



TC98-201



210 N. Park Ave  
Winter Park, FL  
32789

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

Tel: 407-740-8575  
Fax: 407-740-0613  
tm@tminc.com

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

Re: Registration of **FirstWorld Communications, Inc.** for Authority to Provide  
Intrastate Telecommunications Services within the State of South Dakota

Dear Mr. Bullard:

Enclosed for filing are the original and ten (10) copies of a Registration for Authority  
to Provide Intrastate Telecommunications Services, filed on behalf of FirstWorld  
Communications, Inc. Also enclosed is a check for the filing fee of \$250.00.

Please return, date-stamped, the extra copy of this cover letter in the enclosed self-  
addressed stamped envelope provided for this purpose.

Any questions you may have regarding the above filing should be directed to me at  
(407) 740-8575.

Sincerely,

Connie Wightman  
Consultant for  
FirstWorld Communications, Inc.

CW/wg

cc: Jo Ann G. Hill, FirstWorld  
File: FirstWorld - SD - Toll  
TMS: SDO9800

November 12, 1998  
*Via Overnight Delivery*

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NOV 16 1998

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

**SOUTH DAKOTA  
PUBLIC UTILITIES COMMISSION**

Registration of )  
**FirstWorld Communications, Inc.** )  
 for Authority to Provide Intrastate ) Docket No. \_\_\_\_\_  
 Telecommunications Services )  
 within South Dakota )

Pursuant to Rule 20:10:24-02 of the Commission's Telecommunications Services Rules, FirstWorld Communications, Inc. ("FirstWorld" or "Applicant") submits the following registration information:

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

FirstWorld Communications, Inc.  
 9333 Genesee Avenue  
 Suite 200  
 San Diego, California 92121  
 Telephone: (619) 552-8010  
 Facsimile: (619) 552-8006  
 Toll Free: (888) 644-4357

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

Not Applicable

**3. If the applicant is a corporation:**

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

Applicant is a corporation organized under the laws of the state of California on July 16, 1992. In 1998, Applicant was merged into FirstWorld Communications, Inc., a corporation organized under the laws of the State of Delaware on February 23, 1998. Applicant's domicile is Delaware. A copy of the Applicant's certificate of authority to operate in South Dakota is provided in Attachment I.

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

Principal office in South Dakota: None

Registered Agent: National Registered Agents, Inc.  
300 South Phillips Avenue, Suite 300  
Sioux Falls, South Dakota 57102

- (c) **The names and addresses of any corporation, association, partnership, cooperative, or individual holding a 20 percent or greater ownership or management interest in the applicant corporation and the amount and character of the ownership or management interest;**

**Principal stockholders.**

Enron Capital & Trade - 31.94%  
David Duffie - 3.34%  
Rennet Senn - 3.48%  
Ramsay International - .353%  
Colorado Spectra 1 - 5.3%  
Colorado Spectra 3 - 31.94%

- (d) **The names and addresses of subsidiaries owned or controlled by the applicant:**

None

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

Not Applicable

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

FirstWorld Communications, proposes to provide intrastate long distance service in conjunction with its interstate long distance service. FirstWorld Communications, Inc. provides message toll service on a switched or dedicated basis, inbound toll free service on a switched or dedicated basis, travel card, debit card services, and operator services to its customers over the resold facilities of other certificated carriers. Services are provided to both residential and business customers. The Company will initially operate as a switchless-based reseller. FirstWorld Communications, Inc. will offer its services 24 hours per day, seven days a week. Message Toll Service allows customers to use the Company's network by making "1 + interexchange number" calls. Inbound Toll Free Service allows customers

to pay for calls received via a toll free (i.e. 800/888 number) rather than the call originator. Travel Card service allows customers to use the Company's network in a casual calling format by dialing the Company's toll free number, entering a Personal Account Code and a destination number. Debit Card service allows customers to use the service by dialing the Company's toll free number (i.e. 1-800 or 1-888), followed by their personal account code. After dialing the account number, the caller is informed of the balance available in his/her Debit Account and will then input the digits to complete the call. FirstWorld Communications, Inc. will follow all appropriate South Dakota Public Utilities Commission rules for any telecommunication service that the Company offers which requires FirstWorld Communications, Inc. to receive authorization to change the Customer's primary carrier.

FirstWorld will bill its Customers directly. The Company's customer service department is available 24 hours per day, seven days per week. The telephone number for Customer inquiries and complaints will be provided on the Customer bill. FirstWorld's toll-free Customer number is 888-644-4357.

Services are offered twenty-four (24) hours per day, seven (7) days per week.

FirstWorld's services are described more fully in its proposed tariff provided as Attachment IV.

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

FirstWorld does not intend to install or operate any switching or transmission facilities in South Dakota. The Company will use resold transmission services of other carriers.

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

FirstWorld intends to offer service throughout the state of South Dakota.

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

Attached hereto are unaudited financial statements that cover the period from September 1, 1997 to June 30, 1998. An officer of the Company attests to the accurate depiction of the company's financial position. Also attached is documentation of a debt offering that has yielded over \$236 Million in operating capital. These funds will not be reflected in financial statements until the end of the Company's fiscal year, which is September 30, 1998. These attachments demonstrate FirstWorld's financial qualifications to provide the requested services. FirstWorld Communications, Inc. possesses the financial resources necessary to provide interexchange services in South Dakota.

As of June 30, 1998, the Company's assets totaled \$286 Million. This position will enable the Company to expand into new service territories throughout 1998 and 1999, continuously growing its revenue base and profitability.

9. **The names and addresses of the applicant's representatives to whom all inquiries should be made regarding complaints and regulatory matters and a description of how the applicant handles customer billings and customer service matters.**

For inquiries regarding this application and tariff, contact:

Connie Wightman  
Consultant to FirstWorld Communications, Inc.  
Technologies Management, Inc.  
P.O. Box 200  
Winter Park, Florida 32790-0200  
Telephone: (407) 740-8575  
Facsimile: (407) 740-0613

For all other matters, contact:

Regulatory Contact: Kevin Timpane  
Telephone: (619) 552-8010 x 285  
Facsimile: (619) 552-8006

Please identify any predecessor(s) of the Applicant and provide other names under which the Applicant has operated within the preceding five (5) years, including name, address, and telephone number.

**Not Applicable**

2. **CONTACT PERSON:** The name, title address, telephone number, and FAX number of the person to whom questions about this Application should be addressed are:

Connie Wightman  
Consultant to FirstWorld Communications, Inc.  
210 North Park Avenue  
Winter Park, FL 32789  
Telephone: (407) 740-8575  
Facsimile: (407) 740-0613

FirstWorld will bill its Customers directly. The Company's customer service department is available 24 hours per day, seven days per week. The telephone number for Customer inquiries and complaints will be provided on the Customer bill. FirstWorld's toll-free customer service number is (888) 644-4357

10. **A list of the states in which the applicant is registered or certified to do business and if the applicant has ever been denied registration or certification in any state and the reasons for the denial.**

The following is a list of states where FirstWorld is authorized to provide telecommunications services or has an application for certification or registration pending:

| STATE         | APPROVAL DATE                     |
|---------------|-----------------------------------|
| Arizona       | 10/29/98                          |
| California    | Approved                          |
| Colorado      | 8/14/98                           |
| Delaware      | 10/13/98                          |
| Florida       | 11/10/97                          |
| Illinois      | Pending                           |
| Indiana       | 7/10/98                           |
| Iowa          | Not Required                      |
| Kansas        | 9/8/98                            |
| Kentucky      | 9/20/98                           |
| Maryland      | 9/23/98                           |
| Massachusetts | 11/14/98                          |
| Michigan      | 9/21/98                           |
| Minnesota     | Pending                           |
| Missouri      | Pending (to be approved 12/15/98) |
| Nevada        | 10/2/98                           |
| New Jersey    | 07/8/98                           |
| New York      | Pending (to be approved 1/14/99)  |
| New Mexico    | Pending                           |
| North Dakota  | 10/28/98                          |
| Ohio          | 10/14/98                          |
| Oklahoma      | Pending                           |
| Oregon        | 9/28/98                           |
| Pennsylvania  | 8/8/98                            |
| Tennessee     | Pending                           |
| Texas         | 7/7/98                            |
| Utah          | Not Required                      |
| Virginia      | Not Required                      |
| Washington    | 9/25/98                           |
| Wisconsin     | Pending                           |



FirstWorld has not been denied certification from any state utility commission nor has it had a certificate revoked in any state

11. **A detailed description of how the applicant intends to market its services, the qualifications of its marketing sales personnel, its target market, whether the applicant engages in any multilevel marketing and copies of any company brochures used to assist in the sale of services.**

The Company's initial plan is to market its services to business Customers through direct contact. Marketing materials are provided as Attachment V.

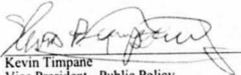
12. **Cost support for rates shown in the company's tariff for all noncompetitive or emerging competitive services.**

Cost support information is provided in Attachment VI.

As evidenced by the foregoing application, FirstWorld Communications, Inc. is fully qualified to offer and provide long distance service within the State of South Dakota. Therefore, FirstWorld respectfully requests that the Commission grant this application at its earliest convenience.

Dated this 1 day of November 1998.

Respectfully Submitted,



Kevin Timpane  
Vice President - Public Policy  
FirstWorld Communications, Inc.  
9333 Genesee Avenue, Suite 200  
San Diego, California 92121  
Telephone: (619) 552-8010  
Facsimile: (619) 552-8006

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ATTACHMENT 1

FirstWorld Communications, Inc.

Authority to Operate in South Dakota

# State of South Dakota



## OFFICE OF THE SECRETARY OF STATE

### CERTIFICATE OF AUTHORITY

I, JOYCE HAZELTINE, Secretary of State of the State of South Dakota, hereby certify that the Application for a Certificate of Authority of FIRSTWORLD 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.

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 October 1, 1998.

*Joyce Hazeltime*  
 JOYCE HAZELTINE  
 Secretary of State



OCT-02-1998 12:04  
SECRETARY OF STATE  
STATE CAPITOL  
500 E. CAPITOL  
PIERRE, S.D. 57501-5020  
605-773-4845  
FAX (605) 773-5990

UNISearch WA

360 956 9504 P.04

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

APPLICATION FOR CERTIFICATE OF AUTHORITY

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 FirstWorld 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# 33-0521976

(4) The date of its incorporation is February 23, 1998 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 9 East Loockerman Street Dover, DE Zip Code 19901

mailing address if different from above is: \_\_\_\_\_  
9333 Genesee Avenue, Suite 200, San Diego, CA Zip Code 92121

(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 300 South Phillips Avenue, Suite 300, Sioux Falls, SD Zip 57102 and the name of its proposed registered agent in the State of South Dakota at that address is National Registered Agents, Inc.

(7) The purposes which it proposes to pursue in the transaction of business in the State of South Dakota are: (state specific purpose) \_\_\_\_\_  
Long distance telecommunications services and fiber optic network design.  
and services provider.

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

| Name                         | Officer Title | Street Address | City  | State | Zip   |
|------------------------------|---------------|----------------|-------|-------|-------|
| Please see attached Addendum |               |                |       |       |       |
| _____                        | _____         | _____          | _____ | _____ | _____ |
| _____                        | _____         | _____          | _____ | _____ | _____ |
| _____                        | _____         | _____          | _____ | _____ | _____ |

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

| Number of shares  | Class            | Series   | Par value per share or statement that shares are without par value |
|-------------------|------------------|----------|--|
| <u>10,135,164</u> | <u>Common</u>    | <u>A</u> | <u>.0001</u>   |
| <u>89,864,836</u> | <u>Common</u>    | <u>B</u> | <u>.0001</u>   |
| <u>10,000,000</u> | <u>Preferred</u> |          | <u>.0001</u>   |

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(10) The aggregate number of its issued shares, itemized by classes, par value of shares, shares without par value, and series, if any, within a class, is:

| Number of shares | Class  | Series | Par value per share or statement that shares are without par value |
|------------------|--------|--------|--|
| 10,135,164       | Common | A      | .0001  |
| 15,845,291       | Common | B      | .0001  |

(11) The amount of its stated capital is \$ 2,598.05

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 9/25 1998

Robert E. Randall  
 (Signature) Robert E. Randall  
 Vice President  
 (Title)

State of California  
 County of San Diego

On this 25<sup>th</sup> day of September 19 98, before me Laura C. Grubel personally appeared Robert E. Randall, known to me, or proved to me, to be the Vice President of the corporation that is described in and that executed the within instrument and acknowledged to me that such corporation executed same.

My Commission Expires: Mar. 4 2001 Laura C. Grubel (Notary Public)

Notarial Seal



\*\*\*\*\*

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

**CONSENT OF APPOINTMENT BY THE REGISTERED AGENT**

I, National Registered Agents, Inc., hereby give my consent to serve as the (name of registered agent)

registered agent for FirstWorld Communications, Inc.

(corporate name)

Dated Sept 23 19 98 Tina Ieland

(signature of registered agent)  
 Tina Ieland, Asst. Sec. for NRAI

01505014

ATTACHMENT II

FirstWorld Communications, Inc.

Articles of Incorporation

STATE OF DELAWARE  
SECRETARY OF STATE  
DIVISION OF CORPORATIONS  
FILED 09:00 AM 06/24/1998  
WILMINGTON - 2839102

CERTIFICATE OF OWNERSHIP AND MERGER  
OF  
FIRSTWORLD COMMUNICATIONS, INC.  
(a California corporation)  
INTO  
FIRSTWORLD DELAWARE, INC.  
(a Delaware corporation)

It is hereby certified that:

1. FIRSTWORLD COMMUNICATIONS, INC. (hereinafter referred to as the "Disappearing Corporation") is a business corporation of the State of California.
2. The Disappearing Corporation, as the owner of 100% of the outstanding shares of the stock of FIRSTWORLD DELAWARE, INC., hereby merges itself into FIRSTWORLD DELAWARE, INC., a corporation of the State of Delaware (the "Surviving Corporation").
3. The following is a copy of the resolutions adopted and approved on the 25th day of June, 1998, by the Board of Directors of the Disappearing Corporation to merge the Disappearing Corporation into the Surviving Corporation:

"NOW, THEREFORE, BE IT RESOLVED, that the Disappearing Corporation be merged into the Surviving Corporation pursuant to the laws of the State of Delaware as hereinafter provided, so that the separate existence of the Disappearing Corporation shall cease as soon as the merger shall become effective, and thereupon the Disappearing Corporation and the Surviving Corporation will become a single corporation, which shall continue to exist under, and be governed by, the laws of the State of Delaware.

RESOLVED FURTHER, that the terms and conditions of the proposed merger are as follows:

- (a) From and after the effective time of the merger, all of the estate, property, rights, privileges, powers, and franchises of the Disappearing Corporation shall become vested in and be held by the Surviving Corporation as fully and entirely and without change or diminution as the same were before held and enjoyed by the Disappearing Corporation, and the Surviving Corporation shall assume all of the obligations of the Disappearing Corporation.
- (b) No pro rata issuance of the shares of stock of the Surviving Corporation which are owned by the Disappearing Corporation immediately prior to the effective time of the merger shall be made, and such shares shall be surrendered and extinguished.
- (c) Each share of Series A Common Stock of the Disappearing Corporation which shall be issued and outstanding immediately prior to the effective time of the merger shall be converted into one (1) issued and outstanding share of Series A Common Stock, \$ 0.001 par value, of the Surviving Corporation, and, from



**NEXT**

**DOCUMENT (S)**

**BEST IMAGE**

**POSSIBLE**

and after the effective time of the merger, the holders of all of said issued and outstanding shares of Series A Common Stock of the Disappearing Corporation shall automatically be and become holders of shares of Series A Common Stock of the Surviving Corporation upon the basis above specified, whether or not certificates representing said shares are then issued and delivered.

(d) Each share of Series B Common Stock of the Disappearing Corporation which shall be issued and outstanding immediately prior to the effective time of the merger shall be converted into one (1) issued and outstanding share of Series B Common Stock, \$,0001 par value, of the Surviving Corporation, and, from and after the effective time of the merger, the holders of all said issued and outstanding shares of Series B Common Stock of the Disappearing Corporation shall automatically be and become holders of shares of Series B Common Stock of the Surviving Corporation upon the basis above specified, whether or not certificates representing said shares are then issued and delivered.

(e) After the effective time of the merger, each holder of record of any outstanding certificate or certificates theretofore representing Series A Common Stock or Series B Common Stock of the Disappearing Corporation may surrender the same to the Surviving Corporation at its office in San Diego, California and such holder shall be entitled upon such surrender to receive in exchange therefor a certificate or certificates representing a number of shares of Common Stock of the Surviving Corporation as described in paragraphs (c) and (d), above. Until so surrendered, each outstanding certificate which prior to the effective time of the merger represented one or more shares of Series A Common Stock or Series B Common Stock of the Disappearing Corporation shall be deemed for all corporate purposes to evidence ownership of an equal number of shares of Series A Common Stock or Series B Common Stock, respectively, of the Surviving Corporation.

(f) From and after the effective time of the merger, the Certificate of Incorporation of the Surviving Corporation shall be the Certificate of Incorporation of the Surviving Corporation as in effect immediately prior to such effective time; provided that from and after the effective time of the merger, Article First of the Surviving Corporation's Certificate of Incorporation is amended to read as follows:

"FIRST The name of the Corporation (hereinafter the "Corporation") is

FIRSTWORLD COMMUNICATIONS, INC."

(g) From and after the effective time of the merger, the By-Laws of the Surviving Corporation shall be the By-Laws of the Surviving Corporation as in effect immediately prior to such effective time.

(h) Immediately following the effective time of the merger, the members of the Board of Directors and officers of the Surviving Corporation shall be the members of the Board of Directors and the corresponding officers of the Disappearing Corporation as in office immediately before the effective time of the merger.

(i) From and after the effective time of the merger, the assets and liabilities of the Disappearing Corporation and of the Surviving Corporation shall be entered on the books of the Surviving Corporation in the amounts at which the same shall be carried at such time on the respective books of the Disappearing Corporation and of the Surviving Corporation, subject to such inter-corporate adjustments or eliminations, if any, as may be required to give effect to the merger; and, subject to such action as may be taken by the Board of Directors of the Surviving Corporation, in accordance with generally accepted accounting principles, the capital and surplus of the Surviving Corporation shall be equal to the capital and surplus of the Disappearing Corporation and of the Surviving Corporation.

RESOLVED that these resolutions to merge be submitted to a majority of the shareholders entitled to vote of the Disappearing Corporation to act in writing without a meeting pursuant to the appropriate provisions of the California Corporations Code; and, in the event that a majority of said shareholders shall consent in writing to the merger, the proposed merger shall be deemed to be approved.

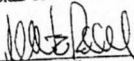
RESOLVED that, in the event that the proposed merger shall not be terminated, the proper officers of the Disappearing Corporation be and they hereby are authorized and directed to make and execute a Certificate of Ownership and Merger setting forth a copy of these resolutions to merge itself into the Surviving Corporation and the date of adoption thereof, and to cause the same to be filed and recorded as provided by law, and to do all acts and things whatsoever, within the States of Delaware and California and in any other appropriate jurisdiction, necessary or proper to effect this merger.

4. The proposed merger herein certified has been adopted, approved, certified, executed and acknowledged by the Disappearing Corporation in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware and of Section 603 of the California Corporations Code.

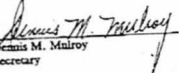
Signed and attested to on June 25, 1998.

FIRSTWORLD COMMUNICATIONS, INC.

By:

  
Robert E. Randall  
Executive Vice President

ATTEST:

  
Dennis M. Mulroy  
Secretary

*State of Delaware*  
*Office of the Secretary of State*

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 'FIRSTWORLD DELAWARE, INC.', FILED IN THIS OFFICE ON THE TWENTY-THIRD DAY OF FEBRUARY, A.D. 1998. AT 10:55 A.M.



*Edward J. Freel*

Edward J. Freel, Secretary of State

2859163 8100

981979335

8938767

AUTHENTICATION:

DATE:

02-25-98

CERTIFICATE OF INCORPORATION  
OF  
FIRSTWORLD DELAWARE, INC.

