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TC03-177

Also Admitted in New York
and Maryland

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Email: lsteinhart@telecomcounsel.com

September 9, 2003

VIA OVERNIGHT DELIVERY

RECEIVED

SEP 11 2003

Ms. Pamela Bonrud
Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Ave-Pierre, SD 57501-5070
(605) 773-3201

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

Re: MG LLC d/b/a SearsConnect

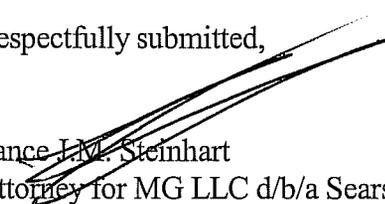
Dear Ms. Bonrud:

Enclosed please find one original and ten (10) copies of MG LLC d/b/a SearsConnect's Application for Registration of a Telecommunications Company.

I have also enclosed a check in the amount of \$250.00 payable to the "South Dakota Public Utilities Commission" for the filing fee, and an extra copy of this cover letter to be date stamped and returned to me in the enclosed self-addressed prepaid envelope.

If you have any questions or if I may provide you with any additional information, please do not hesitate to contact me.

Respectfully submitted,


Lance J.M. Steinhart
Attorney for MG LLC d/b/a SearsConnect

Enclosures

cc: David Byron

APPLICATION FOR REGISTRATION
OF MG LLC D/B/A SEARSCONNECT
FILED WITH THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE)
APPLICATION OF)
MG LLC)
D/B/A SEARSCONNECT)
FOR AN ORDER)
AUTHORIZING THE REGISTRATION)
OF APPLICANT AS A)
TELECOMMUNICATIONS COMPANY)

Docket No.

RECEIVED

SEP 11 2003

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

APPLICATION

Application is hereby made to the South Dakota Public Utilities Commission for an Order authorizing MG LLC d/b/a SearsConnect ("Applicant") to register as a telecommunications company within the State of South Dakota. The following information is furnished in support thereof:

1. Name, Address and Telephone Number of Applicant:
 MG LLC d/b/a SearsConnect
 Two Executive Drive, Suite 900
 Fort Lee, New Jersey 07024
 Telephone: (201) 461-5665
 Toll-Free Customer Service: (888) 484-4999

2. The name under which the Applicant will provide these services if different than in 1. above:

MG LLC d/b/a SearsConnect

3. Applicant's corporate information:

Applicant was organized in the State of Delaware on April 30, 2003. A copy of the Applicant's Certificate of Formation is attached hereto as Exhibit A. A copy of Applicant's Certificate of Authority to transact business as a foreign corporation in the State of South Dakota is attached hereto as Exhibit B.

The Applicant has no principal office in South Dakota. The name and address of the Applicant's registered agent is:

TCS Corporate Services, Inc.
C/O Marilyn Person
819 West Third
Pierre, South Dakota 57501

The names and address of each corporation, association, partnership, cooperative, or individual holding a 20% or greater ownership or management interest in the Applicant corporation and the amount and character of the ownership or management interest are as follows:

| Owners: | Percentage Owned: |
|---------------------------|-------------------|
| Halyard Capital Fund L.P. | 73.85% |

All of the above can be reached through the company as set forth in Section 1 above.

4. Partnership Information:

Not Applicable.

5. Description of Services Applicant intends to offer:

Applicant is a reseller which intends to offer interexchange services, including 1+ and 101XXXX outbound dialing, 800/888 toll-free inbound dialing, directory assistance, data services, travel card service, and prepaid calling card service.

6. Means by which the Applicant intends to provide services:

Applicant does not own or maintain any transmission facilities or switching equipment in the State of South Dakota. The Applicant will provide services through Global Crossing, its underlying carriers. As a reseller, Applicant has no points of presence in the State of South Dakota, thus Applicant neither owns, leases, nor operates any switching, transmission, or other physical facilities in the State of South Dakota, and no such facilities will be used by Applicant in providing service in the State of South Dakota. Rather, Applicant will be engaged in reselling services provided by facilities-based carriers within the State of South Dakota.

7. Geographic Areas in which services will be offered:

Applicant intends to provide services on a statewide basis.

8. Financial Qualifications:

Applicant is financially qualified to provide intrastate interexchange telecommunications services within South Dakota. In particular, Applicant has adequate access to the capital necessary to fulfill any obligations it may undertake with

respect to the provision of intrastate telecommunications services in the State of South Dakota. See Exhibit C, which is attached hereto, Applicant's Consolidated Balance Sheet as of June 30, 2003 and Consolidated Statement of Income for the period ending June 30, 2003, which demonstrates that Applicant has the financial ability to provide the services that it proposes to offer. Applicant hereby respectfully requests a waiver of ARSD 20:10:24:02(8) to the extent it requires applicant to file a current balance sheet, income statement, and cash flow statements.

