

TC00-063

NETWORK ONE®

Integrated Telecom Services for Business

TC00-063

April 4, 2000

Executive Secretary
South Dakota Public Utilities Commission
State Capitol
500 East Capital Ave.
Pierre, SD 57501

RECEIVED

APR 05 2000

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

RE: CRG International, Inc.

Dear Sir or Madam:

Enclosed please find an original and two (2) copies of the above captioned corporation's Application for a Certificate of Authority to Provide Resold Interexchange Telecommunications Services in the State of South Dakota. Also included is a check in the amount of \$250.00 to cover filing fees.

An extra copy of this letter is enclosed herein. Please stamp received and return same in the prepaid self addressed envelope provided.

Please advise if you have any questions or if additional information is required. I can be reached at (770) 980-0080 x 140 or my email theresas@networkonecom.com

Sincerely,



Theresa M. Schneider, Regulatory Analyst
CRG International, Inc.

BEFORE THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

APPLICATION OF CRG INTERNATIONAL, INC.)
 FOR A CERTIFICATE OF AUTHORITY TO PROVIDE)
 RESOLD INTEREXCHANGE TELECOMMUNICATIONS) DOCKET NO.
 SERVICES IN THE STATE OF SOUTH DAKOTA)
 INCLUDING OPERATOR SERVICES)

APPLICATION FOR CERTIFICATE OF AUTHORITY

COMES NOW CRG INTERNATIONAL, INC. ("Applicant") and respectfully requests that the South Dakota Public Utilities Commission ("Commission") grant a Certificate of Authority to provide resold interexchange telecommunications services including operator services within the State of South Dakota. In support of this application, Applicant states the following:

- 1) Name, address, and telephone number of the Applicant:

CRG International, Inc.
 2000 Riveredge Pkwy
 Suite 900
 Atlanta, GA 30328
 Telephone: (770) 980-0080
 Facsimile: (770) 980-1122
 Toll-free: (800) 569-0800

- 2) Applicant will provide services under the name CRG International, Inc.

- 3) Applicant is a corporation:

(a) Applicant is organized under the laws of the State of Georgia. A copy of the Applicant's Articles of Incorporation is attached hereto as **Exhibit A**. The Applicant's Certificate of Authority to transact business as a foreign corporation in the State of South Dakota is attached hereto as **Exhibit B**.

(b) Address of Applicant's Registered Agent in South Dakota:

National Registered Agents, Inc.
300 South Phillips Ave
Suite 300
Sioux Falls, SD 57102

(c) 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.

Attached hereto as **Exhibit C**.

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

Applicant does not own or control any subsidiaries.

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

Applicant is not a partnership.

5) A specific description of the telecommunications services the applicant intends to offer;

Applicant proposes to offer Switched Inbound/Outbound, Dedicated Inbound/Outbound, Travel Card, Directory Assistance and Operator Services.

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 use of the equipment;

Applicant will resell the products of its underlying carrier.

7) The geographic areas in which the services will be offered, including a map describing the service area;

Applicant intends to provide service statewide.

8) Current financial statements; a copy of the applicant's latest annual report; a copy of the applicant's report to stockholders; and a copy of applicant's tariff with the terms and conditions of service;

Applicant's current financial statements are attached hereto as **Exhibit D**.

Applicant's tariff is attached hereto as **Exhibit E**.

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;

Thomas W. Brinkman, Senior VP of Operations
2000 Riveredge Pkwy
Suite 900
Atlanta, GA 30328
(770) 980-0080

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;

Attached hereto as **Exhibit F**.

- 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;

Applicant markets through their own salespeople and select distributors who practice a client-consultant approach to cultivate lasting customer relationships. A training program is in place for our sales representatives to ensure that only ethical business is conducted. The company strictly abides by the do not call and slamming rules of the FCC, FTC, and state commissions. Applicant primarily resells services to small and medium businesses. A copy of company brochure is attached hereto as **Exhibit G**.

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

All of the Applicant's services are competitive therefore, cost support is not required by the Commission.

WHEREFORE, Applicant respectfully requests that the Commission grant it a Certificate of Authority to provide resold interexchange and operator services within the State of South Dakota. Further, Applicant requests that the Commission approve its proposed tariff and the rates proposed therein.

Respectfully Submitted,

4/4/2000
Date


Theresa M. Schneider, Regulatory Analyst
CRG International, Inc.
d/b/a Network One
2000 Riveredge Pkwy, Suite 900
Atlanta, GA 30328
Phone: (770) 980-0080

EXHIBIT A

Secretary of State
Business Services and Regulation
Suite 315, West Tower
2 Martin Luther King Jr. Dr.
Atlanta, Georgia 30334-1530

DOCKET NUMBER : 932150670
CONTROL NUMBER : 9211048
DATE INC/AUTH/FILED : 06/05/1992
JURISDICTION : GEORGIA
PRINT DATE : 08/03/1993
FORM NUMBER : 211

PRENTICE HALL
ATTN CHARLES COYLE
66 LUCKIE ST., STE. 604
ATLANTA GA 30303

CERTIFICATE OF EXISTENCE

I, MAX CLELAND, Secretary of State of the State of Georgia, do hereby certify under the seal of my office that

CRG INTERNATIONAL, INC.
A DOMESTIC PROFIT CORPORATION

was formed in the jurisdiction stated above and was incorporated, formed, or authorized to transact business in Georgia on the above date. Said entity is in compliance with the applicable filing and annual registration provisions of Title 14 of the Official Code of Georgia Annotated and has not filed articles of dissolution or certificate of cancellation with the office of the Secretary of State.

This certificate relates only to the legal existence of the above-named entity as of the date issued. It does not certify whether or not a notice of intent to dissolve, an application for withdrawal or any other similar document has been filed or is pending with the Secretary of State.

This certificate is issued pursuant to Title 14 of the Official Code of Georgia Annotated and is prima-facie evidence that said entity is in existence or is authorized to transact business in this state.



Max Cleland

MAX CLELAND
SECRETARY OF STATE

Verley J. Spivey

VERLEY J. SPIVEY
DEPUTY SECRETARY OF STATE

SECURITIES
656-2894

CEMETERIES
656-3079

CORPORATIONS
656-2617

CORPORATIONS HOT LINE
404-656-1222
Outside Metro-Atlanta

EXHIBIT B

State of South Dakota

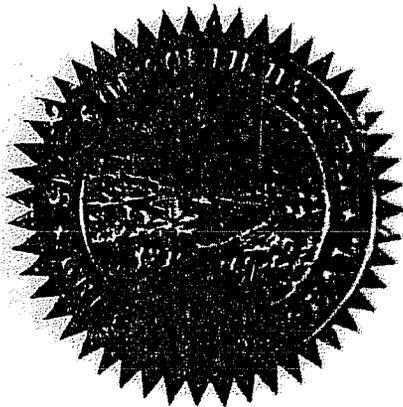


OFFICE OF THE SECRETARY OF STATE

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 CRG INTERNATIONAL, INC. (GA) 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.



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 August 26, 1999.


JOYCE HAZELTINE
Secretary of State

SECRETARY OF STATE
 STATE CAPITOL
 500 E. CAPITOL
 PIERRE, S.D. 57501-5077
 605-773-4845
 FAX (605) 773-4550

FILE NO. _____
 RECEIPT NO. _____

RECEIVED

AUG 26 1999

S.D. SEC. OF STATE

RECEIVED

AUG 18 1999

S.D. SEC. OF STATE

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 CRG International, 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 Georgia Federal Taxpayer ID# 58-1997766

(4) The date of its incorporation is June 5, 1992 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 2000 Riveredge Pkwy., Suite 900 Atlanta, GA Zip Code 30328

mailing address if different from above is: _____ Zip Code _____

(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 Suite 300 300 South Phillips Avenue, 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) The sale of telecommunications services

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

Name	Officer Title	Street Address	City	State	Zip
<u>Gene Lane, Jr.</u>	<u>President/Dir</u>	<u>2000 Riveredge Pkwy, Suite 900</u>	<u>Atlanta, Georgia</u>	<u>30328</u>	
<u>Frank Pazera</u>	<u>Sec/Treasurer</u>	<u>2500 Northwinds Pkwy, Suite 47</u>	<u>Alpharetta, GA</u>	<u>30004</u>	
<u>Jerry Schmidt</u>	<u>Director</u>	<u>200 31st Ave. North, Suite 20</u>	<u>Nashville, TN</u>	<u>37203</u>	

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

Number of shares	Class	Series	Par value per share or statement that shares are without par value
<u>10,000,000</u>	<u>Common</u>	<u>-</u>	<u>.001 par value</u>

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

Number of shares	Class	Series	Par value per share or statement that shares are without par value
2,300,000	Common	-	.001
_____	_____	_____	_____
_____	_____	_____	_____

(11) The amount of its stated capital is \$ \$10,000.00
Shares issued times par value equals stated capital. In the case of no par value stock, stated capital is the consideration received for the issued shares.

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

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

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

The application must be signed, in the presence of a notary public, by the chairman of the board of directors, or by the president or by another officer.

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

Dated 7-23 19 99

[Signature]
(Signature)
COO
(Title)

State of Georgia
County of Fulton

On this 4th day of August, 19 99, before me Charles M. Julian personally appeared Frank Pazera, known to me, or proved to me, to be the COO of the corporation that is described in and that executed the within instrument and acknowledged to me that such corporation executed same

My Commission Expires: 3-23-2002 Charles M. Julian
(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 CRG International, Inc.
(corporate name)

Dated August 11 19 99

[Signature]
(signature of registered agent)

Charles A. Coyne - ASSISTANT SECRETARY

EXHIBIT C

Shareholders owning 20% or more

<u>Name</u>	<u>Percentage Held</u>
Gene E. Lane, Jr. 2000 Riveredge Pkwy Suite 900 Atlanta, GA 30328	37.30%
Richland Ventures 2003 1 st Avenue North Suite 200 Nashville, TN 37203	26.68%

EXHIBIT D

CRG INTERNATIONAL, INC.
dba Network One

Balance Sheets

September 30, 1999 and 1998

DRAFT

	1999	1998
Assets (Note 5)		
Current assets:		
Cash and cash equivalents	\$ 69,038	66,803
Accounts receivable, net of allowance for doubtful accounts and billing adjustments of \$307,381 and \$167,375 at September 30, 1999 and 1998, respectively	3,183,681	3,033,483
Prepaid expenses and other current assets	82,903	59,861
Total current assets	<u>3,635,622</u>	<u>3,159,847</u>
Property and equipment, net (notes 3 and 6)	1,591,753	1,392,565
Intangible assets, net of accumulated amortization of \$4,772,593 and \$2,581,146 at September 30, 1999 and 1998, respectively (note 4)	8,617,307	8,338,974
Other assets and receivables, net of allowance for doubtful accounts of \$109,251 at September 30, 1999	69,778	1,273
	<u>\$ 10,736,658</u>	<u>12,922,793</u>

See accompanying notes to financial statements

NEXT

DOCUMENT (S)

BEST IMAGE

POSSIBLE

DRAFT

Liabilities and Stockholders' Equity (Deficit)

	1999	1998
Current liabilities:		
Current portion of long-term debt (notes 5 and 9)	\$ 296,081	196,144
Current portion of capital lease obligations (note 6)	136,281	117,834
Accounts payable and accrued expenses	3,975,957	3,673,000
Accrued payroll and employee benefits	251,006	182,015
Sales and excise taxes payable	877,844	361,070
Customer deposits	18,162	—
Total current liabilities	5,556,331	4,310,923
Long-term debt, less current portion (notes 5 and 9)	7,571,873	7,291,619
Capital lease obligations, less current portion (note 6)	263,466	313,314
Dividends payable on convertible preferred stock	960,000	600,000
Total liabilities	14,351,670	12,719,876
Stockholders' equity (deficit) - (note 8):		
Convertible preferred stock, Authorized 865,119 shares, stated at redemption value net of unsecured discount, which equals liquidation value:		
Series A, \$.001 par value, redeemable: 357,543 shares issued and outstanding	1,800,206	1,815,134
Series B, \$.001 par value, redeemable: 166,617 shares issued and outstanding	833,147	617,041
Series C, \$.001 par value, redeemable: 340,959 shares issued and outstanding	2,957,783	2,949,478
Common stock, \$.001 par value, Authorized 9,112,881 shares; 606,103 and 600,103 shares issued and outstanding at September 30, 1999 and 1998, respectively	606	600
Accumulated deficit	(9,179,144)	(13,529,816)
Total stockholders' equity (deficit)	(3,615,211)	182,417
Commitments and contingencies (notes 5, 6, 8, and 10)		
	\$ 10,736,459	12,902,293

EXHIBIT E

SOUTH DAKOTA TELECOMMUNICATIONS TARIFF

This Tariff contains the descriptions, regulations, and rates applicable to the furnishing of service and facilities for telecommunications services within the State of South Dakota by CRG INTERNATIONAL, INC. ("Company"). This Tariff is on file with the South Dakota Public Utilities Commission, and copies may also be inspected, during normal business hours, at the following location: 2000 Riveredge Pkwy, Suite 900, Atlanta, GA 30328.

Issued:

Effective:

Issued by:

Gene B. Lane, Jr., President
CRG International, Inc.
2000 Riveredge Pkwy, Suite 900
Atlanta, GA 30328

CHECK SHEET

The title page and pages 1-36 inclusive of this Tariff are effective as of the date shown. Original and revised sheets, as named below, comprise all changes from the original Tariff in effect on the date indicated.