The undersigned, a natural person, for the purpose of organizing a corporation for conducting the business and promoting the purposes hereinafter stated, under the provisions and subject to the requirements of the laws of the State of Delaware (particularly Chapter 1, Title 9 of the Delaware Code and the acts amendatory thereof and supplemental thereto, and known, identified and referred to as the "General Corporation Law of the State of Delaware"), hereby certifies that:

**FIRST:** The name of the corporation (hereinafter the "Corporation") is

FIRSTWORLD DELAWARE, INC.

**SECOND:** The address, including street, number, city and county, of the registered office of the Corporation in the State of Delaware is 1013 Centre Road, City of Wilmington, County of New Castle; and the name of the registered agent of the Corporation in the State of Delaware is THE UNITED STATES CORPORATION COMPANY.

**THIRD:** The nature of the business and of the purposes to be conducted and promoted by the Corporation shall be to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

**FOURTH:**

(a) This Corporation is authorized to issue two classes of shares, designated "Common Stock" and "Preferred Stock." The total number of shares which this Corporation shall have authority to issue is 110,000,000. The number of shares of Common Stock authorized to be issued is 100,000,000, of which 10,135,164 shall be designated Series A Common Stock and 89,864,836 shall be designated Series B Common Stock. The number of shares of Preferred Stock authorized to be issued is 10,000,000. The par value of each share of Common Stock and of each share of Preferred Stock is \$0.001.

(b) The Preferred Stock may be issued from time to time in one or more series. The Board of Directors of this Corporation is hereby authorized within the restrictions stated in these Amended and Restated Articles of Incorporation to fix the number of shares of each such series and determine the designation thereof and to (i) determine or alter the rights, preferences and restrictions imposed upon any wholly unissued series of Preferred Stock and (ii) increase or decrease the number of shares of that series, but not below the number of shares of any series then outstanding. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

**1. Voting Rights**

(a) **Series A Common Stock.** Each holder of shares of Series A Common Stock shall be entitled to ten votes per share of Series A Common Stock held by such holder; and

(b) Series B Common Stock. Each holder of shares of Series B Common Stock shall be entitled to one vote per share of Series B Common Stock held by such holder; and

(c) Election of Directors. From and after 1998, the holders of Series B Common Stock shall be entitled, voting as a separate class, to elect one (1) director of the Corporation at each election of directors. Any vacancy occurring because of the death, resignation or removal of a director elected by holders of Series B Common Stock shall be filled by the vote or written consent of the holders of a majority of the shares of Series B Common Stock or, in the absence of such action by such holders, by action of the remaining directors then in office. All directors not elected as provided above shall be elected by the holders of Series A Common Stock and Series B Common Stock, voting together and not as separate classes, with each share voting as provided in this Article FOURTH, Section 1. Any vacancy with respect to such directors shall be filled as provided in the Bylaws of the Corporation.

## 2. Conversion.

(a) Right to Convert. Each holder of Series A Common Stock shall have the right to convert each share of Series A Common Stock held by such holder into one fully paid and non-assessable share of Series B Common Stock in accordance with this Article FOURTH, Section 2.

(b) Mechanics of Voluntary Conversion. In order to exercise the conversion privilege, the holder of any shares of Series A Common Stock to be converted shall present and surrender the certificate or certificates representing such shares during usual business hours at the office or agency maintained by the Corporation for the transfer of Series A Common Stock and shall give written notice to the Corporation at such office or agency that the holder elects to convert the shares of Series A Common Stock represented by such certificate or certificates, to the extent specified in such notice. Such notice shall also state the name or names (with addresses) in which the certificate or certificates for shares of Series B Common Stock which shall be issuable on such conversion shall be issued. If required by the Corporation, any certificate for shares of Series A Common Stock surrendered for conversion shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder of such shares or his or her duly authorized representative. As promptly as practicable after the receipt of such notice and the surrender of the certificate or certificates representing such shares of Series A Common Stock as aforesaid, the Corporation shall issue and deliver at such office or agency to such holder, or on his or her written order, a certificate or certificates for the number of full shares of Series B Common Stock issuable upon the conversion of such shares. Each conversion of shares of Series A Common Stock shall be deemed to have been effected on the date on which such notice shall have been received by the office or agency maintained by the Corporation for such purpose and the certificate or certificates representing such shares shall have been surrendered (subject to receipt by such office or agency within thirty (30) days thereafter of any required instruments of transfer as aforesaid), and the person or persons in whose name or names any certificate or certificates for shares of Series B Common Stock shall be issuable upon such conversion shall be deemed to have become on said date the holder or holders of record of the shares represented thereby.

(c) Automatic Conversion. Each share of Series A Common Stock shall be converted automatically into one share of Series B Common Stock upon the sale or transfer of such share of Series A Common Stock (other than the original sale and issuance by the Corporation) to any person or entity other than a Permitted Transferee (as defined below), an Affiliate (as defined below) of Donald L. Stans or an Affiliate of Exxon Capital & Trade Resources Corp. or, with respect to shares of Series A Common Stock held by Colorado Spectra 3, LLC, upon the transfer of a controlling interest in Colorado Spectra 3,

(b) Series B Common Stock. Each holder of shares of Series B Common Stock shall be entitled to one vote per share of Series B Common Stock held by such holder; and

(c) Election of Directors. From and after 1998, the holders of Series B Common Stock shall be entitled, voting as a separate class, to elect one (1) director of the Corporation at each election of directors. Any vacancy occurring because of the death, resignation or removal of a director elected by holders of Series B Common Stock shall be filled by the vote or written consent of the holders of a majority of the shares of Series B Common Stock or, in the absence of such action by such holders, by action of the remaining directors then in office. All directors not elected as provided above shall be elected by the holders of Series A Common Stock and Series B Common Stock, voting together and not as separate classes, with each share voting as provided in this Article FOURTH, Section 1. Any vacancy with respect to such directors shall be filled as provided in the Bylaws of the Corporation.

## 2. Conversion.

(a) Right to Convert. Each holder of Series A Common Stock shall have the right to convert each share of Series A Common Stock held by such holder into one fully paid and non-essenceable share of Series B Common Stock in accordance with this Article FOURTH, Section 2.

(b) Mechanics of Voluntary Conversion. In order to exercise the conversion privilege, the holder of any shares of Series A Common Stock to be converted shall present and surrender the certificate or certificates representing such shares during usual business hours at the office or agency maintained by the Corporation for the transfer of Series A Common Stock and shall give written notice to the Corporation at such office or agency that the holder elects to convert the shares of Series A Common Stock represented by such certificate or certificates, to the extent specified in such notice. Such notice shall also state the name or names (with addresses) in which the certificate or certificates for shares of Series B Common Stock which shall be issuable on such conversion shall be issued. If required by the Corporation, any certificate for shares of Series A Common Stock surrendered for conversion shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder of such shares or his or her duly authorized representative. As promptly as practicable after the receipt of such notice and the surrender of the certificate or certificates representing such shares of Series A Common Stock as aforesaid, the Corporation shall issue and deliver at such office or agency to such holder, or on his or her written order, a certificate or certificates for the number of full shares of Series B Common Stock issuable upon the conversion of such shares. Each conversion of shares of Series A Common Stock shall be deemed to have been effected on the date on which such notice shall have been received by the office or agency maintained by the Corporation for such purpose and the certificate or certificates representing such shares shall have been surrendered (subject to receipt by such office or agency within thirty (30) days thereafter of any required instruments of transfer as aforesaid), and the person or persons in whose name or names any certificate or certificates for shares of Series B Common Stock shall be issuable upon such conversion shall be deemed to have become on said date the holder or holders of record of the shares represented thereby.

(c) Automatic Conversion. Each share of Series A Common Stock shall be converted automatically into one share of Series B Common Stock upon the sale or transfer of such share of Series A Common Stock (other than the original sale and issuance by the Corporation) to any person or entity other than a Permitted Transferee (as defined below), an Affiliate (as defined below) of Donald L. Stern or an Affiliate of Exxon Capital & Trade Resources Corp. or, with respect to shares of Series A Common Stock held by Colorado Spectra 3, LLC, upon the transfer of a controlling interest in Colorado Spectra 3,



LLC to any person or entity other than Enron Capital & Trade Resources Corp., Donald L. Sturm, a Permitted Transferee or one of their Affiliates. A "Permitted Transferee" shall mean a natural person who is qualified as an accredited investor under applicable securities laws and who is a member, manager or officer of Colorado Spectra 3, LLC or an Affiliate of any such member, manager or officer. An "Affiliate" of an entity or natural person shall mean (i) an entity or natural person which or who, directly or indirectly, controls, is controlled by, or is under common control with such entity or natural person and (ii), as applied to a natural person, said person, a member of said person's Immediate Family, or the personal representative of such person. "Immediate Family" shall mean a natural person's spouse, child, grandchild, parent, grandparent, or sibling.

FIFTH: The name and the mailing address of the incorporator are as follows:

| <u>NAME</u>     | <u>MAILING ADDRESS</u>                                    |
|-----------------|---|
| Chris Allingham | 701 "B" Street, Suite 2100<br>San Diego, California 92101 |

SIXTH: The Corporation is to have perpetual existence.

SEVENTH: In furtherance and not in limitation of the powers conferred by statute, the board of directors shall have the power, without the vote or assent of the stockholders to adopt, amend or repeal the by-laws of the Corporation.

EIGHTH:

(a) The liability of the directors of this Corporation for monetary damages shall be eliminated to the fullest extent permissible under Delaware law.

(b) This Corporation is authorized to provide indemnification of agents (as defined in Section 145 of the Delaware General Corporation Law) through bylaw provisions, agreements with agents, vote of stockholders or disinterested directors or otherwise, in excess of the indemnification otherwise permitted by Section 145 of the Delaware General Corporation Law.

(c) Any repeal or modification of this Article EIGHTH shall be prospective and shall not affect the rights of indemnification or limitation of liability in effect at the time of the alleged occurrence of any act or omission to act giving rise to liability or indemnification."

NINTH: The Corporation shall, to the fullest extent permitted by Section 145 of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented, indemnify any and all persons whom it shall have power to indemnify under said section from and against any and all of the expenses, liabilities or other matters referred to in or covered by said section, and the indemnification provided for herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any By-Law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

TENTH: From time to time any of the provisions of this certificate of incorporation may be amended, altered or repealed, and other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted in the manner and at the time prescribed by said laws, and all rights at any time conferred upon the stockholders of the Corporation by this certificate of incorporation are granted subject to the provisions of the Article TENTH.

Signed on February 23, 1998.

  
Chris Allingham, Incorporator

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 "FIRSTWORLD COMMUNICATIONS, INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE NINTH DAY OF JULY, A.D. 1998.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE NOT BEEN ASSESSED TO DATE.



2859163 8300

981266880

  
Edward J. Freel, Secretary of State

AUTHENTICATION:

DATE

9187319

07-09-98

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 OWNERSHIP, WHICH MERGES:

"FIRSTWORLD COMMUNICATIONS, INC.", A CALIFORNIA CORPORATION, WITE AND INTO "FIRSTWORLD DELAWARE, INC." UNDER THE NAME OF "FIRSTWORLD COMMUNICATIONS, INC.", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE TWENTY-SIXTH DAY OF JUNE, A.D. 1998, AT 9 O'CLOCK A.M.

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



*Edward J. Freel*  
Edward J. Freel, Secretary of State

2859163 8100M  
981249480

AUTHENTICATION: 9166743  
DATE: 06-26-98

ATTACHMENT III

FirstWorld Communications, Inc.

Financial Information



FIRSTWORLD  
COMMUNICATIONS

September 14, 1998

To Whom It May Concern:

The attached financial statements of FirstWorld Communication, Inc. are a true and accurate representation of the company's financial position.

Dennis M. Mulroy  
VP, Finance & Administration

STATE OF CALIFORNIA

COUNTY OF SAN DIEGO

Signed and sworn to (or affirmed) before me on 9/14, 1999, by

Dennis M. Mulroy on behalf of Applicant,

FirstWorld Communications, Inc.



Notary Public

(Seal, if any)

My Commission Expires March 4, 2001

**FIRSTWORLD COMMUNICATIONS, INC.**  
(A Development Stage Enterprise)  
**CONSOLIDATED BALANCE SHEETS**

| ASSETS   | September 30,<br>1997 | June 30,<br>1998<br>(Unaudited) |
|--|-----------------------|---------------------------------|
| Current assets:  | \$ 536,275            | \$ 105,621,691                  |
| Cash and cash equivalents  | -                     | 145,425,182                     |
| Marketable securities  | 50,000                | -                               |
| Restricted cash  | -                     | 2,223,323                       |
| Interest receivable  | 72,567                | 299,863                         |
| Accounts receivable  | 100,442               | 381,532                         |
| Prepaid expenses   | 14,709                | 23,534                          |
| Other current assets   | 773,993               | 253,975,125                     |
| Total current assets   | 20,331,353            | 30,847,342                      |
| Property and equipment, net  | 4,067,932             | 828,117                         |
| Deferred financing costs, net  | 147,812               | 402,396                         |
| Other assets, net  | <u>\$ 25,321,090</u>  | <u>\$ 288,052,980</u>           |
| Total assets   |                       |                                 |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                       |                                 |
| Current liabilities:   | \$ 2,483,793          | \$ 2,545,666                    |
| Accounts payable   | 569,816               | 1,118,091                       |
| Accrued interest   | 205,012               | 210,099                         |
| Accrued employee costs   | 113,266               | 258,326                         |
| Other accrued expenses   | -                     | 13,151                          |
| Deferred revenue   | 401,262               | -                               |
| Short-term borrowings, net of discount   | 8,446                 | 8,643                           |
| Current portion of long-term debt  | 311,166               | 820,132                         |
| Current portion of capital lease obligations   | 4,092,761             | 4,984,108                       |
| Total current liabilities  | 11,756,283            | 157,934                         |
| Long-term debt, net of discount  | 405,500               | -                               |
| Convertible bridge notes   | -                     | 236,128,267                     |
| Senior discount notes  | 6,801,926             | 6,066,232                       |
| Capital lease obligations  | 23,056,470            | 247,336,341                     |
| Total liabilities  |                       |                                 |
| Stockholders' equity:  |                       |                                 |
| Preferred stock, .0001 par value, 5,160,335 and 100,000,000 shares authorized at September 30, 1997 and June 30, 1998:       |                       |                                 |
| Series C, convertible, voting, 2,600,000 shares issued and outstanding at September 30, 1997                                 | 260                   | -                               |
| Series B, convertible, voting, 2,016,638 shares issued and outstanding at September 30, 1997                                 | 202                   | -                               |
| Series A, convertible, non-voting, 118,667 shares issued and outstanding at September 30, 1997                               | 12                    | -                               |
| Common stock, voting, .0001 par value, 15,000,000 and 100,000,000 shares authorized at September 30, 1997 and June 30, 1998: |                       |                                 |
| Undesignated, 3,262,900 shares issued and outstanding at September 30, 1997  | 326                   | -                               |
| Series A, 10,133,164 shares designated at June 30, 1998; 10,133,164 shares issued and outstanding                            | -                     | 1,014                           |
| Series B, 89,864,836 shares designated at June 30, 1998; 15,913,208 shares issued and outstanding                            | 16,116,800            | 45,594,720                      |
| Additional paid-in capital   | 1,000,960             | 1,591                           |
| Warrants (96,500)  | -                     | 31,963,295                      |
| Stockholder receivables (14,757,440)   | -                     | (38,747,681)                    |
| Deficit accumulated during development stage   | 2,264,620             | 38,716,439                      |
| Total stockholders' equity   | <u>\$ 25,321,090</u>  | <u>\$ 288,052,980</u>           |

See accompanying notes to unaudited consolidated financial statements.

FIRSTWORLD COMMUNICATIONS, INC.  
(A Development Stage Enterprise)  
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

|   | Three Months Ended    |                        | Nine Months Ended     |                        | Period from                     |
|---|-----------------------|------------------------|-----------------------|------------------------|---------------------------------|
|   | June 30,              |                        | June 30,              |                        | September 1, 1993               |
|   | 1997                  | 1998                   | 1997                  | 1998                   | (Inception) to<br>June 30, 1998 |
| Service revenue                             | \$ -                  | \$ 415,639             | \$ -                  | \$ 649,353             | \$ 1,145,219                    |
| Other revenue                               | 45,715                | -                      | 114,368               | 10,000                 | 220,715                         |
|   | <u>45,715</u>         | <u>415,639</u>         | <u>114,368</u>        | <u>659,353</u>         | <u>1,365,934</u>                |
| Costs and expenses:                         |                       |                        |                       |                        |                                 |
| Network development and operations          | 1,576,160             | 1,948,797              | 3,186,507             | 5,497,316              | 10,563,774                      |
| Selling, general and administrative         | 1,284,283             | 3,195,869              | 2,806,044             | 4,756,496              | 13,081,400                      |
| Depreciation and amortization               | 207,093               | 811,141                | 392,720               | 1,840,639              | 2,477,459                       |
|   | <u>3,067,536</u>      | <u>5,955,807</u>       | <u>6,385,271</u>      | <u>12,094,451</u>      | <u>26,122,633</u>               |
| Loss from operations                        | (3,021,821)           | (5,540,168)            | (6,270,903)           | (11,435,098)           | (24,756,699)                    |
| Other income (expense):                     |                       |                        |                       |                        |                                 |
| Interest income                             | 93,759                | 3,190,640              | 143,447               | 3,247,160              | 3,405,361                       |
| Interest expense                            | (114,937)             | (8,591,910)            | (241,772)             | (11,071,636)           | (12,560,996)                    |
| Loss before extraordinary item              | (3,042,999)           | (10,941,438)           | (6,369,228)           | (19,259,574)           | (33,912,334)                    |
| Extraordinary item - extinguishment of debt | -                     | (4,730,667)            | -                     | (4,730,667)            | (4,835,347)                     |
| Net loss                                    | <u>\$ (3,042,999)</u> | <u>\$ (15,672,105)</u> | <u>\$ (6,369,228)</u> | <u>\$ (23,990,241)</u> | <u>\$ (38,747,681)</u>          |

See accompanying notes to unaudited consolidated financial statements.



\$470,000,000

## FIRSTWORLD COMMUNICATIONS, INC.

470,000 Units consisting of 13% Senior Discount Notes due 2008  
and Warrants to purchase 3,713,094 shares of Series B Common Stock

FirstWorld Communications, Inc. ("FirstWorld" or the "Company") is offering (the "Offering") units (the "Units"), each consisting of \$1,000 in principal amount at maturity of 13% Senior Discount Notes due 2008 (the "Notes"), and one warrant (a "Warrant"), initially exercisable to purchase 7,902 shares of Series B common stock, no par value, of the Company ("Series B Common Stock"). The Notes and Warrants will be automatically separated upon the earliest to occur of (i) 90 days from the date of issuance, (ii) such date as the Initial Purchasers (as defined) may, in their discretion, deem appropriate, (iii) in the event of a Change of Control (as defined), the date the Company mails notice thereof to the holders of the Notes, (iv) the date on which the Registered Exchange Offer (as defined) is consummated and (v) the date on which the Shelf Registration Statement (as defined) is declared effective.

The Notes will accrue in principal amount from the date of issuance at the rate of 13% per annum through April 15, 2003, compounded semi-annually, and thereafter bear interest at the rate of 13% per annum, payable semi-annually, in arrears on April 15 and October 15 of each year, commencing on October 15, 2003. The Notes will mature on April 15, 2008. The Company will not be required to make any mandatory redemption or sinking fund payments with respect to the Notes prior to maturity. The Notes will be redeemable at the option of the Company at any time after April 15, 2003 at the redemption prices set forth herein, plus accrued and unpaid interest thereon, if any, to the redemption date. In addition, the Company will be entitled, at any time prior to or on April 15, 2003, to use the net cash proceeds of one or more Public Equity Offerings (as defined) or the sale of Capital Stock (as defined) (other than Disqualified Stock (as defined)) to one or more Strategic Investors (as defined) in a single transaction or a series of related transactions to redeem up to an aggregate of 25% of the Accreted Value (as defined) of the Notes at the redemption prices set forth herein, plus accrued and unpaid interest, if any, to the redemption date, provided, however, that Notes representing 65% of the Accreted Value of the Notes originally issued must remain outstanding after giving effect to such redemption. See "Description of the Notes - Optional Redemption." In the event of a Change of Control, the Company will be required to offer to repurchase all or any part of the Notes at a purchase price equal to 101% of the aggregate Accreted Value or principal amount thereof, as applicable, plus accrued and unpaid interest thereon, if any, to the date of purchase. See "Description of the Notes - Repurchase at the Option of Holders - Change of Control."