9. Applicant's complaints and regulatory matters contact and how Applicant handles customer billings and customer service matters.

All inquiries regarding regulatory matters should be addressed to:

David Byron, Chief Operating Officer
Two Executive Drive, Suite 900
Fort Lee, New Jersey 07024
Telephone: (201) 461-5665
Facsimile: (201) 461-1963
E-Mail: david.byron@tranzact.net

All inquiries regarding complaints should be addressed to:

Glenn Storm, Vice President
Two Executive Drive, Suite 900
Fort Lee, New Jersey 07024
Telephone: (201) 461-5665; (888) 484-4999 (toll-free)
Facsimile: (201) 461-1963
E-Mail: glenn.storm@tranzact.net

The Applicant's customers will be direct billed utilizing "real-time" completed call detail information from Applicant's underlying carriers. Applicant's toll-free number will be on all

invoices and prepaid calling cards and customer service will be provided in-house by the Applicant.

10. Regulatory Status:

Applicant is currently in the process of obtaining all required authorizations from the state regulatory agencies. Applicant is currently authorized to provide service in Idaho, Iowa, Kentucky, Massachusetts, Michigan, Montana, New Jersey, Texas, Utah, Wisconsin and Wyoming.

The Applicant is in good standing with the appropriate regulatory agency in the states where it is registered or certified. The Applicant has never been denied registration or certification nor withdrawn its request for registration or certification in any state.

11. Description of Marketing

Applicant intends to market its services to primarily to residential customers and to small to mid-sized businesses. All sales personnel will have telecommunications service experience.

Applicant will market through direct sales by employees and agents. Applicant does not intend to engage in multilevel marketing at this time. Applicant's marketing materials are currently being developed and are not available at this time.

12. Cost Support:

Applicant intends to provide services at a price above its cost.

13. Federal Tax Identification Number:

74-3088611

14. The Number and Nature of Complaints filed against the Applicant with any state or federal regulatory commission regarding the unauthorized switching of a customer's telecommunications provider and the act of charging customers for services that have not been ordered:

None

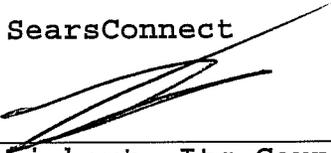
15. Tariff

A copy of Applicant's proposed tariff is attached hereto as Exhibit E.

WHEREFORE, the undersigned Applicant requests that the South Dakota Public Utilities Commission enter an order granting this application.

DATED this 22 day of Sept, 2003.

MG LLC d/b/a SearsConnect

By: 
Lance J.M. Steinhart, Its Counsel

1720 Windward Concourse
Suite 250
Alpharetta, Georgia 30005
(770) 232-9200

State of New Jersey

County of Bergen

David Byron, being first duly sworn, deposes and says that he/she is the Chief Operating Officer of MG LLC d/b/a SearsConnect, the Applicant in the proceeding entitled above, that he/she has read the foregoing application and knows the contents thereof; that the same are true of his/her knowledge, except as to matters which are therein stated on information or belief, and to those matters he/she believes them to be true.

X David Byron
David Byron
Chief Operating Officer

X Subscribed and sworn to before this 24th day of July, 2003.

Helaine Stevens
Notary Public

My Commission expires: _____

HELAIN S. STEVENS
NOTARY PUBLIC OF NEW JERSEY
Commission Expires 3/3/2006

LIST OF EXHIBITS

- A - CERTIFICATE OF FORMATION
- B - CERTIFICATE OF AUTHORITY
- C - MARKETING MATERIAL
- D - FINANCIAL INFORMATION
- E - PROPOSED TARIFF

EXHIBIT A - CERTIFICATE OF FORMATION

CERTIFICATE OF FORMATION

OF

MG LLC

The undersigned, an authorized natural person, for the purpose of forming a limited liability company (hereinafter called the "company"), under the provisions and subject to the requirements of the Delaware Limited Liability Company Act, hereby certifies that:

1. The name of the limited liability company is MG LLC.
2. The address of the registered office and the name and the address of the registered agent of the limited liability company required to be maintained by Section 18-104 of the Delaware Limited Liability Company Act are National Registered Agents, Inc., 9 East Lookerman Street, Suite 1-B, Dover, Delaware 19901.