<u>SHEET</u>	<u>REVISION</u>	<u>SHEET</u>	<u>REVISION</u>	<u>SHEET</u>	<u>REVISION</u>
1	Original	18	Original	35	Original
2	Original	19	Original	36	Original
3	Original	20	Original		
4	Original	21	Original		
5	Original	22	Original		
6	Original	23	Original		
7	Original	24	Original		
8	Original	25	Original		
9	Original	26	Original		
10	Original	27	Original		
11	Original	28	Original		
12	Original	29	Original		
13	Original	30	Original		
14	Original	31	Original		
15	Original	32	Original		
16	Original	33	Original		
17	Original	34	Original		

* New or Revised Sheets

Issued:

Issued by:

Gene E. Lane, Jr., President
CRG International, Inc.
2000 Riveridge Pkwy., Suite 600
Atlanta, GA 30318

ENR-874

CONCURRING, CONNECTING AND OTHER PARTICIPATING CARRIERS

CONCURRING CARRIERS:

No Concurring Carriers

CONNECTING CARRIERS:

No Connecting Carriers

OTHER PARTICIPATING CARRIERS:

No Participating Carriers

Issued:

Issued by:

Gene E. Lane, Jr., President
CRG International, Inc.
2000 Riveridge Pkwy, Suite 600
Atlanta, GA 30328

Effective:

TARIFF FORMAT

Sheet Numbering - Sheet numbers appear in the upper right hand corner of the page. Sheets are numbered sequentially and from time to time new pages may be added to the Tariff. When a new page is added between existing pages, a decimal is added to the preceding page number. For example, a new page added between Sheets 3 and 4 would be numbered 3.1.

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

- 2.
- 2.1.
- 2.1.1.
- 2.1.1.A.
- 2.1.1.A.1.
- 2.1.1.A.1(a).
- 2.1.1.A.1(a).I.
- 2.1.1.A.1(a).I.(i).
- 2.1.1.A.1(a).I.(i).(1).

Check Sheets - When a Tariff filing is made with the Commission, an updated check sheet accompanies the Tariff filing. The check sheet lists the pages contained in the Tariff, with a cross reference to the current revision number. When new pages are added, the check sheet is changed to reflect the revision, all revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this page if these are the only changes made to it. The Tariff user should refer to the latest check sheet to find out if a particular page is the most current on file with the Commission.

Issued:

Effective:

Issued by:

Gene E. Lane, Jr., President
CRG International, Inc.
2000 Riveridge Pkwy, Suite 600
Atlanta, GA 30328

APPLICABILITY

This Tariff contains the Service offerings, rates, terms and conditions applicable to the furnishing of interstate interexchange telecommunications services within the State of South Dakota by CRG INTERNATIONAL, INC. ("Company").

Issued:

Effective:

Issued by:

Gene E. Lane, Jr., President
CRG International, Inc.
2000 Riveridge Pkwy., Suite 600
Atlanta, GA 30328

EXPLANATION OF SYMBOLS

- (D) To signify discontinued material
- (I) To signify a rate or charge increase
- (M) To signify material relocated without change in text or rate
- (N) To signify new material
- (R) To signify a reduction
- (T) To signify a change in text but no change in rate or regulation

Issued:

Effective:

Issued by:

Gene E. Lane, Jr., President
CRG International, Inc.
2000 Riveridge Pkwy., Suite 600
Atlanta, GA 30328

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Issued:

Issued by: Gene E. Lane, Jr., President
CRG International, Inc.
3000 Riveridge Pkwy., Suite 600
Atlanta, GA 30328

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Issued:

Issued by:

Gene E. Lane, Jr., President
CRG International, Inc.
2000 Riveridge Pkwy, Suite 9022
Atlanta, GA 30328

Effective:

1. TECHNICAL TERMS AND ABBREVIATIONS

For the purpose of this Tariff, the following definitions will apply:

Access Coordination

Provides for the design, ordering, installation, coordination, pre-service testing, service turn-up and maintenance on a Company or Customer provided Local Access Channel.

Administrative Change

A change in Customer billing address or contact name.

Alternate Access

Alternate Access is a form of Local Access except that the provider of the Service is an entity, other than the Local Exchange Carrier, authorized or permitted to provide such Service. The charges for Alternate Access may be subject to private agreement rather than published or special tariff if permitted by applicable governmental rules.

Application for Service

A standard Company order form which includes all pertinent billing, technical and other descriptive information which will enable the Company to provide a communication Service as required.

ASR

ASR (Access Service Request) means an order placed with a Local Access Provider for Local Access.

Authorized User

A person, firm, corporation or other entity that either is authorized by the Customer to receive or send communications or is placed in a position by the Customer, either through acts or omissions, to send or receive communications.

Bandwidth

The total frequency band, in hertz, allocated for a channel.

Bill Date

The date on which billing information is compiled and sent to the Customer.

Call

A completed connection between the Calling and Called Stations.

Issued:

Effective:

Issued by: Gene E. Lane, Jr., President
CRG International, Inc.
2000 Riveredge Pkwy, Suite 900
Atlanta, GA 30328

Called Station

The telephone number called.

Calling Station

The telephone number from which a Call originates.

Cancellation of Order

A Customer initiated request to discontinue processing a Service order, either in part or in its entirety, prior to its completion. Cancellation charges will be assessed for each Circuit-end or Dedicated Access line canceled from an order prior to its completion by the Company, under the following circumstances: (1) if the LEC has confirmed in writing to the Company that the Circuit-end or Dedicated Access line will be installed; or (2) if the Company has already submitted facilities orders to and interconnecting telephone company.

Channel or Circuit

A dedicated communications path between two or more points having a Bandwidth or Transmission Speed specified in this Tariff and selected by a Customer.

Commission

South Dakota Public Utilities Commission

Company

CRG INTERNATIONAL, INC.

Company Recognized National Holidays

The following are Company Recognized National Holidays determined at the location of the originator of the Call: New Year's Day, Martin Luther King Day, President's Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Veteran's Day, Thanksgiving Day, Christmas Day.

The evening rate is used unless a lower rate would normally apply. When a Call begins in one rate period and ends in another, the rate in effect in each rate period applies to the portion of the Call occurring within that rate period. In the event that a minute is split between two rate periods, the rate in effect at the start of that minute applies.

Customer

The person, firm, corporation or governmental unit which orders Service and which is responsible for the payment of charges and for compliance with the Company's Tariff regulations. A Customer is considered to be an account for billing purposes. The term Customer also includes an entity that remains presubscribed to the Company Service after its account(s) are removed from the Company's billing system, subsequently continues to use Company's network, and is billed by a local exchange carrier for such use, or otherwise uses Service for which no other Customer is obligated to compensate Company.

Issued:

Effective:

Issued by:

Gene E. Lane, Jr., President
CRG International, Inc.
2000 Riveredge Pkwy, Suite 900
Atlanta, GA 30328

Customer Premises/Customer's Premises

Locations designated by a Customer where Service is originated/terminated whether for its own communications needs or for the use of its resale customers.

DCS

DCS means Digital Cross-Connect System.

Dedicated Access/Special Access

Dedicated Local Access between the Customer's Premises or serving wire center and the Company's Point-of-Presence for origination or termination of Calls.

DS-0

DS-0 means Digital Signal Level 0 Service and is a 64 Kbps signal.

DS-1

DS-1 means Digital Signal Level 1 Service and is a 1.544 Mbps signal.

DS-0 with VF Access

DS-0 Service with VF Local Access facilities provides for the transmission of analog voice and/or data within 300 Hz to 3000 Hz frequency range.

DS-0 with DDS Access

DS-0 Service with VF Local Access facilities provides for the transmission of digital data at speeds 2.4, 4.8, 9.6 or 56 Kbps.

Due Date

The Due Date is the date on which payment is due.

Expedite

A Service order initiated at the request of the Customer that is processed in a time period shorter than the Company's standard Service interval.

FCC

Federal Communications Commission

Issued:

Effective:

Issued by: Gene E. Lane, Jr., President
CRG International, Inc.
2000 Riveredge Pkwy, Suite 900
Atlanta, GA 30328

Individual Case Basis (ICB)

Individual Case Basis (ICB) determinations involve situations where complex Customer-specific Company arrangements are required to satisfactorily serve the Customer. The nature of such Service requirements makes it difficult or impossible to establish general tariff provisions for such circumstances. When it becomes possible to determine specific terms and conditions for such offerings, they will be offered pursuant to such terms and conditions.

Installation

The connection of a Circuit, Dedicated Access line, or port for new, changed or an additional Service.

Interexchange Service

Interexchange Service means that portion of a communications channel between a Company-designated Point-of-Presence in one exchange and a Point-of-Presence in another exchange.

Interruption

Interruption shall mean a condition whereby the Service or a portion thereof is inoperative, beginning at the time of notice by the Customer to Company that such Service is inoperative and ending at the time of restoration.

Kbps

Kilobits per second.

LATA (Local Access Transport Area)

A geographical area established for the provision and administration of communications Service of a local exchange company.

Local Access

Local Access means the Service between a Customer Premises and a Company designated Point-of-Presence.

Local Access Provider

Local Access Provider means an entity providing Local Access.

Local Exchange Carrier (LEC)

The local telephone utility that provides telephone exchange services.

Mbps

Megabits per second.

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Multiplexing

Multiplexing is the sequential combining of lower bit rate Private Line Services onto a higher bit rate Private Line Service for more efficient facility capacity usage or vice versa.

N/A

Not available.

Nonrecurring Charges

Nonrecurring Charges are one-time charges.

Payment Method

The manner which the Customer designates as the means of billing charges for Calls using the Company's Service.

Physical Change

The modification of an existing Circuit, Dedicated Access line or port, at the request of the Customer, requiring some Physical Change or retermination.

Point-of-Presence (POP)

A Company-designated location where a facility is maintained for the purpose of providing access to its Service.

Primary Route

The route which, in the absence of Customer-designated routing or temporary re-routing, would be used by the Company in the provision of Service.

Private Line

A dedicated transmission channel furnished to a customer without intermediate switching arrangements for full-time customer use.

Private Line Service

A dedicated full-time transmission Service utilizing dedicated access arrangements.

Rate Center

A specified geographical location used for determining mileage measurements.

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Requested Service Date

The Requested Service Date is the date requested by the Customer for commencement of Service and agreed to by the Company.

Restore

To make Service operative following an interruption by repair, reassignment, re-routing, substitution of component parts, or otherwise, as determined by the carrier(s) involved.

Route Diversity

Two channels which are furnished partially or entirely over two physically separate routes.

Service

~~Service means any or all Service(s) provided pursuant to this Tariff.~~

Service Commitment Period

The term elected by the Customer and stated on the Service order during which the Company will provide the Services subscribed to by the Customer. The term can be monthly or in the case of Private Line Services for a period of up to 5 years.

Special Promotional Offerings

Special trial offerings, discounts, or modifications of its regular Service offerings which the Company may, from time to time, offer to its Customers for a particular Service. Such offerings may be limited to certain dates, times, and locations. Promotional Offerings will be filed with the SDPUC.

Start of Service Date

The Requested Service Date or the date Service first is made available by the Company whichever is later.

Tariff

The current Intrastate Services Tariff and effective revisions thereto filed by the Company with the Commission.

Transmission Speed

Data transmission speed or rate, in bits per seconds (bps).

Two-Way Conversation

A Two-Way Conversation is a telephone conversation between or among two or more parties.

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VF

VF is voice frequency or voice-grade Service designed for private-line Service. Normal transmission is in the 300 hertz to 3000 hertz frequency band.

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2. RULES AND REGULATIONS**2.1. Description and Limitations of Services**

- 2.1.1. Intrastate Telecommunications Service ("Service") is the furnishing of Company communication Services contained herein between specified locations under the terms of this Tariff.
- 2.1.2. Any member of the general public (including any natural person or legally organized entity such as a corporation, partnership, or governmental body) is entitled to obtain Service under this Tariff, provided that the Company reserves the right to deny Service: (A) to any Customer that, in the Company's reasonable opinion, presents an undue risk of nonpayment, (B) in circumstances in which the Company has reason to believe that the use of the Service would violate the provisions of this Tariff or any applicable law or if any applicable law restricts or prohibits provision of the Service, or (C) if insufficient facilities are available to provide the Service (in such cases Company shall make best efforts to accommodate the needs of all potential Customers by means of facility improvements or purchases, of capacity, if such efforts will, in the Company's opinion, provide the Company with a reasonable return on its expenditures), but only for so long as such unavailability exists.
- 2.1.3. Company, when acting at the Customer's request and as its authorized agent, will make reasonable efforts to arrange for Service requirements, such as special routing, Diversity, Alternate Access, or circuit conditioning.
- 2.1.4. Service is offered in equal access exchanges subject to the availability of facilities and the provisions of this Tariff. Company reserves the right to refuse to provide Service to or from any location where the necessary facilities and/or equipment are not available.
- 2.1.5. Service may be discontinued after five business days written notice to the Customer if:
- 2.1.5.A. the Customer is using the Service in violation of this Tariff; or
- 2.1.5.B. the Customer is using the Service in violation of the law or Commission regulation.
- 2.1.6. Service begins on the date that billing becomes effective and is provided on the basis of a minimum period of at least one month, 24 hours per day. For the purposes of computing charges in this Tariff, a month is considered to have 30 days.
- 2.1.7. Service will be provided until canceled, by the Customer on not less than thirty (30) days' written notice from the date of postmark on the letter giving notice of cancellation.
- 2.1.8. Nothing herein, or in any other provision of this Tariff, or in any marketing materials issued by the Company shall give any person any ownership, interest, or proprietary right in any code or 800 number issued by the Company to its Customers.
- 2.1.9. The Company reserves the right to discontinue furnishing Services or billing options, upon written notice, when necessitated by conditions beyond its control. Conditions beyond the Company's control include, but are not limited to, a Customer's having Call volume or a calling pattern that results, or may result, in network blockage or other Service degradation which adversely affects Service to the calling party, the Customer, or other Customers of the Company.

