

TC97-034

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TC97-034

DOCKET NO.

In the Matter of IN THE MATTER OF THE  
APPLICATION OF LONG DISTANCE  
DIRECT HOLDINGS, INC FOR A  
CERTIFICATE OF AUTHORITY TO  
PROVIDE LOCAL  
EXCHANGE TELECOMMUNICATIONS  
SERVICES IN SOUTH DAKOTA

Public Utilities Commission of the State of South Dakota

DATE

MEMORANDA

4/7/97 Filed and docketed,  
4/10/97 TC for review,  
4/15/97 petition to Intervene by SDITC,  
5/14/97 withdrawal of petition to Intervene by SDITC,  
7/2/97 Order Granting COA,  
7/14/97 docket closed

TC97-034

**KLEIN, ZELMAN, ROTHERMEL & DICHTER, L.L.P.**

405 MADISON AVENUE  
NEW YORK, NEW YORK 10022-5803

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FAX (212) 753-8101

e-mail: kzd@legal.org

FRED C. KLEIN  
ANDREW E. ZELMAN  
JOAN EBERT ROTHERMEL  
JOEL W. DICHTER  
JANE B. JACOBI  
NANCY B. SCHLES

JEFFREY M. SCHLOSSBERG  
DAVID O. KLEIN

STEPHEN B. HANSBURG  
OF COUNSEL

April 4, 1997

RECEIVED

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Mr. Harlan Best  
Deputy Director  
South Dakota Public Utilities Commission  
500 E. Capitol Avenue  
Pierre, SD 57501

**Re: Long Distance Direct Holdings, Inc.**

Dear Mr. Best:

Enclosed please find for filing an original and ten (10) copies of Long Distance Direct Holdings, Inc.'s application to for a Certificate of Authority to operate as a local reseller of telecommunication services in South Dakota. I have also enclosed a check for \$250 to cover the filing fee.

I have enclosed an extra copy of this letter, to be dated, stamped and returned to me in the postage prepaid self-addressed envelope.

If you have any questions, or require any other additional information, please do not hesitate to contact me.

Sincerely,



David O. Klein

Enc.  
DOK:jf

TC97-034

STATE OF SOUTH DAKOTA  
PUBLIC UTILITIES COMMISSION

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APR 11 1997

In the Matter of the Application of )  
 )  
Long Distance Direct Holdings, Inc. )  
for a Certificate of Service )  
Authority to provide local exchange )  
Telecommunications services. )

Docket No. \_\_\_\_\_  
SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

APPLICATION

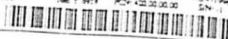
Long Distance Direct Holdings, Inc. (hereinafter "LDDH") hereby petitions the Public Utilities Commission ("PUC") of the State of South Dakota for the issuance of a Certificate of Authority, pursuant to South Dakota's Telecommunications Service Rule 20:10:24-02. LDDH plans to provide non-facilities based private line and switched intercity service; and to provide intra-city switched and non-switched services as a non-facilities based carrier. In support thereof, the following information is provided:

**1. Name and Address of Applicant**

The full name of the Applicant and its business address is:

Long Distance Direct Holding's, Inc.  
1 Blue Hill Plaza, Suite 1430  
Pearl River, NY 10965  
914-620-0765

Steven Lampert is the President and a Director of LDDH. Michael Preston is the Vice-President and a Director of LDDH. The officers and directors may be reached at the above office.



<PAGE> 21

LONG DISTANCE DIRECT HOLDINGS, INC.  
 CONSOLIDATED STATEMENTS OF OPERATIONS  
 YEARS ENDED DECEMBER 31,

<TABLE>  
 <CAPTION>

	1995	1994	1993
<S>	<C>	<C>	<C>
REVENUES	\$ 8,163,949	\$ 9,527,497	\$ 5,499,035
CUSTOMER REBATES AND REFUNDS	377,547	444,998	159,621
NET REVENUES	7,986,402	9,082,499	5,340,414
COST OF SERVICES	5,862,665	6,257,686	3,690,740
Gross Profit	2,123,737	2,824,813	1,649,674
OPERATING EXPENSES			
Sales and marketing	519,411	1,322,546	472,473
General and administrative	2,700,451	2,554,503	1,444,151
Total Operating Expenses	3,219,862	3,877,049	1,916,624
INCOME FROM OPERATIONS	(1,096,125)	(1,052,236)	(266,950)
OTHER EXPENSES (INCOME)			
Interest expense	375,820	173,996	98,395
Interest income	(4,594)	(5,515)	(2,056)
Partnership buy-out and other costs	-0-	-0-	609,074
Unaudited IPO costs	407,572	-0-	-0-
Total Other Expenses (Income)	778,798	168,481	705,414
LOSS	(\$1,874,923)	(\$1,220,717)	(\$ 972,364)
LOSS PER SHARE			
Basic	(\$1.55)	(\$1.36)	(\$1.30)
Diluted			

See notes to consolidated financial statements.



4-800-NAND

The Representative of the Applicant to whom the PUC is requested to direct correspondence

is:

David O. Klein  
Klein, Zelman, Rothermel & Dichter L.L.P.  
485 Madison Avenue, New York, New York 10022  
212-935-6020

The Resident Agent in The State of South Dakota is:

Corporation Service Company  
503 South Pierre Street  
Pierre, South Dakota 57501  
1-800-221-0770

Customer complaints can be addressed to:

Margaret Hastings  
Long Distance Direct Holdings, Inc.  
1 Blue Hill Plaza, Suite 1430  
Pearl River, NY 10965  
(800) 882- 8603

## **2. Certificate of Incorporation**

LDDH was incorporated in the State of Nevada on April 5, 1988 as Golden Ark, Inc. and changed its name on October 10, 1995. A copy of its Certificate of Incorporation is attached hereto as Exhibit 1. LDDH is certified to do business as a foreign corporation in South Dakota. Authorization is attached hereto as Exhibit 2.

## **3. Shareholders and Officers**

LDDH Officers and Directors are :

Steve Lampert - President/ CEO/ Director

Michael Preston - Vice President/ CFO/ Secretary / Director

Each can be reached at LDDH's primary place of business at 1 Blue Hill Plaza, Suite 1430, Pearl River, NY 10965.

The largest stockholders of the applicant are:

Name	Shares owned	Percentage of all shares issued and outstanding, voting control
Steven Lampert	1,087,065	27%
Michael Preston	1,087,065	27%
Business Sys. Consult.	443,700	11%
David Chester	215,000	5.3%
Day & Campbell	232,199	5.8%

All can be reached at LDDH's address listed above.

The principle officers responsible for South Dakota operations are Steven Lampert and Michael Preston. The relevant operational and technical experience of LDDH's management staff is set forth in Exhibit 3 attached hereto.

Long Distance Direct, Inc., a New York corporation, is a wholly owned subsidiary of LDDH. Their corporate structure is identical to that of LDDH.

#### **4. Financial Qualifications**

Attached hereto as Exhibit 4 is a copy of the applicant's financial statements for the year ending December 31, 1995 which demonstrates that LDDH has the financial ability to provide the services that it hereby requests authority to offer to the public.

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#### **5. Current Business Transactions**

LDDH currently provides non-facilities based interexchange telecommunications services, in virtually all 50 states.

LDDH currently has local resale authority in New York, Wisconsin and North Dakota. Applications have been filed or are being filed in the remaining 47 States. In no instance has an application been denied or rejected.

#### **6. The Services to be Offered by Applicant**

LDDH intends to subscribe to and resell all forms of telephone service including local dial tone services, Message Telephone Service, Wide Area Telephone Service, WATS-like services, Foreign Exchange Service, private lines, tie lines, access service, cellular service, local switched service and other services and facilities of communications common carriers and other entities. LDDH intends to provide service to both residential and business class customers throughout the entire State of South Dakota. LDDH has already obtained permission from the Commission to provide interexchange service. (TC96 - 122). LDDH intends to service the entire State of South Dakota.

#### **7. Communications network and technical support**

LDDH submits this application to provide non-facilities-based resale of telecommunications services that will be provided over the networks of incumbent local exchange carriers that it has contracted with. LDDH neither owns, nor leases equipment or facilities used for the transport of telecommunications services. Therefore, applicant is solely dependent on the technical capabilities of South Dakota incumbent local exchange carriers.

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**8. How competition will be enhanced if the applicant is allowed to enter the market.**

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LDDH proposes to acquire and resell various voice and data communications services offered by communications common carriers, and to package and provide these services for the specialized functions and needs of its customers. In particular, services will be acquired from underlying communications common carriers at bulk rates and will be resold to applicant's customers, so that customers will benefit from reduced pricing. The experienced management, technical, and operations expertise of the LDDH team will enable LDDH to begin offering competitive high-quality service immediately upon the grant of the authority requested herein. In addition to reduced pricing, the introduction of LDDH services will promote competition and lead to greater efficiencies and more rapid introduction of new technologies in the use of telephone service. Thus, Commission grant of this application will significantly serve the public interest through enhanced competition in the market for local and interexchange services through the addition of a well managed new entrant into the local market.

**9. Marketing**

LDDH will market its services through direct mailings, televised marketing programs and field sales.

**10. Proposed Tariff**

LDDH's proposed tariff is attached hereto as Exhibit 5.


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In view of the foregoing, Long Distance Direct Holdings, Inc., respectfully submits that the Public Convenience and Necessity would be served by grant of its petition for certification to operate as a reseller of telephone services within the State of South Dakota.

Respectfully submitted,

Long Distance Direct Holdings, Inc.

By:



David O. Klein  
Klein, Zelman, Rothermel & Dichter, L.L.P.  
485 Madison Avenue  
New York, NY 10022  
212-935-6020  
Attorney for Long Distance Direct Holdings, inc.

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STATE OF NEW YORK

COUNTY OF

Rockland

**VERIFICATION**

I, Steven Lampert being duly sworn, declare that I am the Chief Executive Officer for Long Distance Direct Holdings, Inc., the Applicant. I verify that, based upon information and belief, I have knowledge of the statements in the foregoing Application and I declare that they are true and correct.

  
\_\_\_\_\_  
Steven Lampert

Sworn to me before, the undersigned Notary Public on this the 28 day of March 1997

  
\_\_\_\_\_  
STACIE NEWMAN  
Notary Public State of New York  
No. 01NE-  
Qualified in New York  
My Commission Expires 08/98

Notary Public

\_\_\_\_\_  
Print or Type Name

EXHIBIT I

OT 10 1995

CLERK SECRETARY OF STATE

*John Hill*  
3142-88

CERTIFICATE OF AMENDMENT  
OF  
ARTICLES OF INCORPORATION  
OF  
GOLDEN ARK, INC.

We, the undersigned President and Secretary of Golden Ark, Inc., a Nevada corporation, do hereby certify:

That the Board of Directors of the Corporation has duly adopted resolutions to amend the Articles of Incorporation of the Corporation as follows:

1. Article I is hereby amended to read as follows:

"Article I. The name of the corporation is Long Distance Direct Holdings, Inc."

2. Article IV is hereby amended to read as follows:

"Article IV. The total number of shares that may be issued by the corporation is Forty Million (40,000,000) shares, of which Thirty Million (30,000,000) shares with a par value of \$.001 per share, amounting in the aggregate to Thirty Thousand Dollars (\$30,000.00) shall be designated "Common Stock," and of which Ten Million (10,000,000) shares with a par value of \$.001 per share, amounting in the aggregate to Ten Thousand Dollars (\$10,000.00) shall be designated "Preferred Stock."

The Preferred Stock may be issued from time to time in one or more series. The board of directors is authorized to fix the number of shares of any series of Preferred Stock, to determine the designation of any such series and to determine or alter the rights, preferences, privileges, qualifications, limitations and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock and, within the limits and restrictions stated in any resolutions or resolutions of the board of directors originally fixing the number of shares constituting any series, to increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any such series subsequent to the issue of shares of that series."

That the number of shares of the Corporation outstanding and entitled to vote on an



That the foregoing amendment has been duly adopted and approved by the written consent of the stockholders holding a majority of the Corporation's outstanding stock entitled to vote thereon in accordance with the provisions of Nevada Revised Statutes, Section 78.320.

