

TC03-114

KF/BB

In the Matter of IN THE MATTER OF THE
 APPLICATION OF YAK
 COMMUNICATIONS (AMERICA) INC.
 FOR A CERTIFICATE OF AUTHORITY
 TO PROVIDE INTEREXCHANGE
 TELECOMMUNICATIONS SERVICES IN
 SOUTH DAKOTA

Public Utilities Commission of the State of South Dakota

DATE	MEMORANDA
7/16 03	<i>Filed and Docketed;</i>
7/17 03	<i>Stubby Filing;</i>
8/1 03	<i>Amended Application;</i>



THE KDW GROUP

Suite 500
1200 19th Street, NW
Washington, DC 20036
tel (202) 955-9659
fax (202) 955-9792
thekdwgroup.com

IC03-114

RECEIVED

JUL 16 2003

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

DIRECT LINE: (202) 955-9600

EMAIL: kbarker@kelleydrye.com

July 14, 2003

VIA UPS

Ms. Debra Elofson
Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501

Re: Application of Yak Communications (America) Inc.

Dear Ms. Elofson:

Enclosed please find for filing one original and ten (10) copies of the Application of Yak Communications (America) Inc. to provide Interexchange Telecommunications Services within the State of South Dakota. A check in the amount of \$250 is included to cover the requisite filing fee.

Please date stamp the duplicate of this filing and return it in the enclosed self-addressed, postage prepaid envelope. Thank you for your assistance in this matter and please feel free to contact me if you have any questions or concerns.

Respectfully submitted,

Katherine E. Barker

Enclosures

Before the
STATE OF SOUTH DAKOTA
PUBLIC UTILITIES COMMISSION

RECEIVED

JUL 16 2003

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Application of)
)
YAK COMMUNICATIONS (AMERICA) INC.)
)
For a Certificate of Authority)
Necessity to Provide Resold Interexchange)
Telecommunications Services in the)
State of South Dakota)

Docket No. _____

APPLICATION OF
YAK COMMUNICATIONS (AMERICA) INC.

Yak Communications (America) Inc. ("Yak" or "Applicant") hereby respectfully requests that the Public Utilities Commission ("Commission") grant it a Certificate Authority to provide resold interexchange telecommunications services throughout the State of South Dakota.

In support of this Application, Yak submits the following information:

I. The Applicant.

1. Yak Communications (America) Inc. is a corporation organized under the laws of the State of Florida on March 8, 2001. Yak is headquartered at 55 Town Centre Court, Suite 610, Scarborough, Ontario, Canada M1P 4X4. The telephone number for Yak's corporate headquarters in (416) 296-7111. The Company's Federal Tax ID Number is 98-0349282. A copy of Yak's Articles of Incorporation is attached hereto as *Exhibit A*.

2. Yak is authorized to transact business in the State of South Dakota as a foreign business entity. A copy of the qualifying document is attached hereto as *Exhibit B*. The registered agent of Yak for service of process in South Dakota is :

Corporation Service Company
503 S Pierre
Pierre, SD 57501-4522

3. Charles Zwebner is the President and sole Director of Yak. Correspondence to Mr. Zwebner may be addressed to him at Yak's corporate headquarters, 55 Town Centre Court, Suite 610, Scarborough, Ontario, Canada M1P 4X4. Mr. Zwebner may also be reached by telephone, at (416) 296-7111.

4. Yak Communications (America) Inc. is a direct wholly owned subsidiary of Yak Communications (USA) Inc. Yak Communications (USA) Inc. is a Florida corporation formed on December 24, 1998, and is headquartered at 55 Town Centre Court, Suite 610, Scarborough, Ontario, Canada M1P 4X4. Yak Communications (USA) Inc., by its other wholly owned subsidiary, Yak Communications (Canada) Inc., provides international long distance discount services to business and residential customers in Canada, primarily by use of a 10-10-access platform. Yak Communications (Canada) Inc. is a Florida corporation formed on October 15, 1998, and is headquartered at 55 Town Centre Court, Suite 610, Scarborough, Ontario, Canada M1P 4X4. Yak Communications (Canada) Inc. is authorized to provide facilities-based and resold International Telecommunications Services throughout Canada by a Class B License, effective April 16, 1999, and began its telecommunications operations in Canada in June, 1999.

5. Yak is in the process of obtaining authorizations to provide resold interexchange telecommunications services nationwide. At the present time, the Applicant is authorized to provide telecommunications services the following states: California, Colorado, Florida, Georgia, Illinois, Indiana, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, Oregon,

Pennsylvania, Rhode Island, Texas, Vermont and Washington. The Applicant is currently providing service on an unregulated basis in Virginia.

6. Yak has not been denied authority to provide telecommunications services in any state. The Applicant has never been under investigation, fined or cited for violation of any consumer protection law or regulation in any state or federal jurisdiction.

II. Designated Contacts.

7. The designated contact for all matters concerning this Application are:

Katherine E. Barker
THE KDW GROUP, LLC
1200 19th Street, N.W. Suite 500
Washington, D.C. 20036
Tel. (202) 955-9669
Fax (202) 955-9792

8. Copies of all correspondence, notices, inquiries and orders should also be sent to the designated representative for the Applicant, and the Applicant's initial contact for all regulatory and tariff matters:

Ms. Robin Clarke
Executive Administrator
YAK COMMUNICATIONS (AMERICA) INC.
55 Town Centre Court, Suite 610
Scarborough, Ontario M1P 4X4 CANADA
Tel. (416) 279-1364
Fax (416) 279-1437

III. Description of Proposed Services and Authority Requested.

9. By this Application, Yak seeks authority to provide a full array of resold interLATA and intraLATA interexchange telecommunications services to business and residential customers in the State of South Dakota. Specifically, Yak seeks authority to provide basic "1+" long distance services, otherwise known as Message Telecommunications Service ("MTS"), 10-10 casual calling services, and toll-free services. At a later date, Yak may expand

its long distance offerings, to include a broader range of interexchange products and services.

Yak seeks authority to provide telecommunications services on a statewide basis, and intends to target its marketing to residential customers in ethnic markets.

10. At the present time, Yak intends to resell the interexchange telecommunications services of eMeritus Communications, Inc. However, the Applicant may in the future resell the interexchange telecommunications services of other carriers appropriately certificated by the Commission.

IV. Qualifications of the Applicant.

11. Yak possesses the technical, managerial and financial qualifications to provide the interexchange telecommunications services for which authority is requested by this Application.

A. Technical and Managerial Qualifications.

12. Collectively, the members of Yak's management team have significant experience in the critical functions of network operations, telecommunications product development, sales and marketing, business management and finance. Indeed, these individuals acquired such experience by their work in various segments of the telecommunications industry prior to assuming their managerial roles in the development of Yak Communications (Canada) Inc., which has thrived as a provider of long distance services in Canada since 1999. The brief biographies of Yak's management team, attached hereto as *Exhibit C*, demonstrate the managerial and technical competence of the Applicant.

13. As a reseller of interexchange telecommunications services, Yak will necessarily rely upon the technical quality of its underlying carrier, eMeritus Communications, Inc. However, Yak will take all possible steps to ensure that the services it provides meet or exceed the Commission's standards for quality.

B. Financial Qualifications.

14. As a newly formed company, Yak does not have significant financial statements of its own, however, with the support of its affiliates, Yak has sufficient financial capability to provide the resold interexchange telecommunications services requested by this Application, and to compete effectively in the market for such services in South Dakota. As a reseller, Yak will not require the extraordinary financial resources necessary to deploy telecommunications facilities.

Furthermore, the Applicant will have access to financial resources generated by the telecommunications operations of its related entities, Yak Communications (USA) Inc. and Yak Communications (Canada) Inc., in Canada. Attached hereto as *Exhibit D* are copies of the audited financial statements for Yak Communications (USA) Inc. and Yak Communications (Canada) Inc., for the period ending June 30, 2002, including Balance Sheet, Statement of Income, Statement of Deficit, Statement of Cash Flows, Schedule of Expenses and Auditor's Notes.

V. Customer Service Policies.

15. Yak shall provide its customers with a single point of contact for the resolution of questions, concerns and complaints. A staff of trained customer service personnel will be readily available to respond to all customer calls, and will be equipped with the expertise to immediately resolve the most common customer service issues. For immediate personal assistance, customers may contact Yak's Call Centre toll-free, at 1-866-925-2355. The Call Centre is staffed from 7 a.m. until 1 a.m., Monday through Friday, and from 9 a.m. until 9 p.m., Saturday and Sunday. Customers may also present their questions, complaints and concerns to Yak in writing, at the following address:

Yak Communications (America) Inc.
344 Maple Avenue West
352
Vienna, VA 22180

16. Yak's customers will be billed by Billing Concepts Inc., a third party billing service employed by Yak. All charges for long distance telecommunications services payable to Yak will appear on the monthly bill issued by the customers' local telecommunications service provider. For billing inquiries, customers may utilize the toll-free number for Billing Concepts Inc., 1-800-460-0556, which shall appear on each monthly bill. All customer inquiries received at this toll-free number, with regard to charges billed by Yak, will be automatically routed to Yak's Call Centre as Yak intends that such inquiries be handled by its own customer service personnel. Yak will ensure that all bills are in compliance with the Commission's rules and regulations.

17. Yak intends to resolve all billing disputes in the quickest possible manner, by means of an escalating review process. In the event that Yak is unable to resolve a billing dispute, the affected customer may file a complaint with the Commission. A description of the customers' rights with regard to disputed Yak invoices, as well as the appropriate Commission contact for the resolution of billing disputes, is provided in Yak's Proposed Tariff.

VI. Proposed Tariff.

18. Yak intends to provide resold interexchange telecommunications services pursuant to the terms and conditions set forth in its Proposed Tariff, attached hereto as *Exhibit E*. The Applicant will file a Final Tariff, in accordance with the Commission's procedures, prior to providing telecommunications services in South Dakota.

VII. Regulatory Treatment.

19. The Applicant hereby agrees to abide by all statutes, orders, rules and regulations promulgated by the Commission, unless the application of such is waived by the Commission, or otherwise preempted by the FCC or by federal statute.

20. As a competitive provider of telecommunications services in South Dakota, the Applicant respectfully requests that it be subject to the same streamlined treatment applicable to other competitive carriers.

VIII. Public Interest Considerations.

21. The Applicant's entry into the market for resold interexchange telecommunications services in South Dakota will serve the public interest. Yak is well qualified to offer high quality, innovative telecommunications services to customers in South Dakota at competitive rates. Consequently, Yak's presence will contribute to competition in the market for resold interexchange telecommunications services in South Dakota. Over time, the growth of telecommunications competition will bring about improved service offerings at increasingly competitive prices to the benefit of a broad range of consumers in South Dakota. Furthermore, the diversity of telecommunications providers in South Dakota will create market incentives, product innovation, improved service quality, and greater consumer responsiveness.

WHEREFORE, Yak Communications (America) Inc. respectfully requests that the Public Utilities Commission grant it a Certificate Authority to provide resold interexchange telecommunications services in the State of South Dakota.

Respectfully submitted,

YAK COMMUNICATIONS (AMERICA) INC.

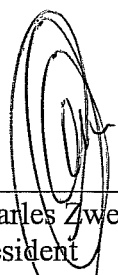
By: Brett Heather Freedson
Brett Heather Freedson
KELLEY DRYE & WARREN LLP
1200 19th Street, N.W. Suite 500
Washington, D.C. 20036

Katherine E. Barker
Senior Consultant
The KDW Group, LLC
1200 19th Street NW, Suite 500
Washington, DC 20036

Dated:

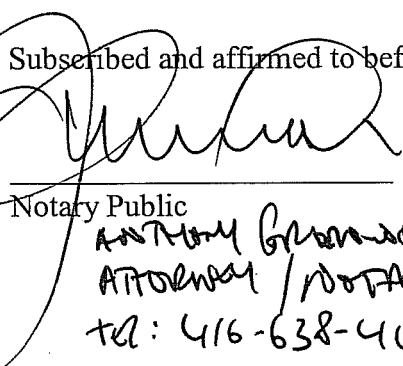
VERIFICATION

I, Charles Zwebner, am authorized to represent Yak Communications (America) Inc., and to make this verification on its behalf. The statements in the foregoing document relating to Yak Communications (America) Inc., except as otherwise specifically attributed, are true of my own knowledge, except as to matters that are stated herein on information or belief, and as to those matters, I believe them to be true. I declare under penalty of perjury that the foregoing is true and correct.



Name: Charles Zwebner
Title: President

Subscribed and affirmed to before me on this 08th day of February, 2003.



Notary Public
ANTHONY BRONSON
ATTORNEY / NOTARY
tel: 416-638-4100



EXHIBIT A

ARTICLES OF INCORPORATION

State of Florida



Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of YAK COMMUNICATIONS (AMERICA), INC., a Florida corporation, filed on March 8, 2001, as shown by the records of this office.

The document number of this corporation is P01000025574.

Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capitol, this the
Thirteenth day of March, 2001



CR2EO22 (1-99)

Katherine Harris

Katherine Harris
Secretary of State

ARTICLES OF INCORPORATION
OF
YAK COMMUNICATIONS (AMERICA), INC.

FILED

01 MAR -8 AM 8:49

SECRETARY OF STATE
TALLAHASSEE, FLORIDA

ARTICLE I - NAME AND BUSINESS ADDRESS

The name of this Corporation is Yak Communications (America), Inc. Its principal office address and business mailing address is 55 Town Centre, #610, Scarborough, Ontario, Canada M1P 4X4.

ARTICLE II - DURATION

The Corporation shall have a perpetual existence.

ARTICLE III - PURPOSE

The purpose of this Corporation is to engage in any activities or business permitted under the Laws of the United States and Florida.

ARTICLE IV - CAPITAL STOCK

The maximum number of shares which this Corporation is authorized to have outstanding at any time is 10,000 shares of common stock, having a par value of \$.01 per share.

ARTICLE V - INITIAL
REGISTERED OFFICE AND AGENT

The street address of the initial registered office of this Corporation shall be 2601 South Bayshore Drive, Suite 1600, Miami, Florida 33133, and the initial registered agent of this Corporation at such office shall be Dennis J. Olle, Esq., who upon accepting this designation agrees to comply with the provisions of Chapters 48 and 607, Florida Statutes as amended from time to time, with respect to keeping an office open for service of process.