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- 2.1.10. Except as otherwise provided in this Tariff or as specified in writing by the party entitled to receive Service, notice may be given orally or in writing to the persons whose names and business addresses appear on the executed Service order and the effective date of any notice shall be the date of delivery of such notice, not the date of mailing. By written notice, Company or Customer may change the party to receive notice and/or the address to which such notice is to be delivered. In the event no Customer or Company address is provided in the executed Service order, notice shall be given to the last known business address of Customer or, as appropriate.
- 2.2. Other Terms and Conditions
- 2.2.1. The name(s) of the Customer(s) desiring to use the Service must be stipulated in the Application for Service.
- 2.2.2. The Customer agrees to operate the Company provided equipment in accordance with instructions of the Company or the Company's agent. Failure to do so will void the Company liability for interruption of Service and may make Customer responsible for damage to equipment pursuant to Section 2.2.3 below.
- 2.2.3. Customer agrees to return to the Company all Company-provided equipment delivered to Customer within five (5) days of termination of the Service in connection with which the equipment was used. Said equipment shall be in the same condition as when delivered to Customer, normal wear and tear only excepted. Customer shall reimburse the Company, upon demand, for any costs incurred by the Company due to Customer's failure to comply with this provision.
- 2.2.4. A Customer shall not use any service-mark or trademark of the Company or refer to the Company in connection with any product, equipment, promotion, or publication of the Customer without prior written approval of the Company.
- 2.2.5. In the event suit is brought or any attorney is retained by the Company to enforce the terms of this Tariff, the Company shall be entitled to recover, in addition to any other remedy, reimbursement for reasonable attorneys' fees, court costs, costs of investigation and other related expenses incurred in connection therewith.
- 2.2.6. The provision of Service will not create a partnership or joint venture between the Company and the Customer nor result in joint Service offerings to their respective Customers.
- 2.2.7. The rate or volume discount level applicable to a Customer for a particular Service or Services shall be the rate or volume discount level in effect at the beginning of the monthly billing period applicable to the Customer for the particular Service or Services. When a Service is subject to a minimum monthly charge, account charge, port charge or other recurring charge or Nonrecurring Charge for both intrastate and interstate Service, only one such charge shall apply per account and that charge shall be the interstate charge.
- 2.2.8. Service requested by Customer and to be provided pursuant to this Tariff shall be requested on Company Service Order forms in effect from time to time or Customer's forms accepted in writing by an authorized headquarters representative of the Company (collectively referred to as "Service Orders")

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- 2.2.9. If an entity other than the company (e.g., another carrier or a supplier) imposes charges on the Company in connection with a Service that entity's charges will be passed through to the Customer also.
- 2.2.10. The Service Commitment Period for any Service shall be established by the Service Order relevant thereto and commence on the Start of Service Date. Upon expiration, each Service Commitment Period for such Service shall automatically be extended subject to written notice of termination by either Company or Customer as of a date not less than thirty (30) days after delivery of said notice to the other. The charges for Interexchange Service during any such extension shall not exceed the then current Company month-to-month charges applicable to such Service.
- 2.3. Liability
- 2.3.1. Except as provided otherwise in this Tariff, the Company shall not be liable to Customer or any other person, firm or entity for any failure of performance hereunder if such failure is due to any cause or causes beyond the reasonable control of the Company. Such causes shall include, without limitation, acts of God, fire, explosion, vandalism, cable cut, storm or other similar occurrence, any law, order, regulation, direction, action or request of the United States government or of any other government or of any civil or military authority, national emergencies, insurrections, riots, wars, strikes, lockouts or work stoppages or other labor difficulties, supplier failures, shortages, breaches or delays, or preemption of existing Services to restore service in compliance with Part 64, Subpart D, Appendix A, of the FCC's Rules and Regulations.
- 2.3.2. Reserved for future use.
- 2.3.3. The Company is not liable for any act or omission of any other company or companies (including any Company affiliate that is a participating or concurring carrier) furnishing a portion of the Service or facilities, equipment, or Services associated with such Service.
- 2.3.4. The Customer is responsible for taking all necessary legal steps for interconnecting the Customer provided terminal equipment with the Company facilities. The Customer shall ensure that the signals emitted into the Company's network do not damage Company equipment, injure personnel or degrade Service to other Customers. The Customer is responsible for securing all licenses, permits, rights-of-way, and other arrangements necessary for such interconnection. In addition, the customer shall comply with applicable LEC signal power limitations.
- 2.3.5. The Company may rely on Local Exchange Carriers or other third parties for the performance of other Services such as Local Access. Upon Customer request and execution and delivery of appropriate authorizing documents, the Company may act as agent for Customer in obtaining such other Services. Customer's liability for charges hereunder shall not be reduced by untimely installation or non-operation of Customer provided facilities and equipment.
- 2.3.6. The failure to give notice of default, to enforce or insist upon compliance with any of the terms or conditions herein, the waiver of any term or conditions herein, or the granting of an extension of time for performance by the Company or the Customer shall not constitute the permanent waiver of any term or condition herein. Each of the provisions shall remain at all time in full force and effect until modified in writing.
- 2.3.7. Reserved for future use.

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- 2.3.8. Reserved for future use.
- 2.3.9. In the event parties other than Customer (e.g., Customer's customers) shall have use of the Service directly or indirectly through Customer, then Customer agrees to forever indemnify and hold Company and any affiliated or unaffiliated third-party, third-party provider or operator of facilities employed in provision of the Service harmless from and against any and all claims, demands, suits, actions, losses, damages, assessments or payments which may be asserted by said parties arising out of or relating to any Defects.
- 2.3.10. In the event that Company is required to perform a Circuit redesign due to inaccurate information provided by the Customer; or, circumstances in which such costs and expenses are caused by the Customer or reasonably incurred by the Company for the benefit of the Customer, the Customer is responsible for the payment of all such charges.
- 2.4. Cancellation of Service by a Customer
- 2.4.1. If a Customer cancels a Service Order before the Service begins, before completion of the Minimum Period, or before completion of some other period mutually agreed upon by the Customer and the Company, a charge will be levied upon the Customer for the nonrecoverable portions of expenditures or liabilities incurred expressly on behalf of the Customer by the Company and not fully reimbursed by Installation and monthly charges. If, based on a Service order by a Customer, any construction has either begun or been completed, but no Services provided, the nonrecoverable costs of such construction shall be borne by the Customer.
- 2.4.2. Upon thirty (30) days' prior written notice, either Customer or Company shall have the right, without cancellation charge or other liability, to cancel the affected portion of the Service, if the Company is prohibited by governmental authority from furnishing said portion, or if any material rate or term contained herein and relevant to the affected Service is substantially changed by order of the highest court of competent jurisdiction to which the matter is appeal, the Federal Communications Commission, or other local, state or federal government authority.
- 2.5. Cancellation for Cause by the Company
- 2.5.1. Upon nonpayment of any sum owing to the Company, or upon a violation of any of the provisions governing the furnishing of Service under this Tariff, the Company may, upon five business days written notification to the Customer, except in extreme cases, without incurring any liability, immediately discontinue the furnishing of such Service. The written notice may be separate and

apart from the regular monthly bill for service. Customer shall be deemed to have canceled Service as of the date of such disconnection and shall be liable for any cancellation charges set forth in this Tariff.
- 2.5.2. Without incurring any liability, the Company may discontinue the furnishing of Service(s) to a Customer upon five business days written notice if the Company deems that such action is necessary to prevent or to protect against fraud or to otherwise protect its personnel, agents, facilities or Services under the following circumstances, except under extreme cases where the customer may be disconnected immediately and without notice:

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- 2.5.2.A. if the Customer refuses to furnish information to the Company regarding the Customer's credit-worthiness, its past or current use of common carrier communications Services or its planned use of Service(s);
- 2.5.2.B. if the Customer provides false information to the Company regarding the Customer's identity, address, credit-worthiness, past or current use of Customer communications Services, or its planned use of the Company Service(s);
- 2.5.2.C. if the Customer states that it will not comply with a request of the Company for reasonable security for the payment for Service(s);
- 2.5.2.D. if the Customer has been given five business days written notice in a separate mailing by the Company of any past due amount (which remains unpaid in whole or in part) for any of the Company's communications Services to which the Customer either subscribes or had subscribed or used;
- 2.5.2.E. in the event of unauthorized use.
- 2.5.2.F. Following the disconnection of service for any of these reasons, the Company or the local exchange utility acting as Company agent, will notify the telephone user/customer that service was disconnected and why. The notice will include all reasons for the disconnection and will include a toll-free number where an end user/customer can obtain additional information. Notice shall be deemed given upon deposit, postage prepaid, in the U.S. Mail to the end user's/customer's last known address and in compliance with the Commission's rules.
- 2.5.3. The discontinuance of Service(s) by the Company pursuant to this Section does not relieve the Customer of any obligations to pay the Company for charges due and owing for Service(s) furnished up to the time of discontinuance. The remedies set forth herein shall not be exclusive and the Company shall at all times be entitled to all rights available to it under either law or equity.
- 2.6. Credit Allowance
- 2.6.1. Credit allowance for the interruption of Service is subject to the general liability provisions set forth in this Tariff. Customers shall receive no credit allowance for the interruption of service which is due to the Company's testing or adjusting, negligence of the Customer, or to the failure of channels or equipment provided by the Customer. The Customer should notify the Company when the Customer is aware of any interruption in Service for which a credit allowance is desired. Before giving such notice, the Customer shall ascertain that the trouble is not being caused by any action or omission within Customer's control, or is not in wiring or equipment, if any, furnished by the Customer in connection with the Company's Services.
- 2.6.2. No credit is allowed in the event service must be interrupted in order to provide routine service quality or related investigations.
- 2.6.3. No credit shall be allowed:
- 2.6.3.A. For failure of services or facilities of Customer; or

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- 2.6.3.B. For failure of services or equipment caused by the negligence or willful acts of Customer.
- 2.6.4. Credit for an interruption shall commence after Customer notifies Company of the interruption and ceases when services have been restored.
- 2.6.5. Credits are applicable only to that portion of Service interrupted.
- 2.6.6. For purposes of credit computation, every month shall be considered to have 720 hours.
- 2.6.7. No credit shall be allowed for an interruption of a continuous duration of less than two hours.
- 2.6.8. The Customer shall be credited for an interruption of two hours or more at a rate of 1/720th of the monthly recurring charge for the service affected for each hour or major fraction thereof that the interruption continues. Calculations of the credit shall be made in accordance with the following formula.

Credit Formula:

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

"A" = outage time in hours

"B" = total monthly charge for affected facility

2.7. Use of Service

- 2.7.1. The Services offered herein may be used for any lawful purpose, including residential, business, governmental, or other use. There are no restrictions on sharing or resale of Services. However, the Customer remains liable for all obligations under this Tariff notwithstanding such sharing or resale and regardless of the Company's knowledge of same. The Company shall have no liability to any person or entity other than the Customer and only as set forth in Section 2.3. The Customer shall not use nor permit others to use the Service in a manner that could interfere with Services provided to others or that could harm the facilities of the Company or others.
- 2.7.2. Service furnished by the Company may be arranged for joint use or authorized use. The joint user or Authorized User shall be permitted to use such Service in the same manner as the Customer, but subject to the following:
- 2.7.2.A. One joint user or Authorized User must be designated as the Customer.
- 2.7.2.B. All charges for the Service will be computed as if the Service were to be billed to one Customer. The joint user or Authorized User which has been designated as the Customer will be billed for all components of the Service and will be responsible for all payments to the Company. In the event that the designated Customer fails to pay the Company, each joint user or Authorized User shall be liable to the Company for all charges incurred as a result of its use of the Company's Service.

