's career accomplishments include the completion of a \$40 million debt financing for Frontier's long distance subsidiary, leadership of marketing initiatives and competitive bid proposals that gained and retained key customers, and the successful negotiation of strategic interconnection and partnering agreements with industry players.

Mr. Bancroft holds a Bachelor of Science degree in Business Administration from the Rochester Institute of Technology and participates as a parks and recreation commissioner in the community of Perinton.

Mr. Bancroft resides in Fairport with his wife and family.

EXHIBIT 3

FINANCIAL QUALIFICATIONS

PARENT OF APPLICANT

PaeTec Corp.
Consolidated Financial Statements
For the Four Months Ended
August 31, 1998

John M. McMahon
Certified Public Accountant

431 West Whitney Road
Penfield, New York 14526

Telephone (716) 586-4983
Facsimile (716) 586-3579

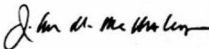
September 18, 1998

The accompanying consolidated Balance Sheet and Income Statement for PaeTec Corp. for the four months ended August 31, 1998, have been compiled by me.

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

Management has elected to omit substantially all of the disclosures (and the statement of cash flow) required by generally accepted accounting principles. If the omitted disclosures were included in the financial statement, they might influence the user's conclusions about the company's financial position, results of operations, and changes in financial position.

Accordingly, these financial statements are not designed for those who are not informed about such matters.



John McMahon, CPA

PaeTec Corp.
Consolidated Balance Sheet
August 31, 1998

Assets

Current Assets	
Cash	\$ 3,942,497
Subscription Receivable	1,999,920
	<hr/>
Total Current Assets	5,942,417
Fixed Assets	
Equipment & Furniture	
Net of Depreciation	369,383
Organization	
Net of Amortization	92,165
	<hr/>
Total Fixed Assets	461,548
Other Assets	
Security Deposits	19,335
	<hr/>
Total Assets	\$ 6,423,300
	<hr/> <hr/>

Liabilities

Current Liabilities	
Accounts Payable	\$ 91,522
Accrued Payroll and	
Payroll Taxes	105,304
Accrued 401-K Payable	31,323
	<hr/>
Total Current Liabilities	228,149
Long Term Liabilities	
Loan from Shareholder	409,913
	<hr/>
Total Liabilities	638,062

Shareholders' Equity

Stock	6,986,887
Retained Earnings	(1,201,649)
	<hr/>
Total Shareholders' Equity	5,785,238
	<hr/>
Total Liabilities and Equity	\$ 6,423,300
	<hr/> <hr/>

See accountant's compilation report.

PaeTec Corp.
Consolidated Income Statement
August 31, 1998

Income	\$	0
Expenses		
Payroll and Payroll Taxes	975,451	
Dues and Fees	9,587	
Insurance	34,569	
Rent and Utilities	42,741	
Telephone	5,637	
Maintenance	6,200	
Office Supplies	18,840	
Equipment Lease	2,219	
Professional Fees	6,031	
Travel, Meals, Conferences	83,838	
Amortization	4,480	
Depreciation	25,101	
	<hr/>	
Total Expenses	1,214,694	
	<hr/>	
Loss from Operations	(1,214,694)	
Other Income	13,045	
	<hr/>	
Net Loss	\$ (1,201,649)	
	<hr/> <hr/>	

See accountant's compilation report.

APPLICANT

**PaeTec Communications, Inc.
Financial Statements
For the Four Months Ended
August 31, 1998**

John M. McMahon
Certified Public Accountant

491 West Whitamy Road
Parsippany, New York 1525

Telephone (716) 586-4883
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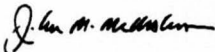
September 18, 1998

The accompanying Balance Sheet and Income Statement for PasTec Communications, Inc. for the four months ended August 31, 1998, have been compiled by me.

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

Management has elected to omit substantially all of the disclosures (and the statement of cash flow) required by generally accepted accounting principles. If the omitted disclosures were included in the financial statement, they might influence the user's conclusions about the company's financial position, results of operations, and changes in financial position.

Accordingly, these financial statements are not designed for those who are not informed about such matters.



John McMahon, CPA

PaeTec Communications, Inc.
Balance Sheet
August 31, 1998

Assets

Current Assets	
Cash	\$ 142,485
Fixed Assets	
Equipment & Furniture	
Net of Depreciation	369,383
Organisation	
Net of Amortisation	92,165
Total Fixed Assets	604,033
Other Assets	
Security Deposits	19,335
Total Assets	\$ 623,368

Liabilities

Current Liabilities	
Accounts Payable	\$ 91,522
Accrued Payroll and	
Payroll Taxes	105,304
Accrued 401-K Payable	31,323
Total Current Liabilities	228,149
Long Term Liabilities	
Loan from Shareholder	409,913
Total Liabilities	638,062

Shareholders' Equity

Paid in Capital-Parent	1,200,000
Retained Earnings	(1,214,694)
Total Shareholders' Equity	(14,694)
Total Liabilities and Equity	\$ 623,368

See accountant's compilation report.