Michael Preston, Secretary

COUNTY OF ROCKLAND

Notary Public

STATE NEWYORK  
Notary Public State of New York  
NO. 014850748275  
Qualified in Rockland County 98  
My Commission Expires Aug. 22, 99

8142108123  
REPUBLIC OF NEVADA  
EOF NEVADA

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*Don Hill*  
CLERK, SECRETARY OF STATE

AMENDED AND RESTATED  
ARTICLES OF INCORPORATION  
OF  
GOLDEN ARK, INC.  
A Nevada Corporation

ARTHUR J. DEGRANGE and RICHARD K. DICKSON II certify that:

1. They are the President and Secretary, respectively, of GOLDEN ARK, INC., a Nevada corporation.
2. The Articles of Incorporation of the corporation are amended and restated to read in its entirety as follows:

\*ARTICLE I

The name of this corporation is GOLDEN ARK, INC.

ARTICLE II

This corporation shall have perpetual existence.

ARTICLE III

The purpose of this corporation is to engage in any lawful activity permitted under the laws of the State of Nevada.

ARTICLE IV

The total number of shares that may be issued by the corporation is One Hundred and Ten Million (110,000,000) shares, of which One Hundred Million (100,000,000) shares with a par value of \$.001 per share, amounting in the aggregate to One Hundred Thousand Dollars (\$100,000) shall be designated "Common Stock," and of which Ten Million (10,000,000) shares with a par value of \$.001 per share, amounting in the aggregate to Ten Thousand Dollars (\$10,000) shall be designated "Preferred Stock."

Upon the amendment and restatement of this article, each one (1) issued and outstanding share of Common Stock, par value \$.001 shall be split up and divided into 1.4700477 shares of Common Stock, par value \$.001. To reflect this Common Stock split and division, each certificate representing shares of Common Stock, par value \$.001, theretofore issued and outstanding shall represent 1.4700477 times the number of shares of Common Stock, par value \$.001, issued and outstanding after such split up and division; and the holder of record of each such certificate shall be entitled to receive a new certificate representing a number of shares of Common Stock, par value \$.001, of the kind authorized by this

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amendment and restatement, equal to 1.4700477 times the number of shares represented by said certificate for theretofore issued and outstanding shares of Common Stock. The Board of Directors of the Corporation is authorized to prescribe procedures for handling fractional shares of Common Stock.

The Preferred Stock may be issued from time to time in one or more series. The board of directors is authorized to fix the number of shares of any series of Preferred Stock, to determine the designation of any such series and to determine or alter the rights, preferences, privileges, qualifications, limitations and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock and, within the limits and restrictions stated in any resolution or resolutions of the board of directors originally fixing the number of shares constituting any series, to increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any such series subsequent to the issue of shares of that series.

#### ARTICLE V

The authorized and treasury stock of this corporation may be issued at such time, upon such terms and conditions and for such consideration as the Board of Directors shall determine. Shareholders shall not have preemptive rights to acquire unissued shares of the stock of this corporation and cumulative voting is denied.

#### ARTICLE VI

The principal place of business of this corporation in the State of Nevada is 50 West Liberty Street, Suite 820, Reno, Nevada 89501.

#### ARTICLE VII

The governing board of this corporation shall be known as directors, and the number of directors may from time to time be increased or decreased in such manner as shall be provided by the bylaws of this corporation, provided that the number of directors shall not be reduced to less than three (3).

The names and post office box or street addresses of the directors of the first board of directors are as follows:

#### NAME

John W. Crane

#### ADDRESS

1221 Gaviota  
Laguna Beach, California 92651

Arthur J. DeGrange

2001 E. Fourth Street, #112  
Santa Ana, California 92705

Matthew B. Kaufman

3710 South Ramona Drive  
Santa Ana, California 92707

#### ARTICLE VIII

The name and address of the initial incorporator is as follows: John W. Crane, 1221 Gaviota, Laguna Beach, California 92651.

#### ARTICLE IX

The personal liability of a director or officer to the corporation or its stockholders for damages for breach of fiduciary duty as a director or officer shall be eliminated to the fullest extent permissible under Nevada law except for: (a) acts of omissions which involve intentional misconduct, fraud or a knowing violation of law; or (b) the payment of distributions in violation of Section 78.300 or the Nevada Revised Statutes.

If the Nevada Revised Statutes are hereinafter amended to authorize the further elimination or limitation of the liability of a director or officer, then the liability of a director or officer or the corporation shall be eliminated or limited to the fullest extent permitted by the Nevada Revised Statutes, so as amended.

Any repeal or modification of the foregoing provisions of Article IX by the stockholders of the corporation shall not adversely affect any right or protection of a director or officer of the corporation existing prior to the date when such repeal or modification becomes effective.

#### ARTICLE X

This corporation reserves the right to amend, alter, change or repeal any provision contained in the articles of incorporation, in the manner now or hereafter prescribed by statute, or by the articles of incorporation, and all rights conferred upon stockholders herein are granted subject to this reservation."

3. The foregoing Amended and Restated Articles of Incorporation have been duly approved by all members of the corporation's board of directors by resolutions duly adopted, approved and ratified by Unanimous Written Consent effective September 22, 1995.
4. The foregoing Amended and Restated Articles of Incorporation have been duly approved by at least a majority of the stockholders of the corporation entitled to vote by resolutions duly adopted at a special meeting held on October 3, 1995.

Each of the undersigned hereby declares and certifies that the matters set forth in the foregoing Amended and Restated Articles of Incorporation are true and correct to his or her knowledge and that this certificate was executed on October 3, 1995, at Newport Beach, California.

  
RICHARD K. DICKSON II

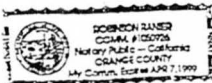
  
ARTHUR J. DEGRANGE

STATE OF CALIFORNIA )  
 )ss  
COUNTY OF ORANGE )

On October 30, 1995 before me, Robert J. DeGrange,  
personally appeared RICHARD K. DICKSON II and ARTHUR J. DEGRANGE, personally  
known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose  
name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they  
executed the same in his/her/their authorized capacity(ies), and that by his/her/their  
signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s)  
acted, executed the instrument.

WITNESS my hand and office seal.

Robert J. DeGrange  
Notary Public



(Seal)

**NEXT**

**DOCUMENT (S)**

**DISREGARD**

**BACKGROUND**

81423819  
CLERK OF THE  
OFFICE OF THE  
STATE OF  
NEVADA

TX 4 1995

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*Ellen Telle*  
CLERK, SECRETARY OF STATE

RESOLUTION FOR  
AMENDED AND RESTATED  
ARTICLES OF INCORPORATION  
OF  
GOLDEN ARK, INC.

The following Articles of Incorporation of Golden Ark, Inc. are being amended and restated: IV-capital & stock split, VI-principal business, VII-directors, IX(New)-directors liability and X(New)-right to amend.

The undersigned hereby declares and certifies that the matters set forth in the foregoing Resolution of Amended and Restated Articles of Incorporation of Golden Ark, Inc. are true and correct to his or her knowledge and that this certificate was executed on October 4, 1995, at Newport Beach, California.

*Richard K. Dickson II*  
RICHARD K. DICKSON II,  
Secretary and Director

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OCT 04 1995

Secretary of State

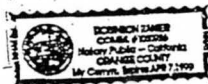


01423828  
STATE OF CALIFORNIA )  
COUNTY OF ORANGE )

On October 4<sup>th</sup> 1995 before me, Robinson Rainer/Notary Public  
personally appeared RICHARD K. DICKSON II, personally known to me (or proved to me on  
this basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the  
within instrument and acknowledged to me that he/she/they executed the same in his/her/their  
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s)  
or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and office seal.

Robinson Rainer  
Notary Public



(Seal)

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OCT 04 1995

Secretary of State

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BY ORDER OF THE  
SECRETARY OF THE  
STATE OF NEVADA

PR 05 1988

OFFICIAL SECRETARY OF STATE

ARTICLES OF INCORPORATION

OF

GOLDEN ARK, INC.

ARTICLE I

The name of this corporation is GOLDEN ARK, INC.

ARTICLE II

This corporation shall have perpetual existence.

ARTICLE III

The purpose of this corporation is to engage in any lawful activity permitted under the laws of the State of Nevada.

ARTICLE IV

The aggregate number of shares which this corporation shall have authority to issue is divided into two classes of stock as follows:

Common stock of which the corporation shall have the authority to issue 100,000,000 shares of a par value of \$0.001 per share.

Preferred stock of which the corporation shall have authority to issue 10,000,000 shares of a par value of \$0.001 per share. Preferences, limitations and other matters regarding the preferred stock shall be prescribed by the Board of Directors.

ARTICLE V

The authorized and treasury stock of this corporation may be issued at such time, upon such terms and conditions and for such consideration as the Board of Directors shall determine. Shareholders shall not have pre-emptive rights

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to acquire unissued shares of the stock of this corporation and cumulative voting is denied.

ARTICLE VI

The principal place of business of this corporation in the State of Nevada is 50 West Liberty, Suite 940, Reno, Nevada 89501.

ARTICLE VII

The number of Directors constituting the initial Board of Directors of this corporation is three (3). The names and addresses of the persons who are to serve as Directors until the first annual meeting of stockholders, or until their successors are elected and qualified are:

<u>NAME</u>	<u>ADDRESS</u>
John W. Crane	1221 Gaviota Laguna Beach, California 92651
Arthur J. DeGrange	2001 E. Fourth Street, #112 Santa Ana, California 92705
Matthew B. Kaufman	1710 South Ramona Drive Santa Ana, California 92707

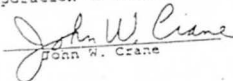
The Board of Directors shall be limited in number to no less than three (3) nor more than nine (9).

ARTICLE VIII

The name and address of the initial Incorporator is as follows: John W. Crane, 1221 Gaviota, Laguna Beach, California 92651.

IN WITNESS WHEREOF, the undersigned Incorporator has executed these Articles of Incorporation as indicated below.

Dated: April 1, 1988

  
John W. Crane

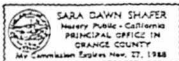
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STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF ORANGE )

On April 1, 1988, before me, the undersigned,  
a Notary Public in and for said State, personally appeared  
John W. Crane ~~XXXXXXXXXXXXXXXXXXXX~~  
(or proved to me on the basis of satisfactory evidence to be  
the person(s) whose name(s) is/are subscribed to the within  
instrument and acknowledged to me that he/she/they executed  
the same.

WITNESS my hand and official seal.

Signature Sara Dawn Shafer



State of Nevada



Department of State

I, FRANKIE SUE DEL PAPA, Secretary of State of the State of Nevada, do hereby certify

that GOLDEN ARK, INC.  
did on the FIFTH day of APRIL, 19 88, file in this office  
the original Articles of Incorporation; that said Articles are now on file and of record in the office of the Secretary of State of the State of Nevada, and further, that said Articles contain all the statements of facts required by the law of said State of Nevada.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed  
the Great Seal of State, at my office in Carson City, Nevada, this

FIFTH day of APRIL, A. D. 19 88

Frankie Sue Del Papa  
Secretary of State

By Mary C. Lince  
Deputy

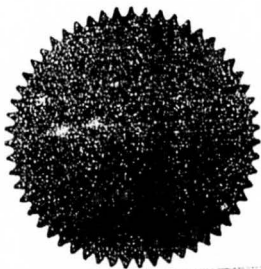


EXHIBIT 2

8142.38.26

# State of South Dakota



## OFFICE OF THE SECRETARY OF STATE

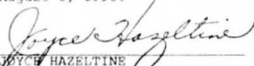
### CERTIFICATE OF AUTHORITY

I, JOYCE HAZELTINE, Secretary of State of the State of South Dakota, hereby certify that duplicate of the Application for a Certificate of Authority of LONG DISTANCE DIRECT HOLDINGS, INC. (NV) to transact business in this state duly signed and verified pursuant to the provisions of the South Dakota Corporation Acts, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I hereby issue this Certificate of Authority and attach hereto a duplicate of the application to transact business in this state under the name of LONG DISTANCE DIRECT HOLDINGS, INC.



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 5, 1996.