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- 2.7.3. In addition to the other provisions in this Tariff, Customers reselling Company Services shall be responsible for all interaction and interface with their own subscribers or customers. The provision of the Service will not create a partnership or joint venture between Company and Customer nor result in a joint communications Service offering to the Customers of either the Company or the Customer.
- 2.7.4. Service furnished by the Company shall not be used for any unlawful or fraudulent purposes.
- 2.7.5. The Customer will be billed directly by the LEC for certain Dedicated Access arrangements selected by the Customer for the provisioning of direct access arrangements. In those instances where the Company at the Customer's request may act as agent in the ordering of such arrangements, the Company will bill the Customer Local Access charges.
- 2.8. Payment Arrangements
- 2.8.1. The Customer is responsible for payment of all charges for Services furnished to the Customer or its joint or Authorized Users. This responsibility is not changed due to any use, misuse, or abuse of the Customer's Service or Customer provided equipment by third parties, the Customer's employees, or the public.
- 2.8.2. The Company's bills are due upon receipt. Amounts not paid within 30 days from the Bill Date of the invoice will be considered past due. Customers will be assessed a late fee on past due amounts in the amount not to exceed the maximum lawful rate under applicable state law. If a Customer presents an undue risk of nonpayment at any time, the Company may require that Customer to pay its bills within a specified number of days and to make such payments in cash or the equivalent of cash.
- 2.8.3. In determining whether a Customer presents an undue risk of nonpayment, the Company shall consider the following factors: (A) the Customer's payment history (if any) with the Company and its affiliates, (B) Customer's ability to demonstrate adequate ability to pay for the Service, (C) credit and related information provided by Customer, lawfully obtained from third parties or publicly available, and (D) information relating to Customer's management, owners and affiliates (if any).
- 2.8.4. Disputes with respect to charges must be presented to the Company in writing within thirty days from the date the invoice is rendered or such invoice will be deemed to be correct and binding on the Customer.
- 2.8.5. If a LEC has established or establishes a Special Access surcharge, the Company will bill the surcharge beginning on the effective date of such surcharge for Special Access arrangements presently in Service. The Company will cease billing the Special Access surcharge upon receipt of an Exemption Certificate or if the surcharge is removed by the LEC.
- 2.8.6. In the event the Company incurs fees or expenses, including attorney's fees, in collecting, or attempting to collect, any charges owed the Company, the Customer will be liable to the Company for the payment of all such fees and expenses reasonably incurred.
- 2.8.7. Company will not require deposits or advance payments by Customers for Services.

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2.9. Assignment

- 2.9.1. The obligations set forth in this Tariff shall be binding upon and inure to the benefit of the parties hereto and their respective successors or assigns, provided, however, the Customer shall not assign or transfer its rights or obligations without the prior written consent of the Company.

2.10. Tax and Fee Adjustments

- 2.10.1. All state and local taxes (i.e., gross receipts tax, sales tax, municipal utilities tax) are listed as separate line items and are not included in the quoted rates.
- 2.10.2. If at any future time a municipality acquires the legal right to impose an occupation tax, license tax, permit fee, franchise fee or other similar charge upon the Carrier, and imposes the same by ordinance or otherwise, such taxes, fees or charges shall be billed to the end users receiving service within the territorial limits of such municipality. Such billing shall allocate the tax, fee or charge among end users uniformly on the basis of each end user's monthly charges for the types of service made subject to such tax, fee or charge.
- 2.10.3. If at any future time a county or other local taxing authority acquires the legal right to impose an occupation tax, license tax, permit fee, franchise fee or other similar charge upon the Carrier, and imposes the same by ordinance or otherwise, such taxes, fees or charges shall be billed to the end users receiving service within the territorial limits of such county or other taxing authority. Such billing shall allocate the tax, fee or charge among end users uniformly on the basis of each end user's monthly charges for the types of service made subject to such tax, fee or charge.
- 2.10.4. When utility or telecommunications assessments, franchise fees, or privilege, license, occupational, excise, or other similar taxes or fees, based on interstate or intrastate receipts are imposed by certain taxing jurisdictions upon the Company or upon local exchange companies and passed on to the Company through or with interstate or intrastate access charges, the amounts of such taxes or fees will be billed to Customers in such a taxing jurisdiction on a prorated basis. The amount of charge that is prorated to each Customer's bill is determined by the interstate or intrastate telecommunications service provided to and billed to an end user/customer service location in such a taxing jurisdiction with the aggregate of such charges equal to the amount of the tax or fee imposed upon or passed on to the Company.
- 2.10.5. When any municipality, or other political subdivision, local agency of government, or department of public utilities imposes upon and collects from the Company a gross receipts tax, occupation tax, license tax, permit fee, franchise fee or regulatory fee, such taxes and fees shall, insofar as practicable, be billed pro rata to the Company's Customers receiving service within the territorial limits of such municipality, other political subdivision, local agency of government, or public utility commission.
- 2.10.6. The Company may adjust its rates and charges or impose additional rates and charges on its Customers in order to recover amount it is required by governmental or quasi-government 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, the Primary Interexchange Carrier Charge, and compensation to payphone service providers for use of their payphones to access the Company's services.

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2.11. Method for Calculation of Airline Mileage

2.11.1. The airline mileage between two cities can be calculated using the Vertical (V) and Horizontal (H) coordinates of the serving wire centers associated with the Company's POP locations. The method for calculating the airline mileage is obtained by reference to AT&T's Tariff F.C.C. No. 10 in accordance with the following formula:

$$\text{the square root of: } \frac{(V1-V2)^2 + (H1-H2)^2}{10}$$

where V1 and H1 correspond to the V&H coordinates of City 1 and V2 and H2 correspond to the V&H coordinates of City 2.

Example:		<u>V</u>	<u>H</u>
	City 1	5004	1406
	City 2	5987	3424

$$\text{the square root of: } \frac{(5004-5987)^2 + (1406-3424)^2}{10}$$

The result is 709.83 miles. Any fractional miles are rounded to the next higher whole number; therefore, the airline mileage for this example is 710 miles.

2.12. Time of Day Rate Periods

2.12.1. Time of Day Rate Periods are determined by the time of day at the location of the Calling Station.

The rates shown in Section 4 apply as follows:

DAY:	From 8:01 AM to 5:00 PM Monday - Friday
EVENING:	From 5:01 PM to 11:00 PM Monday - Friday and Sunday
NIGHT/ WEEKEND:	From 11:01 PM to 8:00 AM Everyday From 8:01 AM to 11:00 PM Saturday From 8:01 AM to 5:00 PM Sunday

2.13. Special Customer Arrangements

2.13.1. In cases where a Customer requests a special or unique arrangement which may include engineering, conditioning, installation, construction, facilities, assembly, purchase or lease of facilities and/or other special Services not offered under this Tariff, the Company, at this option, may provide the requested Services. Appropriate recurring charges and/or Nonrecurring Charges and other terms and conditions will be developed for the Customer for the provisioning of such arrangements.

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2.14. Inspection

- 2.14.1. The Company may, upon notice, make such tests and inspections as may be necessary to determine that the requirements of this Tariff are being complied with in the installation, operation or maintenance of Customer or the Company equipment. The Company may interrupt the Service at any time, without penalty to the Company, should Customer violate any provision herein.

2.15. Customer Inquires and Complaints

- 2.15.1. Customers may direct inquiries and complaints to the Company or the Commission by using the address and toll free number set forth below:

CRG International, Inc.
2000 Riveredge Pkwy, Suite 900
Atlanta, GA 30328
(800) 569-0800

South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, South Dakota 57501
(800) 332-1782

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3. DESCRIPTION OF SERVICE AND RATES**3.1 Timing of Calls**

The customer's monthly usage charges for Carrier service are based upon the total number of minutes the customer uses and service options subscribed to. Chargeable time begins when the connection is established between the calling station and the called station or PBX. Chargeable time ends when the calling station "hangs up."

There is no charge for uncompleted calls. In the event an uncompleted call appears on a customer bill, a credit will be issued to the customer upon request.

3.2 Service Period

For billing purposes, the start of service is the first day on which service is available for use by the customer. The end of service date is the last day or any portion of the last day for which service was provided by Carrier.

3.3 Interconnection

Service furnished by Carrier may be interconnected with services or facilities of other authorized communications common carriers and with private systems, subject to the technical limitations established by Carrier in this tariff. Service furnished by Carrier is not part of a joint undertaking with such other carriers. Any special interface equipment shall be provided at the customer's expense.

Interconnection with the facilities or services of other carriers shall be under the applicable terms and conditions of this tariff. The customer is responsible for taking all necessary legal steps for interconnecting his customer-provided terminal equipment or communications systems with Carrier's. The customer shall secure all licenses, permits, right-of-ways, and other arrangements necessary for such interconnection.

3.4 Terminal Equipment

The Company's service may be used with or terminated in customer provided terminal equipment or customer provided communication systems, such as teleprinters, handsets, or data sets. Such terminal equipment shall be furnished and maintained at the expense of the customer. The customer is responsible for all costs at his premises, including customer personnel, wiring, electrical power, and the like incurred in his use of Carrier's service.

When terminal equipment is used, the equipment shall comply with the protective criteria generally accepted in the industry and shall not interfere with service furnished to other customers. Additional protective equipment, if needed, shall be employed at the customer's expense.

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Issued by: Gene E. Lane, Jr., President
CRG International, Inc.
2000 Riveredge Pkwy, Suite 900
Atlanta, GA 30328

3.5 Minimum Call Completion Rate

The customer can expect a call completion rate of 98% of calls attempted during peak use periods for Feature Group D (1+) services.

3.6 Service Offerings

The Company provides the following services:

3.6.1 Message Toll Service (MTS)

"1+" Dialing is achieved by customer's telephone lines being programmed by the local telephone company (LEC) to automatically route 1+ calls to the Company's network.

3.6.2 Inbound Service

Inbound Service is virtual banded inbound toll service which permits calls to be completed at the customer's location without charge to the calling party. Access to the service is gained by dialing a ten digit telephone number which terminates at the customer's location. Inbound services originate via normal shared use facilities and are terminated via the customers' local exchange service access line.

Carrier will accept a prospective customer's request for up to ten (10) 800 telephone numbers and will reserve such number(s) on a first come first serve basis. All requests for number reservations must be made in writing, dated and signed by a responsible representative of the customer. Carrier does not guarantee the availability of number(s) until assigned. The Inbound services telephone number(s) so requested, if found to be available, will be reserved for and furnished to the eligible customer.

If a customer who has received an 800 number does not subscribe to Inbound service within 90 days, the company reserves the right to make the assigned number available for use by another customer.

3.6.3 Travel Card Service

Allows customers who are away from home or office to place calls by gaining access to the network via an 800 number and personal identification code issued by the Company. This service is provided on a credit basis and is not a debit card service.

3.6.4 Directory Assistance

The Company will provide listed telephone numbers to requesting customers at a per call charge. A record of all directory assistance calls will be set forth in the customer's bill.

3.6.5 Operator Service

- A. The company will provide alternative operator service in accordance with the all rules set forth by the Commission.
- B. The operator will audibly and distinctly identify the Company to the end user upon initial contact at the beginning of the operator-assisted call and before the caller incurs any charge for the call.

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- C. The Company will provide location owners with consumer information material which is to be displayed prominently at all locations. Any violation of this provision may result in disconnection of services.
- D. The following information will be contained in the Company's consumer information materials to be displayed at all traffic aggregator locations.
 - 1.) The name of the Company.
 - 2.) The Company's toll free customer service telephone number for information on rates, services and complaint procedures.
 - 3.) Instructions allowing the customer to reach the LEC or other interexchange carriers without charge.
- E. All "0-" calls will automatically be routed to the LEC, even if the customer has dialed an access code in order to make the off-premises call.
- F. All "911" calls will automatically be routed to the local emergency center, even if the customer has dialed an access code in order to make the off-premises call.
- G. The Company will not engage in call splashing, unless the caller requests to be transferred to another OSP. The caller will be informed prior to incurring any charges that the rates for the call may not reflect the rates from the actual originating location of the call, and must consent prior to the transfer.

Issued:

Effective:

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CRG International, Inc.
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4 RATES AND CHARGES

4.1. Usage Charges and Billing Increments

4.1.1 Usage Charges

Unless flat rated, usage charges are determined by the time of day rate periods and minutes of use within each rate period. The rate period is determined by the time and day of call origination at the customer's location.

4.1.2 Billing Increments

Usage is billed in the increments set forth in the individual product rate sections.

4.1.3 Rounding

All calls and/or partial cents are rounded to the nearest whole cent.

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4.2 Outbound Rates

4.2.1 Switched Outbound

A Per Minute Rates

<u>Monthly Rate Plan</u>	<u>1 Year Term Plan</u>	<u>2 Year Term Plan</u>	<u>3 Year Term Plan</u>
\$0.2354	\$0.2278	\$0.2173	\$0.2018

B Billing Increments

- 1) Calls are billed with eighteen (18) second minimum and in six (6) second increments thereafter.
- 2) All customers of Agent Plan A will be billed with six (6) second minimum and in six (6) second increments thereafter.

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4.2.2 Dedicated OutboundA. Per Minute Rates (monthly minimum usage requirements apply)

<u>Monthly Minimum Usage</u>	<u>1 Year Term</u>	<u>2 Year Term</u>	<u>3 Year Term</u>
\$2,500	0.054	0.052	0.050
\$6,000	0.053	0.051	0.049
\$10,000	0.050	0.048	0.0469

B. Billing Increments

Calls are billed with six (6) second minimum and in six (6) second increments thereafter.

C. Underutilized charges may apply. If applicable, the charges will be determined pursuant to contract.

Issued:**Effective:**

Issued by: Gene E. Lane, Jr., President
CRG International, Inc.
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Atlanta, GA 30328

4.3 Inbound Toll Free Rates

4.3.1 Switched Inbound

A. Per Minute Rates

<u>Monthly Rate Plan</u>	<u>1 Year Term Plan</u>	<u>2 Year Term Plan</u>	<u>3 Year Term Plan</u>
\$0.2354	\$0.2278	\$0.2173	\$0.2018

B. Billing Increments

- 1) Calls are billed with eighteen (18) second minimum and in six (6) second increments thereafter.
- 2) All customers of Agent Plan A will be billed with six (6) second minimum and in six (6) second increments thereafter.