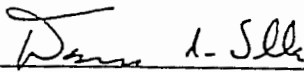
ARTICLE VI - INITIAL BOARD OF DIRECTORS

The initial Board of Directors shall consist of one member. The number of directors may be increased or decreased from time to time by vote of the Board of Directors, but in no case shall the number of directors be less than one nor more than nine. The name and address of the director constituting the initial Board of Directors is:

<u>Name</u>	<u>Address</u>
Charles Zwebner	55 Town Centre, #610 Scarborough, Ontario, Canada M1P 4X4

ARTICLE VII - INCORPORATOR

The name and street address of the person signing these Articles of Incorporation is:

<u>Name</u>	<u>Address</u>
Dennis J. Olle, Esq.	Adorno & Zeder, P.A. 2601 South Bayshore Drive Suite 1600 Miami, Florida 33133  _____ Dennis J. Olle, Esq., Incorporator

State of Florida



Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of YAK COMMUNICATIONS (AMERICA), INC., a Florida corporation, filed on March 8, 2001, as shown by the records of this office.

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Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capitol, this the
Thirteenth day of March, 2001



CR2EO22 (1-99)

Katherine Harris

Katherine Harris
Secretary of State

ARTICLES OF INCORPORATION
OF
YAK COMMUNICATIONS (AMERICA), INC.

FILED
01 MAR -8 AM 8:49
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

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ARTICLE VI - INITIAL BOARD OF DIRECTORS

The initial Board of Directors shall consist of one member. The number of directors may be increased or decreased from time to time by vote of the Board of Directors, but in no case shall the number of directors be less than one nor more than nine. The name and address of the director constituting the initial Board of Directors is:

<u>Name</u>	<u>Address</u>
Charles Zwebner	55 Town Centre, #610 Scarborough, Ontario, Canada M1P 4X4

ARTICLE VII - INCORPORATOR

The name and street address of the person signing these Articles of Incorporation is:

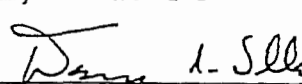
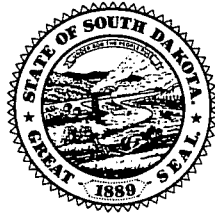
<u>Name</u>	<u>Address</u>
Dennis J. Olle, Esq.	Adorno & Zeder, P.A. 2601 South Bayshore Drive Suite 1600 Miami, Florida 33133  Dennis J. Olle, Esq., Incorporator

EXHIBIT B

QUALIFICATION TO TRANSACT BUSINESS AS A FOREIGN BUSINESS ENTITY

State of South Dakota



OFFICE OF THE SECRETARY OF STATE

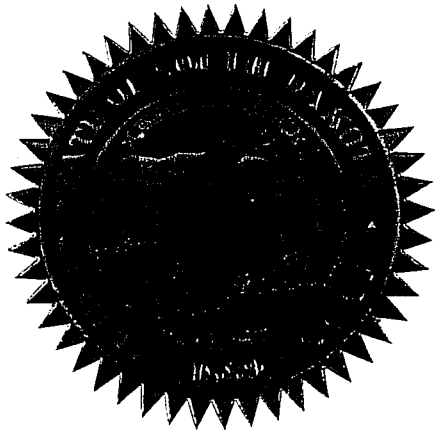
Certificate of Authority

ORGANIZATIONAL ID #: FB027280

I, **Chris Nelson**, Secretary of State of the State of South Dakota, hereby certify that the Application for a Certificate of Authority of **YAK COMMUNICATIONS (AMERICA), INC. (FL)** 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 May 2, 2003.



Chris Nelson

Chris Nelson
Secretary of State



Secretary of State
 State Capitol
 500 E. Capitol Ave.
 Pierre SD 57501
 Phone 605-773-4845
 Fax 605-773-4550

Filed this _____ day of _____

Ch. Nelson
 SECRETARY OF STATE

Application for Certificate of Authority

FILE NO. _____

RECEIPT NO. _____

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FEB 25 '03

MAY 02 '03

S.D. SEC. OF STATE

S.D. SEC. OF STATE

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FEB 25 '03

S.D. SEC. OF STATE

Pursuant to the provisions of SDCL 47-8-7, the undersigned corporation hereby applies for a Certificate of Authority to transact business in the State of South Dakota and for that purpose submits the following statement:

(1) The name of the corporation is Yak Communications (America), 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 Florida Federal Taxpayer ID# 98-0349282

(4) The date of its incorporation is March 8, 2001 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 2601 South Bayshore Drive, Suite 1600, Miami, Florida Zip Code 33133
 mailing address if different from above is: 55 Town Centre Court, #610, Scarborough, Ontario, Canada
 Zip Code M1P 4X4

(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 503 South Pierre Street, Pierre, SD 57501 Zip Code _____
 and the name of its proposed registered agent in the State of South Dakota at that address is Corporation Service Company

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

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

Name	Officer Title	Street Address	City	State	Zip
<u>Charles Zwebner</u>	<u>President/Secretary</u>	<u>55 Town Centre Court, Scarborough, Ontario, Canada</u>	<u>M1P 4X4</u>		
<u>Charles Zwebner</u>	<u>Treasurer/Director</u>	<u>55 Town Centre Court, Scarborough, Ontario, Canada</u>	<u>M1P 4X4</u>		
_____	_____	_____	_____		
_____	_____	_____	_____		

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

Number of Shares	Class	Series	Par value per share or statement that shares are without par value
<u>10,000</u>	<u>Common</u>		<u>\$.01</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
10,000	Common		\$.01

(11) The amount of its stated capital is \$ 100.00
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 therefore.

(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 September 30, 2002

(Signature)
President

(Title)

STATE OF Ontario
COUNTY OF _____

I, Anthony Greenwood, a notary public, do hereby certify that on this 30 day of 09, 2002, personally appeared before me Charles Zwebner who, being by me first duly sworn, declared that he/she is the President of Yak Communications (America), Inc., that he/she signed the foregoing document as officer of the corporation, and the statements therein contained are true.

N/K Camden Notary
My Comm. Expires _____

(Notary Public)
ANTHONY GREENWOOD
ATTORNEY-IN-CHARGE (NOTARY)
TEL. 416-638-4600

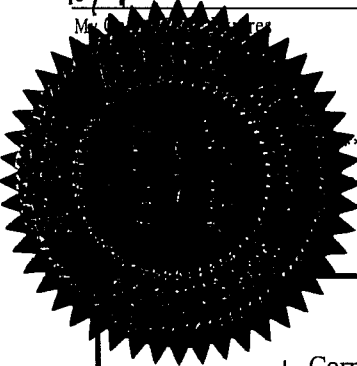
ent of Appointment below must be signed by the registered agent listed in number six.

Consent of Appointment by the Registered Agent

I, Corporation Service Company, hereby give my consent to serve as the registered agent for Yak Communications (America), Inc.
(name of registered agent)
(corporate name)

Dated 2/24 2003

Corporation Service Company
By: [Signature]
(signature of registered agent)



State of Florida



Department of State

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MAY 02 '03
FEB 25 '03
S.D. SEC. OF STATE
S.D. SEC. OF STATE

RECEIVED

APR 25 '03

S.D. SEC. OF STATE

I certify from the records of this office that YAK COMMUNICATIONS (AMERICA), INC., is a corporation organized under the laws of the State of Florida, filed on March 8, 2001.

The document number of this corporation is P01000025574.

I further certify that said corporation has paid all fees due this office through December 31, 2002, that its most recent annual report/uniform business report was filed on May 21, 2002, and its status is active.

I further certify that said corporation has not filed Articles of Dissolution.

Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capitol, this the
Twenty-first day of February, 2003



CR2EO22 (1-03)

Ken Detzner

Ken Detzner
Secretary of State

EXHIBIT C

MANAGEMENT BIOGRAPHIES

MANAGEMENT BIOGRAPHIES FOR YAK COMMUNICATIONS (AMERICA) INC.

Charles Zwebner:

Founder, President, Chief Executive Officer

Prior to founding Yak Communications (America) Inc. in 1998, Mr. Zwebner served as the President of CardCaller Canada Inc. ("CardCaller"), and as a member of CardCaller's Board of Directors, for six years. Mr. Zwebner founded CardCaller in 1992, and remained significantly involved in the corporation's design, development, production, and manufacture of the first Canadian fixed amount prepaid multilingual telephone calling card. Prior to founding CardCaller, Mr. Zwebner served as Vice President of the Mortgage Department of Concinnity Corporation, Inc. from 1987-1992, where he handled underwriting, management, and syndication of residential and commercial mortgage portfolios. Mr. Zwebner holds a B.A. in Computer Science and Business Administration from York University.

Robin Clarke:

Executive Administrator

Ms. Clarke has several years of management experience in the telecommunications industry. Prior to joining Yak Communications (America) Inc., Ms. Clarke managed several major telecommunications projects, including the establishment of a new "One Plus" department, the creation of a telecommunications customer billing program, and the installation of Automated Banking Machines in the white label marketplace. Ms. Clarke also served as a customer service representative for a telecommunications service reseller.

Margaret Noble:

Controller

Since her accreditation as a Certified Management Accountant in 1985, Ms. Noble has held various accounting and strategic planning positions in the high technology, entertainment, and telecommunications industries. In particular, Ms. Noble worked to implement accounting systems and procedures for Dome Productions and Magnetic North prior to joining Yak Communications (America) Inc. Ms. Noble also served as an Advisor for the Accounting & Financial Management Advisory Committee for Centennial College, in Scarborough, Ontario. At the present time, Ms. Noble serves as the Treasurer for the United Way of Ajax/Pickering.

Jaquie Capote:

Switch and Network Engineering

Ms. Capote has an extensive background in systems design, planning, maintenance, and hardware and software installation, configuration and integration. Prior to joining Yak Communications (America) Inc., Ms. Capote was employed by AT&T Canada, most recently as a supervisor and systems administrator. Ms. Capote earned a degree in Computer Programming from Seneca College in 1992. Ms. Capote is further recognized as a Certified Technician for the Harris 20-20 Switch and as a Telecommunications Specialist by Centennial College.

Andrew Boone:

Call Centre Manager

Mr. Boone joined YAK with 10 years of Call Centre experience, 5 years of which was spent in the Telecommunications industry. Mr. Boone has been instrumental in developing sales and customer service programs in several call centres. Along with his superior communication and team building skills Mr. Boone has brought with him a quest for ultimate customer satisfaction. His exemplary customer service and sales record has helped him develop a team of Call Centre professionals second to none.

Taras Kapanaike:

Chief Technical Officer

Mr. Kapanaike has over 8 years of Telecommunications experience, holding Senior Network engineering and systems positions at AT&T Canada Inc, International Telecommunications Services, Smart Talk Network and EDS Canada. Mr. Kapanaike has an extensive background in building and maintaining complex voice networks and backend support systems while exploiting the latest technologies available, namely standard TDM to various flavors of soft switching and VoIP. Mr. Kapanaike is the former founder of TKI and Associates (April 1998 – April 2002), a telecommunications consulting company with contracts serving Aurora International, an international private line reseller, and Axxess Telecom, a wholesale prepaid long distance provider. Mr. Kapanaike holds an International Business Diploma from Centennial College and telecommunications certifications from Nortel Networks.

Angela Le Donne:

Manager Human Resources & Office Services

Ms. Le Donne holds a Bachelor of Arts degree from The University of Western Ontario. She has 5 years of telecommunications experience. She started with Sprint Canada Inc. in 1998 as the Administrative Assistant for the Project Management department. In 1999 she transitioned from Project Management to an Executive Assistant role in the Regulatory Affairs department. Also in 1999, Ms. Le Donne decided to go back to school on a part-time basis, in pursuit of her Human Resources Professional designation. She was subsequently offered a Coordinator position in the Human Resources department at Sprint Canada in 2000. With over two and a half years of Human Resources experience, she has had a great deal of exposure to the various areas of Human Resources, assisting in the area of Compensation and Benefits, Recruitment, Training and Development and Employee Relations.

Ms. Le Donne's responsibilities at Yak Communications include providing advice and counsel to hiring managers and employees on employee relations issues, benefits management, payroll administration, recruitment and HR policy development and implementation. On the Office services side, Ms. Le Donne oversees the maintenance of all office equipment, coordination of office improvements/renovations and other general office administration issues.

EXHIBIT D

FINANCIAL STATEMENTS

**CONSOLIDATED
FINANCIAL STATEMENTS**

**YAK COMMUNICATIONS (USA), INC.
AND SUBSIDIARIES**

For the years ended June 30, 2002 and 2001

HORWATH ORENSTEIN LLP
Chartered Accountants
A MEMBER OF HORWATH INTERNATIONAL



INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Yak Communications (USA), Inc.
Miami, Florida

We have audited the accompanying consolidated balance sheets of **Yak Communications (USA), Inc. and Subsidiaries (the "Company")** as of June 30, 2002 and 2001 and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 of our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Yak Communications (USA), Inc. and Subsidiaries as of June 30, 2002 and 2001 and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Horwath Brenstein L.L.P.