  
JOYCE HAZELTINE  
Secretary of State

0142-338-27

EXHIBIT 3



The above show and forth the names, ages and titles of the persons who are the directors and executive officers of the Company.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Steven L. Lampert	46	President, Chief Executive Officer and Chairman of the Board
Michael D. Preston	50	Chief Financial Officer and Vice President - Finance and Director
Cliff Alpert	52	Vice President - Administration
Lan Colla	37	Controller
Andrea Grassman	32	Vice President - Marketing

Mr. Lampert is a founder of the Company and has been the Chief Executive Officer since January 1984. He has served as President of the Company since it commenced operations in December 1981. Prior to founding the Company, Mr. Lampert served as President of Cantel, Inc., a New York-based telecommunications corporation, from November 1985 through November 1981. Mr. Lampert has served as a director of the Company since December 1981.

Mr. Preston is a founder of the Company and has been the Vice President - Finance and Chief Financial Officer of the Company since January 1984. Prior to this period, Mr. Preston was recruited as a consultant to the Company commencing in December 1981. Mr. Preston has served as a director of the Company since December 1981, and served as a director of the following other companies, with the date of such service in parentheses: Sterling Publishing Group PLC, a publicly-held U.K. business publishing company (1977 to September, 1985); and served as Deputy Chairman from 1980 to September 1984); Bond Street Group PLC, a publicly-held U.K. public relations and marketing services firm (June 1977 to March 1991); Frank Over Holdings PLC, a publicly-held U.K. clothing manufacturer (1989 to 1990); Caltic Ltd. Corporation (1983 to 1987).

Cliff Alpert has been the Vice President - Administration of the Company since October 1981. Mr. Alpert served as Controller of the Company from April 1982 to October 1983. Prior to joining the Company, Mr. Alpert served as the Director of Administration and Accounting for Gross & Alpert, C.P.A., a New York-based accounting firm, from January 1987 to March 1982.

Lan Colla has been the Controller of the Company since October 1991. Prior to joining the Company, Mr. Colla was a Senior Accountant at Chase Manhattan Banking Co. from 1991 to 1991, and prior to that was an Assistant Manager - Accounting at Concord Banking in Connecticut from 1985 to 1990.

Andrea Grassman has been the Vice-President Marketing of the Company since May 1991. Mr. Grassman served as the Director of Marketing of the Company from October 1992 to May 1993. Prior to joining the Company, Mr. Grassman was the Database Marketing Director of IMA-Marketing Services, Inc., a New York-based direct marketing firm, from October 1990 to October 1992. From June 1992 to October 1992, Mr. Grassman was a Consultant with The Rostenfeld Group, a marketing consultancy in New Jersey, and from January 1987 to June 1990, she was the General Manager of Worldwide Corp., a New York printing company.

EXHIBIT 4

LONG DISTANCE DIRECT HOLDINGS, INC.  
CONSOLIDATED FINANCIAL STATEMENTS  
AND  
ACCOMPANYING INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 1995

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To the Board of Directors and Stockholders  
Long Distance Direct Holdings, Inc.

We have audited the accompanying consolidated balance sheet of Long Distance Direct Holdings, Inc. as of December 31, 1995, and the related consolidated statements of operations, stockholders' deficit and cash flows for the years ended December 31, 1995 and 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Long Distance Direct Holdings, Inc. as of December 31, 1995, and the consolidated result of its operations and its cash flows for the years ended December 31, 1995 and 1994, in conformity with generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the consolidated financial statements, the Company has incurred a significant loss from operations and has a deficit that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

New York, N.Y.  
May 31, 1996

# CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1995

## ASSETS

CURRENT ASSETS	\$ 207,666
Cash	
Accounts receivable (net of allowance for doubtful accounts of \$163,149)	1,103,903
Other current assets	<u>93,229</u>
Total Current Assets	<u>1,404,798</u>

PROPERTY AND EQUIPMENT	54,856
Furniture and equipment	196,764
Computer equipment and software	<u>38,720</u>
Leasehold improvements	<u>290,340</u>
	<u>129,203</u>
Less: accumulated depreciation	<u>161,137</u>

OTHER ASSETS	<u>51,790</u>
	<u>\$1,627,725</u>

## LIABILITIES AND STOCKHOLDERS' DEFICIT

CURRENT LIABILITIES	\$1,165,000
Notes payable - current (Note 6)	2,370,081
Accounts payable	577,576
Accrued expenses	703,143
Sales and excise taxes payable (Note 5)	<u>74,244</u>
Loans payable - officers (Note 11)	<u>± 890,044</u>
Total Current Liabilities	

## COMMITMENTS AND CONTINGENT LIABILITIES (Note 5)

STOCKHOLDERS' DEFICIT	
Common stock - par value \$ .001 per share; authorized 30,000,000 shares; issued and outstanding 3,797,835 shares	3,798
	1,429,434
Additional paid in capital	( 4,665,551)
Accumulated deficit	( 3,232,319)
	( 30,000)
Less: Subscriptions receivable	( 3,262,319)
Total Stockholders' Deficit	

\$1,627,725

See notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31,

	<u>1995</u>	<u>1994</u>
REVENUES	\$8,163,949	\$9,527,497
CUSTOMER REBATES AND REFUNDS	<u>377,547</u>	<u>444,998</u>
NET REVENUES	7,986,402	9,082,499
COST OF SERVICES	<u>5,362,665</u>	<u>6,257,686</u>
Gross Profit	<u>2,623,737</u>	<u>2,824,813</u>
OPERATING EXPENSES		
Sales and marketing	519,411	1,322,546
General and administrative	<u>2,700,491</u>	<u>2,554,503</u>
Total Operating Expenses	<u>3,219,862</u>	<u>3,877,049</u>
LOSS FROM OPERATIONS	<u>(1,096,125)</u>	<u>(1,052,236)</u>
OTHER EXPENSES (INCOME)		
Interest expense	375,820	173,996
Interest income	( 4,594)	( 5,515)
Initial public offering costs	<u>407,572</u>	<u>-0-</u>
Total Other Expenses (Income)	<u>778,798</u>	<u>168,481</u>
NET LOSS	<u>(\$1,874,923)</u>	<u>(\$1,220,717)</u>
NET LOSS PER SHARE	<u>( .55)</u>	<u>( .35)</u>

See notes to consolidated financial statements

LONG DISTANCE DIRECT HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT

YEARS ENDED DECEMBER 31,

	Shares	Common Stock Amount	Additional Paid in Capital	Accumulated Deficit
Balance - December 31, 1993	3,400,000	\$3,400	\$ 611,728	(\$1,569,911)
Net loss - December 31, 1994	-	-	-	(1,220,717)
Balance - December 31, 1994	3,400,000	3,400	611,728	(2,790,628)
Accrual of expenses, payable in stock, in connection with reverse acquisition	-	-	( 69,000)	-
Par value assigned to shares of common stock issued in private placement, net of expenses of \$306,397	397,835	398	886,706	-
Net loss - December 31, 1995	-	-	-	(1,874,923)
Balance - December 31, 1995	<u>3,797,835</u>	<u>\$3,798</u>	<u>\$1,429,434</u>	<u>(\$4,665,551)</u>

See notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31,

	<u>1993</u>	<u>1994</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	(\$1,874,923)	(\$1,220,717)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	54,580	45,905
Amortization of note discount	116,000	52,000
Imputed interest on personal guarantees	-0-	2,000
Financing expenses	49,793	-0-
Provision for doubtful accounts	310,953	325,634
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	539,720	(1,388,937)
(Increase) decrease in other current assets	232,718	(282,718)
(Increase) decrease increase in other assets	260,827	(302,013)
Increase in accounts payable	223,398	1,174,456
Increase (decrease) in accrued expenses	(74,946)	304,874
Increase (decrease) in sales and excise taxes payable	(40,530)	282,030
Total Adjustments to Net Loss	<u>1,692,513</u>	<u>213,231</u>
Net Cash Used in Operating Activities	<u>(182,410)</u>	<u>(1,007,486)</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	<u>(38,907)</u>	<u>(72,284)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds (payment) of notes payable	(155,000)	935,298
Proceeds (payment) of related party loans	(112,076)	106,602
Proceeds from private placement	776,209	-0-
Payment of private placement costs	<u>(132,165)</u>	<u>-0-</u>
Net Cash Provided by Financing Activities	<u>376,968</u>	<u>1,041,900</u>
NET INCREASE (DECREASE) IN CASH	155,651	(37,870)
CASH - Beginning of year	<u>\$2,015</u>	<u>89,885</u>
CASH - End of year	<u>\$ 207,666</u>	<u>\$ 52,015</u>

See notes to consolidated financial statements.



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## LONG DISTANCE DIRECT HOLDINGS, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1995

#### 1. ORGANIZATION AND BUSINESS

The consolidated financial statements consist of the accounts of Long Distance Direct Holdings, Inc. ("LDDH") and its wholly owned subsidiary, Long Distance Direct, Inc. ("LDDI"), referred to collectively as the ("Company"). All significant intercompany balances and transactions have been eliminated in consolidation.

LDDH, which was formerly known as Golden Ark, Inc. was inactive until October 6, 1995, when it acquired all of the outstanding stock of LDDI in exchange for 3,000,000 shares of LDDH and LDDI became a wholly owned subsidiary of LDDH. LDDI is a New York corporation which was formed in 1991 for the purpose of acting as the general partner of Long Distance Direct L.P. ("LDDLP"), a New York limited partnership formed at the same time for the purpose of carrying on the business of a non-facilities based re-seller of long-distance telephone services. On October 5, 1995, LDDI acquired all of the partnership interests of LDDLP in exchange for 3,218,821 shares of common stock of LDDI. This transaction was accounted for as a change in form of organization. Prior to its acquisition of LDDI, Golden Ark, Inc. effected a 1 for 1.4700477 forward split of its common stock. After its acquisition of LDDI, Golden Ark, Inc. changed its name to Long Distance Direct Holdings, Inc.

For accounting purposes, the acquisition of the common stock of LDDI has been treated as a recapitalization of LDDI with LDDI as the acquirer (reverse acquisition). Stockholders' equity and earnings per share data has been restated to give retroactive recognition to the recapitalization.

The consolidated financial statements include the combined activities of LDDI and LDDLP for the year ended December 31, 1994 and for the period from January 1, 1993 through October 6, 1995, therefore no pro-forma data has been presented.

The Company is a non-facilities based re-seller of outbound and inbound long-distance telephone, tele-conferencing, cellular long-distance and calling card services to small and medium sized commercial customers. All of the services sold by the Company during the year were provided by AT&T. Although the Company had contracted with MCI in August, 1995 to purchase telephone service for resale, MCI was unable to provide service prior to December 31, 1995. The Company signs up customers and provisions them onto the network of AT&T, which provides the actual transmission of service. The Company does not own or lease any telephone equipment or participate in the call completion process.

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LONG DISTANCE DIRECT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

DECEMBER 31, 1995

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenues, Collections and Cost Recognition

Revenues are recognized from long-distance service usage by the Company's customers. During the year, the Company operated under a billing service agreement with an affiliate of AT&T. Under the agreement, AT&T's affiliate provided billing services on behalf of the Company. Since December 31, 1995 the Company has contracted with another billing company to provide billing services. The Company's customers make payments directly to the Company through a lock-box account. This lock-box account is controlled by the Company and maintained at a financial institution acceptable to AT&T. Costs are recognized based on monthly network usage billings received from AT&T.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, income and expenses and disclosures of contingencies. Future events could alter such estimates in the near term.

Property and Equipment

Property and equipment are stated at cost. Depreciation of furniture and computer equipment is provided using the straight-line method for financial reporting purposes based on their estimated useful lives. Depreciation of leasehold improvements is provided using the straight-line method for financial reporting purposes based on their estimated useful lives or the life of the lease, whichever is shorter.

Initial Public Offering Costs

The Company incurred costs of approximately \$407,000 in connection with an initial public offering which was not successfully completed in 1995. As a result, all such costs were charged to expense in 1995.

Private Placement Finance Costs

The Company incurred costs of approximately \$106,000 in connection with a private placement of its own common stock. The Company received subscriptions in excess of the minimum shares required in the offering and the offering became effective. As a result, the costs incurred have been deducted from the proceeds received in the offering by a charge to additional paid in capital.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

DECEMBER 31, 1995

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Telemarketing Costs

Telemarketing fees paid when a customer order is submitted to the Company are deferred. These costs are amortized on a straight-line basis over six months beginning in the month that customer revenue is generated.