Executed on April 30, 2003

/s/ Lee Pershan

Name: Lee Pershan

KENT COUNTY
REGISTRATION OF TRADE NAMES, PARTNERSHIPS & ASSOCIATIONS

CERTIFIED
AS A TRUE COPY
TESTED BY M. LOWMAN, PROTHONOTARY
BY: [Signature]

TRADE NAME: SearsConnect

Business Address: Two Executive Dr., Ste. 900, Fort Lee, NJ 07024

Telephone Number: (201) 461-5665

Title of Person, Firm or Association: MG LLC

Name and addresses of all owners, members, or partners comprising the firm:

| LAST NAME | FIRST NAME | ADDRESS |
|-------------------|------------|---------|
| See Attached List | | |
| | | |
| | | |
| | | |

Date of formation: April 30, 2003

Nature of Business: Provide Telecommunication Services

STATE OF DELAWARE
KENT COUNTY

BEFORE ME, the Subscriber, a Notary Public of the State of Delaware, personally appeared David Graf, a principal in the business described in the foregoing Certificate, who, having first been sworn by me according to law did depose and say as follows:

1. He/She is a principal in the business described in the foregoing certificate.
2. That the foregoing information provided in the foregoing certificate is true, correct, and complete.

PROTHONOTARY
KENT COUNTY
SWORN AND SUBSCRIBED this
03 AUG - 7 PM 3:02

David Graf
Affiant =
this 23rd day of July, 2003.
Helaine Stevens
NOTARY PUBLIC

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AND
FILED

HELAINÉ S. STEVENS
NOTARY PUBLIC OF NEW JERSEY
Commission Expires 3/3/2005

LIST OF MEMBERS & DIRECTORS OF
MG LLC

Members

Marc Byron
David Graf
The Halyard Capital Fund

Directors

None

All the above referenced Members & Directors can be reached at:
Two Executive Drive, Suite 900, Fort Lee, New Jersey 07024

**KENT COUNTY
PROTHONOTARY**

03 AUG -7 PM 3:11

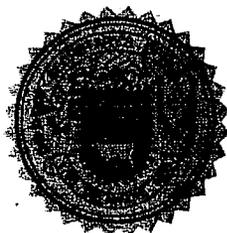
**RECEIVED
AND
FILED**

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "MG LLC", FILED IN THIS OFFICE ON THE THIRTIETH DAY OF APRIL, A.D. 2003, AT 1:53 O'CLOCK P.M.



3652975 8100

030280855

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 2392623

DATE: 04-30-03

EXHIBIT B - CERTIFICATE OF AUTHORITY

State of South Dakota



OFFICE OF THE SECRETARY OF STATE

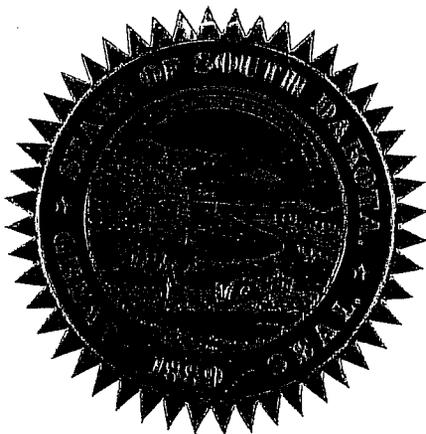
Certificate of Authority Limited Liability Company

ORGANIZATIONAL ID #: FL001683

I, **Chris Nelson**, Secretary of State of the State of South Dakota, hereby certify that duplicate of the Application for a Certificate of Authority of **MG LLC (DE)** to transact business in this state duly signed and verified pursuant to the provisions of the South Dakota Limited Liability Company Act, 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 for certificate of authority.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of South Dakota, at Pierre, the Capital, this August 11, 2003.



Chris Nelson

Chris Nelson
Secretary of State

A TRADE, ASSUMED, OR FICTITIOUS BUSINESS NAME

The undersigned hereby certify that he will engage in, conduct, or operate a business for profit in the State of South Dakota under the Trade, assumed, or fictitious name

of: SearsConnect

| Name | Residence Address | Post Office Address |
|---------------|--|---------------------|
| <u>MG LLC</u> | <u>Two Executive Dr., Ste. 900, Fort Lee, NJ 07024</u> | |
| | | |
| | | |
| | | |

That the address where the main office of such business is to be maintained is Two Executive Dr., Ste. 900, Fort Lee, NJ 07024

STATE OF New Jersey)
County of Bergen)ss.

David Graf being first duly sworn, each for himself says that he has read the foregoing certificate and knows the contents thereof and that the same are true.