Chartered Accountants

Toronto, Canada
August 2, 2002



YAK COMMUNICATIONS (USA), INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2002 AND 2001

	Note	2002	2001
		\$	\$
ASSETS			
CURRENT			
Cash and cash equivalents		582,513	59,404
Accounts receivable, net	4	4,886,802	3,258,314
Prepaid expenses and sundry	14	425,783	158,749
Income taxes recoverable		6,244	6,244
Deferred costs		-	77,002
		5,901,342	3,559,713
PROPERTY AND EQUIPMENT, NET	3	2,844,112	2,531,570
DEPOSITS		63,646	55,152
LICENCE FEES		-	79,260
		8,809,100	6,225,695

The accompanying notes are an integral part of these consolidated financial statements



YAK COMMUNICATIONS (USA), INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2002 AND 2001

	Note	2002	2001
		\$	\$
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		1,146,253	962,324
Amounts due for network access and usage		523,543	668,309
Amounts due to long distance carriers		1,943,754	1,736,275
Amounts due for equipment		188,976	360,034
Due to Factor	4	3,006,017	1,580,444
Note payable	5	-	51,519
Due to related parties	6	-	216,000
Current portion of obligations under capital leases	7	129,110	253,641
		<u>6,937,653</u>	<u>5,828,546</u>
LONG-TERM DEBT			
Obligations under capital leases	7	9,970	139,866
Loan payable - related party	8	-	415,030
Advances from Telus Communications Inc.	9	143,775	-
		<u>153,745</u>	<u>554,896</u>
DEFERRED INCOME TAXES	10	204,000	-
		<u>7,295,398</u>	<u>6,383,442</u>
STOCKHOLDERS' EQUITY (DEFICIT)			
COMMON STOCK	11	201,521	194,151
SERIES A CONVERTIBLE PREFERRED STOCK	11	-	497,000
ADDITIONAL PAID-IN CAPITAL		1,732,060	764,359
ACCUMULATED OTHER COMPREHENSIVE INCOME - TRANSLATION ADJUSTMENT		67,232	31,585
DEFICIT		<u>(487,111)</u>	<u>(1,644,842)</u>
		<u>1,513,702</u>	<u>(157,747)</u>
		<u>8,809,100</u>	<u>6,225,695</u>

The accompanying notes are an integral part of these consolidated financial statements



YAK COMMUNICATIONS (USA), INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	---Common stock---		Additional	Series A		Accumulated		Stockholders'
	Shares	Amount	paid-in	Preferred stock--	Amount	other	Deficit	Equity (Deficit)
		\$	\$	Shares	\$	\$	\$	\$
Balance, June 30, 2000	3,852,400	192,124	400,386	497,000	497,000	30,499	(981,582)	138,427
Common stock issued for conversion of debt to equity	202,758	2,027	363,973	-	-	-	-	366,000
Foreign currency translation adjustment	-	-	-	-	-	1,086	-	1,086
Net loss	-	-	-	-	-	-	(663,260)	(663,260)
Balance, June 30, 2001	4,055,158	194,151	764,359	497,000	497,000	31,585	(1,644,842)	(157,747)
Foreign currency translation adjustment	-	-	-	-	-	35,647	-	35,647
Common stock issued under employee stock award	40,000	400	79,600	-	-	-	-	80,000
Common stock issued for conversion of debt to equity	200,000	2,000	396,071	-	-	-	-	398,071
Common stock issued for conversion of preferred stock into common stock	497,000	4,970	492,030	(497,000)	(497,000)	-	-	-
Dividends on preferred stock	-	-	-	-	-	-	(52,850)	(52,850)
Net income	-	-	-	-	-	-	1,210,581	1,210,581
Balance, June 30, 2002	4,792,158	201,521	1,732,060	-	-	67,232	(487,111)	1,513,702

The accompanying notes are an integral part of these consolidated financial statements

YAK COMMUNICATIONS (USA), INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED JUNE 30, 2002 AND 2001

	Note	2002	2001
		\$	\$
NET REVENUE		24,491,956	14,932,936
COST OF REVENUE		17,710,565	12,159,325
GROSS MARGIN		6,781,391	2,773,611
EXPENSES			
Selling, general and administration		3,847,433	2,468,016
Accounts receivable financing		603,490	339,648
Organizational and start-up costs		170,361	87,371
Refinancing costs		107,103	-
Employee stock award		80,000	-
Writedown of property and equipment and licence fee		67,595	-
Interest on capital lease obligations		27,529	45,449
Interest on long-term debt		-	44,846
Depreciation and amortization		463,299	451,541
		5,366,810	3,436,871
INCOME (LOSS) BEFORE INCOME TAX		1,414,581	(663,260)
PROVISION FOR INCOME TAXES	10	204,000	-
NET INCOME (LOSS)		1,210,581	(663,260)
BASIC EARNINGS (LOSS) PER SHARE		0.29	(0.17)
DILUTED EARNINGS (LOSS) PER SHARE		0.20	(0.17)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		4,175,158	3,852,400
WEIGHTED AVERAGE NUMBER OF COMMON SHARES - ASSUMING DILUTION		5,956,158	4,991,400

The accompanying notes are an integral part of these consolidated financial statements



YAK COMMUNICATIONS (USA), INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2002 AND 2001

	2002	2001
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	1,210,581	(663,260)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation and amortization	463,299	451,541
Employee stock award cost	80,000	-
Writedown of property and equipment and licence fee	67,595	-
Deferred income taxes	204,000	-
Changes in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(1,628,488)	(1,269,907)
Prepaid expenses and sundry	(267,034)	(1,127)
Deferred costs	77,002	(77,002)
Deposits	(8,494)	41,768
Increase (decrease) in:		
Accounts payable and accrued liabilities	202,617	178,732
Amounts due for network access and usage	(144,766)	511,580
Amounts due to long distance carriers	207,479	814,544
Amount due for equipment	(171,058)	234,114
Due to Factor	1,425,573	717,579
Net cash provided by operating activities	<u>1,718,306</u>	<u>938,562</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(764,176)</u>	<u>(1,004,901)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on obligations under capital leases	(254,427)	(330,373)
Repayments under loan payable	-	(109,363)
(Repayments) advances from/to related parties	(216,000)	582,000
Dividends paid	(52,850)	-
Repayments on note payable	(51,519)	(16,021)
Advances from Telus Communications Inc.	143,775	-
Net cash (used in) provided by financing activities	<u>(431,021)</u>	<u>126,243</u>
INCREASE IN CASH AND CASH EQUIVALENTS	523,109	59,904
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	59,404	(500)
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>582,513</u>	<u>59,404</u>
Supplemental disclosure of cash flow information:		
Interest paid	56,217	90,295
Non-cash investing and financing activities:		
Common stock issued for services	80,000	-
Conversion of loan payable to common stock	398,071	366,000
Conversion of preferred stock to common stock	497,000	-
Obligations under capital leases incurred in connection with acquisition of equipment	-	386,335

The accompanying notes are an integral part of these consolidated financial statements



YAK COMMUNICATIONS (USA), INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2002 AND 2001

1. ORGANIZATION AND BUSINESS

Yak Communications (USA) Inc. is a switch based reseller specializing in offering dial-around long-distance services to consumers. The Company was incorporated in the State of Florida on December 24, 1998 and operates as a holding company of its wholly-owned subsidiaries in the United States and Canada.

The Company's began offering its services to consumers in Canada in July 1999 and in the United States commencing December 2001.

The Company is dependent upon its ability to obtain ongoing sources of financing to fund its working capital requirements for continuing development and operations. While the Company has in the past, been able to maintain access to adequate external financing sources on acceptable terms, no assurance can be given that such access will continue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States and reflect the following policies:

Principles of consolidation

These consolidated financial statements include the accounts of Yak Communications (USA), Inc. and its wholly-owned subsidiaries - Yak Communications (America), Inc. and Yak Communications (Canada) Inc. (collectively hereinafter referred to as the "Company"). All intercompany balances and transactions are eliminated upon consolidation.

Revenue recognition

The Company records revenue from the sale of dial-around services and the resale of long-distance services at the time of customer usage based upon minutes of use.



YAK COMMUNICATIONS (USA), INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2002 AND 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cost of revenue

Cost of revenue includes network costs that consist of the cost of long-distance services, processing costs, line access and usage costs. These costs are recognized when incurred.

Use of estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Computation of earnings (loss) per common share

Basic earnings (loss) per share is computed by dividing the earnings (loss) attributable to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share is computed giving effect to all dilutive potential common shares that were outstanding during the period. Dilutive potential common shares consist of incremental common shares issuable upon exercise of convertible preferred stock and stock options. The effect of potential common stock has been excluded from the computation of diluted loss per share during 2001 as the effect would be antidilutive.

Foreign currency translation and foreign assets

In accordance with the provisions of Statement of Financial Accounting Standards ("SFAS"), No. 52, "Foreign Currency Translation," assets and liabilities of the Company's foreign subsidiary were translated into United States dollars at the exchange rates in effect on the reporting date. Income and expenses are translated at an average exchange rate for the respective period. For the foreign subsidiary which utilizes its local currency as its functional currency, the resulting translation gains and losses are included in other comprehensive income. Gains or losses resulting from foreign exchange transactions are reflected in earnings.

YAK COMMUNICATIONS (USA), INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2002 AND 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cash and cash equivalents

Cash and cash equivalents are comprised of cash and term deposits with original maturity dates of less than 90 days.

Deferred costs

Certain costs relating to providing services in new locations, incurred prior to the commencement of operations, are deferred and amortized over a period of one year, commencing 30 days after operations commence.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation which is provided on the straight-line and declining balance methods over the estimated useful lives of the assets as follows:

Telecom switching systems	20% declining balance
Billing, administration and customer service systems	20% declining balance
Carrier identification codes loading	20% declining balance
Office furniture and equipment	20% declining balance
Leasehold improvements	over term of the lease
Computer hardware	20% declining balance
Automobile	20% declining balance
Installed lines	20% declining balance

Cost includes major expenditures for improvements and replacements which extend useful lives or increase capacity of assets as well as expenditures necessary to place assets into readiness for use. Costs incurred during the application development stage are capitalized and amortized over the estimated useful life of the systems. Expenditures for maintenance and repairs are expensed as incurred.

YAK COMMUNICATIONS (USA), INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2002 AND 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property and equipment (cont'd)

The Company periodically evaluates the realizability of its property and equipment. In making such evaluations, the Company compares certain financial indicators such as expected undiscounted future revenues and cash flows to the carrying amount of the assets. During the year ended June 30, 2002 the Company wrote down property and equipment and licence fee with a net book value of \$67,595 and believes that no further impairment exists.

Assets under capital lease are amortized using rates consistent with similar assets.

Licence fees

The cost of license fees are deferred and amortized on a straight-line basis over 3 years.

Income taxes

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The income tax provision is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

Cost of Start-up Activities

The Company expenses the cost of start-up activities and organizational costs as incurred in accordance with statement of position 98-5 "Reporting on the Costs of Start-up Activities".



YAK COMMUNICATIONS (USA), INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2002 AND 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Advertising and promotion expense

Advertising costs are expensed as incurred. The costs of promotional marketing materials are deferred and expensed as used.

Stock option plan

The Company accounts for stock options issued to employees in accordance with SFAS No. 123, Accounting for Stock-Based Compensation, which permits entities to continue to apply the provisions of Accounting Principles Board ("APB") Opinion No.25, "Accounting for Stock Issued to Employees", and provide pro forma disclosures of the effect on net income (loss) and net income (loss) per share for employee stock option grants as if the fair value based method, as defined in SFAS No. 123, has been applied. The Company has elected to apply the provisions of APB Opinion No. 25 and provide the pro forma disclosures required by SFAS No. 123. Under APB Opinion No. 25, the Company recognizes no compensation expense related to employee stock options, as no options are granted at a price below the fair market value on the day of grant.

Comprehensive income

The Company reports and presents comprehensive income and its components in accordance with SFAS No. 130, Reporting Comprehensive Income. SFAS No. 130 requires only additional disclosures in the consolidated financial statements; it does not affect the Company's financial position or results of operations.

Other comprehensive income is comprised of the foreign translation adjustment arising from the conversion from Canadian dollars to U.S. dollars and is presented as a separate component of stockholders' equity.

YAK COMMUNICATIONS (USA), INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001

2002 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Comprehensive income (cont'd)

Comprehensive income for the years ended June 30, 2002 and 2001 are as follows:

	\$	\$
Net income (loss)	1,210,581	(663,260)
Foreign currency translation adjustment	35,647	1,086
	1,246,228	(662,174)

Fair value of financial instruments

SFAS No. 107, Disclosures About Fair Value of Financial Instruments, requires disclosure of the fair value of certain financial instruments for which it is practicable to estimate fair value. For purpose of the disclosure requirements, the fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. The carrying values of cash, receivables, accounts payable, and other current liabilities are reasonable estimates of their fair value due to the short-term maturity of the underlying financial instruments. The carrying value of the capital leases is a reasonable estimate of its fair value based on current rates for equipment obligations.

The estimated difference between the carrying value and the fair value of the loan payable to a related party in which no interest has been charged is not significant. As of December 31, 2001, this loan was repaid by the issuance of 200,000 common shares of the Company.

YAK COMMUNICATIONS (USA), INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001

2002 2001

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of trade accounts receivable. The Company has in place systems to prevent and detect fraud. The Company's system limits credit to any one customer in the amount of \$225 without formal approval. On occasion, defaults occur on receivables. The Company makes a provision when deemed necessary. As of June 30, 2002 and June 30, 2001, the allowance for doubtful accounts was approximately \$19,600 and \$198,200, respectively.

Reclassifications

Certain classifications were made to prior year balances to conform to the current year presentation.

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Cost	Accumulated depreciation	-----Net book value-----	
	\$	\$	\$	\$
Telecom switching systems	2,596,401	741,299	1,855,102	1,857,787
Billing, administration and customer service systems	749,267	197,961	551,306	413,189
Carrier identification codes loading	133,573	11,237	122,336	40,108
Office furniture and equipment	45,928	9,388	36,540	9,314
Leasehold improvements	38,351	11,201	27,150	11,949
Computer hardware	38,535	4,908	33,627	46,949
Automobile	13,581	3,776	9,805	12,014
Installed lines	257,830	49,584	208,246	140,260
	3,873,466	1,029,354	2,844,112	2,531,570



YAK COMMUNICATIONS (USA), INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001

3. PROPERTY AND EQUIPMENT (cont'd)

Telecom switching systems include assets under capital leases having a net book value of \$858,000 as of June 30, 2002 and \$1,072,000 as of June 30, 2001.

Depreciation expense for property and equipment including equipment under capital leases for the years ended June 30, 2002 and 2001 was \$423,000 and \$413,000, respectively.

4. DUE TO FACTOR

The amounts due to factor are secured by a pledge of the Company's accounts receivable (see note 8). The Company has an agreement to sell an undivided interest in certain accounts receivable with recourse to a Factor. Payments are collected by the Factor from the sold accounts receivable; the collections are reinvested by the Factor in new accounts receivable of the Company, and a yield, as defined in the agreement is transferred to the Factor. As at June 30, 2002, the amount sold under the agreement, expiring February 2004, that had not been collected was \$3,808,000 (June 30, 2001 - \$2,393,000) which will be forwarded to the Company once collected after repayment of the Factor's advances.

5. NOTE PAYABLE

The note is payable to a director and shareholder which bears interest at 8% and is due July 31, 2002. The note was repaid in full during the current year.

6. DUE TO RELATED PARTIES

The amounts due to a corporation controlled by a shareholder are non-interest bearing and due on demand. The amounts were repaid in full during the current year.

YAK COMMUNICATIONS (USA), INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2002 AND 2001

7. OBLIGATIONS UNDER CAPITAL LEASES

The Company's capital leases are for terms of 24 months at annual interest rates ranging from 9.25% to 10.50%.

The future minimum lease payments required under the capital lease agreements are as follows:

	\$
2003	135,451
2004	<u>10,055</u>
Total minimum lease payments	145,506
Amounts representing interest	<u>6,426</u>
Principal	139,080
Current portion	<u>129,110</u>
	<u>9,970</u>

8. LOAN PAYABLE - RELATED PARTY

The Company has entered into an agreement with a corporation (lender), which is controlled by a shareholder and director of the Company to provide cash advances or third party loans up to \$435,000 based upon available accounts receivable. The cash advances bear interest at 12% and the interest rate on any third party advances shall not exceed the bank's prime rate plus 1-1/2%. The lender has agreed to waive any interest calculated on its cash advances provided the credit is not in default. As security for these advances, the Company has agreed to pledge its accounts receivable (subordinate to the prior pledge disclosed in note 4) and has provided a general security agreement over all its assets. This agreement expires March 15, 2006 at which time the loan is due on demand. As of June 30, 2001, \$415,030 was advanced under this agreement. On December 31, 2001, this loan which had a balance of \$398,071 was repaid by the issuance of 200,000 shares of the Company's common stock.