The Notes will be senior obligations of the Company, will rank *pari passu* in right of payment with all existing and future senior indebtedness (as defined) of the Company and will rank senior in right of payment to any future Subordinated Indebtedness (as defined) of the Company. On a *pro forma* basis after giving effect to the Equity Commitment (as defined herein) and the application of net proceeds received in January 1998 from the issuance of shares of Series A Common Stock, no par value per share, of the Company ("Series A Common Stock"), and warrants to purchase Series B Common Stock in December 1997, as if the Notes had been issued and such proceeds had been received on December 31, 1997, the Company would have had no Subordinated Indebtedness and \$7.3 million in outstanding indebtedness that would rank *pari passu* with the Notes. The Indenture pursuant to which the Notes will be issued (the "Indenture") will permit the Company to incur substantial additional indebtedness, including secured indebtedness, subject to certain limitations. The Notes will be effectively subordinated to future secured indebtedness of the Company and Indebtedness and other liabilities (including Subordinated Indebtedness and trade payables) of the Company's Subsidiaries (as defined), and the Indenture will permit substantial incurrences of Indebtedness and other liabilities by the Company's Subsidiaries, subject to certain limitations.

Each Warrant will entitle the holder to purchase initially 7,902 shares of Series B Common Stock at \$0.01 per share, subject to adjustment as provided herein. Warrant holders may exercise the Warrants at any time on or after the earliest to occur of (i) May 1, 1999, (ii) an Initial Public Equity Offering (as defined) of the Company and (iii) in the event a Change of Control occurs. See the date the Company mails notice thereof to the holders of Notes and the Warrants. Unless exercised, the Warrants will automatically expire on April 15, 2008. The Warrants will entitle the holders thereof to purchase in the aggregate approximately 10% of the outstanding Common Stock of the Company on a fully-diluted basis as of the date of the issuance of the Warrants after giving effect to (i) the Offering, (ii) the Equity Commitment and (iii) the exercise as of the date of the issuance of the Units of all outstanding warrants, options, or rights issued by the Company.

It is expected that the Units (and, following the Separation Date, the Notes and the Warrants) will be eligible for trading in the Private Offering, Resales and Trading through Automated Linkages ("PORTAL") Market of the Nasdaq Stock Market, Inc.

See "Risk Factors" beginning on page 12 for a discussion of certain factors that should be considered in evaluating an investment in the Units.

**THE UNITS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND ANY STATE SECURITIES LAWS AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THIS UNIT OFFERING HEREBY IS BEING OFFERED AND SOLD ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT. PROSPECTIVE INVESTORS ARE HEREBY NOTICED THAT THE SELLERS OF THE UNITS ARE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON REALES OR TRANSFER OF THE SECURITIES (AS DEFINED), SEE "PLAN OF DISTRIBUTION" AND "NOTICE TO INVESTORS."**

The Units are being offered by Bear, Stearns & Co. Inc., ING Barings (U.S.) Securities, Inc., J.P. Morgan & Co. and Merrill Lynch & Co. (the "Initial Purchasers") and are subject to prior sale, when and as delivered to and accepted by the Initial Purchasers, subject to various conditions, including the Initial Purchasers' right to reject orders in whole or in part. It is expected that delivery of the Units will be made in book entry form through the facilities of The Depository Trust Company (the "Depository" or "DTC") on or about April 13, 1998 in New York, New York.

**Bear, Stearns & Co. Inc.**

**ING Barings Furman Selz**

**J.P. Morgan & Co.**

**Merrill Lynch & Co.**

The date of this Offering Memorandum is April 6, 1998

### The Offering

|                          |   |
|--------------------------|---|
| The Company .....        | FirstWorld Communications, Inc.   |
| Securities Offered ..... | 470,000 Units, each Unit consisting of (a) \$1,000 principal amount at maturity of 13% Senior Discount Notes due 2008 and (b) one Warrant, initially exercisable to purchase 7,9002 shares of Series B Common Stock. The Notes and Warrants comprising each Unit will not be separable until the earlier of (i) 90 days from the date of issuance, (ii) such date as the Initial Purchasers may, in their discretion, deem appropriate, (iii) in the event a Change of Control occurs, the date the Company mails notice thereof to holders of Notes, (iv) the date on which the Registered Exchange Offer is consummated and (v) the date on which the Shelf Registration Statement is declared effective (the earliest of such dates, the "Separation Date"). |
| Use of Proceeds .....    | The net proceeds to the Company from the Offering and the Equity Commitment are estimated to be approximately \$260.7 million after deducting the estimated discount and commissions and other expenses related to the Offering and the Equity Commitment.  |

The Company intends to use the net proceeds of the Offering and the Equity Commitment as follows: (i) to fund development and the construction costs of the Company's networks, including the costs of purchasing or leasing communications equipment, computers, switches, facilities and related support infrastructure; (ii) for the purchase and installation of equipment to be located at customers' premises; (iii) for rights-of-way or access payments; (iv) to fund the development of support, control and management information systems; (v) to fund product development; and (vi) for working capital and other general corporate purposes, including funding operating deficits and net losses. The Company currently intends to allocate substantial proceeds to each of the foregoing categories. The precise allocation of funds among these uses will depend on future technological, regulatory and other developments in or affecting the Company's business, the competitive climate in which it operates and the emergence of future opportunities.

### The Notes

|                |  |
|----------------|--|
| Maturity ..... | April 15, 2008   |
| Interest ..... | The Notes will be sold at a substantial discount to their principal amount at maturity, and will accrete in value through April 15, 2003 (the "Full Accretion Date") at a rate of 13% per annum, compounded semi-annually. Cash interest will neither accrue nor be payable on the Notes prior to the Full Accretion Date. Thereafter, the Notes will bear interest at the rate of 13% per annum, payable in cash semi-annually in arrears on April 15 and October 15 commencing October 15, 2003. |
| Ranking .....  | The Notes will be senior obligations of the Company, will rank <i>pari passu</i> in right of payment with all existing and future senior indebtedness of the Company and will rank senior in right of  |

payment to any future Subordinated Indebtedness of the Company, but will be effectively subordinated to any secured Indebtedness of the Company and future Indebtedness and other liabilities (including Subordinated Indebtedness and trade payables) of the Company's Subsidiaries. The Indenture will permit the incurrence of substantial additional Indebtedness, including secured Indebtedness, by the Company and its Subsidiaries, subject to certain restrictions. See "Risk Factors — Effective Subordination of Notes; Holding Company Structure." On a pro forma basis after giving effect to the Offering, the Equity Commitment and the application of net proceeds received in January 1998 from the issuance of Series A Common Stock and warrants to purchase shares of Series B Common Stock in December 1997, as if the Notes had been issued and such proceeds had been received on December 31, 1997, the Company would have had no Subordinated Indebtedness and \$7.3 million in outstanding Indebtedness that would rank *pari passu* with the Notes.

|                           |  |
|---------------------------|--|
| Sinking Fund .....        | None.  |
| Optional Redemption ..... | The Notes may be redeemed at the option of the Company, in whole or in part, at any time on or after April 15, 2003, at a premium declining to par on April 15, 2006, plus accrued and unpaid interest through the redemption date.<br><br>In addition, at any time prior to or on April 15, 2001, the Company may redeem up to 35% of the Accreted Value of the Notes at a redemption price of 113% of the Accreted Value thereof at the time of redemption, with the net cash proceeds of one or more Public Equity Offerings or the sale of Capital Stock to one or more Strategic Investors, provided, however, that Notes representing at least 65% of the Accreted Value of the Notes originally issued remains outstanding immediately after the occurrence of such redemption.                                   |
| Change of Control .....   | In the event of a Change of Control, the holders of the Notes will have the right to require the Company to purchase the Notes at a price equal to 101% of the aggregate principal amount or Accreted Value thereof, as applicable, plus accrued and unpaid interest to the date of purchase. There can be no assurance that the Company will have the financial resources necessary to repurchase the Notes upon a Change of Control.   |
| Covenants .....           | The Indenture will contain certain covenants that, among other things, limit the ability of the Company and its Restricted Subsidiaries (as defined) to make certain restricted payments, incur additional Indebtedness (as defined), pay dividends or make other distributions, repurchase equity interests or subordinated indebtedness, engage in sale or leaseback transactions, create certain liens, enter into certain transactions with affiliates, sell assets of the Company or its Restricted Subsidiaries, change their lines of business, issue or sell equity interests of the Company's Restricted Subsidiaries or enter into mergers and consolidations. In addition, under certain circumstances, the Company will be required to offer to purchase the Notes at a price equal to 100% of the principal |

Exchange Offer; Registration  
Rights; Special Interest

amount or Accreted Value thereof, as applicable, plus accrued and unpaid interest to the date of purchase, with the proceeds of certain asset sales. See "Description of the Notes — Certain Covenants."

The Company will agree, pursuant to a registration agreement (the "Registration Rights Agreement") with the Initial Purchasers, to file not later than 90 days after the date of delivery of the Notes against payment therefor (the "Closing Date") a registration statement (the "Exchange Offer Registration Statement") with the Commission with respect to a registered offer (the "Registered Exchange Offer") to exchange the Notes for new notes of the Company (the "Exchange Notes") having terms substantially identical in all material respects to the Notes (except that the Exchange Notes will not contain terms with respect to transfer restrictions) and use its best efforts to cause the Exchange Offer Registration Statement to be declared effective under the Securities Act not later than 150 days after the Closing Date. Upon the effectiveness of the Exchange Offer Registration Statement, the Company will offer the Exchange Notes in exchange for surrender of the Notes. In the event that applicable interpretations of the staff of the Commission do not permit the Company to effect such Registered Exchange Offer, or if for any other reason the Registered Exchange Offer is not consummated within 180 days after the Closing Date, or if the Initial Purchasers so request with respect to Notes not eligible to be exchanged for Exchange Notes in the Registered Exchange Offer, or if any holder of Notes does not receive fully tradable Exchange Notes in the Registered Exchange Offer, the Company will, as promptly as practicable, file a resale shelf registration statement (the "Shelf Registration Statement") covering resales of the Notes or the Exchange Notes, use its best efforts to cause the Shelf Registration Statement to be declared effective under the Securities Act and keep the Shelf Registration Statement effective until two years after its effective date or such shorter period ending when all resales of Notes or Exchange Notes covered by such Shelf Registration Statement have been made.

If (i) within 90 days after the Closing Date, neither the Exchange Offer Registration Statement nor the Shelf Registration Statement has been filed with the Commission; (ii) within 150 days after the Closing Date the Exchange Offer Registration Statement has not been declared effective; (iii) within 180 days after the Closing Date, neither the Registered Exchange Offer has been consummated nor the Shelf Registration Statement has been declared effective; or (iv) after either the Exchange Offer Registration Statement or the Shelf Registration Statement has been declared effective, such registration statement thereafter ceases to be effective or useable (subject to certain exceptions) in connection with and during the periods specified in the Registration Rights Agreement (each such event referred to in clause (i) through (iv), a "Registration Default"), additional interest ("Special Interest") will accrue and be payable semi-annually on the Notes and the Exchange Notes

(in addition to the stated interest on the Notes and the Exchange Notes) from and including the date on which any such Registration Default shall occur to but excluding the date on which all Registration Defaults have been cured. Special Interest will accrue and be payable semi-annually at a rate of 0.50% per annum during the 90-day period immediately following the occurrence of any Registration Default and shall increase by 0.25% per annum at the end of such subsequent 90-day period, but in no event shall such rate exceed 2.00% per annum in the aggregate regardless of the number of Registration Defaults. See "Exchange Offer; Registration Rights."

|                             |  |
|-----------------------------|--|
| Transfer Restrictions ..... | The Notes have not been registered under the Securities Act or under any state securities laws and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Notes are being offered and sold only to "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act. See "Plan of Distribution" and "Notice to Investors."                   |
| Form of Notes .....         | The Notes will initially be represented by one or more permanent global Notes in definitive, fully registered form, to be deposited with The Bank of New York, as the Trustee (the "Trustee") under the Indenture, as custodian for, and registered in the name of, a nominee of DTC. See "Provisions Applicable to all Securities — Book Entry, Delivery and Form."   |
| <b>The Warrants</b>         |  |
| Warrants Offered .....      | Warrants, which when exercised would entitle the holders thereof to acquire an aggregate of 1,713,094 shares of Series B Common Stock of the Company (the "Warrant Shares"), representing approximately 10% of the outstanding Common Stock of the Company on a fully-diluted basis as of the date of issuance after giving effect to (i) the Offering, (ii) the Equity Commitment and (iii) the exercise as of the date of issuance of the Units of all outstanding warrants, options, or rights issued by the Company.       |
| Expiration .....            | The Warrants will automatically expire on April 15, 2008 (the "Expiration Date"). The Company will give notice of expiration not less than 90 nor more than 120 days prior to the Expiration Date to the registered holders of the then outstanding Warrants. If the Company does not give this notice, the Warrants will not expire until 90 days after the Company gives such notice.  |
| Exercise .....              | Each Warrant will entitle the holder thereof to purchase 7,900 shares of Series B Common Stock of the Company at an exercise price of \$0.01 per share. The Warrants will be exercisable at any time on or after the earlier to occur of (i) May 1, 1999, (ii) an initial Public Equity Offering of the Company and (iii) in the event a Change of Control occurs, the date the Company mails notice thereof to holders of Notes and Warrants. No holder will be entitled to exercise Warrants, however, unless at the time of |

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exercise a registration statement under the Securities Act relating to the Warrant Shares is effective or the issuance of the Warrant Shares is exempt from the registration requirements of the Securities Act. The number of shares of Common Stock of the Company for which, and the price per share at which, a Warrant is exercisable are subject to adjustment upon the occurrence of certain events, as provided in the warrant agreement pursuant to which the Warrants will be issued (the "Warrant Agreement"). See "Description of the Warrants."

**Equity Registration Rights** ..... Pursuant to the Warrant Registration Rights Agreement (the "Warrant Registration Rights Agreement") among the Company and the Initial Purchasers, the Company has agreed that the holders of one-quarter or more of the Warrants and the Warrant Shares will have, beginning the earlier of April 15, 2003 or 180 days after an initial Public Equity Offering of the Company, the right to require the Company to effect one demand registration of the Warrant Shares. Holders of Warrants and Warrant Shares will also have the right to include the Warrant Shares in certain registration statements covering the sale of Common Stock by the Company for its own account or for the account of any of its security holders, subject to certain cut-back provisions. See "Description of the Warrants — Registration Rights."

**Form of Warrants** ..... Warrants will initially be represented by one or more permanent global Warrants in definitive, fully registered form, to be deposited with The Bank of New York, as the Warrant Agent (the "Warrant Agent") under the Warrant Agreement, as custodian for, and registered in the name of, a nominee of DTC. See "Provisions Applicable to All Securities — Book-Entry; Delivery and Form."

For additional information concerning the Units, Notes and Warrants and the definitions of certain capitalized terms used above, see "Description of the Units," "Description of the Notes" and "Description of the Warrants."

**Equity Commitment**

Colorado Spectra 3, LLC, a Colorado limited liability company controlled by Donald L. Sturm ("Spectra 3"), and Earon have committed to exercise an existing option to purchase an aggregate of 6,866,666 shares of the Company's Series B Common Stock and warrants to purchase an additional 6,866,666 shares of Series B Common Stock for an aggregate of \$20 million concurrently with the closing of the Offering. Following this investment, entities controlled by Mr. Sturm (the "Sturm Entities") and Earon will have provided \$53 million of the \$67 million of equity capital raised by the Company. See "Principal Shareholders" and "Certain Transactions."

**Risk Factors**

Prospective investors should carefully consider all of the information set forth in this Offering Memorandum and, in particular, should evaluate the specific risk factors set forth under the caption "Risk Factors," beginning on page 12, for a discussion of certain risks involved with an investment in the Notes.

**FIRSTWORLD COMMUNICATIONS, INC.**  
 (formerly SpectraNet International)  
 (a development stage enterprise)

**CONSOLIDATED BALANCE SHEET (Unaudited)**

ASSETS

|                               | December 31,<br>1997 |
|-------------------------------|----------------------|
| <b>Current assets:</b>        |                      |
| Cash and cash equivalents     | \$ 220,244           |
| Restricted cash               | 30,000               |
| Accounts receivable           | 75,437               |
| Prepaid expenses              | 106,620              |
| Other current assets          | 17,126               |
| Total current assets          | 449,427              |
| Property and equipment, net   | 22,391,379           |
| Deferred financing costs, net | 3,710,390            |
| Deferred offering costs       | 1,670,000            |
| Other assets, net             | 107,915              |
|                               | \$ 30,244,161        |

LIABILITIES AND SHAREHOLDERS' DEFICIT

|   |               |
|---|---------------|
| <b>Current liabilities:</b>   | \$ 4,609,345  |
| Accounts payable  | 770,036       |
| Accrued interest  | 143,981       |
| Accrued employee costs  | 3,670,000     |
| Accrued offering costs  | 140,318       |
| Other accrued expenses  | 432,392       |
| Short-term borrowings, net of discount  | 6,643         |
| Current portion of long-term debt   | 326,340       |
| Current portion of capital lease obligations  | 9,461,057     |
| Total current liabilities   | 15,605,950    |
| Long-term debt, net of discounts  | 6,862,140     |
| Capital lease obligations   | 31,927,143    |
| Total liabilities   | 23,595,233    |
| <b>Commitments</b>  | -             |
| <b>Shareholders' deficit:</b>   |               |
| Preferred stock, no par value, 10,000,000 shares authorized at December 31, 1997, no shares issued or outstanding | -             |
| Common stock, voting, no par value, 100,000,000 shares authorized at December 31, 1997:                           |               |
| Series A, 10,135,164 shares designated at December 31, 1997, 10,135,164 shares issued and outstanding             | 20,777,300    |
| Series B, 89,864,836 shares designated at December 31, 1997, 9,178,623 shares issued and outstanding              | 16,160,950    |
| Warrants  | (30,096,300)  |
| Shareholders' equity deficit  | (13,855,050)  |
| Deficit accumulated during development stage  | (1,324,584)   |
| Total shareholders' deficit   | \$ 30,244,161 |

See accompanying note to unaudited consolidated financial statements.