PaeTec Communications, Inc.
Income Statement
August 31, 1998

Income	\$	0
Expenses		
Payroll and Payroll Taxes	975,451	
Dues and Fees	9,587	
Insurance	34,569	
Rent and Utilities	42,741	
Telephone	5,637	
Maintenance	6,200	
Office Supplies	18,840	
Equipment Lease	2,219	
Professional Fees	6,031	
Travel, Meals, Conferences	83,838	
Amortisation	4,480	
Depreciation	25,101	
Total Expenses	<u>1,214,694</u>	
Loss from Operations	<u>(1,214,694)</u>	

See accountant's compilation report.

EXHIBIT 4

PROPOSED TARIFF

TITLE SHEET

INTEREXCHANGE TELECOMMUNICATIONS SERVICES

This tariff applies to the resold long distance interexchange telecommunications services furnished by PaeTec Communications, Inc. ("Carrier") between one or more points in the State of South Dakota. This tariff is on file with the South Dakota Public Utilities Commission, and copies may be inspected, during normal business hours, at Carrier's principal place of business, 290 Woodcliff Drive, Fairport, New York 14450.

Issued: September 30, 1998

Effective: October 29, 1998

Issued by: Richard E. Ottalagana, Executive Vice President
PaeTec Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450

CHECK SHEET

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

<u>SHEET</u>	<u>REVISION</u>	<u>SHEET</u>	<u>REVISION</u>
1	Original	15	Original
2	Original	16	Original
3	Original	17	Original
4	Original	18	Original
5	Original	19	Original
6	Original	20	Original
7	Original	21	Original
8	Original	22	Original
9	Original	23	Original
10	Original	24	Original
11	Original	25	Original
12	Original	26	Original
13	Original	27	Original
14	Original	28	Original
		29	Original
		30	Original
		31	Original
		32	Original
		33	Original

Issued: September 30, 1998

Effective: October 29, 1998

Issued by: Richard E. Ottalagana, Executive Vice President
PacTec Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450

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Issued: September 30, 1998

Effective: October 29, 1998

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PaeTec Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450

SYMBOLS

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

- D - Delete or Discontinue
- I - Change Resulting In An Increase to A Customer's Bill
- M - Moved From Another Tariff Location
- N - New
- R - Change Resulting In A Reduction to A Customer's Bill
- T - Change In Text or Regulation But No Change In Rate or Charge

TARIFF FORMAT

- A. Sheet Numbering - Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.
- B. Sheet 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 Commission follows in their tariff approval process, the most current sheet number on file with the Commission is not always the tariff page in effect.

Issued: September 30, 1998

Effective: October 29, 1998

Issued by: Richard E. Ottalagana, Executive Vice President
PaeTec Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450

TARIFF FORMAT (Cont'd)

- 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 the check sheet if these are the only changes made to it (i.e., the format, etc. remains 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 sheet is the most current on file with the Commission.

Issued: September 30, 1998

Effective: October 29, 1998

Issued by: Richard E. Ottalagana, Executive Vice President
PaeTec Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450

SECTION 1. TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement from a local exchange telephone company or other common carrier, using either dedicated or switched access, which connects a Subscriber's location to Carrier's location or switching center.

Authorization Code - A numerical code, one or more of which may be assigned to a Subscriber, to enable Carrier to identify the origin of service User so it may rate and bill the call. All authorization codes shall be the sole property of Carrier and no Subscriber shall have any property or other right or interest in the use of any particular authorization code. Automatic numbering identification (ANI) may be used as or in connection with the authorization code.

Automatic Numbering Identification (ANI) - A type of signaling provided by a local exchange telephone company which automatically identifies the local exchange line from which a call originates.

Calling Card - A postpaid or prepaid calling card issued by Carrier which allows Subscribers and/or Users to make telephone calls and charge the calls to a postpaid or prepaid account. Calls charged to a Carrier-issued postpaid Calling Card will appear on the Subscriber's regular monthly bill. Calls charged to a Carrier-issued prepaid Calling Card will be charged against the debit account.

Carrier or Company - Refers to PaeTee Communications, Inc.

Commission - Refers to the South Dakota Public Utilities Commission.

Common Carrier - A company or entity providing telecommunications services to the public.

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Issued by: Richard E. Ottalagana, Executive Vice President
PaeTee Communications, Inc.
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Fairport, New York 14450

SECTION 1. TECHNICAL TERMS AND ABBREVIATIONS (Cont'd)

Local Access and Transport Area (LATA) - The term "Local Access Transport Area" denotes a geographical area established by the U.S. District Court for the District of Columbia in Civil Action No. 82-0192, within which a local exchange company provides communications services.

Measured Charge - A charge assessed on a per minute basis in calculating a portion of the charges due for a completed interexchange call.

Subscriber/Customer - The person or legal entity which enters into arrangements for Carrier's telecommunications services and is responsible for payment of Carrier's services.

Telecommunications - The transmission of voice communications or, subject to the transmission capabilities of the service, the transmission of data, facsimile, signaling, metering, or other similar communications.

Term - The time frame by which the Subscriber agrees to be served by the Carrier.

User - The person(s) utilizing Carrier's services.