YAK COMMUNICATIONS (USA), INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2002 AND 2001

9. DUE TO TELUS COMMUNICATIONS INC. (Telus)

Telus provides the Company with marketing credits to a total maximum value of \$3,250,000. The marketing credits are calculated as 25% of the value of monthly billed revenue to the Company by Telus in the preceding month to a maximum of \$270,000 per month.

The Company is restricted to spend this amount on advertising and promotional activities within sixty days of the credits being advanced to the Company.

Marketing credits will be repaid commencing July 1, 2003 and ending June 30, 2006. Repayments are by way of paying an additional \$0.005/minute, at a minimum of \$90,000 per month. The repayments are non-interest bearing as long as no payments are in default.

10. DEFERRED INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The deferred tax liabilities of June 30, 2002 relate to the difference between the depreciation used for Canadian tax purposes and financial reporting purposes.

As of June 30, 2002, the Company has net operating loss carryforwards for U.S. Federal income tax purposes of \$300,000 which may provide future income tax benefits expiring between 2020 and 2020.

Realization of the net operating loss carryforward is dependant on generating sufficient taxable income before expiration of the loss carryforwards. As such Management has provided a valuation allowance for the full amount of the deferred tax asset of \$100,000 as of June 30, 2002 related to the U.S. operations.

YAK COMMUNICATIONS (USA), INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2002 AND 2001

11. CAPITAL STOCK

Common stock

100,000,000 shares authorized, no par value, stated value \$0.01 per share.

On June 29, 2001, 202,758 common shares were issued for the conversion of a debt to a related party of \$366,000.

On December 28, 2001, 40,000 common shares were issued to employees under an employee stock award.

On December 31, 2001, 200,000 common shares were issued for the conversion of a debt to a related party of \$398,071.

Series A convertible preferred stock

500,000 shares authorized, par value \$1.00 per share.

These shares are convertible at the holders' option into common stock at a conversion rate of one share of common stock for each share of Series A preferred stock. The holders of Series A preferred stock are entitled to receive an annual cash dividend of 4% per share. The dividend arrearage on the Series A convertible preferred stock is \$32,700 at June 30, 2001. The Company may redeem the Series A preferred stock at a redemption price of \$1.00 per share. On June 30, 2001, 497,000 shares of Series A preferred stock were converted into common stock.

YAK COMMUNICATIONS (USA), INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2002 AND 2001

12. COMMITMENTS

The Company has lease commitments for its premises which expire at various dates through March 2007. The future minimum lease payments are as follows:

	§
2003	117,000
2004	80,000
2005	80,000
2006	77,000
2007	25,000

13. STOCK OPTION PLAN

Effective June 30, 1999, the Company adopted a Stock Option Plan (the "Plan") which permits the issuance of stock options to selected employees and directors. The Company reserved 640,000 shares of common stock for grant under the Plan. Options granted may be either nonqualified or incentive stock options and will expire no later than 20 years from the date of grant (10 years for incentive options). No options have been issued under this plan.

On December 21, 2000, nonqualified options for 1,284,000 common shares were granted to an individual who is a director and chief executive officer and are exercisable at \$1.56 per share on or before December 31, 2003, or upon the sale of the Company. In the event of the chief executive officer's death or termination of employment prior to the exercise of the options and before December 31, 2003, the Company is obligated to purchase the optioned shares at a price equal to the fair market value of the shares less the option price. The purchase consideration of the option shares shall be in stock of the Company.

If compensation cost for the Company's grants for stock-based compensation had been recorded consistent with the fair value-based method of accounting per SFAS No. 123, the Company's pro forma net income (loss), and pro forma basic and diluted net income (loss) per share for the years ending June 30, would be as follows:



YAK COMMUNICATIONS (USA), INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2002 AND 2001

	2002	2001
13. STOCK OPTION PLAN (cont'd)		
	\$	\$
Net income (loss) as reported	1,210,581	(663,260)
Pro forma net income (loss)	645,621	(1,228,220)
Basic net income (loss) per share		
As reported	0.29	(0.17)
Pro forma	0.15	(0.25)
Diluted net income (loss) per share		
As reported	0.20	(0.17)
Pro forma	0.11	(0.25)

14. RELATED PARTY TRANSACTIONS

- (a) Office rent of \$72,000 was paid and property and equipment of \$25,624 was purchased from a corporation of which the Company's chairman is a shareholder and director.
- (b) The Company paid marketing and design fees for the years ending June 30, 2002 and 2001 of \$70,125 and \$70,763 respectively to a corporation controlled by an officer and shareholder.
- (d) The Company paid professional fees for the years ending June 30, 2002 and 2001 of \$72,038 and \$14,344 respectively to a director and minority shareholder.
- (e) The Company paid consulting fees for the years ending June 30, 2002 and 2001 of \$96,900 and \$94,669 to a corporation controlled by a minority shareholder.
- (f) The Company paid a financing fee and guarantee fee to a Corporation controlled by the Company's chairman of \$144,871.
- (g) Prepaid expenses and sundry assets include advances made during the year of \$69,291 to a corporation of which the Company's chairman is a shareholder and director.

These transactions have all been accounted for at their exchange amounts.



YAK COMMUNICATIONS (USA), INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2002 AND 2001

	2002	2001
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15. ECONOMIC DEPENDENCE

The Company is dependent in Ontario and Quebec upon Bell Canada and in British Columbia and Alberta upon Telus Corp. to provide billing and collection services to its customers under a renewable agreement. The Company is also dependent upon TELUS Communications Inc. to provide billing, transport and handling services under a renewable agreement which expires in June 2003.

16. ADVERTISING AND PROMOTION

The Company expenses advertising costs as incurred which includes direct-mail advertising, newspaper and television advertising. Advertising expense for the years ended June 30, 2002 and 2001 were approximately \$1,484,000 and \$1,097,000, respectively.

17. SEGMENTED AND RELATED INFORMATION

The Company operates in one reportable segment in two geographic regions - Canada and the United States. Summary information with respect to the Company's operations by geographic regions are as follows:

	\$	\$
Net revenue		
Canada	24,367,256	14,932,936
United States	124,700	-
	24,491,956	14,932,936
Operating profit (loss)		
Canada	1,956,378	(389,094)
United States	(541,797)	(274,166)
	1,414,581	(663,260)
Assets		
Canada	8,549,443	6,198,130
United States	259,657	27,565
	8,809,100	6,225,695



EXHIBIT E
PROPOSED TARIFF

TARIFF

Yak Communications (America) Inc.

TOLL SERVICES RESELLER TARIFF

Rules and regulations applicable for furnishing to Customers of Resold Intrastate Interexchange Services by Yak Communications (America) Inc. between one or more points in the State of South Dakota as authorized by the Public Utilities Commission. This Tariff is on file with the Public Utilities Commission and may be inspected during regular business hours. Copies also may be inspected during regular business hours at Yak Communications (America) Inc.'s principal place of business, 610-55 Town Centre Court, Scarborough, ON M1P 4X4

Issued: _____

Effective: _____

Issued by: Charles Zwebner, President
Yak Communications (America) Inc.
610 – 55 Town Centre Court
Scarborough, ON M1P 4X4

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CHECK SHEET

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

<u>Page</u>	<u>Revision</u>	<u>Page</u>	<u>Revisions</u>
1	Original	29	Original
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* signifies new or revised pages

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SYMBOLS

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

- (R) To signify a reduction in rate.
- (I) To signify an increase in rate
- (C) To signify a changed regulation
- (T) To signify a change in text but no change in rate or regulation
- (S) To signify reissued matter
- (N) To signify a new rate or regulation
- (D) To signify a discontinued rate or regulation

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TARIFF FORMAT

- A. Page Numbering - Page numbers appear in the upper right corner of the page. Pages are numbered sequentially. However, new pages occasionally are added to the tariff. When a new page is added between pages already in effect, a decimal is added to the page number. For example, a new page added between pages 14 and 15 would be 14.1.

- B. Page Revision Numbers - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current page version on file with the Commission. For example, the 4th revised Page 14 cancels the 3rd revised Page 14. Because of various suspension periods, deferrals, etc. the Commission follows in its tariff approval process, the most current page number on file with the Commission is not always the tariff page in effect.

- C. Paragraph Numbering Sequence - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:
 - 2.
 - 2.1
 - 2.1.1.
 - 2.1.1.1
 - 2.1.1.1.A.
 - 2.1.1.1.A.(a).
 - 2.1.1.1.A.(a).I.
 - 2.1.1.1.A.(a).I.(i).
 - 2.1.1.1.A.(a).I.(i).(1).

- D. Check Sheets - When a tariff filing is made with the Commission an updated check sheet accompanies the tariff filing. The check sheet lists the 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 on the check sheet by an asterisk(*). There will be no other symbols used on the check sheet 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.

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SECTION 1. - DEFINITIONS

Authorized User – Any person, firm, corporation or other entity accessing or utilizing the services furnished by the Company to the Customer.

Billed Party – The person or entity responsible for payment of the Company’s service. The Billed Party is the Customer associated with the Telephone Number used to place the call, with the following exceptions:

- (a) in the case of a calling card or credit card call, the Billed Party is the holder of the calling card or credit card used by the User; and
- (b) in the case of a collect or third party call, the Billed Party is the person responsible for the local telephone service at the telephone number that agrees to accept charges for the call.

Call – A completed connection between the calling and the called station.

Calling Station – The telephone number from which a call originates.

Called Station – The telephone number called.

Casual Calling (Dial-around) – Arrangement whereby long distance customer, not pre-subscribed to Company, dials a specified code (ie., 10-10-XXX) to access the Company’s interexchange services on an ad hoc basis.

Commission – South Dakota Public Utilities Commission.

Company – Yak Communications (America) Inc.

Customer – A person, firm, corporation, partnership or other business entity, including affiliates or divisions of the Customer, responsible for payment of charges to the Company and compliance with all terms and conditions of this Tariff.

Day – The period of time from 7:00 a.m. until (but not including) 7:00 p.m., Monday through Friday, as measured by local time at the location from which the call is originated.

Dial-around calling – See Casual Calling.

Evening – The period of time from 7:00 p.m. until (but not including) 11:00 p.m., Sunday through Friday and any time during a Holiday, as measured by local time at the location from which the call is originated.

Holiday – New Year’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

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SECTION 1 - DEFINITIONS (Cont'd)

Night/Weekend ("N/Wkd") – The period of time from 11:00 p.m. until (but not including) 7:00 a.m., Monday through Friday, any time on Saturday and all day Sunday, except 7:00 p.m. until (but not including) 11:00 p.m., as measured by local time at the location from which the call is originated.

Off-Peak Period – Except as otherwise agreed between Company and Customer, the hours from 7:00 pm until but not including 7:00 am.

Peak Period - Except as otherwise agreed between Company and Customer, the hours from 7:00 am until but not including 7:00 pm.

Presubscribed Customers – Customers who have formally selected the Company as their interexchange services provider. The selection is programmed by the local exchange carrier so that these customers' long distance calls are routed automatically to the Company, without use of a special access code.

Service Order – A written request for network services executed by the Customer and the Company in the format devised by the Company. The signing of a Service Order by the Customer and acceptance by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this Tariff, but the duration of the service is calculated from the service commencement date.

User – Customer or any Authorized User.

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SECTION 2. - TERMS AND CONDITIONS

2.1 Application of Tariff

2.1.1 This Tariff contains the regulations and rates applicable to resold intrastate long distance services provided by the Company to Customers throughout the State of South Dakota. Services are provided pursuant to the general terms and conditions of this Tariff, except as otherwise negotiated between a Customer and the Company. Additionally, services are furnished subject to the availability of facilities and the terms and conditions of this Tariff.

2.1.2 The rates and regulations contained in this Tariff apply only to the services furnished by the Company and do not apply, unless otherwise specified, to the lines, facilities, or services provided by a local exchange telephone company or other Common Carrier for use in accessing the services of the Company.

2.2 Severability

In the event that any one or more of the provisions contained in this Tariff shall for any reason be held to be invalid, illegal or unenforceable in any respect under the laws of the jurisdiction governing the entire Tariff, such invalidity, illegality or unenforceability shall not affect any other provision of this Tariff, and this Tariff shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

2.3 Shortage of Equipment or Facilities

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

2.3.2 The furnishing of service under this Tariff is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of the Company's facilities as well as facilities the Company may obtain from other carriers to furnish service from time to time as required at the sole discretion of the Company.

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SECTION 2 - TERMS AND CONDITIONS (Cont'd)

2.4 Use and Availability of Service

- 2.4.1 Service shall not be used for any unlawful purpose, nor used in such a manner as to interfere unreasonably with the use of service by any other Users.
- 2.4.2 The use of the Company's services without payment for service or attempting to avoid payment for service by fraudulent means or devices, false or invalid numbers, or false calling or credit cards is prohibited.
- 2.4.3 The Company does not transmit messages pursuant to this Tariff, but its services may be used for that purpose.
- 2.4.4 The Company's services may be denied for nonpayment of charges or for other violations of the terms and conditions set forth in this Tariff.
- 2.4.5 The Company reserves the right to refuse service to individuals under the age of 18 and may require proof of age prior to initiating service.
- 2.4.6 The use of the Company's services to make calls which might reasonably be expected to frighten, abuse, torment, or harass another is prohibited.
- 2.4.7 Service temporarily may be refused or limited because of system capacity limitations, and is subject to transmission limitations caused by natural (including atmospheric, geographic or topographic) or artificial conditions adversely affecting transmission.
- 2.4.8 Service to any or all Customers may be temporarily interrupted or curtailed due to equipment modifications, upgrades, relocations, repairs and similar activities necessary for proper or improved operations.
- 2.4.9 Customers may be required to enter into written Service Orders which shall contain or reference a specific description of the service ordered, the rates to be charged, the duration of the services, and the terms and conditions in the Tariff. Customers also will be required to execute any other documents as may be reasonably requested by the Company.
- 2.4.10 Except as otherwise agreed between the Company and Customer, at the expiration of the initial term specified in a Service Order, or in any extension thereof, service shall continue on a month to month basis at the then current rates unless terminated by either party upon 30 days' written notice. Any termination shall not relieve Customer of its obligation to pay any charges incurred under the service order and this Tariff prior to termination. The rights and obligations which by their nature extend beyond the termination of the term of the Service Order shall survive such termination.