X David Graf
David Graf Member

Subscribed and sworn to before me

this 23rd day of July, 2003

Helaine Stevens
Notary Public

HELAIN S. STEVENS
NOTARY PUBLIC OF NEW JERSEY
Commission Expires 3/3/2005

EXHIBIT C - MARKETING MATERIAL
Not Available

EXHIBIT D - FINANCIAL INFORMATION

MG LLC
(d/b/a TRANZACT)

Consolidated Balance Sheet
June 30, 2003

ASSETS

| | |
|---|-----------------------------|
| CURRENT ASSETS: | |
| Cash and cash equivalents | \$ 477,000 |
| Receivables, net | 4,086,000 |
| Inventories, net | 1,509,000 |
| Prepaid expenses and other current assets | <u>634,000</u> |
| Total current assets | 6,706,000 |
| | |
| PROPERTY AND EQUIPMENT, net | 1,667,000 |
| | |
| GOODWILL AND OTHER INTANGIBLE ASSETS, net | 4,963,000 |
| | |
| OTHER ASSETS | <u>124,000</u> |
| Total assets | <u><u>\$ 13,460,000</u></u> |

LIABILITIES AND MEMBER'S EQUITY

| | |
|---|-----------------------------|
| CURRENT LIABILITIES: | |
| Accounts payable and accrued expenses | \$ 3,579,000 |
| Unearned revenue | 41,000 |
| Current maturities of long-term liabilities | <u>595,000</u> |
| Total current liabilities | 4,215,000 |
| | |
| LONG-TERM LIABILITIES, net | <u>803,000</u> |
| Total liabilities | 5,018,000 |
| | |
| MEMBERS' EQUITY | <u>8,442,000</u> |
| Total liabilities and members' equity | <u><u>\$ 13,460,000</u></u> |

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

MG LLC
(d/b/a TRANZACT)

Consolidated Statement of Income
For the Month Ended June 30, 2003

| | |
|---|---------------------|
| NET REVENUE | \$ 2,454,000 |
| DIRECT COSTS | <u>1,745,000</u> |
| Gross profit | 709,000 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | <u>1,357,000</u> |
| Income (Loss) from operations | (648,000) |
| OTHER EXPENSES: | |
| Depreciation and amortization | <u>83,000</u> |
| Net income (Loss) | <u>\$ (731,000)</u> |

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

**MG LLC
(d/b/a TRANZACT)**

**Notes to the Consolidated Financial Statement
June 30, 2003**

Note A – Basis of Presentation and Formation of Business

The accompanying unaudited financial statements of MG LLC (d/b/a TRANZACT) ("TRANZACT") have been prepared in accordance with generally accepted accounting principles and include adjustments, which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows. The financial statements are not necessarily indicative of the results expected for the full year. The financial statements do not include all of the information and note disclosures required by generally accepted accounting principles for annual financial statements.

TRANZACT, a limited liability company, was formed on April 30, 2003. On May 15, 2003, TRANZACT acquired certain assets and assumed certain liabilities of S Connect Inc. related to the sale of telecommunication products and services through a license arrangement with Sears, Roebuck & Co. The purchase price was \$840,000 in cash plus certain assumed liabilities. Additional consideration is payable based upon the sale of certain products in the Sears stores.

On May 28, 2003, TRANZACT acquired certain assets and assumed certain liabilities of Mosaic Performance Solutions, Inc. for \$4,135,000 in cash plus the assumption of certain liabilities. The effective date for accounting purposes of this transaction is June 1, 2003.

The purchase price allocation for these acquisitions is preliminary and further adjustments are likely to be made based on the completion of the valuation studies.

Note B – Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimations and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. On an ongoing basis, the Company evaluates its estimates, including those related to uncollectible receivables, customer churn, shrinkage and intangible assets. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying of values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Note C – Members Equity

At June 30, 2003, TRANZACT has issued and outstanding 9,135 member units. The rights of the members are set forth in the Limited Liability Company agreement of MG LLC dated May 28, 2003. The units are owned 78.7% by a private equity firm and 21.3% by TRANZACT management.