Deferred Network Credit

The Company received a cash payment in 1994 as a non-refundable sign-on bonus for the AT&T service agreement. The amount of the payment was amortized on a straight-line basis over the life of the agreement.

Weighted Average of Common Shares

Earnings per share are based on the weighted average number of shares outstanding (3,416,577 in 1995 and 3,400,000 in 1994). The assumed exercise of stock options is anti-dilutive and therefore is not considered a common stock equivalent.

AT&T Usage Credits

The Company receives credits from its supplier, AT&T, based upon volume usage to date. Amounts are recorded in the period in which the Company has earned the credits.

3. BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles, which contemplate continuation of the Company as a going concern. The Company has sustained losses since inception and as a result has experienced deficiencies in cash flows from operations and has a stockholders' deficit of \$3,262,319 at December 31, 1995.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

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management is using the following steps to reverse its operating results and financial position, which it believes will be sufficient to provide the Company with the ability to continue in existence:

- \* Improved rates from new AT&T agreement.
- \* Contract with MCI allowing residential as well as commercial resale.
- \* Increased sales volume through telemarketing efforts.
- \* Closing of a private placement in February, 1996 and planned completion of another private placement in the Spring of 1996.

#### 4. PRIVATE PLACEMENT

In December, 1995, the Company completed a private placement of 397,855 shares of common stock at a price of \$3.00 per share. The Company issued 273,043 shares for cash (net of certain expenses) of \$806,111 and 124,792 shares for conversion of certain debt, related interest and expenses in the amount of \$374,376. The proceeds of the offering were utilized for expansion of marketing activities, working capital and general corporate purposes. The offering closed in February, 1996.

In April, 1996, the Company commenced a private placement for shares of its common stock. The offering called for a minimum of 100,000 shares and a maximum of 750,000 shares to be issued at a price of \$3.30 per share.

#### 5. COMMITMENTS AND CONTINGENT LIABILITIES

##### Contract Tariffs with AT&T-Minimum Commitments

Effective September 1, 1995, the Company entered into an individually negotiated contract for a fixed term of four years with a one year extension at the Company's option. The agreement is not renewable upon termination of the five year term. Under the agreement, the Company will be able to resell both inbound and outbound long-distance service. The agreement calls for minimum purchase commitments of \$2,400,000 on a semi-annual basis and \$4,800,000 on an annual basis. The agreement also requires minimum purchases with respect to new business usage of \$240,000 on a semi-annual basis and \$480,000 on an annual basis. Failure to meet the minimum purchase requirements will result in payment of any shortfall by the Company.

As a result of information arising from the change of billing company after December 31, 1995, the Company has notified AT&T that it may have been significantly over-billed by AT&T since September, 1992. At this time, however, no estimate can be made as to the time or the amount, if any, of any recovery by the Company. Accordingly, no provision for recovery has been reflected in the accompanying financial statements.

##### Carrier Agreement with MCI-Minimum Commitments

Effective August 4, 1995, the Company entered into an individually negotiated agreement with MCI under which the Company is authorized to resell various MCI services, including outbound and inbound long-distance calls. This agreement was superseded by an individually negotiated

## LONG DISTANCE DIRECT HOLDINGS, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

DECEMBER 31, 1995

## 5. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Leases

The Company conducts its operations in leased facilities under a noncancellable operating lease expiring in 1998. The Company also leases automobiles and equipment under noncancellable operating leases expiring in 1999. The minimum rental commitments under operating leases are as follows:

Year ending December 31.	
1996	\$230,113
1997	214,262
1998	62,949
1999	<u>3,706</u>
Total Minimum Payments Required	<u>\$511,030</u>

Legal Proceedings - Partnership Buy-Out

In February 1996, LDDI, together with certain shareholders, commenced suit in New York State Supreme Court against two former partners of LDDL, alleging duress and coercion in relation to the Buy-out Agreement (Note 6), seeking compensatory damages in excess of \$400,000 and the payment of ten (10) million dollars in punitive damages. Following the commencement of the suit, the defendants issued a Notice of Default under the Agreement, filed a motion to dismiss LDDI's suit and commenced a separate suit, together with a motion to accelerate the amounts due under the Agreement and to immediately exercise their security interest in respect thereof. LDDI is contesting both the Notice of Acceleration and the motion to exercise the security interests and has filed a cross-motion in its suit asking the court to disqualify the defendants' attorneys.

LDDI believes that it has a meritorious claim, both in respect of its original suit and in respect of its motion to disqualify the defendants' attorneys, as well as in respect of its opposition to the Notice of Acceleration. In any event, LDDI believes that it has recorded an adequate provision in its books of account for any liability that may result from this litigation.

LONG DISTANCE DIRECT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

DECEMBER 31, 1995

6. NOTES PAYABLE

Notes payable consist of the following:

	December 31, <u>1995</u>
Note payable to Bank of New York (a)	\$ 500,000
Notes payable to two former partners, issued in connection with Partnership buy-out (b)	555,000
Note payable, bearing interest at 20%, payable in six (6) equal monthly installments (c)	<u>110,000</u>
	<u>\$1,165,000</u>

(a) Note Payable - Bank

On October 23, 1994, the Company borrowed \$500,000 from the Bank of New York, pursuant to a General Loan Security Agreement, with interest payable monthly at a rate equal to the prime rate plus one-half (1/2) percent. Principal is due and payable on July 31, 1996. The loan is secured by a \$500,000 certificate of deposit which was issued by the bank to a shareholder of the Company. The shareholder has entered into an agreement with the Company under which it agreed to subscribe to 166,667 shares of the Company's common stock at \$3.00 per share on July 31, 1996 or upon repayment by the Company of the bank note, if earlier. The loan is personally guaranteed by two officers of the Company.

(b) Notes Payable - Partnership Buy-Out Agreement

On April 6, 1993, certain officers and LDDI, (the "buyers") entered into a buy-out agreement to purchase the interests of two (2) partners in LDDL (the "sellers"). The agreement provides for the following:

- \* Note payable to the sellers for their capital and loan account balances in the aggregate amount of \$80,000. These notes were due in full on May 31, 1995.

LONG DISTANCE DIRECT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

DECEMBER 31, 1993

6 NOTES PAYABLE (continued)

(b) Notes Payable - Payrolling Buy-Out Agreement (continued)

Notes payable in the amount of \$500,000, payable as follows: \$100 to each of the sellers weekly; remaining amounts outstanding are due upon the occurrence, if any, of the following events: (a) the sale directly or indirectly by the buyers of all or a majority of net interest, or (b) the sale directly or indirectly of all or substantially all payments or distributions in any month, as salary or bonus to the buyers exceeding \$18,750 in the agreement. The agreement also calls for payments in the event that earnings exceed specified levels. After payment of the notes, the contingent event payments are limited to \$750,000 and are reduced by the salary and earnings cap payments described above.

The notes were non-interest bearing until the second anniversary of the agreement, at which time, if they were not paid in full, interest will be charged retroactively to April 6, 1993, at prime plus 1% per annum.

During 1995, the Company did not make certain required payments under the agreement. In March, 1996, the Company received a notice of default with respect to amounts due under the agreement. Pursuant to the terms of the agreement, all amounts due under the notes are accelerated upon such default. In addition, any amounts previously paid against the principal of \$500,000 are applied as a reduction in accrued interest. As a result, \$555,000 has been included in the current portion of notes payable as of December 31, 1995. The Notes are secured by a Lien on and Security Interest in the accounts receivable and other assets of each Entity in accordance with the terms of a Security Agreement dated the Closing Date by and among the Sellers, LADL and each Entity.

The agreement is the subject of a suit filed by the buyers and LDDI, as more fully described in Note 5.

(c) Notes Payable - Other

Pursuant to a loan made on December 6, 1994, the Company borrowed an aggregate principal amount of \$300,000 from one lender. The note is evidenced by a promissory note, is payable in six (6) equal monthly installments starting April 6, 1995, and bears interest at a rate of 20% per annum. The notes are personally guaranteed by certain officers of the Company. Prior to December 31, 1995 the lender converted \$90,000 of principal into shares of the Company's common stock at a price of \$5.00 per share.

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LONG DISTANCE DIRECT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

DECEMBER 31, 1995

7. STOCK OPTION PLAN

During 1995, the Company adopted the 1995 Stock Option Plan (the "Stock Option Plan"), pursuant to which key employees of the Company who have been selected as participants are eligible to receive awards of options to purchase common shares.

The Stock Option Plan will be administered by the Compensation Committee of the Board (the "Committee"). Subject to the provisions of the Stock Option Plan, the Committee has sole discretionary authority to interpret the Stock Option Plan and to determine the type of awards to grant, when, if and to whom awards are granted, the number of shares covered by each award and the terms and conditions of the award.

Options granted under the Stock Option Plan may be Incentive Stock Options ("ISOs"), within the meaning of Section 422 of the U.S. Internal Revenue Code, as amended (the "Code"), or non-qualified stock options ("NQSOs"). The exercise price of the options will be determined by the Committee when the options are granted, subject to a minimum price in the case of ISOs of the fair market value (as defined in the Stock Option Plan) of the common shares on the date of grant and a minimum price in the case of NQSOs of the par value of the common shares. In the discretion of the Committee, the option exercise price may be paid in cash or in common shares or other property having fair market value on the date of exercise equal to the option exercise price, or by delivering to the Company an amount of sale or loan proceeds sufficient to pay the exercise price.

In October, 1995, the Company granted 1,000,000 options to purchase 1,000,000 shares of the Company's common stock at a price of \$5.001 per share. No options were exercised during 1995. There was no quoted market price for the Company's stock on the date of the grant of the options. Therefore, no compensation expense has been charged to operations in 1995.

8. INCOME TAXES

For the period from January 1, 1994 through October 5, 1995, LDDLIP operated as a limited partnership for Federal and State income tax purposes. Accordingly, all of the partners were required to report their share of the Company's loss on their respective Federal and State income tax returns.

At December 31, 1995, the Company had net operating loss carry-forwards for financial and U.S. Federal income tax purposes of approximately \$200,000, which are available to offset future taxable income and begin to expire in the year 2007.



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LONG DISTANCE DIRECT HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

DECEMBER 31, 1995

Deferred taxes have not been recorded as the temporary differences, which consist primarily of differences related to the method of recognizing bad debts and depreciation, are not considered material by management.

9. SUPPLEMENTAL DISCLOSURE OF CASH FLOWS

	<u>1995</u>	<u>1994</u>
Cash paid during the year for interest	\$ 55,151	\$98,396
Private placement costs accrued	174,232	-0-
Conversion of debt to equity	337,500	-0-

10. MAJOR CUSTOMER

The Company had a sales agreement with their one major customer during the year. Sales to this customer accounted for approximately 11% and 14% of net sales for the years ended December 31, 1994 and 1995, respectively. At the pricing applicable to such sales, the amount of revenues generated by this customer approximated the cost of services provided to it. The customer discontinued the use of the Company's services in October, 1995.

11. LOANS PAYABLE - OFFICERS

Amounts due to officers are non-interest bearing and are due and payable upon demand.

12. SEC FILINGS

The Company, which is required to file periodic reports with the SEC pursuant to Section 15(d) of the Securities Exchange Act of 1934, has not timely filed its annual report for the fiscal year ended December 31, 1995. The Company expects to file this report in June, 1996. Until such time as this filing is made, the Company and its shareholders will be subject to certain restrictions as to the offering or sale of the Company's shares.

Item 8. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.*

A change in accountants was previously reported in a report on Form 8-K, as amended, dated April 10, 1996 and in a report on Form 8-K dated May 10, 1996, filed by the Company.

## PART III

Item 9. *Directors, Executive Officers, Promoters and Control Persons.*

The table below sets forth the names, ages and titles of the persons who are the directors and executive officers of the Company, all of whom have held office since October 6, 1993, the date of the acquisition of the Company by LDDI.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Steven L. Lampert	46	President, Chief Executive Officer and Chairman of the Board
Michael D. Preston	50	Chief Financial Officer, Secretary and Director
Clair Alpert	53	Vice President - Administration
Lori Colin	37	Controller
Andrea Grossman	32	Vice President - Marketing

Mr. Lampert is a founder of the LDDI and has been the Chief Executive Officer since January 1994. He has served as President of LDDI since it commenced operations in December 1991. Prior to founding LDDI, Mr. Lampert served as President of Comtec, Inc., a New York-based telecommunications corporation, from November 1983 through November 1991. Mr. Lampert has served as a director of LDDI since December 1991.