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SECTION 2 - TERMS AND CONDITIONS (Cont'd)

2.5 Liability of the Company

- 2.5.1 Because the Company has no control of communications content transmitted over its system, and because of the possibility of errors incident to the provision and use of its service, service furnished by the Company is subject to the terms, conditions and limitations herein specified.
- 2.5.2 The Company shall not be liable for any delay or failure of performance or equipment as a result of causes beyond its control, including but not limited to: (a) delays caused by the other party or (b) acts of God, fire, flood, explosion or other catastrophes; any law, order, regulation, direction, action, or request of the United States Government, or of any other government, including state and local governments having or claiming jurisdiction over the Company, or of any department, agency, commission, bureau, corporation, court or other instrumentality of any one or more of these federal, state, or local governments, or of any civil or military authority; national emergencies; insurrections; riots; wars; unavailability of rights-of-way or materials; strikes, lockouts, work stoppages, or other labor difficulties; and (c) third party nonperformance (including the failure of performance for reasons beyond the control of common carriers, interexchange carriers, local exchange carriers, suppliers and subcontractors), or other cause beyond its reasonable control, including failures or fluctuations in electrical equipment, and such nonperformance shall not be deemed a violation of this Tariff or of the application for service or grounds for termination of service. Both parties retain all rights of recourse against any third parties for any failures which may create a force majeure condition for the other party.
- 2.5.3 The Company shall not be liable for (a) any act or omission of any entity furnishing to the Company or to the Company's Customer's facilities or equipment used for interconnection with network services; or (b) for the acts or omissions of common carriers or warehousemen even if the Company has acted as the Customer's agent in arranging such facilities or services. No agents or employees of other participating carriers shall be deemed to be agents or employees of the Company without written authorization.
- 2.5.4 The Company shall not be liable for any damages or losses resulting from or caused by (a) the act, omission, fault or negligence of the Customer; (b) the failure or malfunction of Customer-provided equipment or facilities; or (c) claims against the Customer by any other party.
- 2.5.5 The liability of the Company for errors in billing that result in overpayment by the Customer shall be limited, unless otherwise ordered by the Commission, to a credit equal to the dollar amount erroneously billed or, in the event that payment has been made and service has been discontinued, to a refund of the amount erroneously billed.

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SECTION 2 - TERMS AND CONDITIONS (Cont'd)

2.5 Liability of the Company (Cont'd.)

2.5.6 The Company does not guarantee nor make any warranty with respect to installations it provides for use in an explosive atmosphere. The Customer indemnifies and holds the Company harmless from any and all loss, claims, demands, suits, or other action, or any liability whatsoever, whether suffered, made, instituted, or asserted by any other party or person(s), and for any loss, damage, or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, presence, condition, location, or use of any installation so provided. The Company reserves the right to require each Customer to sign an agreement acknowledging acceptance of the provisions of this section 2.5.6 as a condition precedent to such installations.

2.5.7 The Company is not liable for any damages, including toll usage charges, the Customer may incur as a result of the unauthorized use of its telephone facilities. This unauthorized use of the Customer's facilities includes, but is not limited to, the placement of calls from the Customer's premises, and the placement of calls through Customer-provided equipment that are transmitted or carried on the Company network. Company may work with Customers to recommend possible solutions to reduce unauthorized use of their facilities. However, Company does not warrant or guarantee that its recommendations will prevent all unauthorized use, and the Customer is responsible for controlling access to, and use of, its own telephone facilities.

2.5.8 The Company shall not be liable for and the Customer shall indemnify and hold the Company harmless against any claims for loss or damages involving

- (a) Protection of the Customer's transmission facilities or equipment from unauthorized access, or for any unauthorized access to or alteration, theft or destruction of Customer's data files, programs, procedure or information through accident, fraudulent means or devices or any other method;
- (b) Changes in any of the facilities, operations or procedures of the Company that: (1) render any equipment, facilities or services provided or utilized by the User obsolete; (2) require modification or alteration of such equipment, facilities or services; or (3) otherwise affect use or performance of such equipment, facilities or services except where reasonable notice is required by the Company and is not provided to the Customer.

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SECTION 2 - TERMS AND CONDITIONS (Cont'd)

2.5 Liability of the Company (Cont'd.)

- (c) Defacement of or damage to the Customer's Premises or personal property resulting from the furnishing of services or equipment on such Premises or the installation or removal thereof, when such defacement or damage is not the result of Company's negligence. The Customer will indemnify and hold harmless Company from any claims of the owner of the Customer's premises or other third party claims for such damages.
- (d) Any wrongful act of a Company employee where such act is not authorized by the Company and is not within the scope of the employee's responsibilities for the Company;
- (e) Any noncompleted Calls due to network busy conditions; and
- (f) Any Calls not actually attempted to be completed during any period that service is unavailable.
- (g) Libel, slander or infringement of copyright arising directly or indirectly from the material transmitted over facilities provided by the Company;
- (h) Infringements of patents arising from combining apparatus and systems of the Customer with facilities provided by the Company;
- (i) Any act or omission in connection with provision of 911, E911, or similar services;
- (j) Any representations made by a Company employee that do not comport with or that are inconsistent with the provisions of this Tariff.

2.5.9 The Customer shall reimburse the Company for all costs, expenses and fees incurred by the Company in its defense against claims set forth in Section 2.5.8.

2.5.10 The Company is not liable to Customers for interruptions in service except as set forth in Section 2.16 of this Tariff.

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SECTION 2 - TERMS AND CONDITIONS (Cont'd)

2.5 Liability of the Company (Cont'd)

2.5.11 The Company shall be indemnified, defended, and held harmless by the Customer against any claim, loss or damage arising directly or indirectly from use of services, involving but not limited to claims for libel, slander, invasion of privacy, or infringement of copyright, arising from either the Customer's own communications or from any content or other use of the services provided to Customer, whether authorized by the Customer or not, including infringement of patents arising from combining apparatus and systems of the Customer or a third party with facilities provided by the Company.

2.5.12 Unless ordered otherwise by the Commission, the entire liability for any claim, loss, damage or expense arising out of mistakes, omissions, interruptions, delays, errors or defects in the service, the transmission of the service, or failures or defects in facilities furnished by the Company, occurring in the course of furnishing service, from any cause whatsoever shall in no event exceed sums actually paid to Company by Customer for the specific services giving rise to the claim. No action or proceeding against the Company shall be commenced more than one year after the event(s) giving rise to the claim. Except in instances of gross negligence or willful misconduct of the Company's agents or employees, the Company shall not be liable for any direct, indirect, consequential, special, actual or punitive damages, or for any lost profits of any kind or nature whatsoever arising out of any defects or any other cause, including loss of profits or revenues suffered by a Customer as a result of interrupted or unsatisfactory service, even if the Company has been advised of the possibility of such damages.

2.5.13 The Company shall not be liable for injury to property or death to persons, including claims for payments made under Workers' Compensation law or under any plan for employee disability or death benefits, arising out of, or caused by, any act or omission of the Customer, or the construction, installation, maintenance, presence, use or removal of the Customer's facilities or equipment connected, or to be connected to the Company's facilities.

2.5.14 THE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN. The Company does not authorize anyone to make a warranty of any kind on its behalf and the Customer should not rely on any such statements.

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SECTION 2 - TERMS AND CONDITIONS (Cont'd)

2.6 Notification of Service-Affecting Activities

2.6.1 The Company will provide the Customer reasonable notification of service-affecting activities that may occur in normal operation of its business. Such activities may include, but are not limited to, equipment or facilities additions, removals or rearrangements and routine preventative maintenance. Generally, such activities are not specific to an individual Customer but affect many Customers' services. No specific advance notification period is applicable to all service activities. The Company will work cooperatively with the Customer to determine the reasonable notification requirements. With some emergency or unplanned service-affecting conditions, such as an outage resulting from cable damage, notification to the customer may not be possible.

2.7 Ownership of Facilities

2.7.1 Title to all facilities provided in accordance with this Tariff remains in the Company, its agents or contractors.

2.7.2 The Company shall use reasonable efforts to make available services to a Customer on or before a particular date, subject to the provisions of, and compliance by the Customer with, the regulations contained in this Tariff. The Company does not guarantee availability by any such date and shall not be liable for any delays in commencing service to any Customer.

2.8 Prohibited Uses

2.8.1 The services the Company offers shall not be used for any unlawful purpose or for any use as to which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits.

2.8.2 The Company may require applicants for service who intend to use the Company's offerings for resale and/or for shared use to file a letter with the Company confirming that their use of the Company's offerings complies with relevant laws and Commission regulations, policies, orders, and decisions.

2.8.3 The Company may require a Customer to immediately shut down its transmission of signals if said transmission is causing interference to others.

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

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SECTION 2 - TERMS AND CONDITIONS (Cont'd)

2.8 Prohibited Uses (Cont'd)

- 2.8.5 The Company may substitute, change or rearrange any equipment or facility at any time and from time to time, but shall not thereby alter the technical parameters of the service provided the Customer.
- 2.8.6 Equipment the Company provides or installs at the Customer Premises for use in connection with the services the Company offers shall not be used for any purpose other than that for which the Company provided it.
- 2.8.7 The Customer shall be responsible for the payment of service charges as set forth herein for visits by the Company's agents or employees to the Premises of the Customer when the service difficulty or trouble report results from the use of equipment or facilities provided by any party other than the Company, including but not limited to the Customer.
- 2.8.8 The Company shall not be responsible for the installation, operation, or maintenance of any customer provided communications equipment. Where such equipment is connected to the facilities furnished pursuant to this Tariff, the responsibility of the Company shall be limited to the furnishing of facilities offered under this Tariff and to the maintenance and operation of such facilities. Subject to this responsibility, the Company shall not be responsible for:
 - (a) the transmission of signals by Customer provided equipment or for the quality of, or defects in, such transmission; or
 - (b) the reception of signals by Customer provided equipment.

2.9 Nonroutine Installation

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

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SECTION 2 - TERMS AND CONDITIONS (Cont'd)

2.10 Obligations of the Customer

2.10.1 The Customer shall be responsible for:

- (a) placing any necessary orders, complying with Tariff regulations and assuring that Users comply with Tariff regulations. The Customer shall ensure compliance with any applicable laws, regulations, orders or other requirements of any governmental entity relating to services provided by the Company to the Customer or made available by the Customer to another User. The Customer also is responsible for the payment of charges for all Calls originated at the Customer's numbers which are not collect, third party, calling card, or credit card calls.
- (b) taking all necessary legal steps for interconnecting Customer-provided terminal equipment or communications systems with Company's facilities or services. Customer shall ensure that the equipment and/or system is properly interfaced with Company's facilities or services; that the signals emitted into Company-provided network facilities are of the mode, bandwidth, power, signal level or other technical parameters for the intended use of the Customer and in compliance with the criteria set forth in this Tariff, and that the signals do not damage equipment, injure personnel or degrade service to other Customers. If Customer fails to maintain the equipment and/or system properly, with resulting imminent harm to Company's personnel or quality of service to other Customers, Company may, upon written notice, require the use of protective equipment at the Customer's expense. If this fails to produce satisfactory quality and safety, Company may, upon written notice, terminate the Customer's service.
- (c) payment of all charges incurred to the Calling Station regardless of which party terminates the service. The Customer shall reimburse the Company for all costs, expenses and fees incurred by the Company in collecting such charges.
- (d) charges incurred for special construction and/or special facilities which the Customer requests and which are ordered by the Company on the Customer's behalf.
- (e) damage to or loss of the Company's facilities or equipment caused by the acts or omissions of the Customer; or the Customer's officers, employees, agents or contractors, or the noncompliance by the Customer with these regulations; or by fire or theft or other casualty on the Customer Premises, unless caused by the gross negligence or willful misconduct of the employees or agents of the Company;

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SECTION 2 - TERMS AND CONDITIONS (Cont'd)

2.10 Obligations of the Customer (Cont'd)

- (f) providing at no charge, as specified from time to time by the Company, any needed personnel, equipment, space and power to operate Company facilities and equipment installed on the premises of the Customer Premises, and the level of heating and air conditioning necessary to maintain the proper operating environment on such premises;
- (g) obtaining, maintaining, and otherwise having full responsibility for all rights-of-way and conduits necessary for installation of fiber optic cable and associated equipment used to provide services to the Customer from the cable building entrance or property line to the location of the equipment space described in 2.10.1(f). Any costs associated with obtaining and maintaining the rights-of-way described herein, including the costs of altering the structure to permit installation of the Company-provided facilities, shall be borne entirely by, or may be charged by the Company to, the Customer;
- (h) arranging access to its Premises at times mutually agreeable to the Company and the Customer when required for Company personnel to install, repair, maintain, program, inspect or remove equipment associated with the provision of the Company's services.
- (i) not creating or allowing any liens or other encumbrances to be placed on the Company's equipment or facilities.

2.10.2 The Customer agrees, except where the events, incidents or eventualities set forth in this sentence are the result of the Company's gross negligence or willful misconduct, to release, indemnify and hold harmless the Company against any and all loss, claims, demands, suits or other action or any liability whatsoever, whether suffered, made, instituted or asserted by the Customer or by any other party or person, for any personal injury to or death of any person or persons, or for any loss of or damage to any property, whether owned by the Customer or others. The Customer shall reimburse the Company for all costs, expenses and fees incurred by the Company in its defense against such actions.

2.10.3 All accounts will be subject initially, on a nondiscriminatory basis, to a \$40/month limit or "cap" on usage charges. Customers reaching this limit, upon their next use of the Company's service, will be connected to Company's Call Centre. Customers will be granted an increase of the capped amount upon satisfaction of the Company's credit criteria. The amount of the increase will be determined based upon Customer's historic usage of the Company's services as well as Customer's creditworthiness.

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SECTION 2 - TERMS AND CONDITIONS (Cont'd)

2.11 Claims

2.11.1 With respect to any service or facility provided by the Company, Customer shall indemnify, defend and hold harmless the Company from and against all claims, actions, damages, liabilities, costs and expenses related to, arising from or for:

- (a) any loss, destruction or damage to property of the Company or any third party, or the death or injury to persons, including, but not limited to, employees or invitees of either party, to the extent caused by or resulting from the negligent or intentional act or omission of the Customer, its employees, agents, representatives or invitees;
- (b) any claim, loss, damage, expense or liability for infringement of any copyright, patent, trade secret, or any proprietary or intellectual property right of any third party, arising from any act or omission by the Customer, including, without limitation, use of the Company's services and facilities in a manner not contemplated by the agreement between Customer and Company;
- (c) providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which Company employees and agents shall be installing or maintaining the Company's facilities and equipment. The Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company's opinion, injury or damage to the Company's employees or property might result from installation or maintenance by the Company. The Customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material (e.g. friable asbestos) prior to any construction or installation work; or
- (d) complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of Company facilities and equipment in any Customer premises or the rights-of-way for which Customer is responsible under section 2.10.1(g); and granting or obtaining permission for Company agents or employees to enter the premises of the Customer at any time for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of the Company.