Issued: September 30, 1998

Effective: October 29, 1998

Issued by: Richard E. Ottalagana, Executive Vice President
PacTec Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450

SECTION 2. RULES AND REGULATIONS**2.1 Application of Tariff**

- 2.1.1 This tariff contains the regulations and rates applicable to intrastate resale telecommunications services provided by Carrier for telecommunications between points within the State of South Dakota. Carrier's services are furnished subject to the availability of facilities and subject to the terms and conditions of this tariff.
- 2.1.2 The rates and regulations contained in this tariff apply only to the services furnished by Carrier and do not apply, unless otherwise specified, to the lines, facilities, or services provided by a local exchange telephone company or other common carrier for use in accessing the services of Carrier.
- 2.1.3 The Subscriber is entitled to limit the use of Carrier's services by Users at the Subscriber's facilities, and may use other common carriers in addition to or in lieu of Carrier.
- 2.1.4 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 as approved by the South Dakota Public Utilities Commission. 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 for the first contract Customer as specific in each individual contract.

Issued: September 30, 1998**Effective: October 29, 1998**

Issued by: Richard E. Ottalagana, Executive Vice President
Paetec Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450

SECTION 2. RULES AND REGULATIONS (Cont'd)**2.2 Use of Services**

- 2.2.1 Carrier's services may be used for any lawful purpose consistent with the transmission and switching parameters of the telecommunications facilities utilized in the provision of services.
- 2.2.2 The use of Carrier's services to make calls which might reasonably be expected to frighten, abuse, torment, or harass another or in such a way as to unreasonably interfere with use by others is prohibited.
- 2.2.3 The use of Carrier's services without payment for service or attempting to avoid payment for service by fraudulent means or devices, schemes, false or invalid numbers, or false calling or credit cards is prohibited.
- 2.2.4 Carrier's services are available for use twenty-four (24) hours per day, seven (7) days per week.
- 2.2.5 Carrier does not transmit messages pursuant to this tariff, but its services may be used for that purpose.
- 2.2.6 Carrier's services may be denied for nonpayment of charges or for other violations of this tariff.
- 2.2.7 Carrier's services may be denied for any use by Customer which is illegal, or poses an undue risk or liability to Carrier, or is obtained through fraud or willful misrepresentation.

Issued: September 30, 1998**Effective: October 29, 1998**

**Issued by: Richard E. Ottalagana, Executive Vice President
PaeTec Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450**

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.3 Liability of Carrier

- 2.3.1 Except as otherwise stated in this section, the liability of Carrier for damages arising out of either: (1) the furnishing of its services, including but not limited to mistakes, omissions, interruptions, delays, or errors, or other defects, representations, or use of these services, or (2) the failure to furnish its service, whether caused by acts or omission, shall be limited to the extension of allowances to the Customer for interruptions in service as set forth in Section 2.5.
- 2.3.2 Except for the extension of allowances to the Customer for interruptions in service as set forth in Section 2.5, Carrier shall not be liable to a Customer or third party for any direct, indirect, special, incidental, reliance, consequential, exemplary or punitive damages, including, but not limited to, loss of revenue or profits, for any reason whatsoever, including, but not limited to, any act or omission, failure to perform, delay, interruption, failure to provide any service or any failure in or breakdown of facilities associated with the service.
- 2.3.3 The liability of Carrier 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.

Issued: September 30, 1998

Effective: October 29, 1998

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PaeTec Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.3 Liability of Carrier (Cont'd)

2.3.4 Carrier shall not be liable for any claims for loss or damages involving:

- A. Any act or omission of: (1) the Customer, (2) any other entity furnishing service, equipment or facilities for use in conjunction with services or facilities provided by Carrier, or (3) common carriers or warehousemen;
- B. Any delay or failure of performance or equipment due to causes beyond Carrier'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 Carrier; 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;
- C. Any unlawful or unauthorized use of Carrier's facilities and services;

Issued: September 30, 1998

Effective: October 29, 1998

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PaeTec Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.3 Liability of Carrier (Cont'd)

- 2.3.4 D. Libel, slander, invasion of privacy or infringement of patents, trade secrets, or copyrights arising from or in connection with the transmission of communications by means of Carrier-provided facilities or services; or by means of the combination of Carrier-provided facilities or services with Customer-provided facilities or services;
- E. Breach in the privacy or security of communications transmitted over Carrier's facilities;
- F. Changes in any of the facilities, operations or procedures of Carrier 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, except where reasonable notice is required by Carrier and is not provided to the Customer, in which event Carrier's liability is limited as set forth in subsection 2.3.1 of this Section 2.3.
- G. Defacement of or damage to Customer premises resulting from the furnishing of services or equipment on such premises or the installation or removal thereof;

Issued: September 30, 1998

Effective: October 29, 1998

Issued by: Richard E. Ottalagana, Executive Vice President
PaeTec Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450

SECTION 2. RULES AND REGULATIONS (Cont'd)**2.3 Liability of Carrier (Cont'd)**

- 2.3.4 H. Injury to property or injury or death to persons, including claims for payments made under Workers' Compensation law or under any plan for employee disability or death benefits, arising out of, or caused by, any act or omission of the Customer, or the construction, installation, maintenance, presence, use or removal of the Customer's facilities or equipment connected, or to be connected to Carrier's facilities;
- I. Any intentional, wrongful act of a Carrier employee when such act is not within the scope of the employee's responsibilities for Carrier and/or is not authorized by Carrier;
- J. Any representations made by Carrier employees that do not comport, or that are inconsistent, with the provisions of this tariff;
- K. Any act or omission in connection with the provision of 911, E911, or similar services involving emergencies;
- L. Any noncompletion of calls due to network busy conditions;
- M. Any calls not actually attempted to be completed during any period that service is unavailable.