Mr. Preston is a founder of LDDI and has been the Vice President - Finance and Chief Financial Officer of LDDI since January 1994. Prior to this period, Mr. Preston was retained as a consultant to LDDI commencing in December 1991. Mr. Preston has served as a director of LDDI since December 1991, and served as a director of the following other companies, with the date of such service in parentheses: Sterling Publishing Group PLC, a publicly-held UK business publishing company (1977 to September, 1993); and served as Deputy Chairman from 1990 to September 1994); Broad Street Group PLC, a publicly-held UK public relations and marketing services firm (June 1977 to March 1991); Frank Usher Holdings PLC, a publicly-held UK clothing manufacturer (1989 to 1990); Cadiz Land Corporation (1985 to 1987).

Clair Alpert has been the Vice President - Administration of LDDI since October 1993. Ms. Alpert served as Controller of LDDI from April 1992 to October 1993. Prior to joining LDDI, Ms. Alpert served as the Director of Administration and Accounting for Gross & Alpert, C.P.A., a New York-based accounting firm, from January 1987 to March 1992.

Lori Colin has been the Controller of LDDI since October 1993. Prior to joining LDDI, Ms. Colin was a Senior Accountant at Chase Manhattan Leasing Co. from 1991 to 1993, and prior to that was an Assistant Manager - Accounting at Concord Leasing in Connecticut from 1985 to 1990.

Andrea Grossman has been the Vice-President Marketing of LDDI since May 1993. Ms. Grossman served as the Director of Marketing of LDDI from October 1992 to May 1993. Prior to joining LDDI, Ms. Grossman was the Database Marketing Director of IAMI Marketing Services, Inc., a New York-based direct marketing firm, from October 1990 to October 1992. From June 1990 to October 1990, Ms. Grossman was a Consultant with The Rostmark Group, a marketing consultancy in New Jersey, and from January 1987 to June 1990, she was the General Manager of Webvelope Corp., a New York printing company.

Item 10. Executive Compensation

The following table sets forth certain summary information regarding compensation paid by the Company for services rendered during the fiscal years ended December 31, 1993, 1994 and 1995, respectively, to the Company's Chief Executive Officer and Chief Financial Officer during such period. No other executive officer of the Company holding office in fiscal 1995 received total annual salary and bonus exceeding \$100,000.

Summary Compensation Table

Name and Principal Position	Year Ending December 31,	Annual Compensation			Long-Term Compensation Awards Securities Underlying Options \$ARS (K)
		Salary	Bonus	Other Annual Compensation	
Steven Lampert, President	1993	\$115,000	-	\$ 2,749(1)	0
	1994	\$210,000	-	\$ 7,911(1)	0
	1995	\$110,000	-	\$10,549(1)	250,000(2)
Michael Preston, Chief Financial Officer	1993	\$100,000	-	\$ 1,841(1)	0
	1994	\$100,000	-	\$ 1,194(1)	0
	1995	\$115,000	-	\$ 7,122(1)	250,000(3)

(1) Includes an allowance for automobile expenses.

(2) Options to purchase 250,000 shares at a price of \$5.001 per share were granted to Mr. Lampert under the Company's 1995 Stock Option Plan.

(3) Options to purchase 250,000 shares at a price of \$5.001 per share were granted to Mr. Preston under the Company's 1995 Stock Option Plan.

Option Grants in Fiscal Year Ended December 31, 1995  
Individual Grants

Name	Number of Options Granted	Percent of Total Options Granted to Employees in 1995	Exercise or Base Price (\$53)	Expiration Date
Steven Lampert	250,000	25%	\$5.001	10/11/2000
Michael Preston	250,000	25%	\$5.001	10/11/2000

No executive officer named in the Summary Compensation Table above exercised stock options during the fiscal year ended December 31, 1995.

The following table sets forth for each person the fiscal year-end value of unexercised options:

Aggregated Option Exercises in  
Fiscal Year Ended December 31, 1995 and Option Values

Name	Shares Acquired on Exercise	Value Realized	Number of Unexercised Options at 12/31/95		Value of Unexercised In-the-Money Options at 12/31/95 <sup>(1)</sup>	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Steven Lampert	0	-	150,000	0	\$1,621,000	0
Michael Preston	0	-	150,000	0	\$1,621,000	0

<sup>(1)</sup> The value of the Company's Common Stock for purposes of the calculation was based upon the average of the bid and asked prices for the Common Stock on May 31, 1996 as reported by the OTC Bulletin Board, minus the exercise price.

#### Stock Option Plan

In 1995, the Company adopted, and the Company's stockholders at that time approved, the 1995 Stock Option Plan ("Plan") initially providing for the grant by the Company of options to purchase 1,000,000 shares of the Company's Common Stock. On May 31, 1996, options to purchase 1,000,000 shares were outstanding at an average exercise price of \$5.001 per share, and no options had been exercised.

The Stock Option Plan will be administered by the Compensation Committee of the Board (the "Committee"). Subject to the provisions of the Stock Option Plan, the Committee will have sole discretionary authority to interpret the Stock Option Plan and to determine the type of awards to grant, when, if and to whom awards are granted, the number of shares covered by each award and the terms and conditions of the award.

Options granted under the Stock Option Plan may be "incentive stock options" ("ISOs"), within the meaning of Section 422 of the U.S. Internal Revenue Code, as amended (the "Code"), or non-qualified stock options ("NQSOs").

The exercise price of the options will be determined by the Committee when the options are granted, subject to a minimum price in the case of ISOs equal to the Fair Market Value (as defined in the Stock Option Plan) of the Common Shares on the date of grant and a minimum price in the case of NQSOs of the par value of the Common Shares. In the discretion of the Committee, the option exercise price may be paid in cash or in Common Shares or other property having Fair Market Value on the date of exercise equal to the option exercise price, or by delivering to the Company an amount of sale or loan proceeds sufficient to pay the exercise price.

#### Director Compensation

Directors who are officers or employees of the Company receive no additional compensation for service as members of the Board of Directors or committees thereof. Directors who are not officers or employees of the Company will receive such compensation for their services as the Board of Directors may from time to time determine. It is anticipated that non-employee directors will receive a fee of \$300 per meeting plus expenses of attending the meeting.

Item 11. *Security Ownership of Certain Beneficial Owners and Management.*

The following table sets forth certain information with respect to beneficial ownership of the Common Stock as of May 31, 1996 by (i) each person known by the Company to be the beneficial owner of more than five percent of the Common Stock, (ii) each director of the Company, and (iii) all executive officers and directors of the Company as a group.

<u>Name and Address of Beneficial Owner</u>	<u>Number of Shares Beneficially Owned</u>
Steven L. Lampert..... 8 Lady Godiva Way New City, N.Y. 10916	1,317,061(1)
Michael D. Preston..... 8 Oak Hill Park Mews London NW3 7LH England	1,317,061(2)
Business Systems Consultants Limited..... 31-33 Le Pollat St. Peter Port Gumsey GY1 4J6 Channel Islands	678,148
All directors and officers..... as a group (5 persons)	2,809,110(3)

(1) Includes 250,000 shares issuable upon the exercise of outstanding options.

(2) Includes 250,000 shares issuable upon the exercise of outstanding options.

(3) Includes 500,000 shares issuable upon the exercise of outstanding options held by Messrs. Lampert and Preston and 135,000 shares issuable upon the exercise of options held by other executive officers.

Item 12. *Certain Relationships and Related Transactions.*

**Partnership Transaction**

Pursuant to the Restructuring, on October 5, 1995, LDDI issued 3,218,821 shares of Common Stock to the limited partners of LDDL in exchange for their respective partnership interests in LDDL in a transaction exempt from the registration requirements of the Securities Act. No other consideration was paid to or by LDDI in connection with the exchange. LDDL merged with and into LDDI and LDDI succeeded to the business formerly conducted by LDDL. On October 6, 1995 LDD Holdings acquired all of the outstanding shares of Common Stock of LDDI in exchange for 3,000,000 Shares of the Company's Common Stock.

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#### Bank of New York Loan

Pursuant to the terms of a Bridge Loan and Security Agreement (the "Loan Agreement") dated August 25, 1994 between Wingmead Securities Ltd. ("Wingmead") and Michael Preston, a Director and Chief Financial Officer of the Company, as lenders, and LDDLP, Wingmead and Preston each agreed to make one loan to the Partnership in the original aggregate principal amount of \$150,000. The Wingmead loan (the "Wingmead Loan") was made on August 25, 1994, and the Preston loan (the "Preston Loan") was made on October 27, 1994. The Wingmead Loan is evidenced by a secured promissory note (the "Wingmead Note"), and bears interest at a rate per annum equal to the Prime Rate plus 2%. As collateral security for the payment of such amounts, LDDLP granted to Wingmead a security interest in all of its assets. In addition, pursuant to the terms of a Guaranty dated August 25, 1994 between Wingmead and Michael D. Preston, a Director and Chief Financial Officer of the Company, Preston personally guaranteed the payment, when due, of all amounts owed under the terms of the Loan Agreement, and as security for such guaranty, entered into a pledge agreement with Wingmead dated August 25, 1994 whereby he pledged 466,282 ordinary shares of Sterling Publishing Group PLC beneficially owned by him and the proceeds of any sale thereof to secure his obligations under his guaranty. The Preston Loan was non-interest bearing and was repaid, together with the Wingmead Loan, out of the proceeds of a loan from The Bank of New York (see following paragraph).

On October 23, 1994, the Company borrowed \$500,000 from The Bank of New York ("BONY") pursuant to a General Loan and Security Agreement (the "BONY Note"), which bears interest at a rate per annum equal to the Prime Rate plus .75%. Principal and interest on the BONY Note is due on April 12, 1995. The proceeds from the BONY Note were used to pay in full the principal amount outstanding under the Wingmead Note and the Preston Loan. There was no cost or other effect to the Company for such prepayment. The accrued interest on the Wingmead Note has been paid to date and the Company has issued 22,000 shares of its common stock to Wingmead.

As collateral security for the payment of the BONY Note, the Company granted BONY a security interest in a \$500,000 certificate of deposit issued by BONY to Wingmead which had been hypothecated to the Company by Wingmead. In addition, pursuant to the terms of a Guaranty dated October 23, 1994 between BONY and Steven Lampert, the Chief Executive Officer and Director of the Company and Mr. Preston, the Chief Financial Officer and a Director of the Company, each of Lampert and Preston personally guaranteed the payments, when due, of all amounts owing by the Company to BONY, which obligation is represented by the BONY Notes.

The repayment date of the BONY Note was extended until September 30, 1995 by an agreement entered into in April, 1995 on terms substantially identical to those of the original agreement dated October 23, 1994 and has been subsequently extended to July 31, 1996. Additionally, BONY has indicated its willingness to further extend the Note if so requested by the Company and Wingmead, and Wingmead had indicated its willingness to make that request of BONY if the Company requests it to do so. In February, 1995 Wingmead entered into an agreement with the Company under which it agreed to subscribe for 166,667 Shares of the Company's Common Stock at \$2.00 per Share on July 31, 1996 or on the earlier repayment by the Company of the BONY Notes.

#### Bridge Loans

**Series A Loans.** Pursuant to a series of loans made on September 30, 1994, the Company borrowed an aggregate principal amount of \$177,300 from a group of seven lenders (the "Series A Loans"). Each loan bears interest at a rate per annum equal to the Prime Rate plus 2%, was due and payable on June 10, 1995, and was evidenced by a secured promissory note dated as of September 30, 1994. Pursuant to a Subordination Agreement entered into by and among LDDI, each holder of the Series A Loans and Wingmead, each of the holders of the Series A Loans agreed that their right to payment and security interest in the property of LDDI would be subordinate to all indebtedness owed by LDDI to Wingmead.