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SECTION 2 - TERMS AND CONDITIONS (Cont'd)

2.12 Customer Equipment and Channels

- 2.12.1 A Customer may transmit or receive information or signals via the facilities of the Company.
- 2.12.2 Customer terminal equipment on the Customer Premises, and the electric power consumed by such equipment shall be provided by and maintained at the expense of the Customer.
- 2.12.3 The Customer is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltages and currents impressed on Company-provided equipment and wiring by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to the Company-provided equipment and wiring or injury to the Company's employees or to other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense.
- 2.12.4 Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the Company used for furnishing services and the channels, facilities, or equipment of others shall be provided at the Customer's expense.
- 2.12.5 The Company's services may be connected to the services or facilities of other communications carriers only when authorized by, and in accordance with, the terms and conditions of the tariffs of the other communications carriers which are applicable to such connections.

2.13 Inspections

- 2.13.1 Upon suitable notification to the Customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the Customer is complying with the requirements set forth in section 2.12.3 for the installation, operation, and maintenance of Customer-provided facilities, equipment, and wiring in the connection of Customer-provided facilities and equipment to Company-owned facilities and equipment.

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SECTION 2 - TERMS AND CONDITIONS (Cont'd)

2.13 Inspections (Cont'd)

2.13.2 If the protective requirements for Customer provided equipment are not being complied with, the Company may take such action as it deems necessary to protect its facilities, equipment, and personnel. The Company will notify the Customer promptly if there is any need for further corrective action. Within ten days of receiving this notice, the Customer must take this corrective action and notify the Company of the action taken. If the Customer fails to do this, the Company may take whatever additional action is deemed necessary, including the suspension of service, to protect its facilities, equipment and personnel from harm.

2.14 Payment Arrangements

The Customer is responsible for the payment of all charges for facilities and services furnished by the Company to the Customer.

2.14.1 Taxes

The Customer is responsible for the payment of any sales, use, gross receipts, excise, access or other local, state and federal taxes, charges or surcharges (however designated) (excluding taxes on the Company's net income) imposed on or based upon the provision, sale or use of services.

2.14.2 Billing and Collection of Charges

Except as otherwise negotiated between the Company and a Customer, the following terms and conditions shall apply:

2.14.2.1 The Customer is responsible for payment of all charges incurred by the Customer or by other users, with or without appropriate authorization from the Customer, for services and facilities furnished to the Customer by the Company. The Customer shall not be excused from paying the Company for such services on the basis that the use of the service was unauthorized.

2.14.2.2 The Company shall present invoices to the Customer monthly for Usage Charges and any applicable Recurring Charges, and these charges shall be due and payable within 30 days after the invoice is mailed. In its sole discretion, the Company may arrange to invoice through a Customer's local exchange carrier, pursuant to the latter's billing cycle.

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SECTION 2 - TERMS AND CONDITIONS (Cont'd)

2.14 Payment Arrangements (Cont'd)

2.14.2 Billing and Collection of Charges (Cont'd)

2.14.2.3 If any portion of the payment due for undisputed charges is not received by the Company on or before the date due, or if any portion of the payment is received by the Company in funds which are not immediately available, then the Customer's account shall be delinquent, and a late payment penalty shall be due to the Company. The due date shall be no earlier than thirty (30) days after the invoice is mailed. The late payment penalty shall be the portion of the payment not received by the date due, multiplied by a late factor. The late factor shall be the lesser of (a) 1.5% of the total monthly bill; or (b) the highest interest rate which may be applied under applicable state law for commercial transactions.

2.14.2.4 Billing of Presubscribed Customers

In addition to the preceding requirements of this Section 2.14.2, the following terms and conditions shall apply to presubscribed Customers:

2.14.2.4.A Service is provided on the basis of a minimum period of at least one month, 24-hours per day. For the purpose of computing charges in this Tariff, a month is considered to have 30 days.

2.14.2.4.B When service does not begin on the first day of the month, or end on the last day of the month, the charge for the fraction of the month in which service was furnished will be calculated on a pro rata basis. For this purpose, every month is considered to have 30 days.

2.14.2.4.C Billing of the Customer by the Company will begin on the service commencement date, which is the first day following the date on which the Company notifies the Customer that the service or facility is available for use, except that the service commencement date may be postponed by mutual agreement of the parties, or if the service or facility does not conform to standards set forth in this Tariff or the Service Order. Billing accrues through and includes the day that the service, circuit, arrangement or component is discontinued.

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SECTION 2 - TERMS AND CONDITIONS (Cont'd)

2.14 Payment Arrangements (Cont'd)

2.14.3 Deposits & Advance Payments

The Company will not collect deposits or advance payments from its Customers.

2.14.4 Discontinuance of Service

The Company may discontinue service or cancel an application for service, with ten days' written notice and without incurring any liability, for any of the following reasons:

- 2.14.4.1 Failure of the Customer to pay a non-disputed delinquent account;
- 2.14.4.2 Failure of the Customer to make satisfactory arrangements to pay arrearages or meet the requirements of a payment agreement;
- 2.14.4.3 Failure of the Customer to permit the Company to have reasonable access to its equipment, facilities, service connections or other property;
- 2.14.4.4 Failure of the Customer to provide the Company with adequate assurances that an unauthorized use or practice will cease;
- 2.14.4.5 Customer violation of any regulation governing the service under this Tariff, or a violation of any law, rule, or regulation of any government authority having jurisdiction over the service;
- 2.14.4.6 Customer fraud or material misrepresentation of identity for purpose of obtaining telephone service;
- 2.14.4.7 Failure of the Customer to adhere to contractual obligations with the Company; or
- 2.14.4.8 Where the Company is prohibited from furnishing services by order of a court or other government authority having jurisdiction.

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SECTION 2 - TERMS AND CONDITIONS (Cont'd)

2.14 Payment Arrangements (Cont'd.)

2.14.4 Discontinuance of Service (Cont'd.)

The Company may terminate service without notice to the Customer for any of the following occurrences:

- 2.14.4.9 Customer's maintenance or operation of its equipment in such a manner as to adversely affect the Company's equipment or service to others;
- 2.14.4.10 Customer non-compliance with any provision of this Tariff which results in threatening the safety of a person or the integrity of the service delivery system of the Company;
- 2.14.4.11 The existence of a condition on the Customer's premises determined by the Company to be hazardous;
- 2.14.4.12 Customer tampering with the Company's equipment or service;
- 2.14.4.13 Customer's unauthorized or illegal use of the Company's service or equipment.

The Company may refuse to provide dial-around or "casual calling" services to Customers based upon nonpayment of charges for services previously provided and/or Customer non-compliance with or violation of (a) any of the terms and conditions of this Tariff or (b) applicable state and federal regulations governing the services provided under this Tariff.

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SECTION 2 - TERMS AND CONDITIONS (Cont'd)

2.14 Payment Arrangements (Cont'd.)

2.14.5 Cancellation of Application for Service

Applications for service may be cancelled, prior to commencement of services, subject to the following conditions:

2.14.5.1 Where, prior to receiving notice of cancellation, the Company incurs any expense installing or preparing to install the service or in connection with special construction, or where special arrangements of facilities or equipment have begun, a charge equal to the costs incurred, less net salvage, applies. In such cases, the charge will be based on such elements as the cost of the equipment, facilities, and material, the cost of installation, engineering, labor, and supervision, general and administrative expense, other disbursements, depreciation, maintenance, taxes, provision for return on investment, and any other costs associated with the special construction or arrangements.

2.14.5.2 In no case shall the charges exceed the sum of (a) the charge for the minimum period of service ordered, including installation charges, and (b) all charges levied by other parties against the Company that would have been chargeable to the Customer had service begun.

2.14.6 Cancellation of Service Order

Service Orders upon which delivery has commenced may not be cancelled except as specified in the applicable Service Order and subject to the cancellation payment identified for the contracted minimum call volume.

2.14.7 Changes in Service Requested

If the Customer makes or requests material changes in circuit engineering, equipment specifications, service parameters, premises locations, or otherwise materially modifies any provision of the application for service, the Customer's installation fee shall be adjusted accordingly.

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SECTION 2 - TERMS AND CONDITIONS (Cont'd)

2.15 Disputed Charges

2.15.1 All bills are presumed accurate, and shall be binding on the Customer unless objection is received by the Company within thirty days. A disputed charge may be brought to the Company's attention by verbal or written notification. All charges remain due and payable at the due date, although the Customer is not required to pay any disputed charges during the time period in which the Company conducts its investigation into the charges. The undisputed portion and subsequent bills must be paid on a timely basis, or the service may be subject to disconnection.

In the event that a billing dispute between the Customer and the Company for service furnished to the Customer cannot be settled with mutual satisfaction, the Customer may take the following course of action:

2.15.1.1 The Customer may request, and the Company will provide, an in-depth review of the disputed amount. During the period that the disputed amount is under investigation, the Company shall not pursue any collection proceedings or assess late fees with regard to the disputed amount.

2.15.1.2 If there is still a disagreement about the disputed amount after investigation and review by the Company, the Customer may file an appropriate complaint with the Public Utilities Commission. The address of the Commission is:

Public Utilities Commission
Capitol Building, 1st floor
500 East Capitol Avenue
Pierre, SD 57501-5070

Phone: (605)773-3201
Toll Free Complaints: 1-800-332-1782

2.15.2 Billing inquiries may be directed to the Company toll free at (866) 925-2355.

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SECTION 2 - TERMS AND CONDITIONS (Cont'd)

2.16 Allowances for Interruptions in Service

2.16.1 Interruptions in service, which are not due to the negligence of, or noncompliance with the provisions of this Tariff by, the Customer or the operation or malfunction of the facilities, power or equipment provided by the Customer, will be credited to the Customer as set forth in this Section 2.16. for the part of the service that the interruption affects.

2.16.2 Credit for Interruptions

2.16.2.1 A credit allowance will be made when an interruption occurs because of a failure of any component furnished by the Company under this Tariff. An interruption period begins when the Customer reports a service, facility or circuit to be interrupted and releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative. If the Customer reports a service, facility or circuit to be inoperative but declines to release it for testing and repair, it is considered to be impaired, but not interrupted. No credit allowance will be made for a service facility or circuit considered by the Company to be impaired.

2.16.2.2 For calculating credit allowances, every month is considered to have 30 days. A credit allowance is applied on a pro rata basis against the rate applicable to the service and is dependent upon the length of the interruption. Only those facilities on the interrupted portion of the circuit will receive a credit.

2.16.2.3 At the Customer's request, a credit allowance for a continuous interruption of service for more than twenty-four (24) hours will be made in an amount to be determined by the Company on a case-by-case basis.

2.16.2.4 In the event a presubscribed Customer is affected by such interruption for a continuous period of less than twenty-four (24) hours, no adjustments will be made.

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SECTION 2 - TERMS AND CONDITIONS (Cont'd)

2.16 Allowances for Interruptions in Service (Cont'd)

2.16.3 Limitations on Allowances

No credit allowance will be made for:

- (a) interruptions due to the negligence of, or noncompliance with the provisions of this Tariff by, the Customer, authorized user, joint user, or other common carrier providing service connected to the service of the Company;
- (b) interruptions due to the negligence of any person other than the Company, including but not limited to the Customer or other common carriers connected to the Company's facilities;
- (c) interruptions due to the failure of power, equipment, systems or services not provided by the Company;
- (d) interruptions of service during any period in which the Company is not given full and free access to its facilities and equipment for the purpose of investigating and correcting interruptions;
- (e) interruptions of service during a period in which the Customer continues to use the service on an impaired basis;
- (f) interruptions of service during any period when the Customer has released service to the Company for maintenance purposes or for implementation of a Customer order for a change in service arrangements; and
- (g) interruption of service due to circumstances or causes beyond the control of Company.
- (h) interruptions that occur or continue to occur due to the Customer's failure to authorize replacement of any element of special construction; and
- (i) interruptions that were not reported to the Company within thirty (30) days of the date that service was affected.

2.16.4 In addition to any credits for service interruptions issued pursuant to the provisions of this section 2.16, the Company may issue credits to Customers reporting other service problems.

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SECTION 2 - TERMS AND CONDITIONS (Cont'd)

2.17 Transfers and Assignments

Neither the Company nor the Customer may assign or transfer its rights or duties in connection with the services and facilities provided by the Company without the written consent of the other party, except that the Company may, after receiving any required approvals from the Public Service Commission, assign its rights and duties (a) to any subsidiary, parent company or affiliate of the Company, (b) pursuant to any sale or transfer of the assets of the Company, or (c) pursuant to any financing, merger or reorganization of the Company.

2.18 Notices and Communications

2.18.1 The Customer shall designate on the Service Order an address to which the Company shall mail or deliver all notices and other communications, except that Customer may also designate a separate address to which the Company's bills for service shall be mailed.

2.18.2 The Company shall designate on the Service Order an address to which the Customer shall mail or deliver all notices and other communications, except that Company may designate a separate address on each bill for service to which the Customer shall mail payment on that bill.

2.18.3 All notices or other communications required to be given pursuant to this Tariff will be in writing. Notices and other communications of either party, and all bills mailed by the Company, shall be presumed to have been delivered to the other party on the third business day following placement of the notice, communication or bill with the U.S. Mail or a private delivery service, prepaid and properly addressed, or when actually received or refused by the addressee, whichever occurs first.

2.18.4 The Company or the Customer shall advise the other party of any changes to the addresses designated for notices, other communications or billing, by following the procedures for giving notice set forth herein.

2.19 Temporary Promotional Programs

2.19.1 The Company may establish temporary promotional programs wherein it may waive or reduce non-recurring or recurring charges, to introduce present or potential Customers to a service not previously received by the Customers. Insofar as required by Commission regulations, the Company will file notice of its proposed promotions with the Commission.

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Scarborough, ON M1P 4X4

SECTION 3. - EXPLANATION OF RATES

The regulations set forth in this section explain how to apply the rate table associated with the various services offerings described in Section 4.

3.1 Timing of Calls

3.1.1 Billing for calls placed over the Company's underlying carrier's network is based on the duration of the call. Timing begins when the called station is answered, as determined by standard industry methods generally in use for ascertaining answers, including answer supervision hardware by which the local telephone company sends a signal to the switch or the software utilizing audio tone detection. Timing ends when either party hangs up.