Issued: September 30, 1998**Effective: October 29, 1998**

**Issued by: Richard E. Ottalagana, Executive Vice President
PaeTec Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450**

SECTION 2. RULES AND REGULATIONS (Cont'd)**2.3 Liability of Carrier (Cont'd)**

- 2.3.5 Carrier shall be indemnified, defended and held harmless by the Customer or end user from and against any and all claims, loss, demands, suits, expense, or other action or any liability whatsoever, including attorney fees, whether suffered, made, instituted, or asserted by the Customer or by any other party, for any personal injury to or death of any person or persons, and for any loss, damage or destruction of any property, including environmental contamination, whether owned by the Customer or by any other party, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, presence, condition, location, use or removal of any Carrier or Customer equipment or facilities or service provided by Carrier.
- 2.3.6 Carrier does not guarantee nor make any warranty with respect to installations Provided by it for use in an explosive atmosphere. Carrier shall be indemnified, defended and held harmless by the Customer from and against any and all claims, loss, demands, suits, or other action, or any liability whatsoever, including attorney fees, whether suffered, made, instituted or asserted by the Customer or by any other party, for any personal injury to or death of any person or persons, and for any loss, damage, or destruction of any property, including environmental contamination, whether owned by the Customer or by any other party, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, presence, condition, location, use or removal of any equipment or facilities or the service.

Issued: September 30, 1998

Effective: October 29, 1998

Issued by: Richard E. Ottalagana, Executive Vice President
PaeTec Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.3 Liability of Carrier (Cont'd)

- 2.3.7 Carrier assumes no responsibility for the availability or performance of any cable or satellite systems or related facilities under the control of other entities, or for other facilities provided by other entities used for service to the Customer, even if Carrier has acted as the Customer's agent in arranging for such facilities or services. Such facilities are provided subject to such degree of protection or nonpreemptibility as may be provided by the other entities.
- 2.3.8 Any claim of whatever nature against Carrier shall be deemed conclusively to have been waived unless presented in writing to Carrier within thirty (30) days after the date of the occurrence that gave rise to the claim.
- 2.3.9 CARRIER MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

Issued: September 30, 1998

Effective: October 29, 1998

Issued by: Richard E. Ottalagana, Executive Vice President
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290 Woodcliff Drive
Fairport, New York 14450

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.4 Responsibilities of the Subscriber

- 2.4.1 The Subscriber is responsible for placing any necessary orders; for complying with tariff regulations; for the placement of any stickers or tent cards provided by Carrier or as required by law; and for assuring that Users comply with tariff regulations. The Subscriber 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 by the Subscriber to Users. The Subscriber is also responsible for the payment of charges for calls originated at the Subscriber's numbers which are not collect, third party, calling card, or credit card calls.
- 2.4.2 The Subscriber is responsible for charges incurred for special construction and/or special facilities which the Subscriber requests and which are ordered by Carrier on the Subscriber's behalf.
- 2.4.3 If required for the provision of Carrier's services, the Subscriber must provide any equipment space, supporting structure, conduit and electrical power without charge to Carrier.

Issued: September 30, 1998

Effective: October 29, 1998

Issued by: Richard E. Ottalagana, Executive Vice President
PacTec Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450

SECTION 2. RULES AND REGULATIONS (Cont'd)**2.4 Responsibilities of the Subscriber (Cont'd)**

- 2.4.4 The Subscriber is responsible for arranging access to its premises at times mutually agreeable to Carrier and the Subscriber when required by Carrier personnel to install, repair, maintain, program, inspect or remove equipment with the provision of Carrier's services.
- 2.4.5 The Subscriber shall ensure that the equipment and/or system is properly interfaced with Carrier facilities or services, that the signals emitted into Carrier's network are of the proper mode, bandwidth, power, and signal level for the intended use of the Subscriber 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 Subscribers. If the Federal Communications Commission or some other appropriate certifying body certifies terminal equipment as being technically acceptable for direct electrical connection with interstate communications service, Carrier will permit such equipment to be connected with its channels without use of protective interface devices.

If the Subscriber fails to maintain the equipment and/or the system properly, with resulting imminent harm to Carrier equipment, personnel, or the quality of service to other Subscribers, Carrier may, upon written notice, require the use of protective equipment at the Subscriber's expense. If this fails to produce satisfactory quality and safety, Carrier may, upon written notice, terminate the Subscriber's service.

Issued: September 30, 1998**Effective: October 29, 1998**

**Issued by: Richard E. Ottalagana, Executive Vice President
PaeTec Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450**

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.4 Responsibilities of the Subscriber (Cont'd)

- 2.4.6 The Subscriber must pay Carrier for replacement or repair of damage to the equipment or facilities of Carrier caused by negligence or willful act of the Subscriber, Users, or others, by improper use of the services, or by use of equipment provided by the Subscriber, Users, or others.
- 2.4.7 The Subscriber must pay for the loss through theft of any Carrier equipment installed at Subscriber's premises.
- 2.4.8 The Subscriber is responsible for payment of the charges set forth in this tariff.
- 2.4.9 The Subscriber is responsible for compliance with the applicable regulations set forth in this tariff.
- 2.4.10 The Subscriber shall indemnify and save Carrier harmless from all liability disclaimed by Carrier as specified in Section 2.3 above, arising in connection with the provision of service by Carrier, and shall protect and defend Carrier from any suits or claims against Carrier and shall pay all expenses and satisfy all judgments rendered against Carrier in connection herewith. Carrier shall notify the Subscriber of any suit or claim against Carrier of which it is aware.