The Series A Loan notes provided that any loans outstanding at the time that the Company concludes an initial public offering or similar transaction may, at the holder's option be converted into shares of the Company's Common Stock at the offering price together with a premium of 25% over the face value of the loan. Loans aggregating \$10,000

plus accrued interest were repaid during 1993. Holders of the balance of the Notes, aggregating \$147,500, elected to convert the amounts due to them, plus premium, into shares of the Company's Common Stock at a price of \$2.00 per share prior to December 31, 1993.

**Second Wingmead Loan.** Pursuant to an agreement dated December 6, 1994, the Company borrowed from Wingmead the sum of \$200,000 (the "Second Wingmead Loan") repayable either within ten days following an initial public offering of the Company's stock, or, if no such offering occurred within 90 days following the date of the agreement, in six equal installments commencing on the 120th day following the date of the agreement. The loan, which is secured by the Loan Agreement dated August 25, 1994 between the Company, Wingmead and Michael Preston, and is personally guaranteed by Michael Preston and Steven Lampert bears interest at the rate of 20% per annum, and, in consideration for making the loan, the Company agreed to issue to Wingmead 10,000 shares of the Company's Common Stock, such shares to be unregistered but to have piggy-back registration rights in the event of a public offering of the Company's Common Stock within twenty-four months of the date of the agreement.

At 12/31/95, Wingmead had converted \$90,000 of the principal due into shares of the Company's Common Stock at the price of \$2.00 per share. The Company anticipates paying the balance of the principal, \$110,000, in June, 1996.

**Business Systems Consultants Loan.** On October 30, 1993, Business Systems Consultants Limited advanced the sum of \$100,000 to the Company as an interest-free, five-year unsecured and subordinated loan, repayable at the obligee's request after three years. Business Systems Consultants converted this loan into shares of the Company's Common Stock at the price of \$2.00 per share prior to December 31, 1993.

#### Buy out Agreement

Pursuant to the terms of an agreement (the "Buy out Agreement") dated as of April 6, 1993 by and among Lampert, Preston (Lampert and Preston being the "Buyers"), Michael Miller ("Miller"), Jeffrey Schwartz ("Schwartz"), Miller and Schwartz being the "Sellers"), LDDL, LDDI, Cellular Direct, Inc. ("CDI"), Private Ventures Inc. ("PVI") and Cellular Direct L.P. ("CDLP"); (LDDL, LDDI, CDI, PVI and CDLP, each, an "Entity" and collectively, the "Entities"), Lampert and Preston, each in officer and director of LDDI, purchased in equal proportions all of the interests of each of the Sellers in each Entity (the "Buy out") (CDI, PVI and CDLP are, and have been since inception, inactive). The purchased interests represented substantially all of the interests in such Entities owned by the Sellers at the time. The aggregate consideration paid by the Buyers to the Sellers was \$300,000.

In addition, LDDL issued the Sellers promissory notes (the "Notes") in the principal amount of \$380,000 of which \$333,000 was outstanding at December 31, 1995, payable as follows: (i) \$600 (\$100 to each of the Sellers) is due each week, (ii) \$30,000 was due on May 6, 1993 and (iii) the remaining amounts outstanding are due upon the occurrence, if any, of a Contingent Event Payment, Salary Cap Payment or Earnings Ceiling Payment (each as defined below). The Notes do not bear interest, except in the event that all amounts due thereunder have not been paid prior to May 31, 1993, in which case interest shall be owed on any unpaid amounts at a rate equal to the sum of (a) 2.0% plus (b) the annual rate of interest announced by Citibank N.A. from time to time as its "prime rate" in effect at its principal office in the City of New York (the "Prime Rate") and shall be deemed to have commenced accruing on the Closing Date in respect of such amount. Interest has accordingly been accrued in the Company's financial statements for all interest due in this respect.

The Notes are secured by a lien on and security interest in the accounts receivable and other assets of each Entity in accordance with the terms of a Security Agreement dated the Closing Date by and among the Sellers, IAMG and each Entity.

As noted above, certain payments are contingent upon the occurrence of other events. A "Contingent Event Payment" shall be due upon the occurrence of: (a) the sale by either of the Buyers of all or a majority of their interests in any Entity, in which case the Buyers are liable for the Contingent Event Payment; (b) the sale by any Entity of all or substantially all of its assets in which case the Entity is liable for the Contingent Event Payment; or (c) the distribution by any Entity of earnings or profits or other cash or property to either of the Buyers (excluding salary or bonus payments to Lampert not exceeding \$187,500 per year or to Preston not exceeding \$100,000 per year), in each case only to the extent such sale proceeds or distributed amounts (collectively, "Distributions") are actually received by the Buyers (or their designees), in which case the Buyers are liable for the Contingent Event Payment. Contingent Event Payments are to be made in accordance with the following terms: (i) with respect to the first \$100,000 of Distributions, such amounts shall be paid (v) first, to the Sellers in respect of amounts owed them under the Notes and their capital and current accounts with LDDLP (\$30,000 in the aggregate) and second, to IAMI in respect of amounts owed it under the IAMI Note (such amounts payable under this clause (i), the "Initial Contingent Payment"); (ii) with respect to the next \$1,000,000 of Distributions, no amount is due; (iii) with respect to the next \$1,100,000 of Distributions, fifty percent of such Distributions shall be owed to the Sellers; and (iv) with respect to any additional Distributions, no amount shall be owed to the Sellers or IAMI.

After payment of the Notes, the Contingent Event Payments are limited to \$750,000.

Payment of any of the following shall correspondingly reduce the amounts owed as Contingent Event Payments:

(a) Salary Cap Payment: to the extent that amounts paid in any month as salary or bonuses to the Buyers exceed in the aggregate \$18,750 (the "Cap Amount") then either the Sellers or IAMI, as the case may be, shall be entitled to a payment in the next month in an aggregate amount equal to the amount by which such salaries and bonuses exceeded the Cap Amount, and any such payment shall be credited against amounts due on account of the Initial Contingent Payment and shall reduce the contingent payment amount thresholds in a corresponding amount. Upon payment in full of the Initial Contingent Payment, by whatever means, no further Salary Cap Payments are required; and

During the year ended December 31, 1994 the Company distributed approximately \$233,000 to the Buyers. These payments exceeded the monthly Cap Amount by approximately \$103,000. This amount is included in the current portion of the notes payable as of March 31, 1995.

(b) Earnings Ceiling Payment: to the extent that any Entity has earnings in any fiscal year in excess of \$200,000 (the "Earnings Ceiling") then the Sellers or IAMI, as the case may be, shall be entitled to all earnings in excess of the Earnings Ceiling to the extent of any amounts due in respect of the Initial Contingent Payment, as reduced pursuant to any payment described above. In the event that any Earnings Ceiling Payments in excess of \$750,000 are due in a given year, \$250,000 is required to be paid within 30 days of the date of delivery of the financial statements evidencing such earnings (such financial statements are to be delivered no later than 90 days after the end of the Entity's fiscal year) and the remainder is to be paid within 120 days of the financial statement delivery date. Upon payment in full of the Initial Contingent Payment, of which \$273,400 is outstanding, by whatever means, no further Earnings Ceiling Payments are required. For purposes of calculating Earnings Ceiling Payment obligations, earnings mean the net income for the relevant period as determined in accordance with GAAP consistently applied, but without giving effect to (i) certain depreciation expenses, (ii) payment of income tax, (iii) interest expense for interest amounts paid other than to a third party, (iv) amortization in respect of intangibles, (v) legal expenses in connection with the Buy-out and the transactions contemplated thereby and (vi) annualized salary payments to Lampert and Preston in excess of \$125,000 and \$100,000, respectively.



0142-38-52

The following constitute events of default under the Buy-out Agreement, and correspondingly under the Notes:

- (1) default in the performance of any obligation under the Buy-out Agreement (including a payment default), and such default is not cured within 90 days after written notice;
- (2) the filing of a petition in bankruptcy by or against LDDL; or
- (3) the appointment of a receiver or similar entity for the benefit of the creditors of LDDL.

Upon the occurrence of an event of default all amounts outstanding under the Notes are immediately due and payable.

It has been agreed that any amounts paid by the Buyers in respect of obligations of the Partnership or any other Entity (i.e., the Covenant Note, IAME Note or Account Payment) shall be repaid immediately by the Entities with any unpaid amounts bearing interest at an arm's length rate.

In February, 1996 LDDI, together with Messrs. Steven Lampert and Michael Preston, commenced suit in New York Supreme Court against Messrs. Michael Miller and Jeffrey Schwartz alleging duress and coercion in relation to the Buy-out Agreement, and seeking compensatory damages in excess of \$400,000 and the payment of \$10 million in punitive damages. Following the commencement of the suit, the defendants issued a Notice of Default under the Buy-out Agreement, filed a motion to dismiss LDDI's suit and commenced a separate suit together with a motion to accelerate the amounts due under the Buy-out Agreement to immediately exercise the security interests in respect thereof. LDDI is contesting the Notice of Acceleration and motion to exercise the security interests and has filed a cross-motion in its suit asking the court to disqualify the defendants' attorneys. LDDI believes that it has a meritorious claim both in respect of its motion to disqualify the defendants' attorneys as well as in respect of its opposition to the Notice of Acceleration. In any event, LDDI believes that it has recorded an adequate provision in its books of account for any liability that may result from this litigation.

Item 13. *Exhibit and Reports on Form 3-K*

(a) *List of Exhibits:*

<u>No.</u>	<u>Exhibit</u>
2.1	Agreement and Plan of Reorganization dated October 6, 1995 between Golden Ark, Inc. (now known as Long Distance Direct Holdings, Inc.) Long Distance Direct, Inc. and the stockholders of Long Distance Direct, Inc.
3.1	Amended and Restated Articles of Incorporation of Long Distance Direct Holdings, Inc. (formerly known as Golden Ark, Inc.)
3.2	Certificate of Amendment of Articles of Incorporation of Long Distance Direct Holdings, Inc.
3.3	Bylaws, as amended, of Long Distance Direct Holdings, Inc.
10.1	Buy-out Agreement between Long Distance Direct, Inc., Steve Lampert, Michael Preston, Jeffrey Schwartz, Michael Miller and IAMG Marketing Services, Inc.
10.2	Lease Agreement for Suite 1430, 1 Blue Hill Plaza, Pearl River, New York 10963
10.3	Agreement with AT&T dated July, 1995 for supply of long-distance telephone service for resale.
10.4	Agreement with MCI dated March, 1996 for supply of long-distance telephone service for resale.
10.5	1995 Stock Option Plan.
21	List of Subsidiaries.

(b) *Reports on Form 3-K:*

The Company filed a report on Form 3-K during the last quarter of the fiscal year ended December 31, 1995 reporting the reverse acquisition of Golden Ark, Inc. (now known as Long Distance Direct Holdings, Inc.) by Long Distance Direct, Inc., and subsequently filed an amendment to such report which included audited financial statements of Long Distance Direct, Inc.

SIGNATURES

In accordance with Section 11 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

Long Distance Direct Holdings, Inc.

Dated: June \_\_, 1996

By: \_\_\_\_\_  
Steven Lampert, President

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

\_\_\_\_\_  
Steven Lampert, President  
(Principal Executive Officer), and  
Director

June \_\_, 1996

\_\_\_\_\_  
Michael Preston, Chief Financial Officer  
(Principal Accounting Officer) and  
Director

June \_\_, 1996

SUPPLEMENTAL INFORMATION TO BE FURNISHED WITH REPORTS FILED PURSUANT TO SECTION 15(d) OF THE EXCHANGE ACT BY NON-REPORTING ISSUERS.

The registrant did not send any annual report or proxy materials to its security holders during the registrant's last fiscal year.