3.2 Computation of Charges

3.2.1 Calls will be billed in increments consisting of an initial period followed by additional periods (which may be of the same duration as or different duration than the initial period) as specified within the applicable service description set forth in Section 4 below.

3.3 Credit for Incomplete Calls and Wrong Numbers

3.3.1 The Company will not knowingly charge for incomplete calls or wrong numbers. Upon the Customer's request and proper verification, the Company shall promptly adjust and credit the Customer's account for charges or payment for any such calls.

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SECTION 4. - DESCRIPTIONS OF SERVICES

The following services are provided to Customers subject to the terms and conditions of this Tariff :

4.1 1+ Long Distance

1+ Long Distance Service is a dedicated or switched long distance message telecommunications service provided between points located within the State. Except as otherwise stated, 1+ Long Distance calls are billed in one-minute increments.

4.2 Casual Calling Long Distance

Casual Calling is a long distance service which a customer, not pre-subscribed to the Company, may obtain by dialing a specified code (10-10-XXX) to access the Company's interexchange services on an ad hoc basis. Except as otherwise stated, these calls are billed in one-minute increments.

4.3 Toll Free Long Distance

[Reserved for Future Use.]

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Scarborough, ON M1P 4X4

SECTION 5. - RATE SCHEDULES

5.1 1+ Long Distance

Per minute \$0.05

5.2 Casual Calling

Per minute \$0.05

5.3 Toll Free Service

[Reserved for Future Use.]

Issued: _____

Effective: _____

Issued by: Charles Zwebner, President
Yak Communications (America) Inc.
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THE KDW GROUP LLC
1200 19TH STREET, N.W.
WASHINGTON, D.C. 20036

FIRST UNION NATIONAL BANK
68-122/540

1747
DATE
Jun 24, 2003

Two Hundred Fifty and 00/100 Dollars

AMOUNT

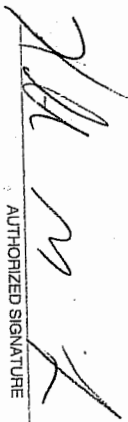
\$ 250.00

PAY TO THE ORDER OF:
South Dakota Public Utilities
Commission

Memo:

⑈001747⑈ ⑆054001220⑆ 200001044889E⑈

AUTHORIZED SIGNATURE



1747

THE KDW GROUP LLC
South Dakota Public Utilities

Check Number: 1747
Check Date: Jun 24, 2003

Item to be Paid - Description
Filing Fee
Check Amount: \$250.00
Discount Taken
Amount Paid 250.00

South Dakota Public Utilities Commission
WEEKLY FILINGS
For the Period of July 10, 2003 through July 16, 2003

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 report. Phone: 605-773-3705

CONSUMER COMPLAINTS

CT03-107 In the Matter of the Complaint filed by Barb Haas on behalf of Jensen Rock & Sand Inc., Mobridge, South Dakota, against S&S Communications/Alterna-Cell Regarding Loss of Long Distance Services.

Complainant's representative states that a four-year prepaid long distance service plan was purchased on May 5, 2000, and that a 48-month lease agreement was signed at that time. Service was terminated without notice on June 3, 2003. The Complainant's representative contends that the respondent has failed to provide the contractual services and therefore seeks to have the responsibility to the Lease Company shifted to the Respondent.

Staff Analyst: Jim Mehlhaff
Staff Attorney: Kelly Frazier
Date Docketed: 07/10/03
Intervention deadline: N/A

CT03-108 In the Matter of the Complaint filed by Kevin Parmely, Wessington, South Dakota, against S&S Communications/Alterna-Cell Regarding Loss of Long Distance Services.

Complainant represents that he purchased a ten-year prepaid long distance service plan on October 5, 1998. On June 5, 2003, service was terminated without notice. Complainant seeks to be reimbursed for the prepaid service not provided.

Staff Analyst: Jim Mehlhaff
Staff Attorney: Kelly Frazier
Date Docketed: 07/10/03
Intervention deadline: N/A

CT03-109 In the Matter of the Complaint filed by Lavonne Oswald, Mitchell, South Dakota, against S&S Communications/Alterna-Cell Regarding Loss of Long Distance Services.

Complainant represents that she purchased a six-year prepaid long distance service plan on November 16, 2000. On June 5, 2003, service was terminated without notice. Complainant seeks to be reimbursed for the prepaid service not provided.

Staff Analyst: Jim Mehlhaff
Staff Attorney: Kelly Frazier
Date Docketed: 07/10/03
Intervention deadline: N/A

CT03-110 In the Matter of the Complaint filed by Gerald and Bonnie Larson, Groton, South Dakota, against S&S Communications/Alterna-Cell Regarding Loss of Long Distance Services.

Complainants represent that they purchased a ten-year prepaid cellular service plan on December 6, 1996. Service quality has always been poor. The respondent has now cut service, therefore the complainants seek to be reimbursed for three years of prepaid service that has not been provided.

Staff Analyst: Jim Mehlhaff
Staff Attorney: Kelly Frazier
Date Docketed: 07/10/03
Intervention deadline: N/A

CT03-111 In the Matter of the Complaint filed by Sandra Schaack, Henry, South Dakota, against S&S Communications/Alterna-Cell Regarding Loss of Long Distance Services.

Complainant represents that she purchased a seven-year prepaid long distance service plan. In early June service was terminated without notice. Complainant seeks to be reimbursed for the prepaid service not provided.

Staff Analyst: Jim Mehlhaff
Staff Attorney: Kelly Frazier
Date Docketed: 07/10/03
Intervention deadline: N/A

CT03-112 In the Matter of the Complaint filed by David Oliver on behalf of Graham Auto, Sioux Falls, South Dakota, against S&S Communications/Alterna-Cell Regarding Loss of Long Distance Services.

Complainant's representative states that a four-year prepaid long distance service plan was purchased. Service was terminated without notice after one month of service. Complainant seeks to be reimbursed for the prepaid service not provided.

Staff Analyst: Jim Mehlhaff
Staff Attorney: Kelly Frazier
Date Docketed: 07/10/03
Intervention deadline: N/A

CT03-113 In the Matter of the Complaint filed by David Oliver on behalf of Graham Tire Co., Sioux Falls, South Dakota, against S&S Communications/Alterna-Cell Regarding Loss of Long Distance Services.

Complainant's representative states that a four-year prepaid long distance service plan was purchased on February 27, 2003. Service was terminated without notice after approximately eight weeks of service. Complainant seeks to be reimbursed for the prepaid service not provided.

Staff Analyst: Jim Mehlhaff
Staff Attorney: Kelly Frazier
Date Docketed: 07/10/03
Intervention deadline: N/A

CT03-114 In the Matter of the Complaint filed by Bart Johnson, Revillo, South Dakota, against S&S Communications/Alterna-Cell Regarding Loss of Long Distance Services.

Complainant states that he purchased a seven-year long distance service plan and that service was terminated prior to the termination date of the contract. Complainant seeks to be reimbursed for prepaid service not provided plus the interest that was paid for financing the service plan.

Staff Analyst: Jim Mehlhaff
Staff Attorney: Kelly Frazier
Date Docketed: 07/10/03
Intervention deadline: N/A

CT03-115 In the Matter of the Complaint filed by Richard (Rick) and Carolyn Bieber, Trail City, South Dakota, against S&S Communications/Alterna-Cell Regarding Loss of Long Distance Services.

Complainants represent that they purchased a six-year prepaid long distance service plan. On June 5, 2003, the complainants discovered that service had been terminated without notice, three years before the end of the contract. Complainants seek to be reimbursed for the prepaid service not provided or to have service re-established for the balance of the contract.

Staff Analyst: Jim Mehlhaff
Staff Attorney: Kelly Frazier
Date Docketed: 07/10/03
Intervention deadline: N/A

CT03-116 In the Matter of the Complaint filed by Rodney and Linda Dikoff, Onaka, South Dakota, against S&S Communications/Alterna-Cell Regarding Loss of Long Distance Services.

Complainants represent that they purchased a prepaid long distance service plan on December 20, 1999. The contract should have provided service through January 2007. On June 5, 2003, the service was terminated without notice on June 5, 2003. If the Respondent is unable to re-establish service, Complainants seek to be reimbursed for the prepaid service not provided.

Staff Analyst: Jim Mehlhaff
Staff Attorney: Kelly Frazier
Date Docketed: 07/10/03
Intervention deadline: N/A

CT03-117 In the Matter of the Complaint filed by Jeffrey Pederson on behalf of Hagan Benefits, Inc., Sioux Falls, South Dakota, against S&S Communications/Alterna-Cell Regarding Loss of Long Distance Services.

Complainant's representative states that on December 10, 2002, a four-year prepaid long distance service plan was purchased from the respondent. Service was established on February 11, 2003. However, two of the lines were not transferred and were billed by the previous carrier at a casual rate. On June 3, 2003, service was terminated without notice. Complainant seeks to be reimbursed for the prepaid service not provided. Complainant also seeks to have the PUC direct the Respondent to pay the previous carrier for the charges on the lines that they failed to transfer and to direct the previous carrier to re-rate the charges to the existing plan rate and to halt all collection activities until this entire matter is resolved.

Staff Analyst: Jim Mehlhaff
Staff Attorney: Kelly Frazier
Date Docketed: 07/11/03
Intervention deadline: N/A

CT03-118 In the Matter of the Complaint filed by Tammy Korpala on behalf of Midland Publishing and Printing, Milbank, South Dakota, against S&S Communications/Alterna-Cell Regarding Loss of Long Distance Services.

Complainant's representative states that a six-year prepaid long distance service plan was purchased from the respondent. Service was terminated without notice after approximately 10 months of service. Complainant seeks to be reimbursed for the full purchase price of the contract.

Staff Analyst: Jim Mehlhaff
Staff Attorney: Kelly Frazier
Date Docketed: 07/16/03
Intervention deadline: N/A

TELECOMMUNICATIONS

TC03-111 In the Matter of the Establishment of Switched Access Revenue Requirement for Cheyenne River Sioux Tribe Telephone Authority.

On July 10, 2003, Cheyenne River Sioux Tribe Telephone Authority, Eagle Butte, South Dakota, filed a switched access cost study developing a revenue requirement and minutes of use that are included in the revenue requirement and minutes of use used to determine the switched access rates for the Local Exchange Carriers Association.

Staff Analyst: Harlan Best
Staff Attorney: Karen Cremer
Date Docketed: 07/10/03
Intervention Deadline: 08/01/03

TC03-112 In the Matter of the Filing for Approval of an Amendment to an Interconnection Agreement between Qwest Corporation and WaveSent, L.L.C.

On July 16, 2003, the Commission received a filing for Approval of an Amendment to an Interconnection Agreement between Qwest Corporation and WaveSent, L.L.C. According to the parties, the Agreement is being amended to include the addition of a Single Point of Presence as set forth in Attachment 1 and Exhibit A, which are attached to the Amendment. The original Agreement was approved on March 7, 2003, in Docket TC03-044. Any party wishing to comment on the agreement may do so by filing written comments with the Commission and the parties to the agreement no later than August 3, 2001. Parties to the agreement may file written responses to the comments no later than twenty days after the service of the initial comments.

Staff Attorney: Kelly Frazier
Date Docketed: 07/16/03
Initial Comments Due: 08/05/03

TC03-113 In the Matter of the Filing by Northern Valley Communications, LLC for Approval of Revisions to its Intrastate Switched Access Tariff.

Northern Valley Communications (NVC) has filed revised pages to NVC's Intrastate Switched Access Tariff No. 1 for Commission approval. Previously, NVC was granted exemption from developing intrastate switched access rates based on company specific costs. NVC's revised tariff rates are based on a statewide average in accordance with ARSD 20:10:27:12.

Staff Analyst: Michele Farris
Staff Attorney: Karen Cremer
Date Docketed: 07/16/03
Intervention Deadline: 08/01/03

TC03-114 In the Matter of the Application of Yak Communications (America) Inc. for a Certificate of Authority to Provide Interexchange Telecommunications Services in South Dakota.

Yak Communications (America) Inc. has filed an application for a Certificate of Authority to provide resold interexchange telecommunications services in South Dakota. The applicant intends to provide resold interexchange services, including 1+ long distance, 10-10 casual calling services and toll-free services throughout South Dakota.

Staff Analyst: Bonnie Bjork
Staff Attorney: Kelly Frazier
Date Docketed: 07/16/03
Intervention Deadline: 08/01/03



Suite 500
1200 19th Street, NW
Washington, DC 20036
tel (202) 955-9659
fax (202) 955-9792
thekdwgroup.com

DIRECT LINE: (202) 955-9600

EMAIL: kbarker@kelleydrye.com

July 31, 2003

RECEIVED

AUG 01 2003

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

VIA UPS

Ms. Debra Elofson
Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501

Re: Application of Yak Communications (America) Inc., SDPSC Docket No. TC03-114

Dear Ms. Elofson:

Enclosed please find for filing one original and ten (10) copies of the Amendment to the Application of Yak Communications (America) Inc. to provide Interexchange Telecommunications Services within the State of South Dakota. Please date stamp the duplicate of this filing and return it in the enclosed self-addressed, postage prepaid envelope. Thank you for your assistance in this matter and please feel free to contact me if you have any questions or concerns.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Katherine E. Barker".

Katherine E. Barker

Enclosures

Question #1: Please provide a contact name for customer inquiries regarding complaints.

Answer #1: Andrew Boone, Call Centre Manager; Telephone: 416-297-3776; Facsimile: 416-279-1437; E-mail: andrew@yak.com.

Question #2: Please provide a description on how the applicant intends to market its services, whether the applicant engages in any multilevel marketing and copies of any company brochures that is used to assist in the sale of its services.

Answer #2: Yak does not engage in any multilevel marketing of any sort. Further, the Company does not utilize the services of telemarketers to solicit customers to use Yak's services. The Company plans to advertise its dial around services via fliers, an example of which is attached as *Exhibit A* and plans to place advertisements in the media.

Question #3: The financial statements submitted as exhibits F are consolidated financial statements of the Applicant. The Commission requires current financial statements of the applicant. The Commission does not accept consolidated financial statements. Please provide a written request for a waiver of current financial statements as provided for in ARSD [20:10:24:02(8)] and ARSD [20:10:24:02(15)].

Answer #3: Please see *Exhibit B* to this Amendment.

Question #4: Our staff attorney, Kelly Frazier, has reviewed the tariff for the limitations of liability and has requested that you make the following changes to your proposed tariff. In section 2.5.12 on page 14 of the proposed tariff. Please submit replacement pages for page 14 of the proposed tariff reflecting these changes.