**FIRSTWORLD COMMUNICATIONS, INC.**  
 (formerly SpectraNet International)  
 (a development stage enterprise)

**CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)**

|   | Three months ended<br>December 31, |                       | Period from<br>September 1, 1993<br>(Inception) to<br>December 31, 1997 |
|---|------------------------------------|-----------------------|---|
|   | 1996                               | 1997                  | \$  |
| Service revenue                             | \$ -                               | \$ 104,443            | \$ 399,809  |
| Other revenue                               | 18,653                             | 10,000                | 220,715   |
|   | <u>18,653</u>                      | <u>114,043</u>        | <u>\$20,624</u>   |
| <b>Costs and expenses:</b>                  |                                    |                       |   |
| Network development and operations          | 1,296,685                          | 1,661,376             | 6,727,834   |
| Selling, general and administrative         | 708,846                            | 731,223               | 9,056,127   |
| Depreciation and amortization               | 35,712                             | 478,307               | 1,113,127   |
|   | <u>2,041,243</u>                   | <u>2,870,906</u>      | <u>16,897,088</u>   |
| Loss from operations                        | (2,002,590)                        | (2,756,863)           | (16,078,464)  |
| <b>Other income (expense):</b>              |                                    |                       |   |
| Interest expense                            | (77,888)                           | (1,348,750)           | (2,838,101)   |
| Interest income                             | 15,493                             | 7,129                 | 165,360   |
| Loss before extraordinary item              | (2,064,885)                        | (4,078,474)           | (18,751,214)  |
| Extraordinary item - extinguishment of debt | -                                  | -                     | (104,882)   |
| Net loss                                    | <u>\$ (2,064,885)</u>              | <u>\$ (4,078,474)</u> | <u>\$ (18,856,096)</u>  |

See accompanying note to unaudited consolidated financial statements



**FIRSTWORLD COMMUNICATIONS, INC.**  
(formerly SpectraNet International)  
(a development stage enterprise)

**CONSOLIDATED BALANCE SHEETS**

ASSETS

|   | September 30,     |                      |
|---|-------------------|----------------------|
|   | 1996              | 1997                 |
| Current assets  | \$ 71,522         | \$ 536,275           |
| Cash and cash equivalents   |                   | 50,000               |
| Restricted cash   | 102,521           | 72,567               |
| Accounts receivable   | 24,406            | 100,442              |
| Prepaid expenses  | 30,627            | 14,209               |
| Other current assets  | 229,146           | 773,993              |
| Other current assets  | 1,087,532         | 20,331,353           |
| Total current assets  |                   |                      |
| Property and equipment, net   | 110,814           | 4,067,932            |
| Deferred financing costs, net of accumulated amortization of \$0 and \$60,872 | —                 | (47,812)             |
| Other assets, net of accumulated amortization of \$21,028 and \$36,730        | <u>\$ 427,312</u> | <u>\$ 22,871,029</u> |

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)

|   |                     |                      |
|---|---------------------|----------------------|
| Current liabilities   | \$ 1,666,420        | \$ 2,483,793         |
| Accounts payable  | 18,138              | 569,816              |
| Accrued interest  | 272,065             | 205,012              |
| Accrued employee costs  | 2,807               | 113,266              |
| Other accrued expenses  | 27,212              | 8,446                |
| Short-term borrowings, net of discount  | 43,034              | 31,156               |
| Current portion of long-term debt   | 2,029,876           | 4,092,761            |
| Current portion of capital lease obligations  | 17,299              | 11,756,283           |
| Total current liabilities   | 835,000             | 465,500              |
| Long-term debts, net of discount  | 86,818              | 6,801,226            |
| Convertible bridge notes  | 2,068,793           | 23,256,870           |
| Capital lease obligations   | —                   | —                    |
| Total liabilities   |                     |                      |
| Commitments (Note 8)  |                     |                      |
| Shareholders' equity (deficit)  |                     |                      |
| Preferred stock, no par value, 10,000,000 and 5,160,335 shares authorized at September 30, 1996 and 1997  |                     |                      |
| Series C, convertible, voting, 2,600,000 shares designated at September 30, 1997; 2,600,000 shares issued and outstanding, liquidation preference at September 30, 1997 of \$13,000,000                       |                     | 12,219,362           |
| Series B, convertible, voting, 2,000,000 and 2,426,135 shares designated at September 30, 1996 and 1997; 2,016,638 shares issued and outstanding, liquidation preference at September 30, 1997 of \$3,387,915 | 3,670,060           | 3,670,060            |
| Series A, convertible non-voting, 143,134 and 134,200 shares designated at September 30, 1996 and 1997; 118,667 shares issued and outstanding   | 395,162             | 395,162              |
| Common stock, voting, no par value, 5,000,000 and 15,000,000 shares authorized at September 30, 1996 and 1997; 3,246,000 and 3,202,900 shares issued and outstanding  | (228,934)           | (226,984)            |
| Warrants  | (173,167)           | (96,500)             |
| Shareholder receivables   | (5,264,602)         | (16,757,440)         |
| Deficit accumulated during development stage  | (1,724,481)         | 2,044,620            |
| Total shareholders' equity (deficit)  | <u>\$ 1,427,312</u> | <u>\$ 25,321,029</u> |

See accompanying notes to consolidated financial statements.

**FIRSTWORLD COMMUNICATIONS, INC.**  
 (formerly SpectraNet International)  
 (a development stage enterprise)

**CONSOLIDATED STATEMENTS OF OPERATIONS**

|  | Year ended September 30 |                       |                        | Period from  |
|--|-------------------------|-----------------------|------------------------|--|
|  | 1996                    |                       | 1997                   |  |
|  | 1995                    | 1996                  | 1997                   | September 1, 1995<br>(Inception) to<br>September 30,<br>1997 |
| Service revenue                                      | \$ 36,513               | \$ 279,483            | \$ 75,118              | \$ 495,866   |
| Other revenue  | 40,660                  | 74,000                | 95,715                 | 210,215  |
|  | <u>77,173</u>           | <u>353,483</u>        | <u>170,833</u>         | <u>706,081</u>   |
| Costs and expenses                                   |                         |                       |                        |  |
| Network development and operations                   | 188,188                 | 1,708,416             | 3,169,854              | 5,066,458  |
| Selling, general and administrative                  | 739,584                 | 2,409,442             | 4,724,649              | 8,374,904  |
| Depreciation and amortization                        | 35,007                  | 75,248                | 601,354                | 636,820  |
|  | <u>962,779</u>          | <u>4,193,106</u>      | <u>8,595,857</u>       | <u>14,078,182</u>  |
| Loss from operations                                 | (870,266)               | (3,838,633)           | (8,225,024)            | (13,321,601)   |
| Other income (expense)                               |                         | (26,517)              | (1,372,377)            | (1,498,260)  |
| Interest expense                                     | (38,011)                | 8,358                 | (49,243)               | 158,201  |
| Interest income                                      | (908,275)               | (3,856,192)           | (9,448,158)            | (14,652,760)   |
| Loss before extraordinary item                       | (1,214,562)             | (7,686,317)           | (19,112,782)           | (29,314,420)   |
| Extraordinary item - reorganization of debt (Note 3) | —                       | —                     | (104,080)              | (104,080)  |
| Net loss   | <u>\$ (1,214,562)</u>   | <u>\$ (7,686,317)</u> | <u>\$ (19,216,862)</u> | <u>\$ (29,418,500)</u>                                       |

See accompanying notes to consolidated financial statements

**PRESS RELEASE**  
FOR IMMEDIATE RELEASE

Contact:

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Public Relations Manager  
FirstWorld Communications  
619-552-8010  
sburnside@firstworld.com

OR

Lisa Heller  
McQUERTERGROUP  
714-752-0355  
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**FirstWorld Communications Reports 1998 Fiscal Third Quarter Results**

SAN DIEGO, CA (August 19, 1998) - FirstWorld Communications, a rapidly growing facilities-based integrated communications provider, announced today its results for the three-month period ended June 30, 1998. The Company recorded quarterly revenues of \$415,639, primarily reflecting customer acquisition in the Orange County area. This represents 221% growth over the prior quarter's revenue of \$129,671.

As an integrated communications provider, FirstWorld currently offers a full complement of products including local and long distance telephone service, high-speed Internet access, data connectivity, local area network creation, web hosting, dedicated access, and other related products. The primary activities of the Company continue to be customer acquisition, expansion of the product lines, development of additional network service areas, and growth of sales capabilities.

"We're building a solid presence in Orange County and Los Angeles, with plans to have the FirstWorld network operational over most of the Los Angeles basin by year end," said Bob Randall, Executive Vice President and Chief Operating Officer at FirstWorld Communications. "We have currently staffed sales and operations to allow for conversion of this regional opportunity into revenue in an efficient manner. Third quarter results showed continuing penetration into our current footprint located primarily in Anaheim."

**Third Quarter Revenue Estimated Components**

| Category                          | Billed<br>(April-June)<br>\$ thousands | Run Rate / Committed<br>(June)<br>\$ thousands |
|-----------------------------------|--|--|
| In-geography revenues             |  |  |
| Voice recurring                   | \$ 193.0                               | \$ 102.2                                       |
| Network recurring                 | 56.1                                   | 42.7   |
| Systems integration non-recurring | 52.5                                   | 10.2   |
|                                   |  |  |
|                                   |  |  |
| Outside-geography revenues        |  |  |
| Recurring revenue                 | 10.4                                   | 7.3  |
| Non-recurring revenue             | 104.0                                  | 7.6  |
| Total                             | \$ 416.0                               | \$ 170.0                                       |

In-geography revenues are earned from customers within the addressable market served by FirstWorld's operational network. Voice recurring revenue includes local, long distance, feature sets, and voice-related products that generate monthly recurring revenue primarily through continuing usage. Network recurring revenue includes Internet access, web hosting, dedicated access, and managed network products that generate monthly recurring revenue primarily through continuing usage. Systems integration and non-recurring revenue includes consulting, equipment sales, and installation charges that are generally sold on a fee-for-service or discrete unit basis. Sales are made through a direct sales force as well as through indirect channels including wholesale sales related to network capacity or functionality to other carriers or service providers. The Company competes primarily on the basis of product offerings, product price, customer service, reliability, and system functionality using a solutions-oriented sales approach.

Outside-geography revenues relate primarily to the sale of products delivered from the Company's central office or out-of-network region sales. Recurring revenue is primarily related to long distance, dial-up Internet access, and wholesale sale of central office functionality that generates monthly recurring revenue primarily through continuing usage. Non-recurring revenue is related primarily to the sale of customer premise equipment, long distance products, and consulting services, and other services that are generally sold on a fee-for-service or discrete unit basis.

#### **In-Geography Addressable Market**

As of June 30, 1998, FirstWorld believes that its operational network addressed a market consisting of approximately 2,710 commercial businesses that the Company has targeted for sales primarily within the Orange County area. Physical network development is currently underway to complete Orange County coverage and establish service to San Gabriel Valley and the South Bay of Los Angeles County.

During the quarter, the Company initiated service into the Spectrum area of Irvine. "The Spectrum area contains ideal customer targets because of the high concentration of sophisticated users who demand the bandwidth and reliability of the FirstWorld network," said Eric Hyde, Senior Vice President of Sales and Product Marketing. Further for the quarter, the Company received confirmed turnover dates for co-location within more than 50 Pacific Bell end offices covering a substantial portion of the Los Angeles basin, and the Company believes that these facilities will be operational by year end. These facilities will

give the Company access to approximately 850,000 business access lines. Co-location provides the Company with access to the ILEC's unbundled network elements.

#### Capital Spending

The Company's operational network primarily provides these services over fiber connection, digital subscriber line ("DSL") in conjunction with ILEC unbundled loops, direct connection to ILEC unbundled loops, or leased dedicated access circuits. For each customer, choice of facilities is determined by technical performance of the network to address customer needs and cost of facilities, among other factors.

For the quarter, the Company deployed and paid for approximately \$5.5 million in capital expenditures. In addition to the amounts shown in the table, the Company has numerous network and customer access projects under development. The approximate cumulative gross capital expenditures from inception are as follows:

| Category             | \$ millions | Percent |
|----------------------|-------------|---------|
| Central capex        | \$ 14.1     | 43%     |
| Infrastructure capex | 15.9        | 48%     |
| Variable capex       | 3.1         | 9%      |
| Total gross PP&E     | \$ 33.1     | 100%    |

Central capex is related primarily to central office facilities, central switches, product platforms, operational support systems, corporate facilities, and carrier interconnection facilities. The primary projects that are currently under development are central offices in Glendale and Torrance which will house SESS-2000 switches from Lucent Technologies.

Infrastructure capex is related primarily to network backbone, fiber-to-the-curb distribution networks, and co-location facilities that provide the Company access to unbundled network elements of the ILEC. These facilities generally provide the physical link between the end customer and the Company within a defined geographic area.

Variable capex is related primarily to customer located equipment and customer premise equipment. This equipment is generally deployed in response to a committed order for service from the customer.

#### Headcount

| Category            | As at August 14, 1998 |
|---------------------|-----------------------|
| Sales and marketing | 56                    |
| Operations          | 54                    |
| Other               | 33                    |
| Total               | 143                   |

The Company added two strong industry veterans to its management team in the quarter. As Senior Vice President of Sales and Product Marketing, Eric Hyde will be responsible for developing and managing the Company's sales, customer service, product management and product marketing programs. Mr. Hyde has a 15-year background developing strategic positioning and implementing integrated marketing programs that resulted in significant revenue for such companies as Lucent Technologies, Amentech and General Motors.

James T. Moriarty, the Company's new Vice President of Marketing Communications, will direct communications strategies, advertising, collateral and direct mail. Mr. Moriarty most recently was the director of marketing for Pandesic, the Intel-SAP joint venture offering E-commerce to middle market businesses.

FirstWorld's employee count has grown rapidly in order to support network growth and sales of products. The above staff figures reflect a significant increase from the December 31, 1997 figure of 56.

THIS PRESS RELEASE CONTAINS "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE SECURITIES LAWS. ALL STATEMENTS REGARDING THE COMPANY'S EXPECTED FINANCIAL POSITION, BUSINESS AND FINANCING PLANS ARE FORWARD-LOOKING STATEMENTS. ALTHOUGH THE COMPANY BELIEVES THAT THE EXPECTATIONS REFLECTED IN SUCH FORWARD-LOOKING STATEMENTS ARE REASONABLE, IT CAN GIVE NO ASSURANCE THAT SUCH EXPECTATIONS WILL PROVE TO HAVE BEEN CORRECT. ACTUAL RESULTS WILL DIFFER AND SUCH DIFFERENCES MAY BE MATERIAL.

For more information contact FirstWorld Communications, 9333 Genesee Avenue, Suite 200, San Diego, CA 92121 or visit the FirstWorld Web site at [www.firstworld.com](http://www.firstworld.com). For investor-related questions, please contact Andy Taubman at 619-552-8010.

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ATTACHMENT IV

FirstWorld Communications, Inc.

Proposed Tariff

**FIRSTWORLD COMMUNICATIONS, INC.**

So. Dakota Tariff No. 1  
Original Title Page

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SOUTH DAKOTA  
INTEREXCHANGE TELECOMMUNICATIONS TARIFF  
OF  
**FIRSTWORLD COMMUNICATIONS, INC.**

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

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Issued: November 16, 1998

Effective Date:

By: Jo Ann G. Hill, Tariff Manager  
FirstWorld Communications, Inc.  
9333 Genesee Avenue, Suite 200  
San Diego, California 92121

SDO9800



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**CHECK SHEET**

Pages listed below, inclusive of this tariff, are effective as of the date shown at the bottom of the respective page(s). Original and revised pages 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.

| <b>PAGE</b> | <b>REVISION</b> | <b>PAGE</b> | <b>REVISION</b> |
|-------------|-----------------|-------------|-----------------|
| Title Page  | Original *      | 25          | Original *      |
| 1           | Original *      | 26          | Original *      |
| 2           | Original *      | 27          | Original *      |
| 3           | Original *      | 28          | Original *      |
| 4           | Original *      | 29          | Original *      |
| 5           | Original *      | 30          | Original *      |
| 6           | Original *      | 31          | Original *      |
| 7           | Original *      | 32          | Original *      |
| 8           | Original *      | 33          | Original *      |
| 9           | Original *      | 34          | Original *      |
| 10          | Original *      | 35          | Original *      |
| 11          | Original *      | 37          | Original *      |
| 12          | Original *      | 38          | Original *      |
| 13          | Original *      | 39          | Original *      |
| 14          | Original *      |             |                 |
| 15          | Original *      |             |                 |
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| 20          | Original *      |             |                 |
| 21          | Original *      |             |                 |
| 22          | Original *      |             |                 |
| 23          | Original *      |             |                 |
| 24          | Original *      |             |                 |

\* indicates pages included with this filing

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Issued: November 16, 1998

Effective Date:

By: Jo Ann G. Hill, Tariff Manager  
FirstWorld Communications, Inc.  
9333 Genesee Avenue, Suite 200  
San Diego, California 92121

SD09800

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Issued: November 16, 1998

Effective Date:

By: Jo Ann G. Hill, Tariff Manager  
FirstWorld Communications, Inc.  
9333 Genesee Avenue, Suite 200  
San Diego, California 92121

SDO9800

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**SYMBOLS**

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

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

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**SECTION 1 - DEFINITIONS**

**Access Line** - A local channel for voice, data, or video communications which connects the Customer location to a location of the Company or its underlying carrier.

**Account** - The Customer who has agreed, orally or in writing, to honor the terms of service established by the Company. An Account may have more than one service billed to the same Customer address. An Account may include multiple locations for the same Customer.

**Aggregator** - Any person or other legal entity that may be a Customer and, in the ordinary course of its operations, makes telephones available to the public or to transient users of its premises, for telephone calls using a provider of operator services.

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

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

**Collect Call** - A billing arrangement by which the charges for a call may be billed to the called party, provided the called party agrees to accept the charges.

**Commission** - The South Dakota Public Utilities Commission.

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SECTION 1 - DEFINITIONS, (CONT'D.)

**Company** - FirstWorld Communications, Inc., unless stated otherwise.

**Company's Point of Presence** - Location of the serving central office associated with access to the Company's or its underlying carrier's network.

**Consumer** - A person who is not a Customer who initiates any telephone calls using operator services.

**Customer** - Any person, firm, partnership, corporation or other entity which subscribes to or uses service under the terms and conditions of this tariff. The Customer is responsible for the payment of charges for service offered by the Company which are subscribed to or used by the Customer. The Customer is also responsible for payment of charges for a third person's use of service to which the Customer subscribes.

**Customer Dialed Calling Card** - A service whereby the Customer dials all of the digits necessary to route and bill the call to a valid non-FirstWorld calling card or credit card.

**Debit Account** - An account which consist of a prepaid usage balance depleted on a real time basis during each debit service call.

**Debit Card** - A card issued by the Company which provides the Customer with a Personal Account code and instructions for accessing the Carrier's network.

**Debit Service Call** - A service accessed via a "1-800" or other access code dialing sequence whereby the Customer or Authorized User dials all of the digits necessary to route a call. Network usage for each call is deducted from the available balance on a Company-issued Debit Account.

**Equal Access** - The ability of the Company to serve Customers on a presubscribed basis rather than through the use of dial access codes.

**FirstWorld** - Refers to FirstWorld Communications, Inc.

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

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**SECTION 1 - DEFINITIONS. (CONT'D.)**

**LATA** - Local access and transport area. A geographic area established by the US District Court for the District of Columbia in Civil Action No. 82-0192.

**LEC** - Local Exchange Company

**Operator Station Call** - A service whereby the Customer places a non-Person to Person call with the assistance of an operator (live or automated.)

**Person to Person Call** - A service whereby the person originating the call specifies a particular person to be reached, or a particular station, room number, department, or office to be reached through a PBX attendant.

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

**Residential Customer** - For the purpose of this tariff, a Residential Customer is a Customer of the Company whose primary use of the Company's service is for personal use in a house, apartment or other residential dwelling unit. A Residential Customer is also a Customer who accesses the Company's service using an access line that has not been assigned a business class of service by the local service provider.

**Switched Access** - A method for reaching the Company through the local service provider's switched network whereby the Customer uses standard business or residential local lines.

**Terminal Equipment** - Telecommunications devices, apparatus and associated wiring on the Premises of the Customer.

**Third Party Billing** - A billing arrangement by which the charges for a call may be billed to a telephone number that is different from the calling number and the called number.

**Travel Card** - A proprietary calling card offered by FirstWorld Communications, Inc. which is accessed by dialing a Company-provided access number.

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**SECTION 2 - RULES AND REGULATIONS**

**2.1 Undertaking of FirstWorld**

FirstWorld's services and facilities are furnished for communications originating at specified points within the State of South Dakota under terms of this tariff.

FirstWorld installs, operates, and maintains the communications services provided hereinunder in accordance with the terms and conditions set forth under this tariff. FirstWorld may act as the Customer's agent for ordering access connection facilities provided by other carriers or entities, when authorized by the Customer, to allow connection of a Customer's location to the FirstWorld network. The Customer shall be responsible for all charges due for such service arrangement.

The Company's services and facilities are provided on a monthly basis unless otherwise provided, and are available twenty-four (24) hours per day, seven days (7) per week.

**2.2 Limitations**

- 2.2.1** Service is offered subject to the availability of the necessary facilities and equipment, or both facilities and equipment, and subject to the provisions of this tariff.
- 2.2.2** FirstWorld reserves the right to discontinue or limit service when necessitated by conditions beyond its control, or when the Customer is using service in violation of provisions of this tariff, or in violation of the law.
- 2.2.3** The Company does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for errors in transmission or for failure to establish connections.