EXHIBIT E - PROPOSED TARIFF

MG LLC D/B/A SEARSCONNECT

ORIGINAL SHEET 2

SOUTH DAKOTA PUC TARIFF NO. 1

TELECOMMUNICATIONS SERVICES TARIFF

RESERVED FOR FUTURE USE

ISSUED: , 2003 EFFECTIVE: , 2003
ISSUED BY: David Byron, Chief Operating Officer
Two Executive Drive, Suite 900
Fort Lee, New Jersey 07024

TELECOMMUNICATIONS SERVICES TARIFF

SYMBOLS

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

- (C) to signify change in regulation
- (D) to signify a deletion
- (I) to signify a rate increase
- (L) to signify material relocated in the tariff
- (N) to signify a new rate or regulation
- (R) to signify a rate reduction
- (T) to signify a change in text, but no change in rate or regulation

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Two Executive Drive, Suite 900
Fort Lee, New Jersey 07024

TELECOMMUNICATIONS SERVICES TARIFF

- 2.3.3 No agent or employee of any other carrier or entity shall be deemed to be an agent or employee of the Company.
- 2.3.4 Reserved for Future Use
- 2.3.5 Reserved for Future Use
- 2.3.6 Reserved for Future Use

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Two Executive Drive, Suite 900
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TELECOMMUNICATIONS SERVICES TARIFF

2.4.10 The Customer must use the services offered in this tariff in a manner consistent with the terms of this tariff and the policies and regulations of all state, federal and local authorities having jurisdiction over the service.

2.5 Cancellation or Interruption of Services

2.5.1 Without incurring liability, upon five (5) working days' (defined as any day on which the company's business office is open and the U.S. Mail is delivered) written notice to the Customer, the Company may immediately discontinue services to a Customer or may withhold the provision of ordered or contracted services:

2.5.1.A For nonpayment of any sum due the Company for more than thirty (30) days after issuance of the bill for the amount due, unless the charge is in dispute;

2.5.1.B For violation of any of the provisions of this tariff,

2.5.1.C For violation of any law, rule, regulation, policy of any governing authority having jurisdiction over the Company's services, or

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

ISSUED: , 2003

EFFECTIVE: , 2003

ISSUED BY: David Byron, Chief Operating Officer

Two Executive Drive, Suite 900

Fort Lee, New Jersey 07024

TELECOMMUNICATIONS SERVICES TARIFF

2.6 Credit Allowance

2.6.1 Credit may be given for disputed calls, on a per call basis.

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Fort Lee, New Jersey 07024

TELECOMMUNICATIONS SERVICES TARIFF

2.7 Restoration of Service

The use and restoration of service shall be in accordance with the priority system specified in part 64, Subpart D of the Rules and Regulations of the Federal Communications Commission.

2.8 Deposit

The Company does not require deposits.

2.9 Advance Payments

The Company does not require advance payments.

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ISSUED BY: David Byron, Chief Operating Officer
Two Executive Drive, Suite 900
Fort Lee, New Jersey 07024

TELECOMMUNICATIONS SERVICES TARIFF**2.11 Collection Costs**

In the event Company is required to initiate legal proceedings to collect any amounts due to Company, or to enforce any judgment obtained against a Customer, or for the enforcement of any other provision of this tariff or applicable law, Customer shall, in addition to all amounts due, be liable to Company for all reasonable costs incurred by Company in such proceedings and enforcement actions, including reasonable attorneys' fees, collection agency fees or payments, and court costs. In any such proceeding, the amount of collection costs, including attorneys' fees, due to the Company, will be determined by a court of competent jurisdiction or by the Commission.

2.12 Taxes

All federal, state and local taxes, assessments, surcharges, or fees, including sales taxes, use taxes, gross receipts taxes, and municipal utilities taxes, are billed as separate line items and are not included in the rates quoted herein.

2.13 Late Charge

A late fee of 1.5% per month or the amount otherwise authorized by law, whichever is lower, will be charged on any past due balances.

2.14 Returned Check Charge

A fee of \$20.00 will be charged whenever a check or draft presented for payment for service is not accepted by the institution on which it is written.

2.15 Reconnection Charge

A reconnection fee of \$25.00 per occurrence will be charged when service is reestablished for Customers which have been disconnected due to non-payment. Payment of the reconnection fee and any other outstanding amounts will be due in full prior to reconnection of service.

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ISSUED BY: David Byron, Chief Operating Officer
Two Executive Drive, Suite 900
Fort Lee, New Jersey 07024

TELECOMMUNICATIONS SERVICES TARIFFSECTION 3 - DESCRIPTION OF SERVICE3.1 Computation of Charges

- 3.1.1 The total charge for each completed call may be a variable measured charge dependent on the duration, distance and time of day of the call. The total charge for each completed call may also be dependent only on the duration of the call, i.e. a statewide flat rate per minute charge. The variable measured charge is specified as a rate per minute which is applied to each minute. All calls are measured in increments as set forth in the Rates Section of this tariff. Fractions of a billing increment are rounded up to a full billing increment on a per call basis. Fractions of a cent per minute are rounded up to a full cent on a per call basis.
- 3.1.2 Where mileage bands appear in a rate table, rates for all calls are based upon the airline distance between the originating and terminating points of the call, as determined by the vertical and horizontal coordinates associated with the exchange (the area code and three digit central office code) associated with the originating and terminating telephone numbers. If the Customer obtains access to the Company's network by a dedicated access circuit, that circuit will be assigned an exchange for rating purposes based upon the Customer's main telephone number at the location where the dedicated access circuit terminates. The vertical and horizontal (V & H) coordinates for each exchange and the airline distance between them will be determined according to industry standards.