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Effective:

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4.3.2 Dedicated InboundA. Per Minute Rate (monthly minimum usage requirements apply)

<u>Monthly Minimum Usage</u>	<u>1 Year Term</u>	<u>2 Year Term</u>	<u>3 Year Term</u>
\$2,500	0.054	0.052	0.050
\$6,000	0.053	0.051	0.049
\$10,000	0.050	0.048	0.0469

B. Billing Increments

Calls are billed with six (6) second minimum and in six (6) second increments thereafter.

C. Underutilized charges may apply. If applicable, the charges will be determined pursuant to contract.

Issued:

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4.4 Travel Card Rates

1. Usage Charges (per minute)

	<u>Month-to-Month</u>	<u>1 Year Term</u>	<u>2 Year Term</u>	<u>3 Year Term</u>
Standard	\$0.1490	\$0.1490	\$0.1490	\$0.1490
Enhanced	\$0.1990	\$0.1990	\$0.1990	\$0.1990

2. Billing Increments

Calls are billed at an initial thirty (30) seconds minimum and in six (6) second increments thereafter.

4.5 Directory Assistance

\$0.85 per call.

4.6 Late Payment Penalty

Business customers will be charged 1.5% of any amounts owed to the Company beyond the due date as set forth within this tariff.

4.7 Dishonored Check Charge

All customers issuing dishonored check(s) will be charged a fee of \$15.00 per check.

4.8 Special Promotions

Carrier may from time to time offer special promotions to customers upon prior Commission approval of such promotion.

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4.9 Operator Service Rates and Charges:

4.9.1 **Operator Service Charges:**

The following per call charges are applicable to operator assisted services:

- 1) Customer Dialed Calling Card Station:
 - Customer Dialed/Automated \$1.50
 - Customer Dialed & Operator Assisted \$2.25
 - Customer Dialed - Operator Must Assist \$1.50
- 2) Operator Dialed Calling Card Station \$2.25
- 3) Operator Station
 - Collect \$2.05
 - Billed to Third Party \$2.11
 - Sent Paid-Non Coin \$2.05
 - Sent Paid-Coin \$1.75
- 4) Person-to-Person \$3.50
- 5) Operator Dialed Surcharge: \$1.00
- 6) Directory Assistance Charge \$0.85

Operator Service Charges are not subject to time-of-day discounts.

4.9.2 **Rates Per Minute:**

The following rates are the current rates per minute applicable to operator assisted services in addition to the applicable Operator Service Charges and Surcharges stated above:

1) Customer Dialed Calling Card Station:

Rate Mileage	<u>Day</u>	<u>Evening</u>	<u>Night/Weekend</u>
All Miles	\$0.3500	\$0.3000	\$0.2500

2) Operator Dialed Calling Card Station:

Rate Mileage	<u>Day</u>	<u>Evening</u>	<u>Night/Weekend</u>
All Miles	\$0.3500	\$0.3000	\$0.2500

3) Operator Station:

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a) Billed to Third Party, Collect, Person-to-Person and Sent Paid Non-Coin Calls

Rate Mileage	Day	Evening	Night/Weekend
All Miles	\$0.3500	\$0.3000	\$0.2500

b) Sent Paid Coin Calls

Rate Mileage	Day		Evening		Night/Weekend	
	Initial 3 Minute	Add'l 3 Minute	Initial 3 Minute	Add'l 3 Minute	Initial 3 Minute	Add'l 3 Minute
All Miles	\$1.0500	\$0.3500	\$0.9000	\$0.3000	\$0.7500	\$0.2500

NOTE: Any calls having elements of more than one type of call will be billed at the highest rate applicable to the call.

4.10. Universal Service Fund Charge

A monthly Federal Universal Service Fund tax shall be added to each bill based upon the total billed revenues. This charge shall not exceed the amount of the current Federal assessment.

4.11. Pay Telephone (Payphone) Surcharges

A surcharge shall be assessed for each call made from a pay telephone to an 800 number or using a travel card and dialing the carrier prefix in the form 101XXXX. Although collected on the customer's bill, this charge is reimbursed to pay telephone service provider. The initial charge is \$.24 per call, but may vary from time to time as the Federal Communications Commission or payphone service providers change the rate for pay telephone compensation.

4.12. Presubscribed Interexchange Carrier Charge (PICC)

A monthly Federal PICC shall be charged to each telephone number that is presubscribed to carrier per the following.

Effective July 1, 1999:	Monthly Charge
Primary residential line	\$1.03/line
Additional or secondary residential line	\$2.50/line
Single line business	\$1.03/line
Multi - line business	\$4.25/line
Centrex line	\$0.51/line
Minimum monthly charge for Centrex	\$4.25
ISDN BRI	\$2.50/BRI
ISDN PRI	\$21.21/PRI

Issued:

Effective:

Issued by: Gene E. Lane, Jr., President
CRG International, Inc.
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Atlanta, GA 30328

EXHIBIT F

EXHIBIT F

CRG International, Inc. is authorized to provide long distance service in the following states: Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, and Wisconsin.

CRG International, Inc. has applications for certification to provide long distance service in the following states: Kansas, Nebraska, New Mexico, South Dakota and Wyoming.

CRG International, Inc. has not been denied registration or certification in any state.

EXHIBIT G

long distance service

Since it was founded in 1992, Network One has consistently provided some of the most innovative long distance plans in the industry. We recently continued the tradition by launching the first-ever flat interstate/intrastate rate for long distance service throughout the eastern United States.

Network One offers both switched and dedicated access for domestic and international 1+ long distance service. And for all long distance services, we provide one bill and multiple usage summaries. Also, our convenient toll-free service allows businesses to expand their service hours, increase efficiency and cost-effectively minimize missed opportunities through special routing features, including:

- Time of Day/Day(s) of Week/Geographical Routing - allows toll free numbers to terminate to another location at particular times of day and/or day(s) of week
- Toll Free + PIN - allows routing of calls to various predetermined locations

Long Distance Service Highlights

- No monthly maintenance or account fees.
- Availability of account codes.
- No calling card surcharge, yet flexible authorization code options are available.
- Aggressive discounts are available as with term and volume commitment levels.
- Domestic calls are billed in 6-second increments, after an 18-second minimum.
- International calling billed with 30-second minimum, and in additional 6-second increments (with Mexican termination at 60/6).

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\$250.00

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Two Hundred Fifty Dollars And 00 Cents

DATE

AMOUNT

TO THE
ORDER
OF

SD Public Utilities Commission

Frank J.

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South Dakota Public Utilities Commission
WEEKLY FILINGS
For the Period of March 30, 2000 through April 5, 2000

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

CONSUMER COMPLAINTS

CT00-057 In the Matter of Complaint filed by Larry Mann, Rapid City, South Dakota, against MCI WorldCom, Sprint Communications Company L.P., USBI, Business Options, Inc., HOLD Billing Services and CEO Telecommunications, Inc. Regarding Unauthorized Switching of Services.

The complainant alleges that he received his February 2000 phone bill and it was hundreds of dollars higher than it has ever been. He discovered that his calling card calls had been billed at casual rates because he was no longer with AT&T. His long distance services had been switched to MCI without his knowledge in 1997 and switched again on December 1, 1999, to Sprint and Business Options without his knowledge. The complainant states that he or his wife have never authorized anyone to switch his long distance provider to AT&T. The complainant alleges unauthorized charges from CEO Telecom/LD Services in June and July, 1999. The complainant requests that his rates be adjusted to the date his service was changed without his consent.

Staff Analyst: Charlene Lund
Staff Attorney: Karen Cremer
Date Docketed: 03/30/00
Intervention Deadline: NA

CT00-058 In the Matter of the Complaint filed by Brian Lerohl, Fairview, South Dakota, against Business Options, Inc. and HOLD Billing Services Regarding Unauthorized Switching of Services.

Complainant reports that for the billing period ending February 13, 2000, his U S WEST bill contained charges of \$76.48 from HOLD Billing Services and Business Options. He reports that he never agreed to those services, either verbally or in writing. He alleges that the switching of his long distance services constitutes fraud and the claim made by William Brzycki from Business Options that his services were verified on March 13, 1996 is false. The complainant requests compensation for his time to resolve the issue at \$1152.00, plus travel time and expenses to come to Pierre at \$300.00, for a total compensation of \$1452.

Staff Analyst: Charlene Lund
Staff Attorney: Camron Hoseck
Date Docketed: 04/03/00
Intervention Deadline: NA

CT00-059 In the Matter of the Complaint filed by Terrell W. Reetz, Custer, South Dakota, against Crusade Communications Regarding Unauthorized Switching of Services.

On April 4, 2000, the Complainant filed a complaint against Crusade Communications for switching his long distance service without authorization. He is seeking reimbursement for charges incurred and \$1000 as identified in SDCL 49-31-93.

Staff Analyst: Leni Healy
Staff Attorney: Karen Cremer
Date Docketed: 04/05/00
Intervention Deadline: NA

NATURAL GAS

NG00-004 In the Matter of the Application of Associated Milk Producers, Inc. Pipeline, Inc. to Continue Intrastate Natural Gas Transportation Rate and Eliminate Refund Condition.

Application by Associated Milk Producers to continue the currently effective gas transportation rate which was initially approved in June of 1998 in Docket No. NG97-015. The June 2, 1998 Order required Associated Milk Producers to submit an application for a change in the intrastate natural gas transportation rate by March 1, 2000. Associated Milk Producers subsequently requested and the Commission granted an extension of the March 1, 2000 date to April 1, 2000.

Staff Analyst: Dave Jacobson/Keith Senger
Staff Attorney: Karen Cremer
Date Docketed: 04/3/00
Intervention Deadline: 04/28/00

TELECOMMUNICATIONS

TC00-062 In the Matter of the Application of Concentric Carrier Services, Inc. for a Certificate of Authority to Provide Telecommunications Services, Including Local Exchange Services, in South Dakota.

Concentric Carrier Services, Inc. submitted an application to provide facilities-based and resold local exchange and interexchange telecommunications services in South Dakota. The applicant seeks authority to provide all forms of telecommunications service to business and residential customers.

Staff Analyst: Keith Senger
Staff Attorney: Camron Hoseck
Date Docketed: 04/04/00
Intervention Deadline: 04/21/00

TC00-063 In the Matter of the Application of CRG International, Inc. for a Certificate of Authority to Provide Telecommunications Services in South Dakota.

CRG International, Inc. submitted an application to provide resold interexchange telecommunications services in South Dakota. The applicant proposes to offer switched inbound/outbound, dedicated inbound/outbound, travel card, directory assistance and operator services.

Staff Analyst: Keith Senger
Staff Attorney: Karen Cremer
Date Docketed: 04/05/00
Intervention Deadline: 04/21/00

TC00-064 In the Matter of the Application of essential.com, inc. for a Certificate of Authority to Provide Telecommunications Services, Including Local Exchange Services, in South Dakota.

essential.com, inc. submitted an application to provide local exchange and interexchange telecommunications services in South Dakota. essential.com, inc. intends to provide local resale service in the exchanges of U S WEST and does not intend to provide service, at this time, in any rural telephone exchanges.

Staff Analyst: Heather Forney
Staff Attorney: Camron Hoseck
Date Docketed: 04/05/00
Intervention Deadline: 04/21/00

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Integrated Telecom Services for Business

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MAY - 4 2000

May 3, 2000

Keith Senger
South Dakota Public Utilities Commission
State Capitol
500 East Capital Ave.
Pierre, SD 57501

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

RE: CRG International, Inc.
Docket No. TC00-063

Dear Mr. Senger:

In accordance with your correspondence dated April 18, 2000, the above captioned corporation respectfully submits the following responses:

1. CRG International, Inc. submits its most recent financial statements attached hereto as Exhibit A;
2. CRG International, Inc. does not plan to offer prepaid calling cards or collect deposits or prepayments. CRG International, Inc. agrees to the restrictions for offering prepaid calling cards, collecting deposits and prepayments;
3. The name and address 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;

Thomas W. Brinkman, Senior VP of Operations
2000 Riveredge Pkwy
Suite 900
Atlanta, GA 30328
(770) 980-1122 (facsimile)
(800) 569-0800 (toll-free)
tomb@networkonecom.com

The company strictly abides by the do not call and slamming rules of the FCC, FTC, and state commissions.

4. CRG International, Inc. is in good standing with the appropriate regulatory agencies in the states where it is registered or certified.
5. CRG International, Inc. does not intend to engage in any multilevel marketing.
6. CRG International, Inc.'s Federal Employer Identification Number is: 58-1997766
7. CRG International, Inc. has not had any formal complaints filed with any state or federal regulatory commission regarding the unauthorized switching of a customer's telecommunications provider and the act of charging customers for services that have not been ordered.
8. Revised tariff page 22 is attached hereto as Exhibit B.
9. Revised tariff page 25 is attached hereto as Exhibit C.

Please advise if you have any questions or if additional information is required. I can be reached at (770) 980-0080 x 140 or my email theresas@networkonecom.com

Sincerely,



Theresa M. Schneider, Regulatory Analyst
CRG International, Inc.