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SECTION 2 - RULES AND REGULATIONS, CONT'D.

2.2 Limitations, Cont'd.

- 2.2.4 All facilities provided under this tariff are directly or indirectly controlled by FirstWorld and the Customer may not transfer or assign the use of service or facilities without the express written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or facilities.
- 2.2.5 Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions of service.
- 2.2.6 FirstWorld reserves the right to discontinue the offering of service or deny an application for service if a change in regulation materially and negatively impacts the financial viability of the service in the best business judgment of the Company.

2.3 Use

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

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**SECTION 2 - RULES AND REGULATIONS, CONT'D.****2.4 Liabilities of the Company**

- 2.4.1** FirstWorld's liability for damages arising out of mistakes, interruptions, omissions, delays, errors, or defects in transmission which occur in the course of furnishing service or facilities, in no event shall exceed an amount equivalent to the proportionate charge to the Customer for the period during which the faults in transmission occur.
- 2.4.2** The Company shall not be liable for claim or loss, expense or damage (including indirect, special or consequential damage) for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff, if caused by any person or entity other than the Company, by any malfunction of any service or facility provided by any other carrier, by an act of God, fire, war, civil disturbance, or act of government, or by any other cause beyond the Company's direct control.
- 2.4.3** The Company shall not be liable for, and shall be fully indemnified and held harmless by Customer against any claim or loss, expense, or damage (including indirect, special or consequential damage) for defamation, libel, slander, invasion, infringement of copy-right or patent, unauthorized use of any trademark, tradename or service mark, unfair competition, interference with or misappropriation or violation of any contract, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data, information, or other content revealed to, transmitted, or used by the Company under this tariff, or for any act or omission of the Customer, or for any personal injury or death of any person caused directly or indirectly by the installation, maintenance, location, condition, operation, failure, presence, use or removal of equipment or wiring provided by the Company, if not directly caused by negligence of the Company.

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**SECTION 2 - RULES AND REGULATIONS, CONT'D.**

**2.4 Liabilities of Company, Cont'd.**

- 2.4.4** The Company shall not be liable for any defacement of or damages to the premises of a Customer resulting from the furnishing of service which is not the direct result of the Company's negligence.
- 2.4.5** The Company shall not be liable for any claim, loss, or refund as a result of loss or theft of Prepaid Calling Cards or Personal Identification Numbers issued for use with the Company's services. Nor will the Company be liable for any claim, loss or refund on any unused balance remaining on a Prepaid Calling Card provided to a Customer.
- 2.4.6** The Company shall not be liable for any claim, loss or refund on any unused portion of the usage balance remaining in a Prepaid Account provided to a Customer before or after the expiration date assigned to each Prepaid Account.

**2.5 Deposits**

The Company reserves the right to collect a deposit from the Customer in the event the Customer's financial condition is unknown or unacceptable to the Company. Deposits will be returned to the Customer after one full year's history of timely payment.

**2.6 Advance Payments**

For Customers whom the Company feels an advance payment is necessary, FirstWorld reserves the right to collect an amount not to exceed one (1) month's estimated charges as an advance payment for service. This will be applied against the next month's charges and a new advance payment may be collected for the next month.

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**SECTION 2 - RULES AND REGULATIONS, CONT'D.**

**2.7 Taxes and Surcharges**

- 2.7.1** The Company reserves the right to bill any and all applicable taxes and fees in addition to normal rates and charges for services provided to the Customer. Taxes and fees include, but are not limited to: Federal Excise Tax, State Sales Tax, Municipal Tax, and Gross Receipts Tax. Unless otherwise specified in this tariff, such taxes and fees are in addition to rates as quoted in this tariff and will be itemized separately on Customer invoices. For pre-paid services, taxes and fees shall be included in the rates and charges stated in the Company's rate schedule for this service.
- 2.7.2** The Company may adjust its rates and charges or impose additional rates and charges on its Customers in order to recover amounts it is required by governmental or quasi-governmental authorities to collect from or pay to others in support of statutory or regulatory programs. Examples of such programs include, but are not limited to, the Universal Service Fund and the Primary Interexchange Carrier Charge and compensation to payphone service providers for the use of their payphones to access the Company's service.

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**SECTION 2 - RULES AND REGULATIONS, CONT'D.****2.7 Taxes and Surcharges, Cont'd.****2.7.3 Public Telephone Surcharge**

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

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

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

Rate per Call

\$ 0.30

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**SECTION 2 - RULES AND REGULATIONS, CONT'D.****2.8 Terminal Equipment**

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

**2.9 Installation and Termination**

Service is installed upon mutual agreement between the Customer and the Company. The service agreement does not alter rates specified in this tariff.

**2.10 Payment for Service**

The Customer is responsible for payment of all charges for services and equipment furnished to the Customer for transmission of calls via the Company. This includes payment for calls or services originated at the Customer's number(s); placed using a Prepaid Calling Card as a form of payment regardless of the purchaser of the card or the originating location of the call; incurred at the specific request of the Customer. The Customer agrees to pay to the Company any cost(s) incurred as a result of any delegation of authority resulting in the use of his or her communications equipment and/or network services which result in the placement of calls via the Company. The Customer agrees to pay the Company or its authorized agent any and all cost(s) incurred as a result of the use of the service arrangement, including calls which the Customer did not individually authorize.

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**SECTION 2 - RULES AND REGULATIONS, CONT'D.****2.10 Payment for Service, Cont'd.**

All charges due by the Customer are payable to the Company or any agency duly authorized to receive such payments. Payments for service provided in association with Company-issued Prepaid Accounts must be received by the Company or its authorized agent prior to the activation of the Customer's Prepaid Account. The billing agency may be the Company, a local exchange telephone company, or other billing service. Terms of payment shall be according to the rules and regulations of the agency and subject to the rules of regulatory agencies having jurisdiction. Any objections to billed charges or Prepaid Account depletions must be promptly reported to the Company or its billing agent. Adjustments to Customers' bills or Prepaid Account Available Usage balance shall be made to the extent that circumstances exist which reasonably indicate that such changes are appropriate.

The Customer shall be responsible for all calls placed via the Prepaid Account as the result of the Customer's intentional or negligent disclosure of their Personal Identification Number. Charges for installations, service connections, moves, and rearrangements, where applicable, are payable upon demand by the Company or its authorized agent.

**2.11 Cancellation by Customer**

Customers may cancel service verbally or in writing at any time. The Company shall hold the Customer responsible for payment of all charges, including fixed fees, surcharges, etc., which accrue up to the cancellation date. In the event the Customer executes a term commitment agreement with the Company, the Customer must cancel service and terminate the agreement in accordance with the agreement terms, subject to any penalties contained therein.

**2.12 Interconnection**

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

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SECTION 2 - RULES AND REGULATIONS, CONT'D.

2.13 Refusal or Discontinuance by Company

2.13.1 FirstWorld may refuse or discontinue service with proper notice to the Customer for any of the following reasons:

- (a) For failure of the Customer to pay a bill for service when it is due.
- (b) For failure of the Customer to meet the Company's deposit and credit requirements.
- (c) For failure of the Customer to make proper application for service.
- (d) For Customer's violation of any of the Company's rules on file with the Commission.
- (e) For failure of the Customer to provide the Company reasonable access to its equipment and property.
- (f) For Customer's breach of the contract for service between the Company and the Customer.
- (g) For a failure of the Customer to furnish such service, equipment, and/or rights-of-way necessary to serve said Customer as shall have been specified by the Company as a condition of obtaining service.
- (h) When necessary for the Company to comply with any order or request of any governmental authority having jurisdiction.
- (i) When the Available Account Balance of a non-renewable account is depleted to a level insufficient to place a one-minute call to the location of least cost.
- (j) When the established expiration date of the Prepaid Account is reached.

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**SECTION 2 - RULES AND REGULATIONS, CONT'D.**

**2.13 Refusal or Discontinuance by Company, Cont'd.**

**2.13.2** FirstWorld may refuse or discontinue service without notice to the Customer for any of the following reasons:

- (a) In the event of tampering with the Company's equipment.
- (b) In the event of a condition determined to be hazardous to the Customer, to other Customers of the Company, to the Company's equipment, the public, or to employees of the Company.
- (c) In the event of a Customer's use of equipment in such a manner as to adversely affect the Company's equipment or the Company's service to others.
- (d) In the event of fraudulent use of the service.

**2.14 Interruption of Service**

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

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SECTION 2 - RULES AND REGULATIONS, CONT'D.

**2.15 Inspection, Testing and Adjustment**

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

**2.16 Tests, Pilots, Promotional Campaigns and Contests**

The Company may conduct special tests, pilot programs, waivers and promotions at its discretion to demonstrate the ease of use, quality of service and to promote the sale of its services.

**2.17 Cost of Collection and Repair**

The Customer is responsible for any and all costs incurred in the collection of monies due the Company, including legal and accounting expenses. Customer is also responsible for recovery costs of Company-provided equipment and any expenses required for repair or replacement of damaged equipment.

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**SECTION 2 - RULES AND REGULATIONS, CONT'D.**

**2.18 Toll-Free Numbers**

- 2.18.1** The Company will make every effort to reserve vanity numbers (i.e., "800/888") on behalf of Customers, but makes no guarantee or warrantee that the requested "800/888" number(s) will be available or assigned to the Customer requesting the number.
- 2.18.2** If a Customer accumulates undisputed past-due charges, the Company reserves the right not to honor the Customer's request for a change in "800/888" service to another carrier (e.g., "porting" of the "800/888" number), including a request for a Responsible Organization (Resp Org) change, until such time as all charges are paid in full.
- 2.18.3** "800/888" numbers shared by more than one Customer, whereby individual Customers are identified by a unique Personal Identification Number, may not be assigned or transferred for use with service provided by another carrier. The Company will only honor Customer's request for a change in Resp Org or "800/888" service, subject to the limitations provided in Section 2.18.2, to another carrier for "800/888" numbers dedicated to the sole use of that single Customer.
- 2.18.4** If a Customer who has received a toll free number does not subscribe to 800/888 service within ninety (90) days, the Company reserves the right to make the assigned number available for use by another Customer.

**2.19 Late Payment Charge**

A late fee of 1.5% per month will be charged on any past due balance.

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**SECTION 2 - RULES AND REGULATIONS, CONT'D.**

**2.20 Return Check Charge**

A return check charge of \$15.00 will be assessed for checks returned for insufficient funds. Any applicable return check charges will be assessed according to the terms and conditions of the billing entity (i.e. local exchange company and/or commercial credit card company) and pursuant to South Dakota law and the South Dakota Public Utilities Commission regulations. In addition, the Company reserves the right to place the Available Usage Balance for the Customer's Prepaid Account on hold until the check or draft clears or is paid.

**2.21 Other Rules**

The Company may temporarily suspend service without notice to the Customer, by blocking traffic to certain cities of NXX exchanges, or by blocking calls using certain Personal Identification Numbers when the Company deems it necessary to take such action to prevent unlawful use of its service. The Company will restore service as soon as service can be provided without undue risk.

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**SECTION 3 - DESCRIPTION OF SERVICE AND RATES**

**3.1 General**

- 3.1.1 The Company provides telecommunications services between locations within the State of South Dakota. The Company's service charges are based upon call duration, time of day rate period, mileage, and/or call type.
- 3.1.2 Presubscribed service is offered from locations served with equal access end offices.
- 3.1.3 The Company's service is available twenty-four hours per day, seven days a week.
- 3.1.4 Unless otherwise specified in the product description in this tariff, services offered include InterLATA and IntraLATA long distance service where presubscription is available. Where IntraLATA presubscription to the Company is not available, the Company will offer IntraLATA toll service to Customers who presubscribe to the Company's InterLATA long distance services provided that the Customers dial 10 (101) and the Company's identification code.

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

## 3.2 Calculation of Distance

Usage charges for all mileage sensitive services are based on the airline distance between the rate center locations associated with the originating and terminating points of the call.

The distance between the originating and terminating points is calculated by using the "V" and "H" coordinates of the applicable rate centers as defined by BellCore (Bell Communications Research) and on file with the FCC in AT&T FCC Tariff No. 10, in the following manner:

- Step 1 Obtain the "V" and "H" coordinates for the rate center of the originating and the destination points.
- Step 2 Obtain the difference between the "V" coordinates of each of the rate centers. Obtain the difference between the "H" coordinates.
- Step 3 Square the differences obtained in Step 2.
- Step 4 Add the squares of the "V" difference and "H" difference obtained in Step 3.
- Step 5 Divide the sum of the square obtained in Step 4 by ten (10). Round to the next higher whole number if any fraction results from the division.
- Step 6 Obtain the square root of the whole number obtained in Step 5. Round to the next higher whole number if any fraction is obtained. This is the distance between the originating and terminating rate centers of the call.

Formula:

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

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

**3.3 Timing of Calls**

Billing for calls placed over the network is based in part on the duration of the call.

**3.3.1** Timing for Person-to-Person calls begin when the caller is connected to the designated party or agreed upon alternate. Timing for all other calls begins when the called party answers the call (i.e. when two way communications are established). Answer detection is based on standard industry answer detection methods, including hardware and software answer detection.

**3.3.2** Chargeable time for all calls ends when one of the parties disconnects from the call.

**3.3.3** Minimum call duration for billing purposes is one minute unless otherwise specified in the individual rate schedules of this tariff.

**3.3.4** Calls are measured and billed in one minute increments unless otherwise indicated in this tariff. Any partial minute is rounded up to a full minute.

**3.3.5** No charges apply to incomplete calls.

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**SECTION 3 - DESCRIPTION OF SERVICE AND RATES, CONT'D.****3.4 Time-Of-Day Rate Periods**

Unless otherwise specified in the product description in this tariff, the following time-of-day and day-of-week rate periods are applicable to all calls. Evening rates shall apply to all calls placed on the Company's recognized Holidays except when a lower rate would normally apply.

|                           |  |
|---------------------------|--|
| DAY RATE PERIOD           | 8:00 AM to 5:00* PM Monday through Friday  |
| EVENING RATE PERIOD       | 5:00 PM to 11:00* PM Sunday through Friday   |
| NIGHT/WEEKEND RATE PERIOD | 11:00 PM to 8:00* AM Sunday through Friday, all day Saturday and Sunday until 5:00* PM |

\* to, but not including

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

**Holiday Rates**

Calls on the following Company-recognized Holidays are rated at the Evening Rate Period or Off-Peak Rate Period rate unless a lower rate would normally apply.

|                    |                  |                 |
|--------------------|------------------|-----------------|
| New Year's Day**   | Labor Day        | Christmas Day** |
| Independence Day** | Thanksgiving Day | Memorial Day*   |

\* - Applies to Federally observed day only.

\*\* - When this holiday falls on Sunday, the Holiday rate applies on the following Monday. When this holiday falls on a Saturday, the Holiday rate applies to calls placed on the preceding Friday.

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**SECTION 3 - DESCRIPTION OF SERVICE AND RATES. CONT'D.****3.5 Directory Assistance**

**3.5.1** A Customer may obtain assistance, for a charge, in determining a telephone number by dialing Directory Assistance Service.

**3.5.2 Rates**

A Directory Assistance Charge applies for each telephone number, area code, and/or general information requested from the Directory Assistance operator. No call allowance applies. A Call Completion charge applies for each request made to the Directory Assistance Operator in which the operator completes the call to the desired number. Call Completion is available where technically feasible.

|                                   |        |
|-----------------------------------|--------|
| Directory Assistance, per Request | \$0.95 |
| Call Completion, per call:        | \$0.30 |

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**SECTION 3 - DESCRIPTION OF SERVICE AND RATES, CONT'D.****3.6 FirstWorld Message Toll Service**

FirstWorld Message Toll Service is available to Customers who originate direct dialed calls over switched or dedicated access lines. Calls are billed in one minute increments after an initial minimum call duration of one minute. When volume discounts are available, the volume is determined by the Customer's total monthly FirstWorld billing to the same account.

**3.6.1 Switched Toll Service**

Calls originate over standard switched access lines. Calls are billed in one minute increments after an initial minimum call duration of one minute.

Intrastate rates, per minute:

|                        |          |
|------------------------|----------|
| Base                   | \$0.1699 |
| \$500 - \$999.99       | \$0.1699 |
| \$1,000 - \$4,999.99   | \$0.1699 |
| \$5,000 - \$9,999.99   | \$0.1699 |
| \$10,000 - \$19,999.99 | \$0.1699 |
| \$20,000+              | \$0.1699 |

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**SECTION 3 - DESCRIPTION OF SERVICE AND RATES, CONT'D.****3.6 FirstWorld Message Toll Service, Cont'd.****3.6.2 Dedicated Access Toll Service**

Calls originate over dedicated access lines purchased from the Company or provided by the Customer. Calls are billed in six (6) second increments after an initial minimum call duration of eighteen (18) seconds.

Intrastate rates, per minute:

|                        |          |
|------------------------|----------|
| Base                   | \$0.1040 |
| \$500 - \$999.99       | \$0.1028 |
| \$1,000 - \$4,999.99   | \$0.1015 |
| \$5,000 - \$9,999.99   | \$0.1003 |
| \$10,000 - \$19,999.99 | \$0.0990 |
| \$20,000 +             | \$0.0978 |

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

3.6 FirstWorld Message Toll Service, Cont'd.

3.6.3 Calling Card

Calling Card Service is offered to Customers for originating calls while away from the primary location of the service. Service is accessed by dialing a toll-free access number provided by the Company.

Each call is rated based on call duration. Calls are billed in one minute increments. The minimum call duration for billing purposes is one minute. A service charge applies to each completed call.

|                          |        |
|--------------------------|--------|
| Rate Per Minute:         | \$0.18 |
| Per Call Service Charge: | \$0.35 |

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

**3.7 Toll-Free Service (i.e., 800/888)**

**3.7.1 General**

Toll-Free Service is an offering that allows the calling party to charge each call to the called party without operator assistance. By the use of specially assigned prefixes, such as 800 or 888, the charge for each call is automatically billed to the Customer.

**3.7.2 Switched Access Toll Free Service**

Switched Access Toll-Free Service calls are terminated over a standard switched line. Calls are billed in six (6) second increments. The minimum call duration for billing purposes is eighteen (18) seconds.

Intrastate rates, per minute:

|                        |          |
|------------------------|----------|
| Base                   | \$0.1774 |
| \$500 - \$999.99       | \$0.1774 |
| \$1,000 - \$4,999.99   | \$0.1774 |
| \$5,000 - \$9,999.99   | \$0.1774 |
| \$10,000 - \$19,999.99 | \$0.1774 |
| \$20,000+              | \$0.1774 |

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**SECTION 3 - DESCRIPTION OF SERVICE AND RATES, CONT'D.****3.7 Toll-Free Service (i.e., 800/888), Cont'd.****3.7.3 Dedicated Access Toll Free Service**

Calls terminate over dedicated access lines purchased from the Company or provided by the Customer. Calls are billed in six (6) second increments. The minimum call duration for billing purposes is eighteen (18) seconds.

Intrastate rates, per minute:

|                        |          |
|------------------------|----------|
| Base                   | \$0.1140 |
| \$500 - \$999.99       | \$0.1126 |
| \$1,000 - \$4,999.99   | \$0.1113 |
| \$5,000 - \$9,999.99   | \$0.1099 |
| \$10,000 - \$19,999.99 | \$0.1085 |
| \$20,000 +             | \$0.1072 |

**3.7.4 Monthly Recurring Charge**

Per Toll-Free Number \$10.00

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**SECTION 3 - DESCRIPTION OF SERVICE AND RATES, CONT'D.****3.8 FirstWorld Debit Card Service**

FirstWorld Debit Card Service allows Customers to place direct dialed calls between locations within the State of South Dakota. Customers access the Company's network by dialing a toll-free number or other access dialing sequence and entering a Personal Account Code. The Company's system informs the Customer of the Available Usage Balance remaining in his/her Debit Account and prompts the Customer to place a call by entering a destination telephone number. Network usage for calls placed is deducted from the Available Usage Balance on the Customer's account on a real time basis as the call progresses.

Customers purchase a Debit Card which assigns each Customer a Debit Account, provides each Customer with a Personal Account Code and lists instructions for accessing and using Carrier's service. Debit Cards are available in varying denominations.