Issued: September 30, 1998

Effective: October 29, 1998

Issued by: Richard E. Ottalagana, Executive Vice President
PaeTec Communications, Inc.
290 Woodciff Drive
Fairport, New York 14450

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.5 Cancellation or Interruption of Services

2.5.1 General

- A. A service is interrupted when it becomes unusable to the Customer, e.g., the Customer is unable to transmit or receive, because of a failure of a component furnished by Carrier under this tariff.
- B. An interruption period begins when the Customer reports a service, facility or circuit to be inoperative and releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative.
- C. If the Customer reports a service, facility or circuit to be inoperative but declines to release it for testing and repair, 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 Carrier to be impaired.

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Issued by: Richard E. Ottalagana, Executive Vice President
PaeTec Communications, Inc.
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Fairport, New York 14450

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.5 Cancellation or Interruption of Services (Cont'd)

2.5.2 Limitations on Allowances

No credit allowance will be made for any interruption of service:

- A. due to the negligence of, or noncompliance with the provisions of this Tariff by, any person or entity other than Carrier, including but not limited to the Customer or other common carriers connected to the service of Carrier;
- B. due to the failure of power, equipment, systems, or services not provided by Carrier;
- C. due to circumstances or causes beyond the control of Carrier;
- D. during any period in which Carrier is not given full and free access to its facilities and equipment for the purposes of investigating and correcting interruptions;
- E. during any period in which the Customer continues to use the service on an impaired basis;

Issued: September 30, 1998

Effective: October 29, 1998

Issued by: Richard E. Ottalagana, Executive Vice President
PaeTec Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450

SECTION 2. RULES AND REGULATIONS (Cont'd)**2.5 Cancellation or Interruption of Services (Cont'd)****2.5.2 Limitations on Allowances (Cont'd)**

- F. during any period when the Customer has released service to Carrier for maintenance purposes or for implementation of a Customer order for a change in service arrangements;
- G. that occurs or continues due to the Customer's failure to authorize replacement of any element of special construction; and
- H. that was not reported to Carrier within thirty (30) days of the date that service was affected.

2.5.3 Application of Credits for Interruptions of Service

Credits for interruptions of service, for which charges are specified on the basis of per minute of use, or on the usage of a fraction of a minute, shall in no event exceed an amount equal to the initial period charge provided for under this tariff.

2.6 Discontinuance of Service for Cause

2.6.1 Without incurring liability, the Company may discontinue the provision of service to a Customer or to a particular Customer location, or may withhold the provision of ordered or contracted services:

- A. For nonpayment of any sum due to the Company for more than thirty (30) days after issuance of the bill for the amount due;
- B. For violation of any of the provisions of this tariff;
- C. For violation of any law, rule, regulation or policy of any governing authority having jurisdiction over the Company's services; or

Issued: September 30, 1998**Effective: October 29, 1998**

**Issued by: Richard E. Ottalagana, Executive Vice President
PaeTec Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450**

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.6 Discontinuance of Service for Cause (Cont'd)

- D. By reason of any order or decision of a court, public service commission or federal regulatory body or other governing authority prohibiting the Company from furnishing its services.

2.7 Billing Arrangements

- 2.7.1 The Subscriber will either be billed directly by Carrier or its intermediary, or charges will be included in the Subscriber's regular telephone bill pursuant to billing and collection agreements established by Carrier or its intermediary with the applicable telephone company.
- 2.7.2 Carrier will render bills monthly. Payment is due within thirty (30) days after the Subscriber's receipt of its bill.
- 2.7.3 Carrier may impose a late payment charge not to exceed 1.5% on any bill not paid within thirty (30) days of the receipt, which charge may only be assessed on outstanding balance. The Subscriber shall be responsible for all costs, including attorney's fees, incurred in the collection of unpaid charge or in any other action to enforce payments and/or obligations arising under this tariff. A charge of up to twenty dollars (\$20.00) may be imposed for returned checks.

2.8 Minimum Use Contracts

- 2.8.1 The Company may offer services which require a minimum use guarantee ("MUG") wherein the Subscriber agrees, in writing, to pay the minimum amount per period agreed to upon commencement of service. Subscribers falling below their MUG will be billed for the minimum amount due per period pursuant to the MUG agreement.

Issued: September 30, 1998

Effective: October 29, 1998

Issued by: Richard E. Ottlagana, Executive Vice President
PaeTec Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.8 Minimum Use Contracts (Cont'd)

2.8.2 Should the Subscriber choose to terminate their contract prior to expiration of the term agreed to in the MUG agreement, the Subscriber will be liable for the minimum usage requirements contained in the contract multiplied by the number of months remaining in the term, unless Subscriber converts to another Company service with equal or greater term and minimum usage commitments. If no minimum usage requirements are specified in the contract, upon any early termination of Subscriber's contract, Subscriber will be liable for their monthly average usage (calculated over the last three full months immediately preceding the date of termination) multiplied by the number of months remaining in the term.