ISSUED: , 2003

EFFECTIVE: , 2003

ISSUED BY: David Byron, Chief Operating Officer
Two Executive Drive, Suite 900
Fort Lee, New Jersey 07024

TELECOMMUNICATIONS SERVICES TARIFF

- 3.1.3 Timing begins when the called station is answered and two way communication is possible, as determined by standard industry methods generally in use for ascertaining answer, including hardware answer supervision in which the local telephone company sends a signal to the switch or the software utilizing audio tone detection. Recognition of answer supervision is the responsibility of the Underlying Carrier. Timing for each call ends when either party hangs up. The Company will not bill for uncompleted calls.

3.2 Customer Complaints and/or Billing Disputes

Customer inquiries or complaints regarding service or accounting may be made in writing or by telephone to the Company at:

Two Executive Drive, Suite 900
Fort Lee, New Jersey 07024
(888) 484-4999

An objection to billed charges should be reported to the Company within 180 days from receipt of an invoice. Adjustments to Customers' bills shall be made to the extent that records are available and/or circumstances exist which reasonably indicate that such charges are not in accordance with approved rates or that an adjustment may otherwise be appropriate.

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ISSUED BY: David Byron, Chief Operating Officer
Two Executive Drive, Suite 900
Fort Lee, New Jersey 07024

TELECOMMUNICATIONS SERVICES TARIFF**3.5 Service Offerings****3.5.1 1+ Dialing**

This service permits Customers to originate calls via switched or dedicated access lines, and to terminate intrastate calls. The customer dials "1+" followed by "ten digits" or dials "101XXXX" followed by "1+ ten digits".

3.5.2 Travel Cards

The Customer utilizes an 11 digit "toll-free" access number established by the Company to access a terminal. Upon receiving a voice prompt, the Customer uses push button dialing to enter an identification code assigned by the Company, and the ten digit number of the called party.

3.5.3 Toll-Free Service

This service is inbound calling only where an 800, 888 or other toll-free prefix number rings into a Customer's premise routed to a specific telephone number or terminated over a dedicated facility.

ISSUED: , 2003 EFFECTIVE: , 2003
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TELECOMMUNICATIONS SERVICES TARIFF

3.5.5 Directory Assistance.

Access to long distance directory assistance is obtained by dialing 1 + 555-1212 for listings within the originating area code and 1 + (area code) + 555-1212 for other listings. When more than one number is requested in a single call, a charge will apply for each number requested. A charge will be applicable for each number requested, whether or not the number is listed or published.

ISSUED: , 2003 EFFECTIVE: , 2003
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Two Executive Drive, Suite 900
Fort Lee, New Jersey 07024

TELECOMMUNICATIONS SERVICES TARIFF

4.7 Rate Periods

| | Monday - Friday | Sat. | Sun. |
|--------------------------|---------------------------|------|---------------------------|
| 8 a.m. to 5 p.m.* | Daytime Rate Period | | |
| 5 p.m. to 11 p.m.* | Evening Rate Period | | Evening Rate Period |
| 11 p.m. to 8 a.m.* | Night/Weekend Rate Period | | |

* To, but not including

When a message spans more than one rate period, total charges for the minutes in each rate period are calculated and the results for each rate period are totaled to obtain the total message charge. If the calculation results in a fractional charge, the amount will be rounded up to the higher cent.

4.8 Payphone Dial Around Surcharge

A dial around surcharge of \$.50 per call will be added to any completed INTRASTATE toll access code and subscriber toll-free 800/888 type calls placed from a public or semi-public payphone.

4.9 Universal Service Fund Assessment & Presubscribed Interexchange Carrier Charge

The Customer will be assessed a monthly Universal Service Fund Contribution charge on all telecommunications services, which in no event shall be less than the prevailing contribution percentage rate charged the Company on intrastate traffic by any state agency or its administrator. A Presubscribed Interexchange Carrier Charge ("PICC") applies on a monthly basis to all Customer monthly bills at the prevailing rate.