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LONG DISTANCE DIRECT HOLDINGS, INC.  
CONSOLIDATED BALANCE SHEETS

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## ASSETS

	1994	1994
**:		
CURRENT ASSETS		
Cash		
Accounts receivable (net of allowance for doubtful accounts) (Note 2)	\$ 207,666	\$52,015
Other current assets	2,183,952	1,934,376
	91,229	145,947
Total Current Assets	2,482,798	2,132,338
PROPERTY AND EQUIPMENT		
Furniture and equipment		
Computer equipment and software		
Leasehold improvements	34,876	50,792
	194,764	141,922
	18,750	28,719
	290,340	251,433
	128,331	74,422
Less: accumulated Depreciation	181,137	176,810
	47,193	32,627
OTHER ASSETS		
	\$1,827,725	\$2,851,965
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Notes payable - current (Note 4)		
Accounts payable	\$1,145,000	\$1,074,071
Accrued expenses	2,375,282	2,444,883
Sales and excise taxes payable (Note 5)	577,576	449,432
Loans payable - shareholders (Note 1)	793,142	743,607
	74,244	217,280
Total Current Liabilities	4,895,244	4,932,173
LONG-TERM LIABILITIES		
Deferred network charges		
Long term debt, less current portion (Note 5)	-0-	78,497
	-0-	213,029
Total Liabilities		9,224,465
EQUITY AND CONTINGENT LIABILITIES (Note 5)		
STOCKHOLDERS' DEFICIT		
Common stock - par value \$ .001 per share:		
Authorized 30,000,000 shares		
Additional paid in capital	1,798	3,400
Accumulated deficit	5,427,434	(2,175,500)
	(4,683,592)	(2,792,428)
**:		
Subscriptions receivable		
	(3,232,519)	(2,175,500)
	(30,000)	-0-
Total Stockholders' Deficit	(1,242,519)	(2,175,500)
	\$1,827,725	\$2,851,965

**EXHIBIT 5**

**LONG DISTANCE DIRECT HOLDINGS, INC.**

**REGULATIONS AND SCHEDULE OF CHARGES APPLYING  
TO LOCAL RESALE COMMUNICATIONS SERVICES  
WITHIN THE STATE OF SOUTH DAKOTA**

Issued: April 7, 1997

Issued By:

Steven Lampert, President  
1 Blue Hill Plaza, Suite 1430  
Pearl River, NY 10965

Effective: \_\_\_\_\_

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Issued: April 7, 1997

Issued By:

Steven Lampert, President  
1 Blue Hill Plaza, Suite 1430  
Pearl River, NY 10965

Effective: \_\_\_\_\_

Section 1 - APPLICATION OF TARIFF

1.1 Application of Tariff

This Tariff sets forth the regulations and rates applicable to services provided by Long Distance Direct Holdings, Inc., as follows:

The furnishing of intrastate communications services by virtue of one-way and/or two-way information transmission between points within the State of South Dakota.

1.1.1 Service Territory

Long Distance Direct Holdings, Inc. will provide service in areas located in the State of South Dakota serviced by the Local Exchange Carriers whose services it will resell.

1.1.2 Availability

Service is available where facilities permit.

Issued: April 7, 1997

Issued By:

Steven Lampert, President  
1 Blue Hill Plaza, Suite 1430  
Pearl River, NY 10965

Effective: \_\_\_\_\_



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Issued: April 7, 1997

Issued By:

Steven Lampert, President  
1 Blue Hill Plaza, Suite 1430  
Pearl River, NY 10965

Effective: \_\_\_\_\_

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Issued: April 7, 1997

Issued By:

Effective: \_\_\_\_\_

Steven Lampert, President  
1 Blue Hill Plaza, Suite 1430  
Pearl River, NY 10965

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Section 2 - GENERAL RULES AND REGULATIONS

2.1 USE OF FACILITIES AND SERVICE

2.1.1 Obligation of the Company

In furnishing service, the Company does not undertake to transmit messages, but furnishes the use of its facilities to its customers for communications.

The Company's obligation to furnish facilities and service is dependent upon its ability (a) to secure and retain, without unreasonable expense, suitable facilities and rights for the construction and maintenance of the necessary circuits and equipment; (b) to secure and retain, without unreasonable expense, suitable space for its plant and facilities in the building where service is or will be provided to the customer; or (c) to secure reimbursement of all costs where the owner or operator of a building demands relocation or rearrangement of plant and facilities used in providing service therein.

The Company shall not be required to furnish, or continue to furnish, facilities or service where the circumstances are such that the proposed use of the facilities or service would tend to adversely affect the Company's plant, property or service.

The Company reserves the right to refuse an application for service made by a present or former customer who is indebted to the Company for service previously rendered pursuant to this Tariff until the indebtedness is satisfied.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.1 USE OF FACILITIES AND SERVICE (cont'd)

2.1.2 Limitations on Liability

a. Indemnification by Customer

The customer and any authorized or joint users, jointly and severally shall indemnify, defend and hold the Company harmless against claims, loss, damage, expense (including attorneys' fees and court costs) for libel, slander, or infringement of copyright arising from the material transmitted over its facilities; against claims for infringement of patents arising from combining with, or using in connection with, facilities of the Company, equipment and systems of the customer, and against all other claims arising out of any act or omission of the customer in connection with facilities provided by the Company or the customer. In the event any such infringing use is enjoined, the customer, authorized user or joint user at its option and expense, shall obtain immediately a dismissal or stay of such injunction, obtain a license or other agreement so as to extinguish any claim of infringement, or terminate the claimed infringing use or modify such infringement.

b. Customer-Provided Equipment

The service and facilities furnished by the Company are subject to the following limitations: the Company shall not be liable for damage arising out of mistakes, omissions, interruptions, delays, errors or defects in transmission or other injury, including but not limited to injuries to persons or property from voltages or currents transmitted over the facilities of the Company caused by customer-provided equipment or premises wire.

c. Use of Facilities of Other Companies

When the facilities of other companies are used in establishing a connection, the Company is not liable for any act, error, omission, or interruption caused by the other company or their agents or employees. This includes the provision of a signaling system database by another company.

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## Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

## 21 USE OF FACILITIES AND SERVICE (cont'd)

### 2.1.3 Use Of Service

Any service provided under this Tariff may be resold to or shared (jointly used) with other persons at the customer's option. The customer remains solely responsible for all use of service ordered by it or billed to its telephone number(s) pursuant to this Tariff, for determining who is authorized to use its service, and for promptly notifying the Company of any unauthorized use. The customer may advise its customers that a portion of its service is provided by the Company, but the customer shall not represent that the Company jointly participates with the customer in the provision of the service.

## 214 Use and Ownership of Equipment

The Company's equipment, apparatus, chaisels and lines shall be carefully used. Equipment furnished by the Company shall remain its property and shall be returned to the Company whenever requested, within a reasonable period following the request, in good condition, reasonable wear and tear accepted. The customer is required to reimburse the Company for any loss of, or damage to, the facilities or equipment on the customer's premises, including loss or damage caused by agents, employees or independent contractors of the customer through any negligence.

## 215      Directory Errors

In the absence of gross negligence or willful misconduct and except for the allowances stated below, no liability for damages arising from errors or mistakes in or omissions of directory listings, or errors or mistakes in or omissions of listings obtainable from the directory assistance operator, including errors in the reporting thereof, shall attach to the Company.

An allowance for errors or mistakes in or omissions of published directory listings or for errors or mistakes in or omissions of listings obtainable from the directory assistance operator shall be given as follows:

- a) **Free Listings.** For free or no-charge published directory listings, credit shall be given at the rate of two times the monthly tariff rate for an additional or charge listing for each individual, auxiliary or party line, PBX trunk or Centrex attendant loop affected, for the life of the directory or the charge period during which the error, mistake or omission occurs.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)2.1 USE OF FACILITIES AND SERVICE (cont'd)2.1.5 Directory Errors

- b) Charge Listings: For additional or charge published directory listings, credit shall be given at the monthly tariff rate for each such listing for the life of the directory or the charge period during which the error, mistake or omission occurs.
- c) Operator records: For free or charge listings obtainable from records used by the directory assistance operator, upon notification to the Company of the error, mistake or omission in such records by the subscriber, the Company shall be allowed a period of three business days to make a correction. If the correction is not made in that time, credit shall be given at the rate of 2/30ths of the basic monthly rate for the line or lines in question for each day thereafter that the records remain uncorrected. (Where Centrex attendant loops are involved, credit shall be given at the rate of 2/30ths of the basic monthly rate for PBX trunks.)
- d) Credit limitation: The total amount of the credit provided for the preceding paragraphs 1, 2, and 3 shall not exceed, on a monthly basis, the total of the charges for each charge listing plus the basic monthly rate, as specified in paragraph 3, for the line or lines in question.
- e) Definitions: As used in Paragraphs 1, 2, 3, and 4 above, the terms "error," "mistake" or "omission" shall refer to a discrepancy in the directory listing or directory assistance records which the Company has failed to correct and where the error affects the ability to locate a particular subscriber's correct telephone number. The terms shall refer to addresses only to the extent that an error, mistake or omission of an address places the subscriber on an incorrect street or in an incorrect community.
- f) Notice: Such allowances or credits as specified in Paragraphs 1, 2, and 3 above, shall be given upon notice to the Company by the subscriber that such error, mistake or omission has occurred; provided, however, that when it is administratively feasible for the Company to have knowledge of such error, mistake or omission, the Company shall give credit without the requirement of notification by the subscribers.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.2 MINIMUM PERIOD OF SERVICE

The minimum period of service is one month except as otherwise provided in this Tariff. The customer must pay the regular tariffed rate for the service they subscribe to for the minimum period of service. If a customer disconnects service before the end of the minimum service period, that customer is responsible for paying the regular rates for the remainder of the minimum service period. When the service is moved within the same building, to another building on the same premises, or to a different premises entirely, the period of service at each location is accumulated to calculate if the customer has met the minimum period of service obligation.

If service is terminated before the end of the minimum period of service as a result of condemnation of property, damage to property requiring the premises to be abandoned, or by the death of the customer, the customer is not obligated to pay for service for the remainder of the minimum period.

If service is switched over to a new customer at the same premises after the first month's service, the minimum period of service requirements are assigned to the new customer if the new customer agrees in writing to accept them. For facilities not taken over by the new customer, the original customer is responsible for the remaining payment for the minimum service period in accordance with the terms under which the service was originally furnished.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.3 FLEXIBLE PRICING

2.3.1 General

Flexible Pricing sets minimum and maximum rates that can be charged for telephone service. The Company may change a specific rate within the range of the established minimum and maximum rates on one day's notice to customers and the Public Service Commission.

2.3.2 Conditions

- a. The Company reserves the right to change prices at any time subject to regulatory requirements by filing a revised Rate Attachment with the Commission.
- b. Individual written notice to Customers of rate changes shall be made in accordance with Commission regulations. Where there are no regulations, notification will be made in a manner appropriate to the circumstances involved.
- c. A rate shall not be changed unless it has been in effect for at least thirty (30) days.
- d. A customer can request that the Company disconnect service that is provided under the Flexible Pricing due to a price increase. The customer will be credited for the difference between the new price and the old price retroactive to the effective date of the price increase if the customer notifies the Company of its desire to disconnect service within 20 days of receiving notification of the price increase.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

## 2.4 PAYMENT FOR SERVICE RENDERED

## 2.4.1 Responsibility for All Charges

Any applicant for facilities or service may be required to sign an application form requesting the Company to furnish the facilities or service in accordance with the rates, charges, rules and regulations from time to time in force and effect. The customer is responsible for all local and toll calls originating from the customer's premises and for all calls charged to the customer's line where any person answering the customer's line agrees to accept such charge.

## 2.4.2 Deposits

Subject to special provisions as may be set forth below and in Sections 2.10 and 2.11 of this Tariff, any applicant or customer whose financial responsibility is not established to the satisfaction of the Company may be required to deposit a sum up to an amount equal to the total of the estimated local service and intraLATA toll charges for up to two months for the facilities and service. If the minimum period of service for the requested facilities and service is more than one month, as specified in this Tariff, the customer may also be required to deposit a sum up to an amount equal to the total charges for service for the minimum service period less any connection charge paid by the customer.