2.8.3 The initial contract period for service under this section is one month. Subsequent contract periods shall be for additional one-month periods unless otherwise specified.

2.9 Validation of Credit

Carrier reserves the right to validate the credit worthiness of Subscribers or Users.

2.10 Contested Charges

All bills are presumed accurate, and shall be absolutely binding on the Subscriber unless objection is received by Carrier within thirty (30) days after such bills are rendered. In the case of a billing dispute between the Subscriber and Carrier for service furnished to the Subscriber, which cannot be settled with mutual satisfaction, the Subscriber can take the following course of action within thirty (30) days of the billing date:

2.10.1 First, the Subscriber may request, and Carrier will provide, an in-depth review of the disputed amount. (The undisputed portion and subsequent bills must be paid on a timely basis or the service may be subject to disconnect.)

Issued: September 30, 1998

Effective: October 29, 1998

Issued by: **Richard E. Ottalagana, Executive Vice President**
PaeTee Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.10 Contested Charges (Cont'd)

2.10.2 Second, if there is still a disagreement about the disputed amount after the investigation and review by a manager of Carrier, the Subscriber may file an appropriate complaint with the South Dakota Public Utilities Commission. The Commission's address is:

South Dakota Public Utilities Commission
400 E. Capitol Street
State Capital Building
Pierre, SD 57501
(605) 773-3201

2.10.3 Billing inquiries may be directed to the Carrier at its toll free number (800) 947-5084.

2.11 Billing Entity Conditions

When billing functions on behalf of Carrier are performed by local exchange telephone companies, or others, the payment conditions and regulations of such companies apply, including any applicable interest and/or late payment charge conditions.

2.12 Deposits

The Company will not require deposits.

Issued: September 30, 1998

Effective: October 29, 1998

Issued by: Richard E. Ottalagana, Executive Vice President
PaeTec Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450

SECTION 2. RULES AND REGULATIONS (Cont'd)

2.13 Telephone Surcharges/Taxes/Contributions

In addition to the rates and charges applicable according to the rules and regulations of this tariff, various surcharges and taxes may apply to charges incurred by and billed to the customer on the monthly billing statement. The Customer is responsible for payment of any fees (including franchise and right-of-way fees), charges, surcharges, contributions and taxes (however designated) (including without limitation universal service contributions, telephone relay service contributions, sales, use, gross receipts, excise, access or other taxes but excluding taxes on the Company's net income) imposed by any local, state, or federal government on or based upon the provision, sale or use of the Company's services. Fees, charges, and taxes imposed by a city, county, or other political subdivision will be collected only from those Customers receiving service within the boundaries of that subdivision.

2.14 Minimum Call Completion Rate

Carrier will ensure an industry standard blocking rate no greater than P.01.

2.15 Promotions

Carrier may from time to time offer promotional services.

Issued: September 30, 1993

Effective: October 29, 1998

Issued by: Richard E. Ottalagana, Executive Vice President
PacTec Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450

SECTION 3 - DESCRIPTION OF SERVICES**3.1 General**

Carrier provides resold interexchange telecommunications services, including direct-dialed message telecommunications services, and 800/888/877 service. Calls are rated based on the duration of the call. Services are available twenty-four (24) hours a day, seven (7) days a week. Carrier does not charge for service on a mileage basis.

3.2 Charges Based on Duration of Use

Where charges for a service are specified based on the duration of use, such as the duration of a telephone call, the following rules apply:

- 3.2.1 Calls are measured in durational increments identified for each service. All calls which are fractions of a measurement increment are rounded up to the next whole unit.
- 3.2.2 Timing on completed calls begins when the call is answered by the called party. Answering is determined by hardware answer supervision in all cases where this signaling is provided by the terminating local carrier and any intermediate carrier(s).
- 3.2.3 Timing terminates on all calls when the calling party hangs up or the Company's network receives an on-hook signal from the terminating carrier.
- 3.2.4 Calls originating in one time period and terminating in another will be billed in proportion to the rates in effect during different segments of the call.
- 3.2.5 All times refer to local times.
- 3.2.6 Rates are not distance sensitive. As such, unless otherwise indicated, mileage bands are not applicable to the services offered.
- 3.2.7 Unless otherwise indicated, rates do not vary depending upon day or the time of day (Day, Evening, and Night/Weekend).

Issued: September 30, 1998**Effective: October 29, 1998**

**Issued by: Richard E. Ottalagana, Executive Vice President
PacTec Communications, Inc.
290 Woodcliff Drive
Fairport, New York 14450**

SECTION 3 - DESCRIPTION OF SERVICES

3.2 Charges Based on Duration of Use

3.2.8 Each call is rated and billed in whole cents according to the following conventions:

- D. Commercial. For services offered by Carrier, any rated call with a fraction of a cent less than \$0.005, will be rounded down to the nearest whole cent. Any rated call with a fraction of a cent \$0.005 or greater, will be rounded up to the nearest whole cent.
- E. Residential. Calls made using any service offered to residential Subscribers will be rounded up to the nearest cent at the termination of a call.
- F. Exceptions. Special rounding arrangements may be made through contractual arrangements.