EXHIBIT A

TENTATIVE DRAFT
FOR MANAGEMENT USE ONLY

CRG INTERNATIONAL, INC.
dba Network One

Financial Statements

September 30, 1999 and 1998

(With Independent Auditors' Report Thereon)

NEXT

DOCUMENT (S)

BEST IMAGE

POSSIBLE

Independent Auditors' Report**DRAFT**

The Board of Directors
CRG International, Inc. dba Network One

We have audited the accompanying balance sheets of CRG International, Inc. dba Network One as of September 30, 1999 and 1998, and the related statements of operations, stockholders' equity (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CRG International, Inc. dba Network One as of September 30, 1999 and 1998, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

December 10, 1999

CRC INTERNATIONAL, INC.
dba Network One

Balance Sheets

September 30, 1999 and 1998

DRAFT

Assets (Note 5)	1999	1998
Current assets:		
Cash and cash equivalents	\$ 69,038	66,605
Accounts receivable, net of allowance for doubtful accounts and billing adjustments of \$307,381 and \$167,375 at September 30, 1999 and 1998, respectively	3,483,681	3,003,383
Prepaid expenses and other current assets	82,905	59,461
Total current assets	3,635,622	3,129,549
Property and equipment, net (notes 3 and 6)	1,595,753	1,592,565
Intangible assets, net of accumulated amortization of \$4,772,593 and \$2,581,436 at September 30, 1999 and 1998, respectively (note 4)	5,637,507	8,328,934
Other assets and receivables, net of allowance for doubtful accounts of \$109,254 at September 30, 1999	69,276	41,225
	\$ 10,736,658	12,922,293

See accompanying notes to financial statements.

DRAFT

Liabilities and Stockholders' Equity (Deficit)	1999	1998
Current liabilities:		
Current portion of long-term debt (notes 5 and 9)	\$ 296,081	196,144
Current portion of capital lease obligations (note 6)	136,281	117,834
Accounts payable and accrued expenses	3,975,957	3,673,900
Accrued payroll and employee benefits	251,906	182,015
Sales and excise taxes payable	877,844	361,030
Customer deposits	18,462	---
Total current liabilities	5,556,531	4,530,923
Long-term debt, less current portion (notes 5 and 9)	7,571,873	7,293,639
Capital lease obligations, less current portion (note 6)	263,466	315,313
Dividends payable on convertible preferred stock	960,000	600,000
Total liabilities	14,351,870	12,739,876
Stockholders' equity (deficit) - (note 8)		
Convertible preferred stock - Authorized 863,119 shares; stated redemption value net of unamortized discount, which equals liquidation value:		
Series A, \$,001 par value; redeemable - 357,543 shares issued and outstanding	1,879,796	1,815,134
Series B, \$,001 par value; redeemable - 166,667 shares issued and outstanding	955,747	947,041
Series C, \$,001 par value; redeemable - 340,909 shares issued and outstanding	2,957,783	2,949,478
Common stock, \$,001 par value - Authorized 9,134,881 Shares: 606,103 and 600,103 shares issued and outstanding at September 30, 1999 and 1998, respectively	606	600
Accumulated deficit	(9,379,144)	(5,529,836)
Total stockholders' equity (deficit)	(3,615,212)	182,417
Commitments and contingencies (notes 5, 6, 8, and 10)		
	\$ 10,736,658	12,922,293

CRC INTERNATIONAL, INC.
dba Network One

Statements of Operations

DRAFT

Years ended September 30, 1999 and 1998

	1999	1998
Revenues (note 12)	\$ 23,333,741	22,185,786
Cost of revenues	15,611,999	15,417,219
Gross margin	7,721,742	6,768,567
Operating expenses:		
Customer service and sales and marketing	4,282,063	4,464,627
General and administrative	4,322,574	4,910,485
Depreciation and amortization	2,657,427	2,390,853
Total operating expenses	11,262,064	11,766,965
Operating loss	(2,540,322)	(4,927,398)
Interest expense, net	(854,786)	(891,803)
Loss on disposal of property and equipment	(47,222)	—
Loss before income taxes and extraordinary item	(3,442,382)	(2,822,197)
Income tax expense (note 7)	—	—
Loss before extraordinary item	(3,442,382)	(2,822,197)
Extraordinary item:		
Loss on early extinguishment of debt (note 5)	—	(184,661)
Net loss	\$ (3,442,382)	(3,006,858)

See accompanying notes to financial statements.

DRAFT

Financial Statements of the Corporation
 Balance Sheet as of September 30, 1993

Assets	Balance Sheet as of September 30, 1993		Balance Sheet as of September 30, 1994		Applicable Accounting Principles	Total Liabilities (including equity)
	Amount	Percentage	Amount	Percentage		
Current Assets	1,500,000	100%	1,500,000	100%	1,500,000	1,500,000
Cash	1,500,000	100%	1,500,000	100%	1,500,000	1,500,000
Accounts Receivable	—	—	—	—	—	—
Inventory	—	—	—	—	—	—
Prepaid Expenses	—	—	—	—	—	—
Other Current Assets	—	—	—	—	—	—
Non-current Assets	—	—	—	—	—	—
Property, Plant, and Equipment	—	—	—	—	—	—
Intangible Assets	—	—	—	—	—	—
Other Non-current Assets	—	—	—	—	—	—
Total Assets	1,500,000	100%	1,500,000	100%	1,500,000	1,500,000
Liabilities	—	—	—	—	—	—
Current Liabilities	—	—	—	—	—	—
Accounts Payable	—	—	—	—	—	—
Short-term Debt	—	—	—	—	—	—
Other Current Liabilities	—	—	—	—	—	—
Non-current Liabilities	—	—	—	—	—	—
Long-term Debt	—	—	—	—	—	—
Other Non-current Liabilities	—	—	—	—	—	—
Total Liabilities	—	—	—	—	—	—
Equity	1,500,000	100%	1,500,000	100%	1,500,000	1,500,000
Common Stock	1,500,000	100%	1,500,000	100%	1,500,000	1,500,000
Retained Earnings	—	—	—	—	—	—
Other Equity	—	—	—	—	—	—
Total Equity	1,500,000	100%	1,500,000	100%	1,500,000	1,500,000

Balance Sheet as of September 30, 1993
 The assets of the Corporation are primarily cash and accounts receivable. The Corporation has no other significant assets. The Corporation has no liabilities. The Corporation's equity is represented by common stock.

Balance Sheet as of September 30, 1994
 The assets of the Corporation are primarily cash and accounts receivable. The Corporation has no other significant assets. The Corporation has no liabilities. The Corporation's equity is represented by common stock.

See accompanying notes to financial statements.

CRC INTERNATIONAL, INC.
dba Network One

Statements of Cash Flows

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Years ended September 30, 1999 and 1998

	1999	1998
Cash flows from operating activities:		
Net loss	\$ (3,442,382)	(3,006,858)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	2,657,327	2,138,275
Extraordinary item - loss on early extinguishment of debt	1,254	184,661
Stock compensation expense	47,272	19,998
Loss on disposal of property and equipment	—	—
Provision for doubtful accounts and billing adjustments	140,000	52,725
Changes in assets and liabilities:		
Accounts receivable	(310,983)	553,216
Prepaid expenses, other assets, and receivables	(131,244)	137,282
Accounts payable and accrued expenses	302,057	626,335
Accrued payroll and employee benefits	69,891	119,520
Sales and excise taxes payable	516,814	130,848
Customer deposits	18,462	—
Net cash flows (used in) provided by operating activities	(127,897)	1,186,022
Cash flows from investing activities:		
Purchase of property and equipment	(421,905)	(413,969)
Purchase of businesses	—	(8,825,069)
Net cash flows used in investing activities	(421,905)	(9,239,038)
Cash flows from financing activities:		
Net borrowings under revolving credit agreement	28,252,611	6,744,152
Repayments on long-term debt	(27,879,440)	(991,940)
Repayments on capital lease obligations	(125,936)	(64,205)
Payment of financing costs	—	(158,737)
Repurchase of warrants to purchase common shares	—	(340,268)
Proceeds from sale of Series C Convertible Preferred Stock, net of \$38,135 in costs	500,000	2,941,865
Proceeds from sale of noncompete agreement	752,235	8,100,867
Net cash flows provided by financing activities	2,433	47,851
Net increase in cash and cash equivalents	66,605	18,754
Cash and cash equivalents at beginning of year	\$ 69,038	66,605
Cash and cash equivalents at end of year	\$ 135,643	85,359

Supplemental cash flow information - see note 11.

See accompanying notes to financial statements.

ORG INTERNATIONAL, INC.
dba Network One

Notes to Financial Statements
September 30, 1997 and 1998

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419 Summary of Significant Accounting Policies

(a) General

ORG International, Inc. dba Network One (the "Company") provides long distance telecommunications services to small and medium size businesses throughout the entire United States, with a primary geographic focus east of the Mississippi River. The Company provides these services through direct sales, independent agents, and wholesale distribution channels.

Calls are transmitted over circuits leased from other telecommunications carriers at fixed or variable rates. These calls are also switched through other carriers on the Company's behalf. The Company furnishes its end user customers with various long distance services including: 1) "dialtone" WATS, private line, calling cards, toll-free dialing, conference calling, operator services, and customized data solutions.

(b) Revenues and Cost of Revenues

The Company recognizes revenues as services are provided. Cost of revenues includes all payments to local exchange carriers and interexchange carriers primarily for access and transport charges.

(c) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all short-term, highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

(d) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation on property and equipment is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	5 - 15 years
Vehicles	3 years
Office furniture and equipment	5 years
Telecommunications equipment	5 years
Computers and software	3 years

Property and equipment held under capital leases and leasehold improvements are amortized using the straight-line method over the shorter of the lease term or estimated useful life of the asset, and the amortization is included in depreciation expense.

(Continued)

CRG INTERNATIONAL, INC.
(dba Network One)

Notes to Financial Statements

September 30, 1999 and 1998

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(c) *Intangible Assets*

Intangible assets include financing costs, noncomplete agreements, and amounts allocated to customer bases associated with acquisitions. Noncomplete agreements and customer bases are being amortized using the straight-line method over periods ranging from four to five years. Financing costs are being amortized using the straight-line method over the term of the related debt.

The Company periodically evaluates the carrying value of intangible assets for impairment on the basis of whether these costs are fully recoverable from expected undiscounted operating cash flows related to the assets. If such review indicates that the assets are impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets.

(d) *Income Taxes*

Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and net operating loss carryforwards. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(e) *Use of Estimates in the Preparation of Financial Statements*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(f) *Stock Option Plan*

The Company applies the intrinsic value-based method of accounting prescribed by Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations, in accounting for its fixed plan stock options. As such, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeds the exercise price.

CRC INTERNATIONAL, INC.
dba Network One

Notes to Financial Statements

September 30, 1999 and 1998

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(1) *Reclassifications*

Certain amounts in the accompanying 1998 financial statements have been reclassified to conform to the presentation adopted in the 1999 financial statements.

(2) *Acquisitions*

Effective October 25, 1996, the Company executed an Asset Purchase Agreement to purchase the accounts receivable and customer base of RAM Technologies, Inc. (RAM) for approximately \$2,000,000 in cash, which was financed primarily through the sale of \$1,000,000 in Series B CPS and the execution of a \$1,000,000 note payable, including certain warrants. The transaction was accounted for using the purchase method of accounting and the operations of RAM have been included in the Company's results of operations since the effective date. The allocation of the purchase price resulted in a \$2,500,000 intangible asset related to an acquired customer base, which is being amortized on a straight-line basis over five years. On June 1, 1999, the Company agreed to terminate the noncompete agreement with the officers of RAM for \$500,000. Proceeds were used to reduce the remaining intangible asset related to the acquisition.

Effective October 31, 1997, the Company executed an Asset Purchase Agreement with Professional Communications Management Services, Inc. ("ProCom") to purchase substantially all of the telecommunications assets and assume selected liabilities of ProCom for approximately \$8,800,000 in cash, financed through the sale of \$5,000,000 in Series C CPS and draws on the \$10 million credit facility described in note 5. The transaction was accounted for using the purchase method of accounting and the operations of ProCom have been included in the Company's results of operations since the effective date. The allocation of the purchase price resulted in a \$7,500,000 intangible asset related to an acquired customer base, which is being amortized on a straight-line basis over five years.

The ProCom Asset Purchase Agreement also provided for a four-year noncompete agreement with the former owner of ProCom. The \$750,000 consideration for the noncompete is being paid in 48 monthly installments of \$15,625 through October 31, 2001. The present value of the payment obligations at October 31, 1997 was calculated to be \$610,271 using a 10.5% discount rate. This amount was recorded as an intangible asset and is being amortized on a straight-line basis over the four-year term of the noncompete agreement. The corresponding liability was recorded as a noncompete obligation, of which \$349,486 remains outstanding on the accompanying balance sheet as of September 30, 1999.