Purchase of a Debit Card entitles the Customer to use the Company's network for a number of minutes equivalent to the card denomination divided by the effective per minute rate. The Customer's right to utilize network usage within a given Debit Account associated with that Debit Account number. No minimum service period applies.

Payment for Retail Debit Cards and Available Usage in a Customer's Debit Account is non-refundable.

Retail Debit Card service rates are not distance or time of day sensitive in nature. Holiday discounts do not apply.

Network usage for Debit Card Calls is deducted from the Available Usage Balance in Customer's Debit Account in full unit increments. For debiting purposes, the minimum call usage is one (1) unit.

Per Unit Rate: \$0.20

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**SECTION 4 - MISCELLANEOUS SERVICES****4.1 Operator Services**

Operator Services are offered to Customers. Operator Services allow Customers and Consumers to place calls using operator assistance for call completion or billing.

Usage charges and an appropriate service charge will be assessed on a per call basis, as stated in this tariff. For calls made using a telephone company card, acceptance of the card will be dependent upon the Company's ability to verify the card as valid. Only those cards accepted by the Company may be used for Operator Services. The Company reserves the right to verify acceptance of charge prior to billing charges to a third party number.

- 4.1.1 Operator services may be used by the presubscribed Customer and by the Aggregator and their respective Consumers (i.e., patrons, guests, invitees or employees) to complete Person-to-Person, Collect, Third-Party, and/or Calling Card calls.
- 4.1.2 Charges for Operator Assisted Calls include two components: a usage-sensitive component based upon the time-of-day rate period, mileage, and duration of the call; and a fixed service charge based upon the type of operator service provided. A third component, the Operator Assisted 0- Surcharge, applies to calls for which the Customer/Consumer has the capability of dialing the destination number but elects to have the Company operator dial the number instead.
- 4.1.3 The usage-sensitive portion of the charge for an Operator Assisted Call is set forth in Section 4.1.9 below.
- 4.1.4 The fixed service charge portions of the charge for an Operator Assisted Call is set forth in Sections 4.1.8 below.
- 4.1.5 The Company shall not bill the Customer for any surcharges or fees imposed by the Aggregator. With respect to charges imposed by the Aggregator for the use of the telephone, the Aggregator is responsible for charging a flat rate and for posting of the charge in plain view at each telephone.

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SECTION 4 - MISCELLANEOUS SERVICES, CONT'D.

4.1 Operator Services, Cont'd.

- 4.1.6 Service may be suspended by the Company, without notice to the Customer or the Aggregator, by blocking traffic to certain countries, cities, or NXX exchanges, or by blocking calls using certain Customer Authorization Codes, Calling Cards or credit cards, when the Company deems it necessary to take such action to prevent unlawful use of service. The Company shall restore service as soon as it can be provided without undue risk, and shall, upon request by the Customer affected, assign a new Authorization Code to replace the one that has been deactivated. The Company reserves the right to validate the credit worthiness of Customers through available credit card, Calling Card, called number, Third Party telephone number and room number verification procedures. Where a requested billing method cannot be validated, the Customer/Consumer may be required to provide an acceptable alternate billing method or the Company may refuse to place the call.
- 4.1.7 The Aggregator is responsible for payment of the Company's charges for all calls placed from the Aggregator's Premises except for Collect, Third Party, Calling Card and credit card calls. The Calling Card or credit card holder or local exchange company service subscriber is responsible for payment of the Company's charges for all calls billed to a Calling Card, credit card or a telephone line number, respectively.

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## SECTION 4 - MISCELLANEOUS SERVICES, CONT'D.

## 4.1 Operator Services, Cont'd.

## 4.1.8 Per Call Service Charges

The following per-call charges apply in addition to the per minute usage rates when applicable. These charges apply in all rate periods.

## Service Charge Per Call

|   | FirstWorld<br>Calling Card | Comm. Credit<br>Chg Card | LEC<br>Calling Card |
|---|----------------------------|--------------------------|---------------------|
| <u>Customer Dialed Calling Card Station</u> |                            |                          |                     |
| Customer Dialed/Automated                   | \$0.80                     | \$1.75                   | \$1.15              |
| Customer Dialed and Operator Assisted       | \$2.25                     | \$2.25                   | \$2.25              |
| Customer Dialed and Operator Must Assist    | \$0.80                     | \$2.25                   | \$1.15              |
| <u>Operator Station</u>                     | <u>All Calls</u>           |                          |                     |
| Collect                                     | \$3.95                     |                          |                     |
| Third Party Billed                          | \$3.95                     |                          |                     |
| Other                                       | \$2.45                     |                          |                     |
| Sent Paid - Coin                            | \$1.90                     |                          |                     |
| Sent Paid - Non Coin                        | \$3.95                     |                          |                     |
| <u>Person to Person</u>                     | \$6.50                     |                          |                     |
| <u>Operator Dialed Calling Card</u>         | \$2.25                     |                          |                     |
| <u>Operator Dialed Surcharge</u>            |                            |                          |                     |
| Customer Dialed                             | \$1.15                     |                          |                     |
| Operator Dialed                             | \$0.85                     |                          |                     |

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## SECTION 4 - MISCELLANEOUS SERVICES, CONT'D.

## 4.1 Operator Services, Cont'd.

## 4.1.9 Per Minute Usage Charges

Calls are billed in one (1) minute increments after an initial minimum call duration of one (1) minute. Partial minutes are rounded up to the next minute.

**Table A** - This table applies to the following service types:

Operator Dialed Calling Card Station, Customer Dialed Calling Card Station, Billed to a Comm.Credit/Charge Card or a FW Card

| Rate<br>MILEAGE | DAY               |                              | EVENING           |                              | NIGHT/WEEKEND     |                              |
|-----------------|-------------------|------------------------------|-------------------|------------------------------|-------------------|------------------------------|
|                 | Initial<br>Period | Each<br>Additional<br>Period | Initial<br>Period | Each<br>Additional<br>Period | Initial<br>Period | Each<br>Additional<br>Period |
| 1 - 10          | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     |
| 13 - 16         | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     |
| 17 - 22         | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     |
| 23 - 30         | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     |
| 31 - 40         | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     |
| 41 - 55         | \$0.4200          | \$0.4200                     | \$0.4200          | 05.4200                      | \$0.4200          | \$0.4200                     |
| 56 - 85         | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     |
| 86 - 124        | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     |
| 125 - 244       | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     |
| 245 - 475       | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     |

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## SECTION 4 - MISCELLANEOUS SERVICES, CONT'D.

## 4.1 Operator Services, Cont'd.

## 4.1.9 Per Minute Usage Charges, Cont'd.

Table B - This table applies to the following service types:

Operator Station, Billed to a Third Party, Collect and Sent Paid - Non-Coin Calls

| Rate<br>MILEAGE | DAY               |                              | EVENING           |                              | NIGHT/WEEKEND     |                              |
|-----------------|-------------------|------------------------------|-------------------|------------------------------|-------------------|------------------------------|
|                 | Initial<br>Period | Each<br>Additional<br>Period | Initial<br>Period | Each<br>Additional<br>Period | Initial<br>Period | Each<br>Additional<br>Period |
| 1 - 10          | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 11 - 16         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 17 - 22         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 23 - 30         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 31 - 40         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 31 - 40         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 41 - 55         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 56 - 85         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 86 - 124        | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 125 - 244       | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 245 - 475       | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |

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## SECTION 4 - MISCELLANEOUS SERVICES, CONT'D.

## 4.1 Operator Services, Cont'd.

## 4.1.9 Per Minute Usage Charges, Cont'd.

Table C - This table applies to the following services types:

Person-To-Person, Operator Station

| Rate<br>MILEAGE | DAY               |                              | EVENING           |                              | NIGHT/WEEKEND     |                              |
|-----------------|-------------------|------------------------------|-------------------|------------------------------|-------------------|------------------------------|
|                 | Initial<br>Period | Each<br>Additional<br>Period | Initial<br>Period | Each<br>Additional<br>Period | Initial<br>Period | Each<br>Additional<br>Period |
| 1 - 10          | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 11 - 16         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 17 - 22         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 23 - 30         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 31 - 40         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 31 - 40         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 41 - 55         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 56 - 85         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 86 - 124        | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 125 - 244       | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 245 - 475       | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |

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## SECTION 4 - MISCELLANEOUS SERVICES, CONT'D.

## 4.1 Operator Services, Cont'd.

## 4.1.9 Per Minute Usage Charges, Cont'd.

Table C - This table applies to the following services types:

Sent Paid - Coin

| Rate<br>MILEAGE | DAY               |                              | EVENING           |                              | NIGHT/WEEKEND     |                              |
|-----------------|-------------------|------------------------------|-------------------|------------------------------|-------------------|------------------------------|
|                 | Initial<br>Period | Each<br>Additional<br>Period | Initial<br>Period | Each<br>Additional<br>Period | Initial<br>Period | Each<br>Additional<br>Period |
| 1 - 10          | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     |
| 11 - 16         | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     |
| 17 - 22         | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     |
| 23 - 30         | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     |
| 31 - 40         | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     |
| 41 - 55         | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     |
| 56 - 85         | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     |
| 86 - 124        | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     |
| 125 - 244       | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     |
| 245 - 475       | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     |

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**SECTION 4 - MISCELLANEOUS SERVICES, CONT'D.****4.2 Busy Line Verification and Interrupt**

Busy Line Verification and Interrupt services are offered in areas where the service may be obtained from the local exchange carrier.

With Busy Line Verification (BLV), the FirstWorld operator will contact the LEC operator to determine if the called number or line is in use. Only one BLV will be made per telephone call and an associated charge will apply whether or not conversation was detected on the line. The operator will not complete the call for the Customer initiating the verification request.

Busy Line Interrupt (BLI) allows the FirstWorld operator to contact a LEC operator to interrupt a telephone conversation in progress, upon the caller's request and after a Busy Line Verification occurs. Upon the caller's request, the FirstWorld operator will contact the LEC operator, who will interrupt the busy line and inform the called party that there is a call waiting from the caller. The LEC operator will not complete the call, but will only inform the called party of the request. If the call is released the FirstWorld operator will offer to complete the call for the Customer initiating the interrupt request. An applicable service charge and applicable per minute charges will apply to the completed call. Only one BLI attempt will be made per telephone call and a charge will apply whether or not the called party releases the line.

- |    |                                     |        |
|----|-------------------------------------|--------|
| a. | Busy Line Verification, per request | \$6.50 |
| b. | Busy Line Interrupt, per request    | \$6.50 |

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**SECTION 5 - PROMOTIONS**

**5.1 Demonstration Calls**

From time to time FirstWorld will demonstrate its services by providing free test calls of up to fifteen minutes duration over its network.

**5.2 Promotions - General**

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

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ATTACHMENT V

FirstWorld Communications, Inc.

Sales & Marketing Material



## FirstWorld™ Voice Services

### Digital Local Service

FirstWorld's state-of-the-art infrastructure is designed to handle all your local calling needs, effectively, efficiently, and reliably.

Using a fiber optic-based network design, FirstWorld provides local service that is exceptionally reliable. Calls use a multiple-path SONET Ring network and switching equipment featuring the latest digital technology to process your calls and to provide business-friendly features.

This state-of-the-art technology, backed by 7 X 24 monitoring of facilities all the way to your premise, gives you the assurance of the highest reliability standards in the industry.

### Easy Access

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Whether your business is connected to the FirstWorld Network via our fiber access lines or makes use of Extended Network Access, you can dial as you normally do to reach your party. The digital network and switching equipment does the rest.

The local call area is divided into three calling zones that FirstWorld has patterned after those available from Pacific Bell. So your local calling area remains the same.

### Advanced Features

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**Account Codes.** In addition to clear, digital connections, some users appreciate the availability of Account Codes for tracking calls each month. FirstWorld offers validated codes as a means of restricting access — for managing calls, or nonvalidated codes, which allow the tracking of calls made, per code. Codes can be established on each desired line, ranging in lengths from 2 to 5 digits.

**Helpful, Consolidated Invoice.** Much more than a statement telling what to pay, the monthly invoice is a useful part of FirstWorld's service that gives managers and other company staff an important tool in efficiently managing enterprise resources. Local calls to Zone 3 locations can be itemized for each phone number in service. You can choose to see detail for calls or a summary of all calls. Plus, all your communications services will appear on one consolidated invoice — local, long distance, data and Internet. Customized management reports can summarize the information your company needs to better manage expenses. FirstWorld allows you, the user, to identify what information you want to receive.

### Important Benefits

---

**Savings.** Many users benefit the most tangibly from the cost-effective rates of FirstWorld's Local Service. Savings are realized without changing the way business is conducted. This frees up valuable company resources for other projects.

**Increased Control of Calling.** When Account Codes are used, managing call activity becomes much simpler for those tasked with knowing how company staff communicates each month. Validated Codes limit unwanted call activity. Non-validated Codes, when coupled with the monthly invoice information, allow for accurate accounting of call activity.

## Digital Local Service (Continued)

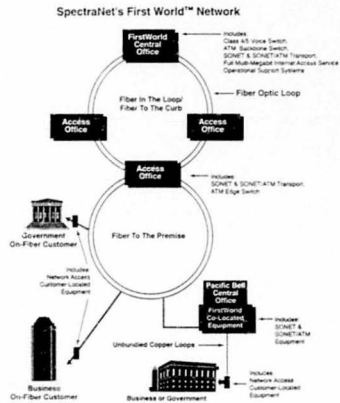
## FirstWorld Local Service At Work

Implementing cost-effective Local Service from FirstWorld allowed a sizable company in the Orange County service industry to realize a significant reduction in call expenses while enjoying the clarity of digital, fiber-based service. With an invoice that makes sense, they feel they are more in touch with their local calling expenses.

## Fiber Or Extended Service Availability

Depending on the location of your business relative to our fiber optic routes, you can enjoy the advantages of FirstWorld Local Service and other services through either a fiber optic connection or Extended connection to the network. Our Extended Service utilizes unbundled links leased from Pacific Bell to connect your business directly to our network equipment, bypassing the PacBell local switch. This network approach allows your business to realize all the benefits of our advanced switch and digital network design.

The diagram below illustrates our fiber-based network, along with both fiber and Extended Service connections for businesses.



For more information about these or other FirstWorld Communications Services, call us at 714-769-6900

## FirstWorld™ Voice Services

### Centrex Service

Using our fiber-optic based network, FirstWorld's Centrex Service provides robust and flexible phone service and network access designed to meet your company's specific needs. Centrex Service gives you freedom from the headaches of managing and upgrading your own telecom equipment, and provides connectivity to our multiple-path, SONET/Ring network. Our network and switching equipment use the latest digital technology to process your calls and to provide business-friendly features.

This state-of-the-art technology, backed by 7 X 24 monitoring of facilities all the way to your premise, gives you the assurance of the highest reliability standards in the industry.

#### How FirstWorld Centrex Service Works

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**No On-Premise Equipment to Buy.** The most obvious aspect of FirstWorld's Centrex Service is the absence of equipment at your site. Centrex Service puts the technology behind your telephones at our Communications Center, not in your equipment closet.

**Central Office Technology.** With the software and processing capabilities of FirstWorld, you have access to the features and functionality provided by a state-of-the-art network switch. The software upgrades and maintenance are done at FirstWorld's switch site, not at your site.

**Network Access.** With FirstWorld's Centrex Service, the lines from your telephone do not simply stop in your equipment closet but actually terminate in the Communications Center switch.

**Network Surveillance.** Our Communications Center monitors the network around the clock to ensure that the highest standards of "up" time are maintained.

**Centrex Station Telephones.** To get the most out of your Centrex Service, FirstWorld Network can offer Centrex-based telephone sets for subscribers at a cost-effective lease rate. This makes it even easier to use the features provided by the Central Office Centrex Service.

#### How FirstWorld Centrex Service Benefits You

---

**Convenience.** FirstWorld's Centrex Service takes you out of the telecom business and allows you to focus on your business. Changes to your service are only a phone call away. Maintenance and upgrades all take place at our Communications Center, not at your place of business.

**Reliability.** Centrex's high reliability is heralded throughout the industry. In addition, the FirstWorld network gives you access to the self-healing characteristics of our digital, SONET/Ring network. Should a major interruption occur, the traffic is instantly rerouted on a redundant path.

**Economical Technology.** Rather than investing in equipment that loses value each and every year, you can maintain up to date telephone service with a simple move to FirstWorld Centrex Service. FirstWorld pays to maintain and upgrade the equipment. You receive the benefits and keep current with technology.

Continued On Reverse

## Centrex Service (Continued)

### How FirstWorld Centrex Service Benefits You

---

**Flexibility.** As your company changes size, you can add stations with the ease of a telephone call to our Customer Care Center. Systems can start with only two (2) stations and grow to hundreds. In the same manner, should conditions warrant a reduction in stations, a telephone call will get it done.

**Features Tailored to Each Station.** Depending on the needs of each user, Centrex phone features can be provisioned or adjusted to match the specific requirements of individual users within your company.

### What Features Are Available

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**Calling Features.** The FirstWorld Centrex Service has a long list of service features available to you on a station by station basis to enhance the way you do business over the telephone. The features listed below are also pre-packaged to simplify the task of choosing options.

#### Available Centrex Station Features:

- Anonymous Caller Rejection
- Automatic Line Connect
- Busy Line Override
- Call Forwarding, No Answer
- Call Forwarding, Personal Call Screening
- Calling Name Delivery Blocking
- Calling Number Delivery Blocking
- Call Pickup
- Call Waiting
- Directed Call Park
- Do Not Disturb
- Hunting
- Message Waiting Indication
- Ring Again
- Selective Call Acceptance
- Selective Call Rejection
- Speed Call 30
- Station-Controlled Conference 30
- Automatic Callback
- Automatic Recall
- Call Forwarding, Busy
- Call Forwarding, Call Waiting Calls
- Call Forwarding, Variable
- Calling Number Delivery
- Call Park
- Call Transfer
- Customer Originated Call Trace
- Directed Call Pickup
- Group Intercom
- Last Number Redial
- Priority Ringing
- Security Codes for Call Park
- Selective Call Forwarding
- Speed Call 10
- Station-Controlled Conference 6
- 3-Way Conferencing

### FirstWorld Centrex Service at Work

---

A new real estate group knew that they would be growing with the development of a new office park and some planned acquisitions. They chose FirstWorld Centrex Service to avoid the huge equipment investment and maintenance costs of a too-quickly-outdated PBX. As agents and staff were added, FirstWorld was there to grow the service as the company grew. The enhanced Centrex features are also a real benefit to the offices, helping the brokers more efficiently handle the volume and complexity of calls related to their real estate transactions.

For more information about these or other FirstWorld Communications Services, call us at 714-769-6900

## FirstWorld™ Voice Services

### Basic Business Lines

FirstWorld's Business Lines provide a simple, smart, reliable pathway on which to make and receive calls.

Using a fiber optic-based network design, FirstWorld provides several types of business lines, each designed to meet the critical telephone needs of your company through reliable connections to our multiple-path, SONET network. Our advanced technology handles all your communications, providing high-speed, high-quality access to or from your location.

The state-of-the-art technology, backed by 7 X 24 monitoring of facilities all the way to your premises, gives you the assurance of optimal network reliability.

### How FirstWorld Business Lines Work

---

**Basic Business Line Service.** These single lines provide quality communications paths to and from your single line phones, facsimile machines or dial-up modems. They link your equipment to our digital network and the FirstWorld Network Communications Center switching equipment.

**Multi-Line Service.** These lines provide quality communications paths to and from your multi-line telephone equipment, giving you multiple paths over which you can receive and make your normal calls. Like basic lines, multi-lines link your equipment to our digital network.

**Analog PBX Trunks.** For heavier call volume, our Analog PBX trunks can connect with your premise telephone equipment, avoid any system changes, and provide you with cost effective access for your calling needs. Lines can be established for incoming only, outbound only, or both. They are readily set up with Direct Inward Dial (DID) capability if your company uses the information to complete calls.

### What Features Are Available

---

**Number Portability.** For those numbers you have published, FirstWorld will set up your lines so that you can maintain your current numbers as long as you need.