3.3 Product Descriptions

3.3.1 Commercial Switched Outbound (1+)

Switched outbound services provide direct dialed (1+) long distance services to commercial Subscribers. Subscribers may also access Carrier's services by dialing "10XXX." Subscribers access Carrier's services through switched access origination.

Issued: September 30, 1998

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PaeTec Communications, Inc.
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SECTION 3 - DESCRIPTION OF SERVICES (Cont'd)

3.3 Product Descriptions (Cont'd)

3.3.2 Commercial Switched 800/888/877 Inbound

Switched 800/888/877 provides an inbound toll-free calling service to commercial Subscribers. The Subscriber is billed for each toll-free call, rather than the call originator. Calls terminate to the Subscriber via switched access lines.

3.3.3 Commercial Dedicated Outbound (1+)

Dedicated outbound services provide direct dialed (1+) long distance services to commercial Subscribers. Subscribers may also access Carrier's services by dialing "10XXX." Subscribers access Carrier's services through dedicated access origination.

3.3.4 Commercial Dedicated 800/888/877 Inbound

Dedicated 800/888/877 provides an inbound toll-free calling service to commercial Subscribers. Subscriber is billed for each toll-free call, rather than the call originator. Calls terminate to Subscriber via dedicated access lines.

3.3.5 Residential Switched Outbound (1+)

Switched outbound services provide direct dialed (1+) long distance services to residential subscribers. Subscribers may also access Carrier's services by dialing "10XXX." Subscribers access Carrier's services through switched access origination.

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SECTION 3 - DESCRIPTION OF SERVICES (Cont'd)

3.3 Product Descriptions (Cont'd)

3.3.6 Residential Switched 800/888/877 Inbound

Switched 800/888/877 provides an inbound toll-free calling service to residential subscribers. Subscriber is billed for each toll-free call, rather than the call originator. Calls terminate to Subscriber via dedicated access lines.

3.3.7 800/888/877 Travel Card

800/888/877 Travel Card Service provides customers the opportunity to make calls while away from their home or office. Subscribers may access Carrier's services through an 800/888/877 number provided by Carrier.

3.3.8 Directory Assistance

Subscribers may request directory assistance from Carrier.

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SECTION 4 - RATE SCHEDULE

Unless otherwise specified, the following rates are per minute of use as timed by Carrier in seconds.

4.1 Commercial Switched Outbound (1+)

Billing Minimum: Six Seconds

Billing Increments: Six Seconds

Rate: \$0.193

4.2 Commercial Switched Inbound

Billing Minimum: Thirty Seconds

Billing Increments: Six Seconds

Rate: \$0.193

4.3 Commercial Dedicated Outbound

Billing Minimum: Six Seconds

Billing Increments: Six Seconds

Rate: \$0.101

4.4 Commercial Dedicated 800/888/877 Inbound

Billing Minimum: Thirty Seconds

Billing Increments: Six Seconds

Rate: \$0.110

4.5 Residential Switched Outbound (1+)

Billing Minimum: One Minute

Billing Increments: One Minute

Rate: \$0.225

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SECTION 4 - RATE SCHEDULE (Cont'd)

4.6 Residential Switched 800/888/877 Inbound

Billing Minimum: One Minute

Billing Increments: One Minute

Rate: \$0.325

4.7 800/888/877 Travel Card Service

Commercial Billing

Billing Minimum: Thirty Seconds

Billing Increment: Six Seconds

Rate: \$ 0.20

Residential Billing

Billing Minimum: One Minute

Billing Increment: One Minute

Rate: \$ 0.20

4.8 Directory Assistance

Rate: \$ 0.75 per request

Issued: September 30, 1998

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SECTION 4 - RATE SCHEDULE (Cont'd)4.9 Presubscribed Interexchange Carrier Charge ("PICC")

Presubscribed Interexchange Carrier Charges are neither contributory to nor eligible to receive discounts nor are they eligible to contribute to meeting minimum monthly usage requirements. This charge applies on a monthly basis to all Customer monthly bills. The application of this charge is subject to billing availability. Only one PICC will be applied per line.

4.9.1 Residential Customers

- A. Non-Primary Lines --A PICC of \$1.50 applies to each non-primary residential line presubscribed to The Company as the primary interexchange carrier where The Company can determine that the Customer has more than one line.
- B. Primary --A PICC of \$0.53 applies to each primary residential line presubscribed to the Company as the primary interexchange carrier.

4.9.2 Business Customers

- A. Single Line --A PICC of \$0.53 applies to each line presubscribed to the Company as the primary interexchange carrier where the Company can determine that the Customer has only one line.
- B. Centrex Lines --A PICC of \$0.31 applies to each Centrex line presubscribed to the Company as the primary interexchange carrier where the Company can determine that the Customer accesses the Company via a Local Exchange Carrier-provided Centrex line.
- C. All Other Lines --A PICC of \$2.75 applies to each line presubscribed to the Company as the primary interexchange carrier for all other Customers of the Company's business services.

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SECTION 4 - RATE SCHEDULE (Cont'd)

4.9.3 ISDN Lines

- A. BRI-ISDN Lines --A PICC of \$1.50 applies to each line presubscribed to the Company as the primary interexchange carrier where the Company can determine that the Customer accesses the Company via a local exchange carrier-provided Basic Rate Interface Integrated Services Digital Network line.
- B. PRI-ISDN Lines --A PICC of \$13.75 applies to each line presubscribed to the Company as the primary interexchange carrier where the Company can determine that the Customer accesses the Company via a Local Exchange Carrier-provided Primary Rate Interface Integrated Services Digital Network line.