ISSUED: , 2003 EFFECTIVE: , 2003
 ISSUED BY: David Byron, Chief Operating Officer
 Two Executive Drive, Suite 900
 Fort Lee, New Jersey 07024

TC03-177

MG LLC
DBA TRANZACT
2 Executive Drive, Suite 900
Fort Lee, NJ 07024

HARRIS BANK
70-1558/719

1444

7/24/2003

PAY TO THE ORDER OF South Dakota Public Utilities Commissions

\$ **250.00

Two Hundred Fifty and 00/100

DOLLARS

State of South Dakota

David Byron

A R 7/24/03 Public Service Commission Filing Fee

Laurence H. Ludger

MEMO

⑈001444⑈ ⑆071915580⑆ 043427812⑈

MG LLC / DBA TRANZACT

South Dakota Public Utilities Commissions

7/24/2003

1444

| Date | Type | Reference | Original Amt. | Balance Due | Discount | Payment |
|------------|------|-----------|---------------|-------------|--------------|---------|
| 07/24/2003 | Bill | 0724203 | 250.00 | 250.00 | | 250.00 |
| | | | | | Check Amount | 250.00 |

TC03-177

Harris Bank

A R 7/24/03 Public Service Commission Filing Fee

250.00

MG LLC / DBA TRANZACT

South Dakota Public Utilities Commissions

7/24/2003

1444

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| 07/24/2003 | Bill | 0724203 | 250.00 | 250.00 | | 250.00 |
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PAYMENT RECORD

Harris Bank

A R 7/24/03 Public Service Commission Filing Fee

250.00

**South Dakota Public Utilities Commission
WEEKLY FILINGS**

For the Period of September 11, 2003 through September 17, 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: 605-773-3201

CONSUMER COMPLAINTS

CT03-140 In the Matter of the Complaint filed by Herman and Judith Symens, Sisseton, South Dakota, against S&S Communications/Alterna-Cell Regarding Loss of Long Distance Services.

Complainants state that they purchased a six-year prepaid long distance service plan and received only twenty-seven months of service. Complainants seek to be reimbursed for the prepaid service not provided.

Staff Analyst: Jim Mehlhaff
Staff Attorney: Kelly Frazier
Date Docketed: 09/12/03
Intervention deadline: N/A

CT03-141 In the Matter of the Complaint filed by Elwin Nieuwma on behalf of Ken's Auto Inc., Strasburg, North Dakota, against S&S Communications/Alterna-Cell Regarding Loss of Long Distance Services.

Complainant's representative states that it purchased a three-year prepaid long distance service plan. After approximately six months service was terminated. Complainant seeks to be reimbursed for the prepaid service not provided.

Staff Analyst: Jim Mehlhaff
Staff Attorney: Kelly Frazier
Date Docketed: 09/12/03
Intervention deadline: N/A

CT03-142 In the Matter of the Complaint filed by Margaret E. Bohner, Sioux Falls, South Dakota, against S&S Communications/Alterna-Cell Regarding Loss of Long Distance Services.

Complainant purchased a five-year prepaid long distance service plan on February 15, 2001. Service was terminated in June of 2003. Complainant seeks to be reimbursed for the prepaid service not provided.

Staff Analyst: Jim Mehlhaff
Staff Attorney: Kelly Frazier
Date Docketed: 09/15/03
Intervention deadline: N/A

CT03-143 In the Matter of the Complaint filed by Paul D. Merkel, Forbes, North Dakota, against S&S Communications/Alterna-Cell Regarding Loss of Long Distance Services.

Complainant purchased a ten-year prepaid long distance service plan. After three years and ten months service was terminated. Complainant seeks to be reimbursed for the prepaid service not provided.

Staff Analyst: Jim Mehlhaff
Staff Attorney: Kelly Frazier
Date Docketed: 09/15/03
Intervention deadline: N/A

CT03-144 In the Matter of the Complaint filed by Stephen R. Baade on behalf of Citizens State Bank, Pocahontas, Iowa, against S&S Communications/Alterna-Cell Regarding Loss of Long Distance Services.

Complainant's representative states that it purchased a forty-eight month prepaid long distance service plan. After twenty-four months service was terminated. Complainant seeks to be reimbursed for the prepaid service not provided.

Staff Analyst: Jim Mehlhaff
Staff Attorney: Kelly Frazier
Date Docketed: 09/15/03
Intervention deadline: N/A

CT03-145 In the Matter of the Complaint filed by Terry and Joanne Wheeler, Sioux Falls, South Dakota, against S&S Communications/Alterna-Cell Regarding Loss of Long Distance Services.

Complainants state that they purchased a six-year prepaid long distance service plan and received only twenty-nine months of service. Complainants seek to be reimbursed for the prepaid service not provided.