**Network Surveillance.** Our Network Communications Center monitors the network around the clock to ensure that the highest standards of "up" time are maintained.

**Direct Inward Dialing (DID).** FirstWorld can provide subscribers with quantities of DID numbers for routing calls internally to the proper station if your equipment uses the technology. Quantities of numbers are available in blocks of 100.

**Line Features.** FirstWorld continues to offer businesses like yours access to the latest business line options in the marketplace. This means that a full spectrum of options are available with FirstWorld's Business Line Service. All FirstWorld Local Lines provide access to Operator Services and Directory Assistance, plus access to a wide variety of features. Ask your Account Manager for details.

## Basic Business Lines (Continued)

### How FirstWorld Business Lines Benefit You

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**Choice.** Since we offer a variety of line services, we can arrange the proper configuration for your business. FirstWorld Business Lines are economical and provide you the highest quality, without changing your current telephone hardware and equipment.

**Savings.** Competition has always been a motivator for companies to provide the best value of service possible, at competitive rates. FirstWorld's network is the result of millions of dollars of investment. All done to provide your business cost-effective access to state-of-the-art facilities. You benefit from that investment with monthly savings. Savings on your local and long distance calling also add to the value.

**Increased Productivity.** Business lines from FirstWorld allow you to add features that improve how you make and receive calls. From call forwarding to 3-way calling, the features allow you to enhance your communications. This means your business runs more smoothly and you have a better return on your telecommunications investment.

### FirstWorld Business Line Service at Work

---

An Orange County company asked FirstWorld to review what line charges the company was paying each month. FirstWorld suggested a new set of access lines. The new configuration from FirstWorld avoided the costly carryovers from the past. This provided the company even greater savings on FirstWorld service when compared to past providers.

For more information about these or other FirstWorld Communications Services, call us at 714-769-6900

ATTACHMENT VI

FirstWorld Communications, Inc.

Cost Support Data

FirstWorld Communications, Inc.

Cost Support Data

The cost and revenue estimates calculated below are based on a projected mix of traffic and FirstWorld's current network experience.

Direct dial call:

|                           |   |
|---------------------------|---|
| AVERAGE PER CALL REVENUE: | \$ 0.53                                 |
| COST PER CALL:            |   |
| Transmission              | \$ 0.35                                 |
| Operator Cost/Validation  | \$Not significant for expected call mix |
| Billing/Collection        | \$ 0.015                                |
| Administrative Overhead   | \$ 0.08                                 |
| Bad Debt Allowance        | \$ 0.015                                |
| Total Cost                | \$ 0.46                                 |
|                           | =====                                   |
| Gross Margin:             | \$ 0.07                                 |
| GROSS MARGIN PER CALL:    | 13%                                     |



TECHNOLOGIES MANAGEMENT, INC.

P.O. BOX 200  
210 N. PARK AVE  
WINTER PARK, FL 32789-0200  
(407) 740-8575

BARNETT BANK, N.A.  
WINTER PARK, FL 32789  
63-219-931

21482

11/12/98

PAY TO THE ORDER OF South Dakota Public Service Comm

\$ \*\*250.00

Two Hundred Fifty and 00/100\*\*\*\*\*

DOLLARS  
Security features  
included.  
Details on back

South Dakota Public Service Comm  
State Capitol  
Pierre, SD 57501-5070

TECHNOLOGIES MANAGEMENT, INC

MEMO Application Fee for First World

⑈021482⑈ ⑆063103193⑆ 2830066505⑈

TECHNOLOGIES MANAGEMENT, INC.

South Dakota Public Service Comm  
11/12/98

Bill #First World

11-12-98

21482

250.00

TC98-201

Cash operating

Application Fee for First World

250.00

South Dakota Public Utilities Commission  
**WEEKLY FILINGS**  
For the Period of November 13, 1998 through November 19, 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.

**ELECTRIC**

EL98-022 In the Matter of the Filing by Black Hills Power & Light Company for Approval of Amendment No. 2 to Industrial Contract Service Agreement with Homestake Mining Company.

Black Hills Power and Light Company has filed an application requesting the Commission to approve Amendment No. 2 to its Industrial Contract Service Agreement between Black Hills and Homestake Mining Company. According to Amendment No. 1 to the agreement, Homestake would rebuild portions of its distribution system and have that substantially completed by December 31, 1998. Amendment No. 2 grants Homestake's request for an extension of the deadline to September 1, 1999. Homestake will also be 100% liable for the costs of any capital investment Black Hills must make at the Kirk Substation, from January 1, 1999, through September 1, 1999.

Staff Attorney: Karen Cremer  
Staff Analyst: Dave Jacobson  
Date Filed: 11/17/98  
Intervention Deadline: NA

EL98-023 In the Matter of the Complaint Filed by Bonnie Slade, Fuiton, South Dakota, against Northern States Power Company Concerning Outages

Complaint by Bonnie Slade vs. Northern State Power Company. The Complainant claims an unusually high number of electrical outages has caused great inconvenience and aggravated health conditions. The Complainant requests that Northern States Power upgrade its lines and substations.

Staff Attorney: Karen Cremer  
Consumer Affairs: Leni Healy  
Date Filed: 11/17/98  
Intervention Deadline: NA

**TELECOMMUNICATIONS**

TC98-198 In the Matter of the Application of CTC Communications Corp. for a Certificate of Authority to Provide Telecommunications Services in South Dakota

Application of CTC Communications Corp. for a certificate of authority to provide resold interexchange telecommunications services throughout South Dakota. The services to be provided include MTS, WATS, 800 assistance services. Services will also include calling card and directory assistance services to presubscribed customers.

Staff Attorney: Cameron Hoseck  
Staff Analyst: Kyle Tracy  
Date Filed: 11/7/98  
Intervention Deadline: 12/4/98

TC98-199 In the Matter of the Complaint Filed by Lawrence Klein, Valentine, Nebraska, against U S WEST Communications, Inc. Regarding Poor Service and Request to Have Lines Updated

Complaint by Lawrence Klein vs. U S WEST Communications, Inc. The Complainant describes a history of poor telephone service and outages. The Complainant seeks reliable telephone service.

Staff Attorney: Cameron Hoseck  
Consumer Affairs: Leni Healy  
Date Filed: 11-08-98  
Intervention Deadline: NA

TC98-200 In the Matter of the Complaint Filed by Don Finn on behalf of Lake Area Hospital, Webster, South Dakota, against AT&T Communications of the Midwest, Inc. Regarding Overcharges

Complaint by Don Finn vs. AT&T Communications. The Complainant outlines a history of the concerns with AT&T over the past 18 months in which the Hospital was overbilled. The Complainant further claims that AT&T personnel did not offer appropriate assistance in resolving the error. The Complainant seeks reimbursement for the amount overcharged and compensation for time and labor involved.

Staff Attorney: Karen Cremer  
Consumer Affairs: Leni Healy

Date Filed: 11-04-98  
Intervention Deadline: NA

**TC98-201** In the Matter of the Application of FirstWorld Communications, Inc. for a Certificate of Authority to Provide Telecommunications Services in South Dakota.

Application of FirstWorld Communications, Inc. for a certificate of authority to provide resold intrastate telecommunications services throughout South Dakota. Services to be provided include MTS, inbound toll free service, travel card, debit card and operator services.

Staff Attorney: Karen Cremer  
Staff Analyst: Bob Knadle  
Date Filed: 11-16-98  
Intervention Deadline: 12-07-98

**TC98-202** In the Matter of the Filing by U S WEST Communications, Inc. for Approval of Agreement for Service Resale Between Preferred Carrier Services, Inc. and U S WEST Communications, Inc.

On November 16, 1998, the Commission received an interconnection agreement between U S WEST Communications, Inc. and Preferred Carrier Services, Inc. Any person wishing to comment on the parties' request for approval may do so by filing written comments with the Commission and the parties to the agreement no later than December 11, 1998. Parties to the agreement may file written responses to the comments no later than January 4, 1999.

Staff Attorney: Camron Hoseck  
Date Filed: 11-16-98  
Responses Due: 12-11-98

**TC98-203** In the Matter of the Filing by U S WEST Communications, Inc. for Approval of Negotiated/Arbitrated Terms of Agreement for Interconnection, Resale, and Unbundled Elements between Advanced Communications Group, Inc. and U S WEST Communications, Inc.

On November 19, 1998, the Commission received an interconnection agreement between U S WEST Communications, Inc. and Advanced Communications Group, Inc. Any person wishing to comment on the parties' request for approval may do so by filing written comments with the Commission and the parties to the agreement no later than December 14,

1998. Parties to the agreement may file written responses to the comments no later than January 7, 1999.

Staff Attorney: Camron Hoseck  
Date Filed: 11-19-98  
Responses Due: 12-14-98

**TC98-204** In the Matter of the Filing by U S WEST Communications, Inc. for Approval of Wireless Interconnection Agreement between U S WEST Communications, Inc. and Brookings Municipal Utilities Telephone Department d b a. Swiftel Communications.

On November 19, 1998, the Commission received a wireless interconnection agreement between U S WEST Communications, Inc. and Brookings Municipal Utilities Telephone Department d b a. Swiftel Communications. Any person wishing to comment on the parties' request for approval may do so by filing written comments with the Commission and the parties to the agreement no later than December 14, 1998. Parties to the agreement may file written responses to the comments no later than January 7, 1999.

Staff Attorney: Camron Hoseck  
Date Filed: 11-19-98  
Responses Due: 12-14-98

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



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Winter Park, FL  
32789

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

Tel 407-740-8575  
Fax 407-740-0613  
tmi@tmiinc.com

RECEIVED

DEC 9 4 1998

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION  
Via Overnight Delivery

December 22, 1998

Mr. Bob Knadle, Utility Analyst  
South Dakota Public Utilities Commission  
500 East Capitol  
Pierre, SD 57501

Re: Registration of **FirstWorld Communications, Inc.** for Authority to Provide Intrastrate Telecommunications Services within the State of South Dakota  
Docket No. TC98-201

Dear Mr. Knadle:

Enclosed for filing are the original and ten (10) copies of replacement pages for a tariff which was part of the Registration for Authority to Provide Intrastrate Telecommunications Services, filed on behalf of FirstWorld Communications, Inc.

We have replaced the liability language to mirror AT&T's Local Exchange Services Tariff which was updated on October 5, 1998. We have enclosed a copy for your reference.

Referencing South Dakota administrative rules at ARSD 20:10:24:02(3)(c), the principal stockholders can be reached at the corporate headquarters of FirstWorld at 9333 Genesee Avenue, Suite 200, San Diego, California 92121. None of the principal stockholders have any management interest.

The Company does not currently nor does it intend to engage in any multilevel marketing.

Please return, date-stamped, the extra copy of this cover letter in the enclosed self-addressed stamped envelope provided for this purpose.

Any questions you may have regarding the above filing should be directed to me at (407) 740-8575.

Sincerely,

Connie Wightman  
Consultant for  
FirstWorld Communications, Inc.  
CW/dm

cc: Jo Ann G. Hill, FirstWorld  
File: FirstWorld - SD - Toll  
TMS: SDO9807a

LOCAL EXCHANGE SERVICES

GENERAL REGULATIONS

2.2 LIABILITY OF THE COMPANY

2.2.1 Service Liability

- A. The Company's liability, if any, for its willful misconduct is not limited by this Tariff. With respect to any other claim or suit by a Customer or by any others, for damages associated with the installation, provision, preemption, termination, maintenance, repair or restoration of a service, and subject to the provisions following, the Company's liability, if any, shall not exceed an amount equal to the proportionate charge for the service for the period during which the service was affected. In no event shall the Company be liable for special, reliance, consequential or other such damages. This liability for damages shall be in addition to any amounts that may otherwise be due the Customer under this Tariff as a Credit Allowance for Interruptions and Service Quality Guarantees.
- B. The Company is not liable for any act or omission of any other communications utility which furnishes a portion of a service.
- C. The Company is not liable for damages to a premises resulting from the furnishing of service including the installation and removal of equipment or facilities and associated wiring, unless the damage is caused solely by the Company's negligence.
- D. The Company shall be indemnified, defended, and held harmless against any claim, loss or damage arising from the use of service offered under this Tariff, involving:
1. Claims for libel, slander, invasion of privacy, or infringement of copyright arising from any communication;
  2. Claims for patent infringement arising from the Customer or authorized user combining or using the service furnished by the Company in connection with facilities or equipment furnished by others; or
  3. All other claims arising out of any act or omission of others in the course of using services provided pursuant to this Tariff.

Effective: October 5, 1998

LOCAL EXCHANGE SERVICES

GENERAL REGULATIONS

2.2 LIABILITY OF THE COMPANY (Cont'd)

2.2.1 Service Liability (Cont'd)

- E. The Company does not guarantee or make any warranty with respect to its services when used in an explosive atmosphere. The Company shall be indemnified, defended and held harmless by the Customer and user against all claims, losses or damages by any person relating to the service provided pursuant to this Tariff when used in an explosive atmosphere.
- F. No license under patents (other than the limited license to use) is granted by the Company or shall be implied or arise by estoppel, with respect to any service offered under this Tariff. The Company will defend the Customer and authorized user against claims of patent infringement arising solely from the use by the Customer or authorized user of services offered under this Tariff and will indemnify such Customer or authorized user for any damages awarded based solely on such claims.
- G. The Company's failure to provide or maintain services under this Tariff shall be excused by labor difficulties, facility availability, governmental orders, civil commotions, preemption of existing services to restore services in compliance with Part 64, Subpart D, Appendix A, of the F.C.C.'s Rules and Regulations, acts of God and other circumstances beyond the Company's reasonable control.
- H. In no event shall the Company be liable for special, reliance, consequential or other such damages.

Effective: October 5, 1998

LOCAL EXCHANGE SERVICES

GENERAL REGULATIONS

2.2 LIABILITY OF THE COMPANY (Cont'd)

2.2.2 Temporary Suspension for Repairs

The Company shall have the right to make necessary repairs or changes in its facilities at any time and will have the right to suspend or interrupt service temporarily for the purpose of making the necessary repairs or changes in its system. When such suspension or interruption of service for any appreciable period is necessary, the Company will give Customers who may be affected as reasonable notice thereof as circumstances will permit, and will perform the work with reasonable diligence, and if practicable at times that will cause the Customer the least inconvenience. When the Company is repairing or changing its facilities, it shall take appropriate precautions to avoid unnecessary interruptions of communications or Customer's service.

2.2.3 Credit Allowance for Interruptions

Except as may otherwise be specified in this Tariff, interruptions of twenty-four hours or more, which are reported to or detected by the Company, and which are not due to the negligence or willful act of the Customer are credited to the Customer at the proportionate monthly charge (1/30 of the service monthly recurring charge) involved for each twenty-four hours or fraction thereof of interruption. Credit is not allowed for interruptions to service of less than twenty-four hours.

No interruption allowance shall be made for failures in facilities provided with or by other carriers except as may otherwise be provided in other Sections of this Tariff.

No interruption allowance shall apply where service is interrupted by the negligence or willful act of the Customer or where the Company, pursuant to the terms of the Tariff, suspends or terminates service because of nonpayment of bills due the Company, unlawful or improper use of the facilities or service, or any other reason covered by the Tariff. No allowance shall be made for interruptions due to electric power failure where, by the provisions of this Tariff, the Customer is responsible for providing electric power.

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**SECTION 2 - RULES AND REGULATIONS****2.1 Undertaking of FirstWorld**

FirstWorld's services and facilities are furnished for communications originating at specified points within the State of South Dakota under terms of this tariff.

FirstWorld installs, operates, and maintains the communications services provided hereinunder in accordance with the terms and conditions set forth under this tariff. FirstWorld may act as the Customer's agent for ordering access connection facilities provided by other carriers or entities, when authorized by the Customer, to allow connection of a Customer's location to the FirstWorld network. The Customer shall be responsible for all charges due for such service arrangement.

The Company's services and facilities are provided on a monthly basis unless otherwise provided, and are available twenty-four (24) hours per day, seven days (7) per week.

**2.2 Limitations**

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

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Issued: November 16, 1998

Effective Date:

By: Jo Ann G. Hill, Tariff Manager  
FirstWorld Communications, Inc.  
9333 Genesee Avenue, Suite 200  
San Diego, California 92121

SD092800



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**SECTION 2 - RULES AND REGULATIONS, CONT'D.****2.2 Limitations, Cont'd.**

- 2.2.5** Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions of service.
- 2.2.6** FirstWorld reserves the right to discontinue the offering of service or deny an application for service if a change in regulation materially and negatively impacts the financial viability of the service in the best business judgment of the Company.

**2.3 Use**

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

**2.4 Liabilities of the Company**

- 2.4.1** The Company's liability, if any, for its willful misconduct is not limited by this Tariff. With respect to any other claim or suit by a Customer or by any others, for damages associated with the installation, provision, preemption, termination, maintenance, repair or restoration of a service, and subject to the provisions following, the Company's liability, if any, shall not exceed an amount equal to the proportionate charge for the service for the period during which the service was affected. In no event shall the Company be liable for special, reliance, consequential or other such damages. This liability for damages shall be in addition to any amounts that may otherwise be due the Customer under this Tariff as a Credit Allowance for Interruptions and Service Quality Guarantees.
- 2.4.2** The Company is not liable for any act or omission of any other communications utility which furnishes a portion of a service.
- 2.4.3** The Company is not liable for damages to a premises resulting from the furnishing of service including the installation and removal of equipment or facilities and associated wiring, unless the damage is caused solely by the Company's negligence.

---

Issued: November 16, 1998

Effective Date:

By: Jo Ann G. Hill, Tariff Manager  
FirstWorld Communications, Inc.  
9333 Genesee Avenue, Suite 200  
San Diego, California 92121

SD09800

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**SECTION 2 - RULES AND REGULATIONS, CONT'D.****2.4 Liabilities of the Company, (Cont'd.)**

- 2.4.4** The Company shall be indemnified, defended, and held harmless against any claim, loss or damage arising from the use of service offered under this Tariff, involving:
- A.** Claims for libel, slander, invasion of privacy, or infringement of copyright arising from any communication;
  - B.** Claims for patent infringement arising from the Customer or authorized user combining or using the service furnished by the Company in connection with facilities or equipment furnished by others; or
  - C.** All other claims arising out of any act or omission of others in the course of using services provided pursuant to this Tariff.
- 2.4.5** The Company does not guarantee or make any warranty with respect to its services when used in an explosive atmosphere. The Company shall be indemnified, defended and held harmless by the Customer and user against all claims, losses or damages by any person relating to the service provided pursuant to this Tariff when used in an explosive atmosphere.
- 2.4.6** No license under patents (other than the limited license to use) is granted by the Company or shall be implied or arise by estoppel, with respect to any service offered under this Tariff. The Company will defend the Customer and authorized user against claims of patent infringement arising solely from the use by the Customer or authorized user of services offered under this Tariff and will indemnify such Customer or authorized user for any damages awarded based solely on such claims.
- 2.4.7** The Company's failure to provide or maintain services under this Tariff shall be excused by labor difficulties, facility availability, governmental orders, civil commotions, preemption of existing services to restore service in compliance with Part 64, Subpart D, Appendix A, of the FCC's Rules and Regulations, acts of God and other circumstances beyond the Company's reasonable control.
- 2.4.8** In no event shall the Company be liable for special, reliance, consequential or other such damages.

---

Issued: November 16, 1998

Effective Date:

By: Jo Ann G. Hill, Tariff Manager  
FirstWorld Communications, Inc.  
9333 Genesee Avenue, Suite 200  
San Diego, California 92121

SD09800

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**SECTION 2 - RULES AND REGULATIONS, CONT'D.****2.4 Liabilities of Company, Cont'd.****2.4.9 Credit Allowance for Interruptions**

Except as may otherwise be specified in this Tariff, interruptions of twenty-four hours or more, which are reported to or detected by the Company, and which are not due to the negligence or willful act of the Customer are credited to the Customer at the proportionate monthly charge (1/30 of the service monthly recurring charge) involved for each twenty-four hours or fraction thereof of interruption. Credit is not allowed for interruptions to service of less than twenty four hours.

No interruption allowance shall be made for failures in facilities provided with or by other carriers except as may otherwise be provided in other Sections of this Tariff.