CRG INTERNATIONAL, INC.
 dba Network One

Notes to Financial Statements

September 30, 1999 and 1998

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(3) Property and Equipment

Property and equipment consists of the following as of September 30, 1999 and 1998:

	1999	1998
Land	\$ 10,209	10,000
Buildings and improvements	430,924	419,033
Vehicles		125,000
Office furniture and equipment	352,077	287,240
Telecommunications equipment	534,414	498,670
Computers and software	801,171	389,117
	<u>2,128,795</u>	<u>1,729,107</u>
Less accumulated depreciation and amortization	(735,052)	(336,542)
Property and equipment, net	\$ <u>1,393,743</u>	<u>1,392,565</u>

(4) Intangible Assets

Intangible assets consist of the following as of September 30, 1999 and 1998:

	1999	1998
Customer bases acquired	\$ 9,466,826	9,966,826
Noncompete agreements	610,271	610,271
Financing costs	333,003	333,003
	<u>10,410,100</u>	<u>10,910,100</u>
Less accumulated amortization	(4,772,593)	(2,581,146)
	\$ <u>5,637,507</u>	<u>8,328,954</u>

(5) Long-Term Debt

On October 31, 1997, the Company entered into a revolving credit agreement (the "Agreement") with a lending institution that provides the Company with credit availability equal to the lesser of (1) \$10,000,000 or (2) the Borrowing Base, as defined, through the maturity date of October 31, 2000. Additional borrowing capacity of \$1,237,740 was available under the Agreement as of September 30, 1999. Borrowings bear interest at either Prime or LIBOR, plus an incremental margin based on the Company's eligible revenues, as defined in the Agreement. The applicable interest rate on borrowings was 12% as of September 30, 1999. The Company must pay a monthly facility fee of 1/2 of 1 percent on the unused portion of the commitment, a \$1,000 monthly loan administration fee, and a one-time development fee in a minimum amount of \$300,000 upon the earlier of October 31, 2000 or the termination of the Agreement. Borrowings under the Agreement are collateralized by substantially all of the Company's assets.

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Notes to Financial Statements
September 30, 1999 and 1998

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The terms of the Agreement also require, among other things, that the Company maintain certain minimum financial ratios and restrict the Company's ability to make certain acquisitions, incur additional indebtedness, change the capital structure, and sell assets in excess of certain specified levels without the prior consent of the lender. As of September 30, 1999, the Company was in compliance with or had received a waiver of noncompliance for all covenants in the Agreement.

The Company was party to a receivables finance agreement with a lending institution whereby it could borrow specified percentages of certain billed and unbilled accounts receivable, up to a maximum of \$1,000,000, at an interest rate of prime + 3%. There were no outstanding borrowings under the receivables finance agreement as of September 30, 1999, and it was canceled on October 31, 1997.

On October 11, 1997, the Company repurchased the \$1 million 12% subordinated note payable for \$359,713. The note had a carrying value of \$675,072, net of unamortized discount at the date of repurchase, resulting in an extraordinary loss on early extinguishment of debt of \$184,661.

Long-term debt outstanding as of September 30, 1999 and 1998 is summarized as follows:

	1999	1998
12% notes payable to related party with interest payable quarterly, principal due in installments of \$400,000 on December 15, 2000 and \$400,000 on April 21, 2001.	\$ 200,000	200,000
11% note payable to related party, payable in 48 monthly installments of \$1,780, including interest, with remaining unpaid principal and interest due September 30, 2000.	37,804	53,578
Borrowings under the \$10 million credit facility discussed above.	7,289,663	6,749,152
Noncurrent obligation payable in connection with an acquisition, payable in 48 monthly installments of \$15,625 through October 31, 2001, recorded at the present value of the payment obligations as of October 31, 1997 using a 10.5% discount rate, net of unamortized interest of \$41,138 as of September 30, 1999.	349,487	492,053
Total long-term debt	7,867,954	7,489,783
Less current portion of long-term debt	796,081	196,143
Long-term debt, less current portion	\$ 7,071,873	7,293,639

Future maturities of long-term debt at September 30, 1999 are summarized as follows:

Year ending September 30,	
2000	\$ 296,081
2001	7,556,384
2002	15,489
Total long-term debt payments	\$ 7,867,954

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Notes to Financial Statements
 September 30, 1999 and 1998

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(f) Leases

The Company is obligated under operating and capital leases for certain property and equipment. As of September 30, 1999 and 1998, the gross amount of property and equipment and related accumulated amortization recorded under capital leases is summarized as follows:

	1999	1998
Property and equipment	\$ 744,409	562,340
Less accumulated amortization	266,623	105,241
	<u>\$ 477,786</u>	<u>457,099</u>

The Company also leases office space and equipment under noncancelable operating leases which expire over the next five years. Total rental expense under all operating lease agreements was approximately \$237,000 and \$185,000 for the years ended September 30, 1999 and 1998, respectively. Additionally, the Company has subleased certain office space through June 2000. Sublease income during the year ended September 30, 1999 was approximately \$75,000.

Future minimum lease payments and sublease income under noncancelable operating and capital leases with remaining terms in excess of one year as of September 30, 1999 are as follows:

Year ending September 30,	Capital leases	Operating leases	Sublease income
2000	\$ 171,360	335,000	53,000
2001	423,202	141,000	—
2002	149,847	103,000	—
2003	19,056	31,000	—
2004	4,764	21,000	—
	<u>668,229</u>	<u>631,000</u>	<u>53,000</u>
Total future minimum lease payments:			
Less amounts representing interest at rates ranging from 12% to 21.8%	<u>(68,482)</u>		
Present value of future minimum capital lease payments	399,747		
Less current portion of capital lease obligations	<u>(136,281)</u>		
Capital lease obligations, less current portion	<u>\$ 263,466</u>		

CRC INTERNATIONAL, INC.
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Notes to Financial Statements

September 30, 1999 and 1998

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(7) Income Taxes

The provision for income taxes includes income taxes currently payable, those deferred because of temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities that will result in taxable or deductible amounts in the future and for net operating loss carryforwards, and any increase or decrease in the valuation allowance for deferred income tax assets.

The Company has not reported any income tax expense during the years ended September 30, 1999 and 1998 because of operating losses.

The income tax (benefit) expense computed by multiplying the loss before income taxes by the U.S. Federal income tax rate and the reported amount of income tax expense differs primarily due to increases in the valuation allowance for deferred income tax assets.

The income tax effect of temporary differences that give rise to significant portions of the Company's deferred income tax assets and liabilities are presented below.

	September 30,	
	1999	1998
Deferred income tax assets:		
Allowance for doubtful accounts and billing adjustments	\$ 164,000	64,000
Net operating loss carryforwards	1,633,000	1,101,000
Book amortization of intangibles in excess of tax	1,315,000	685,000
Accruals not deducted for income tax purposes	145,000	134,000
Property and equipment, principally due to differences in depreciation	5,000	8,000
Total gross deferred tax assets	3,262,000	1,995,000
Less valuation allowance	(1,262,000)	(1,995,000)
Net deferred income tax assets	\$ —	—

The valuation allowance for deferred income tax assets as of September 30, 1999 and 1998 were \$1,262,000 and \$1,995,000, respectively. The net change in the total valuation allowance for the years ended September 30, 1999 and 1998 was an increase of \$1,267,000 and \$1,103,000, respectively. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

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At September 30, 1999, the Company has net operating loss carryforwards for Federal income tax purposes of approximately \$4,338,000 which are available to offset future taxable income, if any, through the year 2018.

Approximately \$60,000 of the net operating loss carryforwards that the Company may use to offset taxable income in future years is limited as a result of an ownership change, as defined under Internal Revenue Code Section 382 ("Section 382"). As the amount of the annual limitation is \$106,000, it is anticipated that all of the net operating loss carryforwards will be unrestricted by the year ended September 30, 2000, barring further restrictions imposed on such carryforwards to subsequent ownership changes.

(B) Stockholders' Equity**(i) Amendments to the Articles of Incorporation**

Effective October 31, 1997, the Company's Board of Directors amended and restated the Articles of Incorporation to authorize 340,000 shares and the related terms of the Series C Convertible Preferred Stock. This reduced the authorized number of shares of common stock to 9,134,881, which has been disclosed on the accompanying balance sheets as the authorized number of common shares for all years presented.

(ii) Series A Convertible Preferred Stock

On February 2, 1996, the Company entered into a Preferred Stock Purchase Agreement to sell 337,343 shares of redeemable Series A Convertible Preferred Stock ("Series A CPS") at \$5.59 per share, resulting in net proceeds to the Company of \$1,722,200. The Company is recording the accretion of the original issue discount (difference between net proceeds and redemption amount of \$2,000,000) on the Series A CPS using the straight-line method from the original issuance date through the final redemption date of February 2, 2004.

The holders of Series A CPS are entitled to, among other rights as defined in the amended and restated Articles of Incorporation, (1) voting rights equivalent to the voting rights they would hold as if their holdings were converted to common stock; (2) the right to name one member of the Company's Board of Directors; (3) dividends at 6% per annum; (4) liquidation preferences that include a minimum 17.5% return; (5) the option to convert to common stock at any time on a one-for-one basis, subject to certain adjustments; (6) mandatory conversion upon the effective date of a qualified initial public offering; (7) certain anti-dilution provisions; and (8) a mandatory redemption provision whereby the holders of Series A CPS may give 120 days notice and cause the Company to redeem up to 33 1/3% of their shares on each of February 2, 2002, February 2, 2003, and February 2, 2004, or in the event of default, as defined, at the greater of fair market value, or \$5.59 per share plus all accrued and unpaid dividends.

CRG INTERNATIONAL, INC.
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Series B Convertible Preferred Stock

On October 24, 1996, the Company entered into a Preferred Stock Purchase Agreement to sell 166,667 shares of redeemable Series B Convertible Preferred Stock ("Series B CPS") at \$6.00 per share, resulting in net proceeds to the Company of \$930,356. The Company is recording the accretion of the original issue discount (difference between net proceeds and redemption amount of \$1,000,000) on the Series B CPS using the straight-line method from the original issuance date through the final redemption date of October 24, 2004.

The holders of Series B CPS are entitled to, among other rights as defined in the amended and restated Articles of Incorporation: (1) voting rights equivalent to the voting rights they would hold as if their holdings were converted to common stock; (2) the right to name one member of the Company's Board of Directors; (3) dividends at 6% per annum; (4) liquidation preferences that include a minimum 17.5% return; (5) the option to convert to common stock at any time on a one-for-one basis, subject to certain adjustments; (6) mandatory conversion upon the effective date of a qualified initial public offering; (7) certain anti-dilution provisions; and (8) a mandatory redemption provision whereby the holders of Series B CPS may give 120 days' notice and cause the Company to redeem up to 33-1/3% of their shares on each of October 24, 2002, October 24, 2003, and October 24, 2004, or in the event of default, as defined, at the greater of fair market value, or \$6.00 per share plus all accrued and unpaid dividends.

Series C Convertible Preferred Stock

On October 31, 1997, the Company entered into a Preferred Stock Purchase Agreement to sell 140,000 shares of Series C Convertible Preferred Stock ("Series C CPS") at \$8.80 per share, resulting in net proceeds to the Company of \$2,941,865. The Company is recording the accretion of the original issue discount (difference between net proceeds and redemption amount of \$1,000,000) on the Series C CPS using the straight-line method from the original issuance date through the final redemption date of October 31, 2004.

The holders of Series C CPS are entitled to, among other rights as defined in the amended and restated Articles of Incorporation: (1) voting rights equivalent to the voting rights they would hold as if their holdings were converted to common stock; (2) the right to name one member of the Company's Board of Directors; (3) preferred dividends at 6% per annum; (4) liquidation preferences that include a minimum 17.5% return; (5) the option to convert to common stock at any time on a one-for-one basis, subject to certain adjustments; (6) mandatory conversion upon the effective date of a qualified initial public offering; (7) certain anti-dilution provisions; and (8) a mandatory redemption provision whereby the holders of Series C CPS may give 120 days' notice and cause the Company to redeem up to 33-1/3% of their shares on each of October 31, 2002, October 31, 2003, and October 31, 2004, or in the event of default, as defined, at the greater of fair market value, or \$8.80 per share plus all accrued and unpaid dividends.

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The terms of the Series A, Series B, and Series C CPS Purchase Agreements also require, among other things, that the Company deliver certain informational reporting and restrict the Company's ability to make certain acquisitions, incur additional indebtedness, change the capital structure or articles of incorporation, and sell assets in excess of certain specified levels without the prior consent of the shareholders.

(e) *Stock Option Plan*

Effective March 1, 1996, the Board of Directors adopted the CRG International, Inc. 1996 Stock Incentive Plan (the "Plan"). The authorized number of options under the Plan was increased to 250,000 shares during the year ended September 30, 1998 and again during the year ended September 30, 1999 to 261,750. The Plan remains in effect until March 1, 2006 unless terminated earlier by the Board of Directors.

Options granted under the Plan may be incentive stock options or nonqualified stock options, as determined by the Board of Directors at the time of grant. The exercise price under each option shall be determined by the Board of Directors at the time of grant, providing the price is not less than the fair market value of the stock on the grant date. Option vesting terms are established by the Board of Directors at the time of grant and presently range up to four years. The expiration date of options granted under the Plan is determined at the time of grant and may not exceed ten years from the date of the grant. At September 30, 1999, there were 13,750 options available for grant under the Plan.

Prior to the establishment of the Plan, the Company issued stock options to certain officers and key employees. The options were issued with an exercise price which approximated the fair market value of the stock on the date granted, and expire at the earlier of five years from the date granted or two weeks after employee termination. All of these options have been either exercised or canceled during the year ended September 30, 1999.

Following is a summary of stock option activity for the years ended September 30, 1999 and 1998:

	Shares	Weighted- average exercise price
Options outstanding at September 30, 1997	47,350	\$ 5.11
Granted	195,250	8.58
Canceled	(32,500)	7.98
Options outstanding at September 30, 1998	210,100	7.93
Granted	74,850	8.79
Exercised	(6,000)	.79
Canceled	(29,450)	7.50
Options outstanding at September 30, 1999	249,500	\$ 8.40

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The following table summarizes information about stock options outstanding at September 30, 1999.

