

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

IN THE MATTER OF UNAUTHORIZED
LONG DISTANCE CHANGES AND
UNAUTHORIZED TELEPHONE
CHARGES MADE BY REDUCED RATES
LONG DISTANCE

AFFIDAVIT OF DEB GREGG OF THE
CONSUMER AFFAIRS DIVISION OF
THE PUC

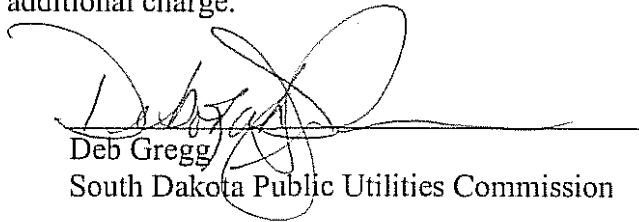
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Deb Gregg, after being duly sworn upon her oath, hereby states and disposes as follows:

1. My name is Deb Gregg and I am an employee of the South Dakota Public Utilities Commission in the Consumer Affairs Division.
2. I received the first consumer complaint regarding Reduced Rates in late 2006. I continue to receive Reduced Rates complaints.
3. Commission Staff and I contacted each individual complainant to better understand if any why he or she participated in the third party verification. I learned of the misrepresentation and deception used by Reduced Rates in the initial sales conversation. Such misrepresentation caused the consumer to participate in the verification.
4. Kara Semmler and I contacted Reduced Rates via written correspondence and provided it with a list of the complaining consumers. In addition, we have had an ongoing conversation with the lawyer representing Reduced Rates. He articulated his client's belief the third party verifications are adequate.
5. As a result of my discussions with complaining South Dakota consumers, I believe additional affected consumer exist. I believe other South Dakota

consumers have been billed and simply have not noticed the charge on his or her telephone bill.


6. Additionally, I know several consumers' bills were sent to collections when he or she refused to pay the unauthorized charges. Such consumers' credit will be negatively affected by the collections action.
7. I was also contacted by several telecommunication companies allegedly affected by Reduced Rates (herein "providers"). The complaining providers support the consumers' story regarding misrepresentation. The providers allege Reduced Rates representatives identified him or herself as the provider. The providers received confused consumer phone calls and consumer complaints. The providers' reputation and other business interests have been potentially damaged.
8. Reduced Rates cannot explain the large number of complaints and continually points to the third party verification.
9. I believe Reduced Rates participated in practices known as "cramming" and "slamming" as is defined in SDCL 49-31-89 and did not conduct appropriate verification of the change or additional charge.


Deb Gregg
South Dakota Public Utilities Commission

STATE OF SOUTH DATKOA)
) SS
COUNTY OF HUGHES)

On this 5th day of October, 2007, before me Anissa Grambihler, a Notary Public within and for said County and State, personally appeared Deb Gregg,

known to me to be the person who is described in and who executed the within and foregoing instrument and acknowledged to me that she executed the same.



Notary Public

My Commission Expires:

7-1-2012

(SEAL)

7/1/12