Staff Analyst: Jim Mehlhaff
Staff Attorney: Kelly Frazier
Date Docketed: 09/16/03
Intervention deadline: N/A

CT03-146 In the Matter of the Complaint filed by Ken Krause, Aberdeen, South Dakota, against S&S Communications/Alterna-Cell Regarding Loss of Long Distance Services.

Complainant states that he purchased a five-year extension on his original prepaid long distance service plan. Complainant estimates that eighty five percent of the contract remained when service was terminated in June of 2003. Complainant seeks to be reimbursed for the prepaid service not provided.

Staff Analyst: Jim Mehlhaff
Staff Attorney: Kelly Frazier
Date Docketed: 09/17/03
Intervention deadline: N/A

TELECOMMUNICATIONS

**TC03-177 In the Matter of the Application of MG LLC d/b/a SearsConnect for a
Certificate of Authority to Provide Interexchange Telecommunications
Services in South Dakota.**

On September 11, 2003, MG LLC d/b/a SearsConnect filed an application for a Certificate of Authority to provide interexchange telecommunications service in South Dakota. MG LLC d/b/a SearsConnect intends to provide resold interexchange service including, 1+ and 101XXXX outbound dialing, 800/888 toll-free inbound dialing, directory assistance, data services, travel card service, and prepaid calling card service throughout South Dakota.

Staff Analyst: Michele Farris
Staff Attorney: Karen Cremer
Date Docketed: 09/11/03
Intervention Deadline: 10/03/03

**TC03-178 In the Matter of the Implementation of the Federal Communications
Commission's Triennial Review Order--90 Day Proceeding.**

On September 17, 2003, the Commission opened a docket regarding the Federal Communications Commission's Triennial Review Order. The Commission is seeking written comments on how to proceed with the 90 day proceeding. The entire order is attached to this fax filing.

Staff Analyst: Harlan Best
Staff Attorney: Karen Cremer
Date Docketed: 09/17/03
Comment Deadline: 09/29/03

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

| | |
|--|-----------------------|
| IN THE MATTER OF THE APPLICATION OF) | ORDER GRANTING |
| MG LLC D/B/A SEARSCONNECT FOR A) | CERTIFICATE OF |
| CERTIFICATE OF AUTHORITY TO PROVIDE) | AUTHORITY |
| INTEREXCHANGE TELECOMMUNICATIONS) | |
| SERVICES IN SOUTH DAKOTA) | TC03-177 |

On September 11, 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 MG LLC d/b/a SearsConnect (SearsConnect).

SearsConnect proposes to offer interexchange services. A proposed tariff was filed by SearsConnect. The Commission has classified long distance service as fully competitive.

On September 18, 2003, the Commission electronically transmitted notice of the filing and the intervention deadline of October 3, 2003, to interested individuals and entities. No petitions to intervene or comments were filed and at its December 16, 2003, meeting, the Commission considered SearsConnect's request for a certificate of authority. Commission Staff recommended granting a certificate of authority, subject to the condition that SearsConnect not offer any prepaid services (including prepaid calling cards) and not accept or require any 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 SearsConnect has met the legal requirements established for the granting of a certificate of authority. SearsConnect 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 SearsConnect's application for a certificate of authority, subject to the condition that SearsConnect not offer any prepaid services (including prepaid calling cards) and not accept or require any deposits or advance payments without prior approval of the Commission. As the Commission's final decision in this matter, it is therefore

ORDERED, that SearsConnect's application for a certificate of authority to provide interexchange telecommunications services is hereby granted, subject to the condition that SearsConnect not offer any prepaid services (including prepaid calling cards) and not accept or require any 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 SearsConnect shall file informational copies of tariff changes with the Commission as the changes occur.

Dated at Pierre, South Dakota, this 22nd day of December, 2003.

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| <p style="text-align: center;">CERTIFICATE OF SERVICE</p> <p>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.</p> <p>By: <u>Melaine Kolbo</u></p> <p>Date: <u>12/23/03</u></p> <p style="text-align: center;">(OFFICIAL SEAL)</p> |
|--|

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 as of the date of the
Order Granting Certificate of Authority
Docket No. TC03-177

This is to certify that

MG LLC D/B/A SEARSCONNECT

is authorized to provide interexchange telecommunications services in South Dakota, subject to the condition that it not offer any prepaid services (including prepaid calling cards) and not accept or require any 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 22nd day of December, 2003.

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION:**



Robert K. Sahr

ROBERT K. SAHR, Chairman

Gary Hanson

GARY HANSON, Commissioner

James A. Burg

JAMES A. BURG, Commissioner