4.10 Public Pay Telephone Surcharge

In order to recover the Company's expenses to comply with the FCC's pay telephone compensation plan, effective October 7, 1997 (FCC 97-371), an undiscountable per call charge is applicable to all intrastate, interstate, 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).

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SECTION 4 - RATE SCHEDULE (Cont'd)

4.10 Public Pay Telephone Surcharge (Cont'd)

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: \$ 0.35

245730.1

Issued: September 30, 1998

Effective: October 29, 1998

Issued by: Richard E. Ottalagana, Executive Vice President
 PacTec Communications, Inc.
 290 Woodcliff Drive
 Fairport, New York 14450

VERIFICATION

State of New York)
) ss.
County of Monroe)

I, Richard E. Ottalagana, being duly sworn, declare that I am Executive Vice President of PaeTec Communications, Inc., the petitioner in the subject proceeding; that I have read the foregoing petition and exhibits; and that the same are true and correct to the best of my knowledge, information, or belief.

Richard E. Ottalagana
Richard E. Ottalagana
Executive Vice President

Subscribed and sworn to me, this 21st day of September 1998.

Karen F. Ferrini
Notary Public

My commission expires: 11/30/98

KAREN F. FERRINI
Notary Public, State of New York
No. 4786583
Qualified in Monroe County 98
Commission Expires Nov. 30, 98

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP
WASHINGTON, DC 20007

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\$250.00

TC98-177

\$250.00

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP
3000 K STREET, N.W., SUITE 300
WASHINGTON, DC 20007



FIRST UNION NATIONAL BANK

15-122/540

0101232

NO 101232

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

DATE

AMOUNT

PAY TO THE ORDER OF South Dakota Public Utilities Commission

09/22/98

GENERAL ACCOUNT \$250.00

TWO SIGNATURES REQUIRED ABOVE \$10,000

⑈ 10 232 ⑈ :05400 220: 203000006 363 ⑈

South Dakota Public Utilities Commission

WEEKLY FILINGS

For the Period of September 25, 1998 through October 1, 1998

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this filing.
Phone: 605-773-3705. Fax: 605-773-3809.

TELECOMMUNICATIONS

TC98-177 In the Matter of the Application of PaeTec Communications, Inc., for a Certificate of Authority to Provide Telecommunications Services in South Dakota

Application of PaeTec Communications, Inc. for a certificate of authority to provide resold intrastate interexchange telecommunications services in South Dakota. The services to be provided include direct-dialed (1+) message telecommunications services, 800-888-877 services, operator services to presubscribed customers only, and post-paid calling card services.

Staff Attorney: Karen Cremer
Staff Analyst: Kylie Tracy
Date Filed: 09/30/98
Intervention Deadline: 10/16/98

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! <http://www.state.sd.us/state/executive/puc/puc.htm>

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

IN THE MATTER OF THE APPLICATION OF)	ORDER GRANTING
PAETEC COMMUNICATIONS, INC. FOR A)	CERTIFICATE OF
CERTIFICATE OF AUTHORITY TO PROVIDE)	AUTHORITY
TELECOMMUNICATIONS SERVICES IN)	
SOUTH DAKOTA)	TC98-177

On September 30, 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 PaeTec Communications, Inc. (PaeTec).

PaeTec proposes to provide resold intrastate interexchange telecommunications services, including direct-dialed message telecommunications services, 800/888/877 services, operator services, and post-paid calling card services. A proposed tariff was filed by PaeTec. The Commission has classified long distance service as fully competitive.

On October 1, 1998, the Commission electronically transmitted notice of the filing and the intervention deadline of October 16, 1998, to interested individuals and entities. No petitions to intervene or comments were filed and at its regularly scheduled January 26, 1999, meeting, the Commission considered PaeTec's request for a certificate of authority. Commission Staff recommended granting a certificate of authority, subject to the condition that PaeTec not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission. Commission Staff also recommended that new contracted rates and penalties must be presented to the Commission on a case by case basis if not included in the tariff.

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 PaeTec has met the legal requirements established for the granting of a certificate of authority. PaeTec 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 PaeTec's application for a certificate of authority, subject to the condition that PaeTec not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission, and that new contracted rates and penalties must be presented to the Commission on a case by case basis if not included in the tariff. As the Commission's final decision in this matter, it is therefore

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

FURTHER ORDERED, that new contracted rates and penalties must be presented to the Commission on a case by case basis if not included in the tariff. It is

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

Dated at Pierre, South Dakota, this 3rd day of February, 1999.

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 William Kelle

Date 2/4/99

(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 January 26, 1999
Docket No. TC98-177

This is to certify that

PAETEC COMMUNICATIONS, INC.

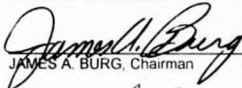
is authorized to provide telecommunications services in South Dakota.

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 3rd day of February, 1999.

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION:





JAMES A. BURG, Chairman



PAM NELSON, Commissioner



LASKA SCHOENFELDER, Commissioner