No interruption allowance shall apply where service is interrupted by the negligence or willful act of the Customer or where the Company, pursuant to the terms of the Tariff, suspends or terminates service because of nonpayment of bills due the Company, unlawful or improper use of the facilities or service, or any other reason covered by the Tariff. No allowance shall be made for interruptions due to electric power failure where, by the provisions of this Tariff, the Customer is responsible for providing electric power.

**2.5 Deposits**

The Company reserves the right to collect a deposit from the Customer in the event the Customer's financial condition is unknown or unacceptable to the Company. Deposits will be returned to the Customer after one full year's history of timely payment.

**2.6 Advance Payments**

For Customers whom the Company feels an advance payment is necessary, FirstWorld reserves the right to collect an amount not to exceed one (1) month's estimated charges as an advance payment for service. This will be applied against the next month's charges and a new advance payment may be collected for the next month.

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Issued: November 16, 1998

Effective Date:

By: Jo Ann G. Hill, Tariff Manager  
FirstWorld Communications, Inc.  
9333 Genesee Avenue, Suite 200  
San Diego, California 92121

SD09800

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**SECTION 2 - RULES AND REGULATIONS, CONT'D.****2.7 Taxes and Surcharges, Cont'd.****2.7.3 Public Telephone Surcharge**

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

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

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

Rate per Call

\$ 0.30

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Issued: November 16, 1998

Effective Date:

By: Jo Ann G. Hill, Tariff Manager  
FirstWorld Communications, Inc.  
9333 Genesee Avenue, Suite 200  
San Diego, California 92121

SD09800

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**SECTION 2 - RULES AND REGULATIONS, CONT'D.**

**2.15 Inspection, Testing and Adjustment**

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

**2.16 Tests, Pilots, Promotional Campaigns and Contests**

The Company may conduct special tests, pilot programs, waivers and promotions at its discretion to demonstrate the ease of use, quality of service and to promote the sale of its services. Such promotional offerings will be filed with the South Dakota Public Utilities Commission.

**2.17 Cost of Collection and Repair**

The Customer is responsible for any and all reasonable costs incurred in the collection of monies due the Company, including legal and accounting expenses. Customer is also responsible for recovery costs of Company-provided equipment and any expenses required for repair or replacement of damaged equipment.

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9333 Genesee Avenue, Suite 200  
San Diego, California 92121

SD09800

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**SECTION 2 - RULES AND REGULATIONS, CONT'D.**

**2.18 Toll-Free Numbers**

- 2.18.1** The Company will make every effort to reserve vanity numbers (i.e., "800 888") on behalf of Customers, but makes no guarantee or warrantee that the requested "800 888" number(s) will be available or assigned to the Customer requesting the number.
- 2.18.2** If a Customer accumulates undisputed past-due charges, the Company reserves the right not to honor the Customer's request for a change in "800 888" service to another carrier (e.g., "porting" of the "800 888" number), including a request for a Responsible Organization (Resp Org) change, until such time as all charges are paid in full.
- 2.18.3** "800 888" numbers shared by more than one Customer, whereby individual Customers are identified by a unique Personal Identification Number, may not be assigned or transferred for use with service provided by another carrier. The Company will only honor Customer's request for a change in Resp Org or "800 888" service, subject to the limitations provided in Section 2.18.2, to another carrier for "800 888" numbers dedicated to the sole use of that single Customer.
- 2.18.4** If a Customer who has received a toll free number does not subscribe to 800/888 service within ninety (90) days, the Company reserves the right to make the assigned number available for use by another Customer.

**2.19 Late Payment Charge**

A late fee of 1.5% per month will be charged on any past due balance. A bill is considered past due 30 days after bill date.

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SD091800

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**SECTION 2 - RULES AND REGULATIONS, CONT'D.**

**2.20 Return Check Charge**

A return check charge of \$15.00 will be assessed for checks returned for insufficient funds. Any applicable return check charges will be assessed according to the terms and conditions of the billing entity (i.e. local exchange company and/or commercial credit card company) and pursuant to South Dakota law and the South Dakota Public Utilities Commission regulations. In addition, the Company reserves the right to place the Available Usage Balance for the Customer's Prepaid Account on hold until the check or draft clears or is paid.

**2.21 Other Rules**

The Company may temporarily suspend service without notice to the Customer, by blocking traffic to certain cities or NXX exchanges, or by blocking calls using certain Personal Identification Numbers when the Company deems it necessary to take such action to prevent unlawful use of its service. The Company will restore service as soon as service can be provided without undue risk.

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Issued: November 16, 1998

Effective Date:

By: Jo Ann G. Hill, Tariff Manager  
FirstWorld Communications, Inc.  
9333 Genesee Avenue, Suite 200  
San Diego, California 92121

SD09800

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

**3.3 Timing of Calls**

Billing for calls placed over the network is based in part on the duration of the call.

**3.3.1** Timing for Person-to-Person calls begins when the caller is connected to the designated party or agreed upon alternate. Timing for all other calls begins when the called party answers the call (i.e. when two way communications are established). Answer detection is based on standard industry answer detection methods, including hardware and software answer detection.

**3.3.2** Chargeable time for all calls ends when one of the parties disconnects from the call.

**3.3.3** Minimum call duration for billing purposes is one minute unless otherwise specified in the individual rate schedules of this tariff.

**3.3.4** Calls are measured and billed in one minute increments unless otherwise indicated in this tariff. Any partial minute is rounded up to a full minute.

**3.3.5** No charges apply to incomplete calls.

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Issued: November 16, 1998

Effective Date:

By: Je Ann G. Hill, Tariff Manager  
FirstWorld Communications, Inc.  
9333 Genesee Avenue, Suite 200  
San Diego, California 92121

SD09800



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**SECTION 3 - DESCRIPTION OF SERVICE AND RATES, CONT'D.****3.4 Time-Of-Day Rate Periods**

Unless otherwise specified in the product description in this tariff, the following time-of-day and day-of-week rate periods are applicable to all calls. Evening rates shall apply to all calls placed on the Company's recognized Holidays except when a lower rate would normally apply.

|                           |  |
|---------------------------|--|
| DAY RATE PERIOD           | 8:00 AM to 5:00* PM Monday through Friday  |
| EVENING RATE PERIOD       | 5:00 PM to 11:00* PM Sunday through Friday   |
| NIGHT/WEEKEND RATE PERIOD | 11:00 PM to 8:00* AM Sunday through Friday, all day Saturday and Sunday until 5:00* PM |

\* to, but not including

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

**Holiday Rates**

Calls on the following Company-recognized Holidays are rated at the Evening Rate Period rate unless a lower rate would normally apply.

|                    |                  |                 |
|--------------------|------------------|-----------------|
| New Year's Day**   | Labor Day        | Christmas Day** |
| Independence Day** | Thanksgiving Day | Memorial Day*   |

\* - Applies to Federally observed day only.

\*\* - When this holiday falls on Sunday, the Holiday rate applies on the following Monday. When this holiday falls on a Saturday, the Holiday rate applies to calls placed on the preceding Friday.

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Issued: November 16, 1998

Effective Date:

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SD09800

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**SECTION 3 - DESCRIPTION OF SERVICE AND RATES, CONT'D.****3.8 FirstWorld Debit Card Service**

FirstWorld Debit Card Service allows Customers to place direct dialed calls between locations within the State of South Dakota. Customers access the Company's network by dialing a toll-free number or other access dialing sequence and entering a Personal Account Code. The Company's system informs the Customer of the Available Usage Balance remaining in his/her Debit Account and prompts the Customer to place a call by entering a destination telephone number. Network usage for calls placed is deducted from the Available Usage Balance on the Customer's account on a real time basis as the call progresses.

Customers purchase a Debit Card which assigns each Customer a Debit Account, provides each Customer with a Personal Account Code and lists instructions for accessing and using Carrier's service. Debit Cards are available in varying denominations.

Purchase of a Debit Card entitles the Customer to use the Company's network for a number of minutes equivalent to the card denomination divided by the effective per minute rate. No minimum service period applies.

Payment for Retail Debit Cards and Available Usage in a Customer's Debit Account is non-refundable.

Retail Debit Card service rates are not distance or time of day sensitive in nature. Holiday discounts do not apply.

Network usage for Debit Card Calls is deducted from the Available Usage Balance in Customer's Debit Account in full unit increments. For debiting purposes, the minimum call usage is one (1) unit.

Per Unit Rate:                      \$0.20

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Issued: November 16, 1998

Effective Date:

By: Jo Ann G. Hill, Tariff Manager  
FirstWorld Communications, Inc.  
9333 Genesee Avenue, Suite 200  
San Diego, California 92121

SD091000

## SECTION 4 - MISCELLANEOUS SERVICES, CONT'D.

## 4.1 Operator Services, Cont'd.

## 4.1.9 Per Minute Usage Charges

Calls are billed in one (1) minute increments after an initial minimum call duration of one (1) minute. Partial minutes are rounded up to the next minute.

**Table A** - This table applies to the following service types:

Operator Dialed Calling Card Station, Customer Dialed Calling Card Station, Billed to a Commercial Credit Charge Card or a FirstWorld Card

| Rate<br>MILEAGE | DAY               |                              | EVENING           |                              | NIGHT/WEEKEND     |                              |
|-----------------|-------------------|------------------------------|-------------------|------------------------------|-------------------|------------------------------|
|                 | Initial<br>Period | Each<br>Additional<br>Period | Initial<br>Period | Each<br>Additional<br>Period | Initial<br>Period | Each<br>Additional<br>Period |
| 1 - 10          | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     |
| 11 - 16         | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     |
| 17 - 22         | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     |
| 23 - 30         | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     |
| 31 - 40         | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     |
| 41 - 55         | \$0.4200          | \$0.4200                     | \$0.4200          | 0\$ 4200                     | \$0.4200          | \$0.4200                     |
| 56 - 85         | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     |
| 86 - 124        | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     |
| 125 - 244       | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     |
| 245 +           | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     | \$0.4200          | \$0.4200                     |

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By: Jo Ann G. Hill, Tariff Manager  
FirstWorld Communications, Inc.  
9333 Genesee Avenue, Suite 200  
San Diego, California 92121

SD09800

## SECTION 4 - MISCELLANEOUS SERVICES, CONT'D.

## 4.1 Operator Services, Cont'd.

## 4.1.9 Per Minute Usage Charges, Cont'd.

**Table B** - This table applies to the following service types:

Operator Station, Billed to a Third Party, Collect and Sent Paid - Non-Coin Calls

| Rate<br>MILEAGE | DAY               |                              | EVENING           |                              | NIGHT/WEEKEND     |                              |
|-----------------|-------------------|------------------------------|-------------------|------------------------------|-------------------|------------------------------|
|                 | Initial<br>Period | Each<br>Additional<br>Period | Initial<br>Period | Each<br>Additional<br>Period | Initial<br>Period | Each<br>Additional<br>Period |
| 1 - 10          | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 11 - 16         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 17 - 22         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 23 - 30         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 31 - 40         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 41 - 55         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 56 - 85         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 86 - 124        | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 125 - 244       | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 245 -           | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |

Issued: November 16, 1998

Effective Date:

By: Jo Ann G. Hill, Tariff Manager  
FirstWorld Communications, Inc.  
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San Diego, California 92121

SD09S00

## SECTION 4 - MISCELLANEOUS SERVICES, CONT'D.

## 4.1 Operator Services, Cont'd.

## 4.1.9 Per Minute Usage Charges, Cont'd.

Table C - This table applies to the following services types:

Person-To-Person, Operator Station

| Rate<br>MILEAGE | DAY               |                              | EVENING           |                              | NIGHT/WEEKEND     |                              |
|-----------------|-------------------|------------------------------|-------------------|------------------------------|-------------------|------------------------------|
|                 | Initial<br>Period | Each<br>Additional<br>Period | Initial<br>Period | Each<br>Additional<br>Period | Initial<br>Period | Each<br>Additional<br>Period |
| 1 - 10          | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 11 - 16         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 17 - 22         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 23 - 30         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 31 - 40         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 41 - 55         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 56 - 85         | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 86 - 124        | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 125 - 244       | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |
| 245 +           | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     | \$0.4700          | \$0.4700                     |

Issued: November 16, 1998

Effective Date:

By: Jo Ann G. Hill, Tariff Manager  
FirstWorld Communications, Inc.  
9333 Genesee Avenue, Suite 200  
San Diego, California 92121

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## SECTION 4 - MISCELLANEOUS SERVICES, CONT'D.

## 4.1 Operator Services, Cont'd.

## 4.1.9 Per Minute Usage Charges, Cont'd.

**Table D** - This table applies to the following services types:

Sent Paid - Coin

| Rate<br>MILEAGE | DAY               |                              | EVENING           |                              | NIGHT/WEEKEND     |                              |
|-----------------|-------------------|------------------------------|-------------------|------------------------------|-------------------|------------------------------|
|                 | Initial<br>Period | Each<br>Additional<br>Period | Initial<br>Period | Each<br>Additional<br>Period | Initial<br>Period | Each<br>Additional<br>Period |
| 1 - 10          | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     |
| 11 - 16         | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     |
| 17 - 22         | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     |
| 23 - 30         | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     |
| 31 - 40         | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     |
| 41 - 55         | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     |
| 56 - 85         | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     |
| 86 - 124        | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     |
| 125 - 244       | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     |
| 245 +           | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     | \$1.2600          | \$1.2600                     |

Issued: November 16, 1998

Effective Date:

By: Jo Ann G. Hill, Tariff Manager  
FirstWorld Communications, Inc.  
9333 Genesee Avenue, Suite 200  
San Diego, California 92121

SD09800

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**SECTION 5 - PROMOTIONS**

**5.1 Demonstration Calls**

From time to time FirstWorld will demonstrate its services by providing free test calls of up to fifteen minutes duration over its network.

**5.2 Promotions - General**

From time to time, FirstWorld may provide promotional offerings to introduce a current or potential Subscriber to a service not being used by the subscriber. These offerings may be limited to certain dates, times or locations and may waive or reduce recurring or non-recurring charges. Such promotional offerings will be filed with the South Dakota Public Utilities Commission.

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Issued: November 16, 1998

Effective Date:

By: Jo Ann G. Hill, Tariff Manager  
FirstWorld Communications, Inc.  
9333 Genesee Avenue, Suite 200  
San Diego, California 92121

SD09500



January 20, 1999  
Via Overnight Delivery

210 N Park Ave  
Winter Park, FL  
32789

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

Tel 407-740-8375  
FAX 407-740-0613  
tmi@tmiinc.com

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

RECEIVED

JAN 22 1999

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Re: Supplemental Filing in the Registration of **FirstWorld Communications, Inc.**  
for Authority to Provide Intrastate Telecommunications Services within the  
State of South Dakota  
Docket No. TC98-201

Dear Mr. Knadle:

Enclosed for filing are the original and ten (10) copies of replacement pages for a tariff which was part of the Registration for Authority to Provide Intrastate Telecommunications Services, filed on behalf of FirstWorld Communications, Inc.

We have incorporated changes to the liability section as requested by Karen Kramer.

Please return, date-stamped, the extra copy of this cover letter in the enclosed self-addressed stamped envelope provided for this purpose.

Any questions you may have regarding the above filing should be directed to me at (407) 740-8575.

Sincerely,

Connie Wightman  
Consultant for  
FirstWorld Communications, Inc.

cc: Jo Ann G. Hill, FirstWorld  
File: FirstWorld - SD  
TMS: SDO9800b



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**SECTION 2 - RULES AND REGULATIONS, CONT'D.****2.4 Liabilities of the Company**

- 2.4.1 FirstWorld's liability for damages arising out of mistakes, interruptions, omissions, delays, errors, or defects in transmission which occur in the course of furnishing service or facilities, shall be determined in accordance with SDCL 49-13-1 and 49-13-1.1 and any other applicable law.
- 2.4.2 The Company shall not be liable for claim or loss, expense or damage (including indirect, special or consequential damage), for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff, if caused by any person or entity other than the Company, by any malfunction of any service or facility provided by any other carrier, by an act of God, fire, war, civil disturbance, or act of government, or by any other cause beyond the Company's direct control.
- 2.4.3 The Company shall not be liable for, and shall be fully indemnified and held harmless by Customer against any claim or loss, expense, or damage (including indirect, special or consequential damage) for defamation, libel, slander, invasion, infringement of copy-right or patent, unauthorized use of any trademark, tradename or service mark, unfair competition, interference with or misappropriation or violation of any contract, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data, information, or other content revealed to, transmitted, or used by the Company under this tariff; or for any act or omission of the Customer; or for any personal injury or death of any person caused directly or indirectly by the installation, maintenance, location, condition, operation, failure, presence, use or removal of equipment or wiring provided by the Company, if not directly caused by negligence of the Company.

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Issued: November 16, 1998

Effective Date:

By: Jo Ann G. Hill, Tariff Manager  
FirstWorld Communications, Inc.  
9333 Genesee Avenue, Suite 200  
San Diego, California 92121

SD09800

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**SECTION 2 - RULES AND REGULATIONS, CONT'D.**

**2.4 Liabilities of Company, Cont'd.**

- 2.4.4 The Company shall not be liable for any defacement of or damages to the premises of a Customer resulting from the furnishing of service which is not the direct result of the Company's negligence.
- 2.4.5 The Company shall not be liable for any claim, loss, or refund as a result of loss or theft of Prepaid Calling Cards or Personal Identification Numbers issued for use with the Company's services. Nor will the Company be liable for any claim, loss or refund on any unused balance remaining on a Prepaid Calling Card provided to a Customer.
- 2.4.6 The Company shall not be liable for any claim, loss or refund on any unused portion of the usage balance remaining in a Prepaid Account provided to a Customer before or after the expiration date assigned to each Prepaid Account.

**2.5 Deposits**

The Company reserves the right to collect a deposit from the Customer in the event the Customer's financial condition is unknown or unacceptable to the Company. Deposits will be returned to the Customer after one full year's history of timely payment.

**2.6 Advance Payments**

For Customers whom the Company feels an advance payment is necessary, FirstWorld reserves the right to collect an amount not to exceed one (1) month's estimated charges as an advance payment for service. This will be applied against the next month's charges and a new advance payment may be collected for the next month.

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Issued: November 16, 1998

Effective Date:

By: Jo Ann G. Hill, Tariff Manager  
FirstWorld Communications, Inc.  
9333 Genesee Avenue, Suite 200  
San Diego, California 92121

SD09800

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE APPLICATION OF )  
FIRSTWORLD COMMUNICATIONS, INC. FOR )  
A CERTIFICATE OF AUTHORITY TO PROVIDE )  
TELECOMMUNICATIONS SERVICES IN )  
SOUTH DAKOTA )

ORDER GRANTING  
CERTIFICATE OF  
AUTHORITY

TC98-201

On November 16, 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 FirstWorld Communications, Inc. (FirstWorld).

FirstWorld seeks to provide message toll service on a switched or dedicated basis, inbound toll free service on a switched or dedicated basis, travel card, debit card services and operator services to its customers over resold facilities of other certificated carriers. A proposed tariff was filed by FirstWorld. The Commission has classified long distance service as fully competitive.

On November 19, 1998, the Commission electronically transmitted notice of the filing and the intervention deadline of December 7, 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 FirstWorld's request for a certificate of authority. Commission Staff recommended granting a certificate of authority.

The Commission finds that it has jurisdiction over this matter pursuant to Chapter 49-31, specifically 49-31-3 and ARSD 20 10 24.02 and 20 10 24.03. The Commission finds that FirstWorld has met the legal requirements established for the granting of a certificate of authority. FirstWorld 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 FirstWorld's application for a certificate of authority. As the Commission's final decision in this matter, it is therefore

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

FURTHER ORDERED, that FirstWorld 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 Rebecca 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

107-100-000-000-000-000

# SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

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## CERTIFICATE OF AUTHORITY

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

Authority was Granted January 26, 1999  
Docket No. TC98-201

*This is to certify that*

**FIRSTWORLD 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*  
JAMES A. BURG, Chairman

*Pam Nelson*  
PAM NELSON, Commissioner

*Laska Schoenfelder*  
LASKA SCHOENFELDER, Commissioner