Answer #4: Please see *Exhibit C*.

RECEIVED

AUG 01 2003

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

EXHIBIT A

ADVERTISING MATERIAL

Albania.....33¢	Ghana.....30¢	Paraguay.....39¢
Algeria.....31¢	Gibraltar.....15¢	Peru.....29¢
Argentina.....15¢	Greece.....19¢	Philippines.....25¢
Armenia.....31¢	Grenada.....49¢	Poland.....22¢
Australia.....10¢	Guadeloupe.....31¢	Portugal.....12¢
Austria.....12¢	Guatemala.....27¢	Puerto Rico.....13¢
Azerbaijan.....31¢	Guyana.....82¢	Romania.....33¢
Bahamas.....20¢	Haiti.....29¢	Russia.....25¢
Bahrain.....31¢	Honduras.....39¢	Saudi Arabia.....66¢
Bangladesh.....55¢	Hong Kong.....7¢	Scotland.....7¢
Barbados.....42¢	Hungary.....25¢	Serbia.....33¢
Belarus.....39¢	Iceland.....15¢	Singapore.....15¢
Belgium.....8¢	India.....57¢	Slovak (Rep.).....25¢
Bolivia.....39¢	Indonesia.....29¢	Slovenia.....23¢
Benin.....39¢	Iran.....66¢	Somalia.....\$1.15
Bermuda.....25¢	Iraq.....83¢	South Africa.....33¢
Bolivia.....39¢	Ireland.....8¢	South Korea.....10¢
Bosnia.....33¢	Israel.....7¢	Spain.....8¢
Brazil.....15¢	Italy.....8¢	Sri Lanka.....49¢
British Virgin Islands.....32¢	Ivory Coast.....55¢	St. Lucia.....39¢
Brunei.....23¢	Jamaica.....31¢	Sudan.....65¢
Bulgaria.....35¢	Japan.....12¢	Suriname.....63¢
Burundi.....31¢	Jordan.....47¢	Swaziland.....39¢
Cambodia.....79¢	Kazakhstan.....33¢	Sweden.....9¢
Cameroon.....39¢	Kenya.....47¢	Switzerland.....8¢
Canada.....6¢	Kuwait.....47¢	Syria.....66¢
Cayman Islands.....30¢	Kyrgyzstan.....31¢	Tadjikistan.....32¢
Chad.....47¢	Laos.....63¢	Taiwan.....13¢
Chile.....15¢	Latvia.....36¢	Tanzania.....39¢
China.....21¢	Lebanon.....55¢	Thailand.....31¢
Colombia.....15¢	Liberia.....39¢	Trinidad & Tobago.....31¢
Costa Rica.....19¢	Liechtenstein.....12¢	Tunisia.....42¢
Croatia.....29¢	Lithuania.....34¢	Turkey.....24¢
Cuba.....99¢	Luxembourg.....12¢	Turkmenistan.....31¢
Cyprus.....33¢	Macao.....31¢	Turks & Caicos.....40¢
Czech (Rep.).....29¢	Macedonia.....39¢	Uganda.....31¢
Denmark.....10¢	Malaysia.....15¢	UK.....7¢
Dominican Republic.....15¢	Maldives.....50¢	Ukraine.....37¢
Ecuador.....29¢	Mexico.....15¢	United Arab Emirates.....41¢
Egypt.....58¢	Morocco.....41¢	USA (calls within state).....10¢
El Salvador.....25¢	Mozambique.....31¢	USA (out of state calls).....5¢
Eritrea.....79¢	Nepal.....55¢	US Virgin Islands.....8¢
Estonia.....22¢	Netherlands.....8¢	Uruguay.....29¢
Ethiopia.....71¢	New Zealand.....12¢	Uzbekistan.....31¢
Fiji.....63¢	Nicaragua.....29¢	Venezuela.....19¢
Finland.....10¢	Nigeria.....47¢	Vietnam.....75¢
France.....8¢	North Korea.....\$1.05	Yemen.....74¢
French Guyana.....49¢	Norway.....10¢	Yugoslavia.....33¢
Gambia.....39¢	Oman.....55¢	Zaire.....39¢
Georgia.....23¢	Pakistan.....75¢	Zambia.....31¢
Germany.....8¢	Panama.....29¢	Zimbabwe.....23¢

keep on yakking!

new rates!
8¢ a minute
 * Germany * Netherlands * Italy
 * France * Switzerland * Belgium
 * Spain

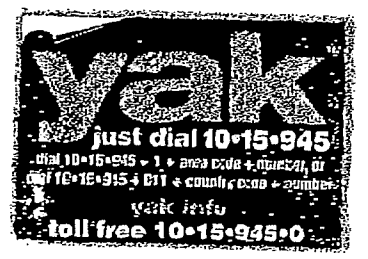
out of state calls **5¢ a minute**

Canada **6¢** /min. UK **7¢** /min. calls within **10¢** the state /min.

see back for super low rates to international countries.

yakTM
 just dial 10•15•945
 before the long distance number you're calling
 & save money every call you make.

Design: Mitchell Shore Creative Services Inc. (416) 636-8776



*Calls to cellular phones in some international destinations and special country code terminations are billed at a higher rate.

Rates effective July 2002 and subject to change without notice. Calls are billed in US dollars and in one minute increments. Rates are the lowest available 24 hours a day, 7 days a week. Service is available with some but not all Local Exchange Carriers (LEC) and Competitive Local Exchange Carriers (CLEC). To confirm carrier availability, please call toll free 10-15-945-0. For further details, please visit www.yak.com or call toll free 10-15-945-0. Offerings are subject to local state and federal laws. Tariff terms and conditions may apply. Does not include USF fee.

Para obtener el folleto en Español, llamar a yak al 10•15•945•0. Please dial toll free 10-15-945-0 to see if yak long distance is available in your area.

dialing instructions

After dialing 10•15•945, do not wait for a dial tone. Just dial 10•15•945 and the long distance number in one continuous sequence.



North America:
 just dial **10•15•945**
 + 1 + area code + number.

Overseas:
 just dial **10•15•945**
 + 011 + country code
 + number.



Yak's HOT RATES

sign up at www.yak.com to receive the latest news and special offers from yak!

sample phone bill

Account number: 702 555 1234 (09/95)
 Bill date: July 5, 2002

Chargeable messages (cont'd)

Date	Location	Number	Start	Duration (sec)	Category	Group	Sample rate	Plan type	Amount
555 1234 (cont'd)									
Other carrier charges									
Yak Laundry Service									
1	Jan 16	ASBHI							30
2	Jan 17	BBJY							10
3	Jan 17	SHADL							05
4	Jan 17	NEW YAK							15
5	Jan 18	CONCORDIA							18
6	Jan 19	MINDY							25
7	Jan 19	AMRHS							145
8	Jan 19	AMRHS							145
9	Jan 20	SHAD							105
10	Jan 20	SHAD							105

Yak's Communications (America) Inc.
 344 Maple Avenue West #352
 Vienna, VA 22180
www.yak.com • toll-free 10•15•945•0

Over 50 Million calls and growing!

- 1 You stay with your local telephone company and get billed the super low yak rates every time you use yak!
- 2 All your yak long distance calls appear on your old familiar bill. No additional long distance invoices.
- 3 No contracts to sign.
 • No credit applications to fill in.
 • No need to switch carriers.
- 4 Just dial 10•15•945 and then dial to anywhere in the world. Italy, France, Canada, Philippines, Mexico, UK, etc.
- 5 No surcharges
 • No connection fees
 • No monthly fees
- 6 All rates in effect:
 • 24 hours a day
 • 7 days a week

What you see is what you get with **YAK!**

EXHIBIT B

REQUEST FOR WAIVER

**BEFORE THE
SOUTH DAKOTA
PUBLIC UTILITIES COMMISSION**

Application of)	
)	
YAK COMMUNICATIONS (AMERICA) INC.)	
)	
for a Certificate of Authority to Provide Interexchange)	Docket No. TC03-114
Telecommunications Services within the)	
State of South Dakota)	

REQUEST FOR WAIVER

Pursuant to ARSD [20:10:24:02(15)], and to all other relevant Rules and Regulations of the South Dakota Public Utilities Commission (“Commission”), Yak Communications (America) Inc. (“Yak” or “Company”), by its attorney and representative, respectfully requests that the Commission grant its Request for Waiver of ARSD [20:10:24:02(8)].

Yak is a newly formed company, and as such does not have significant financial statements of its own, however, with the support of its affiliates, Yak has sufficient financial capability to provide the resold interexchange telecommunications services requested by this Application, and to compete effectively in the market for such services in South Dakota. Accordingly, to give the Commission a better representation of the financial support available to and capacity of Yak, the Company has supplied a consolidated financial statement of its publicly-traded parent company Yak Communications (USA) Inc. Yak provided these statements to the Commission as part of its initial Application as *Exhibit D*, the audited consolidated financial statements for Yak Communications (USA) Inc. for the period ending

June 30, 2002, including Balance Sheet, Statement of Income, Statement of Deficit, Statement of Cash Flows, Schedule of Expenses and Auditor's Notes.

WHEREFORE, Yak Communications (America) Inc. respectfully requests that the Commission grant its Request for Waiver of ARSD [20:10:24:02(8)], in its Application for a Certificate of Authority to Provide Interexchange Telecommunications Services within the State of South Dakota.

Respectfully submitted,

YAK COMMUNICATIONS (AMERICA) INC.

By: Brett H. Freedson

Brett H. Freedson
KELLEY DRYE & WARREN LLP
1200 19th Street, N.W.
Suite 500
Washington, D.C. 20036
(202) 955-9600

Its Attorney

Katherine E. Barker
THE KDW GROUP, LLC
1200 19th Street, N.W.
Suite 500
Washington, D.C. 20036
(202) 955-9659

DATED: July 31, 2003

EXHIBIT C

TARIFF EDITS

SECTION 2 - TERMS AND CONDITIONS (Cont'd)

2.5 Liability of the Company (Cont'd)

- 2.5.11 The Company shall be indemnified, defended, and held harmless by the Customer against any claim, loss or damage arising directly or indirectly from use of services, involving but not limited to claims for libel, slander, invasion of privacy, or infringement of copyright, arising from either the Customer's own communications or from any content or other use of the services provided to Customer, whether authorized by the Customer or not, including infringement of patents arising from combining apparatus and systems of the Customer or a third party with facilities provided by the Company.
- 2.5.12 Liability of the Company shall be determined in accordance with SDCL 49-13-1, 49-13.1.1, and any other applicable law.
- 2.5.13 The Company shall not be liable for injury to property or death to persons, including claims for payments made under Workers' Compensation law or under any plan for employee disability or death benefits, arising out of, or caused by, any act or omission of the Customer, or the construction, installation, maintenance, presence, use or removal of the Customer's facilities or equipment connected, or to be connected to the Company's facilities.

Issued: _____

Effective: _____

Issued by: Charles Zwebner, President
Yak Communications (America) Inc.
610 – 55 Town Centre Court
Scarborough, ON M1P 4X4

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

IN THE MATTER OF THE APPLICATION OF)	ORDER GRANTING
YAK COMMUNICATIONS (AMERICA) INC.)	CERTIFICATE OF
FOR A CERTIFICATE OF AUTHORITY TO)	AUTHORITY
PROVIDE INTEREXCHANGE)	
TELECOMMUNICATIONS SERVICES IN)	TC03-114
SOUTH DAKOTA)	

On July 16, 2003, 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 Yak Communications (America) Inc. (Yak).

Yak proposes to provide resold interexchange services, including 1+ long distance, 10-10 casual calling services and toll-free services throughout South Dakota. A proposed tariff was filed by Yak. The Commission has classified long distance service as fully competitive.

On July 17, the Commission electronically transmitted notice of the filing and the intervention deadline of August 1, 2003, to interested individuals and entities. No petitions to intervene or comments were filed and at its August 19, 2003, meeting, the Commission considered Yak's request for a certificate of authority. Commission Staff recommended granting a certificate of authority, subject to the condition that Yak not offer a prepaid calling card or require or accept deposits or advance payments without prior approval of the Commission. Commission Staff further recommended a waiver of ARSD 20:10:24:02(8).

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 Yak has met the legal requirements established for the granting of a certificate of authority. Yak has, in accordance with SDCL 49-31-3, demonstrated sufficient technical, financial and managerial capabilities to offer telecommunications services in South Dakota. Further, the Commission finds that there is good cause to waive ARSD 20:10:24:02(8). The Commission approves Yak's application for a certificate of authority, subject to the condition that Yak not offer a prepaid calling card or require or accept deposits or advance payments without prior approval of the Commission. As the Commission's final decision in this matter, it is therefore

ORDERED, that Yak's application for a certificate of authority to provide interexchange telecommunications services is hereby granted, effective September 15, 2003, subject to the condition that Yak not offer a prepaid calling card or require or accept deposits or advance payments without prior approval of the Commission. It is

FURTHER ORDERED, that the Commission waives ARSD 20:10:24:02(8). It is

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

Dated at Pierre, South Dakota, this 28th day of August, 2003.

CERTIFICATE OF SERVICE
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by first class mail, in properly addressed envelopes, with charges prepaid thereon.
By: <u><i>Helaine Kalbo</i></u>
Date: <u><i>8/29/03</i></u>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Robert K. Sahr
ROBERT K. SAHR, Chairman

Gary Hanson
GARY HANSON, Commissioner

James A. Burg
JAMES A. BURG, 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 effective September 15, 2003
Docket No. TC03-114

This is to certify that

YAK COMMUNICATIONS (AMERICA) INC.

is authorized to provide interexchange telecommunications services in South Dakota, subject to the condition that it not offer a prepaid calling card or require or accept deposits or advance payments without prior approval of the Commission.

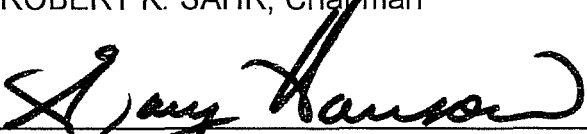
This certificate is issued in accordance with SDCL 49-31-3 and ARSD 20:10:24:02, and is subject to all of the conditions and limitations contained in the rules and statutes governing its conduct of offering telecommunications services.

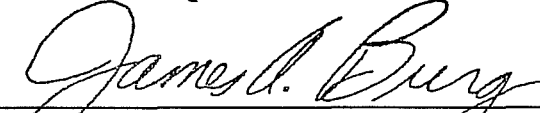
Dated at Pierre, South Dakota, this 28th day of August, 2003.

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION:**




ROBERT K. SAHR, Chairman


GARY HANSON, Commissioner


JAMES A. BURG, Commissioner