Range of exercise prices	Options outstanding		Options exercisable	
	Number outstanding	Weighted-average remaining contractual life	Number exercisable	Weighted average exercise price
\$ 6.00	15,250	7.78	17,625	6.00
8.80	214,250	8.85	35,600	8.80
\$ 6.00 - 8.80	249,500	8.70	53,225	\$ 7.87

There were 16,288 options exercisable at September 30, 1998 with a weighted-average exercise price of \$3.80.

The per share weighted-average fair value of all stock options granted during the years ended September 30, 1999 and 1998 was \$2.41 and \$2.09, respectively, and was determined on the date of grant using the Black-Scholes pricing model with the following weighted-average assumptions:

	1999	1998
Expected life of options	5 years	5 years
Expected dividend yield	—	—
Risk-free interest rate	6.5%	5.5

The Company applies APB Opinion No. 25 in accounting for its Plan and, accordingly, no compensation cost has been recognized for its stock options in the financial statements. Had the Company determined compensation cost based on the fair value at the grant date for its stock options under Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation* ("SFAS No. 123"), the Company's net loss would have been increased to the pro forma amounts indicated below:

	Years ended September 30,	
	1999	1998
Net loss:		
As reported	\$ (3,442,382)	(3,006,858)
Pro forma	(3,555,382)	(3,073,858)

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Notes to Financial Statements

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Warrants

During 1996, the Company issued warrants to acquire 20,451 shares of the Company's common stock to a investment advisor as compensation for arranging the Series A CPS financing. The warrants were issued with an exercise price of \$0.92 and expire February 4, 2001. The Company reduced the original value assigned to the Series A CPS by \$103,789, representing the Company's estimate of the fair market value of the warrants at the date of issuance. All warrants remain outstanding and exercisable at September 30, 1999.

An additional consideration for a \$1 million note payable dated October 24, 1996, the Company agreed to the lending institution warrants to purchase up to 36,806 shares of the Company's common stock at an exercise price of \$0.91 per share. Of the net proceeds of \$980,574 related to the debt and warrants, the Company allocated \$340,768 to the warrants (additional paid-in capital) and \$639,086 to the note payable. The warrants also included a Put Agreement whereby the lending institution could require the Company to purchase the warrants at any time after January 27, 2001 at a purchase price equal to the fair market value of the shares of common stock available upon exercise of the warrants. These warrants were repurchased by the Company during the year ended September 30, 1998 for \$340,768.

An additional consideration for the \$10 million credit facility described in note 5, the Company agreed to the lending institution warrants to purchase up to 16,708 shares of the Company's common stock at an exercise price of \$0.91 per share. The fair market value of the warrants at the date of issuance was calculated by the Company to be \$144,266, which was recorded as additional paid-in capital and as financing costs to be amortized to interest expense over the term of the Agreement. The warrants include a Put Agreement whereby the lending institution can require the Company to buy the warrants at any time after the earlier of October 31, 2000 or the termination of the financing arrangement at a purchase price equal to the fair market value of the shares of common stock issuable upon exercise of the warrants. All of these warrants remain outstanding and exercisable at September 30, 1999.

Related Party Disclosures

As described in note 5, the Company has outstanding notes payable totaling \$237,804 and \$255,578 as of September 30, 1999 and 1998, respectively, which are owed to family members of the President of the Company.

CRC INTERNATIONAL, INC.
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Related party transactions during and for the years ended September 30, 1999 and 1998 are as follows:

	<u>1999</u>	<u>1998</u>
Payments on related party notes payable	\$ 15,774	13,989
Interest expense on related party borrowings	29,611	32,399

(10) Commitments and Contingencies

(a) Profit Sharing Plan

The Company sponsors a defined contribution plan covering substantially all of its employees. Employees may make pretax contributions of up to 15% of their base compensation, subject to Internal Revenue Service limitations. The Company, at its discretion, may make matching contributions to the Plan. Company contributions to the Plan during the years ended September 30, 1999 and 1998 were approximately \$13,000 and \$9,000, respectively.

(b) Vendor Relationships

As the Company is in the business of reselling long distance services, it relies on other facilities-based carriers to provide transmission circuits. In order to obtain maximum pricing discounts with these carriers, the Company negotiates contracts which include minimum purchase commitments. As of September 30, 1999, the Company has one significant commitment under agreements with service providers: the agreement requires the Company to purchase a minimum of \$12 million in usage for the three-year period ended June 30, 2000. The Company believes that it is in compliance with all contractual obligations as of September 30, 1999 and, accordingly, no contingent liabilities have been accrued related to these vendor contracts. Should the Company cancel such contracts or fail to meet the minimum purchase commitments, contingent payments equal to the unused portion of the minimum purchase commitments will be owed to these vendors.

(c) Legal Matters

The Company is involved in various claims and litigation arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters is not expected to have a material adverse effect on the financial position or results of operations of the Company.

(11) Supplemental Cash Flow Information

Cash paid for interest for the years ended September 30, 1999 and 1998 was approximately \$728,000 and \$756,000, respectively.

CRC INTERNATIONAL, INC.
dba Network One

Notes to Financial Statements

September 30, 1999 and 1998

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Supplemental disclosure of noncash financing and investing activities:

During the years ended September 30, 1999 and 1998, the Company entered into capital lease obligations totaling \$92,535 and \$342,334, respectively, for certain property and equipment.

During the years ended September 30, 1999 and 1998, the Company accrued dividends of \$360,000 and \$345,000, respectively, related to Series A, Series B, and Series C UPS.

During the years ended September 30, 1999 and 1998, the Company recorded \$51,673 and \$30,981, respectively, in accretion of original issue discount on Series A, Series B, and Series C UPS.

During the year ended September 30, 1998, the Company recorded a \$640,271 noncontingent obligation payable.

(11) Concentrations and Telecommunications Industry Risk

The Company resells long distance telecommunications services to certain wholesale customers. Three significant wholesale customers accounted for approximately 16% and 15% of total revenues for the years ended September 30, 1999 and 1998, respectively, and approximately 18% and 12% of accounts receivable, net at September 30, 1999 and 1998, respectively.

The Company performs initial and ongoing credit evaluations of its customers and maintains an allowance for uncollectible accounts based on the credit worthiness of its customers as well as general economic conditions. Certain customers may be asked to provide security deposits or other forms of security. However, an adverse change in those factors could affect the Company's estimate of its bad debts.

The Company faces intense competition in providing long distance telecommunications service from many carriers, including AT&T, MCI WorldCom, and Sprint, the local exchange carriers ("LECs") and other national and regional interexchange carriers ("IXCs"), where permissible. Certain of these companies have substantially greater market share and financial resources than the Company, and some of them are the source of communications capacity used by the Company to provide its own services.

The Company's ability to transmit long distance telephone calls is dependent upon lease or resale arrangements of network capacity from other carriers. The future profitability of the Company depends on the Company's ability to maintain such arrangements on a cost-effective basis. The Company is currently dependent on four primary carriers but utilizes others to a lesser extent to supplement communication transport services. However, there can be no assurance that the Company will continue to have access, on an ongoing basis, to transmission facilities at favorable rates.

CRG INTERNATIONAL, INC.
dba Network One

Notes to Financial Statements

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The telecommunications industry is subject to rapid and significant changes in technology. While the Company does not believe that, for the foreseeable future, these changes will either materially or adversely affect the continued use of existing networks or materially hinder its ability to acquire necessary technologies, the effect of technological changes on the Company's business, including changes related to emerging wireline and wireless transmission and switching technologies, cannot be predicted.

EXHIBIT B

- 2.7.3. In addition to the other provisions in this Tariff, Customers reselling Company Services shall be responsible for all interaction and interface with their own subscribers or customers. The provision of the Service will not create a partnership or joint venture between Company and Customer nor result in a joint communications Service offering to the Customers of either the Company or the Customer.
- 2.7.4. Service furnished by the Company shall not be used for any unlawful or fraudulent purposes.
- 2.7.5. The Customer will be billed directly by the LEC for certain Dedicated Access arrangements selected by the Customer for the provisioning of direct access arrangements. In those instances where the Company at the Customer's request may act as agent in the ordering of such arrangements, the Company will bill the Customer Local Access charges.
- 2.8. Payment Arrangements
- 2.8.1. The Customer is responsible for payment of all charges for Services furnished to the Customer or its joint or Authorized Users. This responsibility is not changed due to any use, misuse, or abuse of the Customer's Service or Customer provided equipment by third parties, the Customer's employees, or the public.
- 2.8.2. The Company's bills are due upon receipt. Amounts not paid within 30 days from the Bill Date of the invoice will be considered past due. Customers will be assessed a late fee on past due amounts in the amount not to exceed the maximum lawful rate under applicable state law. If a Customer presents an undue risk of nonpayment at any time, the Company may require that Customer to pay its bills within a specified number of days and to make such payments in cash or the equivalent of cash.
- 2.8.3. In determining whether a Customer presents an undue risk of nonpayment, the Company shall consider the following factors: (A) the Customer's payment history (if any) with the Company and its affiliates, (B) Customer's ability to demonstrate adequate ability to pay for the Service, (C) credit and related information provided by Customer, lawfully obtained from third parties or publicly available, and (D) information relating to Customer's management, owners and affiliates (if any).
- 2.8.4. Disputes with respect to charges must be presented to the Company in writing within 180 days from the date the invoice is rendered or such invoice will be deemed to be correct and binding on the Customer.
- 2.8.5. If a LEC has established or establishes a Special Access surcharge, the Company will bill the surcharge beginning on the effective date of such surcharge for Special Access arrangements presently in Service. The Company will cease billing the Special Access surcharge upon receipt of an Exemption Certificate or if the surcharge is removed by the LEC.
- 2.8.6. In the event the Company incurs fees or expenses, including attorney's fees, in collecting, or attempting to collect, any charges owed the Company, the Customer will be liable to the Company for the payment of all such fees and expenses reasonably incurred.
- 2.8.7. Company will not require deposits or advance payments by Customers for Services.

Issued:

Effective:

Issued by: Gene E. Lane, Jr., President
CRG International, Inc.
2000 Riveredge Pkwy, Suite 900
Atlanta, GA 30328

EXHIBIT C

2.14. Inspection

2.14.1. The Company may, upon notice, make such tests and inspections as may be necessary to determine that the requirements of this Tariff are being complied with in the Installation, operation or maintenance of Customer or the Company equipment. The Company may interrupt the Service at any time, without penalty to the Company, should Customer violate any provision herein.

2.15. Customer Inquires and Complaints

2.15.1. Customers may direct inquiries and complaints to the Company or the Commission by using the address and toll free number set forth below:

CRG International, Inc.
2000 Riveredge Pkwy, Suite 900
Atlanta, GA 30328
(800) 569-0800

South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, South Dakota 57501
(800) 332-1782
TTY Through Relay South Dakota
(800) 877-1113

Issued:

Effective:

Issued by: Gene E. Lane, Jr., President
CRG International, Inc.
2000 Riveredge Pkwy, Suite 900
Atlanta, GA 30328

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

IN THE MATTER OF THE APPLICATION OF)	ORDER GRANTING
CRG INTERNATIONAL, INC. FOR A)	CERTIFICATE OF
CERTIFICATE OF AUTHORITY TO PROVIDE)	AUTHORITY
TELECOMMUNICATIONS SERVICES IN)	
SOUTH DAKOTA)	TC00-063

On April 5, 2000, 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 CRG International, Inc. (CRG).

CRG proposes to provide switched inbound/outbound, dedicated inbound/outbound, travel card, directory assistance and operator services. A proposed tariff was filed by CRG. The Commission has classified long distance service as fully competitive.

On April 6, 2000, the Commission electronically transmitted notice of the filing and the intervention deadline of April 21, 2000, to interested individuals and entities. No petitions to intervene or comments were filed and at its May 17, 2000, meeting, the Commission considered CRG's request for a certificate of authority. Commission Staff recommended granting a certificate of authority, subject to the condition that CRG not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission.

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

ORDERED, that CRG's application for a certificate of authority is hereby granted, effective June 5, 2000, subject to the condition that CRG not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission. It is

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

Dated at Pierre, South Dakota, this 23rd day of May, 2000.

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.
<u>Melanie Kelbo</u>
Date <u>5/25/00</u>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

CERTIFICATE OF AUTHORITY

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

Authority was Granted May 17, 2000, effective June 5, 2000
Docket No. TC00-063

This is to certify that

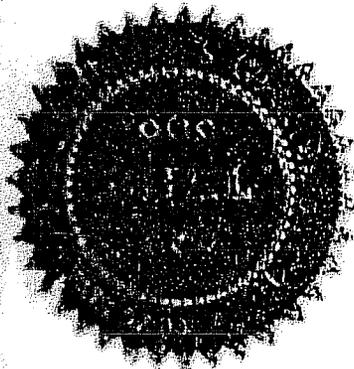
CRG INTERNATIONAL, INC.

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 23rd day of May, 2000.

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION:



James A. Burg

JAMES A. BURG, Chairman

Pam Nelson

PAM NELSON, Commissioner

Laska Schoenfelder

LASKA SCHOENFELDER, Commissioner