The fact that a deposit has been made shall in no way relieve the applicant or customer from complying with the Tariff regulations for the prompt payment of bills on presentation. Each applicant from whom a deposit is collected will be given a certificate of deposit and circular containing the terms and conditions applicable to deposits, in accordance with the Rules and Regulations of the Commission pertaining to customer deposits.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.4 PAYMENT FOR SERVICE RENDERED (cont'd)

2.4.2 Deposits (cont'd)

a. Interest on Deposits

Simple interest at the rate specified by the Commission shall be credited or paid to the customer while the Company holds the deposit.

b. Inadequate Deposit

If the amount of a deposit is proven to be less than required to meet the requirements specified above, the customer shall be required to pay an additional deposit upon request.

c. Return of Deposit

When a deposit is to be returned, the customer may request that the full amount of the deposit be issued by check. If the customer requests that the full amount be credited to amounts owed the Company, the Company will process the transaction on the billing date and apply the deposit to any amount currently owed to the Company, and return any remaining amount of the deposit to the customer by check.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

## 2.4 PAYMENT FOR SERVICE RENDERED (cont'd)

## 2.4.3 Payment of Charges

Charges for facilities and service, other than usage charges, are due monthly in advance. All other charges are payable upon request of the Company. Bills are due on the due date shown on the bill and are payable at any business office of the Company, by U.S. Mail, or at any location designated by the Company. If objection is not received by the Company within three months after the bill is rendered, the items and charges appearing thereon shall be determined to be correct and binding upon the customer. A bill will not be deemed correct and binding upon the customer if the Company has records on the basis of which an objection may be considered, or if the customer has in his or her possession such Company records. If objection results in a refund to the customer, such refund will be with interest at the greater of the unadjusted customer deposit rate or the applicable late payment rate, if any, for the service classification under which the customer was billed. Interest will be paid from the date when the customer overpayment was made, adjusted for any changes in the deposit rate or late payment rate, compounded monthly, until the overpayment is refunded. Notwithstanding the foregoing, no interest will be paid by the Company on customer overpayments that are refunded within 30 days after the overpayment is received by the Company.

Where an objection to the bill involves a superseded service order, the items and charges appearing on the bill shall be deemed to be correct and binding upon the customer if objection is not received by the Company within two months after the bill is rendered.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.4 PAYMENTS FOR SERVICE RENDERED (cont'd)

2.4.4 Return Check Charge

When a check which has been presented to the Company by a customer in payment for charges is returned by the bank, the customer shall be responsible for the payment of a Returned Check Charge of \$10.00.

2.4.5 Late Payment Charges

a. Customer bills for telephone service are due on the due date specified on the bill.

A customer is in default unless payment is made on or before the due date specified on the bill. If payment is not received by the customer's next billing date, a late payment charge of 1.5% will be applied to all amounts previously billed under this Tariff, excluding one month's local service charge, but including arrears and unpaid late payment charges.

b. Late payment charges do not apply to those portions (and only those portions) of unpaid balances that are associated with disputed amounts. Undisputed amounts on the same bill are subject to late payment charges if unpaid and carried forward to the next bill.

c. Late payment charges do not apply to final accounts.

d. Late payment charges do not apply to government agencies of the State of South Dakota. These agencies are required to make payment in accordance with the provisions of the State Finance Law.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.4 PAYMENT FOR SERVICE RENDERED (cont'd)

2.4.6 Customer Overpayments

The Company will provide interest on customer overpayments that are not refunded within 30 days of the date the Company receives the overpayment. An overpayment is considered to have occurred when payment in excess of the correct charges for service is made because of erroneous Company billing. The customer will be issued reimbursement for the overpayment, plus interest, or, if agreed to by the customer, credit for the amount will be provided on the next regular Company bill. The rate of interest shall be the greater of the customer deposit interest rate or the Company's applicable Late Payment Charge.

Interest shall be paid from the date when overpayment was made, adjusted for any changes in the deposit rate or late payment rate, and compounded monthly, until the date when the overpayment is refunded. The date when overpayment is considered to have been made will be the date on which the customer's overpayment was originally recorded to the customer's account by the Company.

2.5 INSTALLATION SERVICE

The Company provides a Half-Day Installation Plan, which offers customers half-day appointments (i.e., morning/afternoon or a rolling interval) for connection of Commission regulated service involving a customer premise visit.

2.6 ACCESS TO CUSTOMER'S PREMISES

The customer shall be responsible for making arrangements or obtaining permission for safe and reasonable access for Company employees or agents of the Company to enter the premises of the customer or any joint user or customer of the customer at any reasonable hour for the purpose of inspecting, repairing, testing or removing any part of the Company's facilities.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

## 2.7 TELEPHONE SURCHARGES

## 2.7.1 General

In addition to the rates and charges applicable according to the rules and regulations of this Tariff, various surcharges apply to the customer's monthly bill statement as outlined in 2.7.2 and 2.7.3 below. If there are surcharge rates applicable to a particular city, village, town or county tax district or other jurisdictional taxing entity, the rate will be listed on Statement 1 which is at the end of this section.

## 2.7.2 Surcharge For State Gross Income and Gross Earnings Taxes

A monthly surcharge to recover the additional expense related to the State Gross Income and Gross Earnings Taxes applies to the recurring and nonrecurring rates and charges for all intrastate service except returned check charges, late payment charges and rates for local coin calls. The applicable Gross Revenue Surcharge rates are shown on Statement 2 which is at the end of this section. Any changes to these rates will be filed on 15 days' notice to customers and the Commission, and as directed by the Commission. Whenever the state levies a new tax on the Company's gross revenues, repeals such a tax, or changes the rate of such a tax, the Commission may approve new surcharge factors, and the Company will file a revised statement as directed or approved by the Commission.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.7 TELEPHONE SURCHARGES (cont'd)

2.7.3 Village or Municipal Surcharge On Local Utility Gross Revenue Taxes

In certain cities and villages a municipal surcharge related to the Local Utility Gross Revenue Taxes applies to the recurring and nonrecurring rates and charges for all intrastate service except returned check charges, late payment charges and rates for local coin calls. The percentage rate of the surcharge in each locality where such a surcharge applies is listed on Statement 3 which is at the end of this section.

The surcharge statement shall be filed at least fifteen business days before the effective date. The effective date of the statement shall not be prior to the effective date of the surcharge and no sooner than the date when the tax enactment is filed with the Secretary of State. The surcharge shall be applicable to bills subject to the tax enactment that are rendered on or after the effective date of the statement. If the tax enactment either ceases to be effective or is modified so as to reduce the tax rate, the surcharge will be changed accordingly within 5 business days.

Introduction, cancellation, or modification of a surcharge will be effective on the date of the customer's first bill rendered after the effective date of the change.

2.8 [RESERVED FOR FUTURE USE]

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.9 SUSPENSION OR TERMINATION OF SERVICE

2.9.1 Suspension or Termination for Nonpayment

In the event that any bill rendered or any deposit required is not paid, the Company may suspend service or terminate service until the bill or the required deposit has been paid. If service is suspended or terminated for nonpayment, the customer will be billed a Connection Charge as well as any payment due and any applicable deposits upon reconnection.

- A. Termination shall not be made until at least 20 days after written notification has been mailed to the billing address of the customer.
- B. Suspension will not be made until at least 8 days after written notification has been mailed to the customer and 20 days before the termination notice.

Telephone service shall only be suspended during the hours between 8:00 AM and 4:00 PM, Monday through Thursday. It shall not be suspended or terminated for nonpayment on weekends, public holidays, other federal and state holidays proclaimed by the President or the Governor, or on days when the main business office of the Company is not open for business, or during the periods from December 23rd through December 26th or December 30th through January 1st.

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## 2.9 SUSPENSION OR TERMINATION OF SERVICE (cont'd)

### 2.9.2 Exceptions to Suspension and Termination

Telephone service shall not be suspended or terminated for:

- a. Nonpayment of bills rendered for charges other than telephone service or deposits requested in connection with telephone service;
- b. Nonpayment for service for which a bill has not been rendered;
- c. Nonpayment for service which have not been rendered;
- d. Nonpayment of any billed charge which is in dispute or for the nonpayment of a deposit which is in dispute during the period before a determination of the dispute is made by the Company in accordance with Company's complaint handling procedures.

Telephone service may be suspended or terminated for nonpayment of the undisputed portion of a disputed bill or deposit if the customer does not pay the undisputed portion after being asked to do so.

- e. Nonpayment of backbilled amounts as outlined in 2.11.12.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.9 SUSPENSION OR TERMINATION OF SERVICE (cont'd)

2.9.3 Verification of Nonpayment

Telephone service shall not be suspended or terminated for nonpayment of a bill rendered or a required deposit unless:

- a. The Company has verified, in a manner approved by the Public Service Commission, that payment has not been received at any office of the Company or at any office of an authorized collection agent through the end of the period indicated in the notice, and
- b. The Company has checked the customer's account on the day that suspension or termination is to occur to determine whether payment has been posted to the customer's account as of the opening of business on that day.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.9 SUSPENSION OR TERMINATION OF SERVICE (cont'd)

2.9.4 Termination For Cause Other Than Nonpayment

a. General

The Company, after notice in writing to the customer and after having given the customer an appropriate opportunity to respond to such notice, may terminate service and sever the connection(s) from the customer's premises under the following conditions:

1. in the event of prohibited, unlawful or improper use of the facilities or service, or any other violation by the customer of the rules and regulations governing the facilities and service furnished, or
2. if, in the judgment of the Company, any use of the facilities or service by the customer may adversely affect the Company's personnel, plant, property or service. The Company shall have the right to take immediate action, including termination of the service and severing of the connection, without notice to the customer when injury or damage to telephone personnel, plant, property or service is occurring, or is likely to occur, or
3. in the event of unauthorized use, where the customer fails to take reasonable steps to prevent the unauthorized use of the facilities or service received from the Company, or
4. in the event that service is connected for a customer who is indebted to the Company for service or facilities previously furnished, that service may be terminated by the Company unless the customer satisfies the indebtedness within 20 days after written notification. See Section 2.11.7 regarding Deferred Payment Agreements.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)2.9 SUSPENSION OR TERMINATION OF SERVICE (cont'd)2.9.4 Termination For Cause Other Than Nonpayment (cont'd)b. Prohibited, Unlawful or Improper Use of the Facilities or Service

Prohibited, unlawful or improper use of the facilities or service includes, but is not limited to:

1. The use of facilities or service of the Company without payment of tariff charges;
2. Calling or permitting others to call another person or persons so frequently or at such times of the day or in such manner as to harass, frighten, abuse or torment such other person or persons;
3. The use of profane or obscene language;
4. The use of the service in such a manner such that it interferes with the service of other customers or prevents them from making or receiving calls;
5. The use of a mechanical dialing device or recorded announcement equipment to seize a customer's line, thereby interfering with the customer's use of the service;
6. Permitting fraudulent use.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.9 SUSPENSION OR TERMINATION OF SERVICE (cont'd)

2.9.4 Termination For Cause Other Than Nonpayment (cont'd)

c. Abandonment or Unauthorized Use of Facilities

1. If it is determined that facilities have been abandoned, or are being used by unauthorized persons, or that the customer has failed to take reasonable steps to prevent unauthorized use, the Company may terminate telephone service.
2. In the event that telephone service is terminated for abandonment of facilities or unauthorized use and service is subsequently restored to the same customer at the same location:
  - a. No charge shall apply for the period during which service had been terminated, and
  - b. Reconnection charges will apply when service is restored. However, no charge shall be made for reconnection if the service was terminated due to an error on the part of the Company.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.9 SUSPENSION OR TERMINATION OF SERVICE (cont'd)

2.9.4 Termination For Cause Other Than Nonpayment (cont'd)

d. Change in the Company's Ability to Secure Access

Any change in the Company's ability (a) to secure and retain suitable facilities and rights for the construction and maintenance of the necessary circuits and equipment or (b) to secure and retain suitable space for its plant and facilities in the building where service is provided to the customer may require termination of a customer's service until such time as new arrangements can be made. No charges will be assessed the customer while service is terminated, and no connection charges will apply when the service is restored.

2.9.5 Emergency Termination of Service

The Company will immediately terminate the service of any customer, on request, when the customer has reasonable belief that the service is being used by an unauthorized person or persons. The Company may require that the request be submitted in writing as a follow-up to a request made by telephone.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.10 ADDITIONAL PROVISIONS APPLICABLE TO BUSINESS CUSTOMERS

2.10.1 Application of Rates

- a. Business rates as described in Section 7 and shown in Attachment B apply to service furnished:
  1. In office buildings, stores, factories and all other places of a business nature;
  2. In hotels, apartment houses, clubs and boarding and rooming houses except when service is within the customer's domestic establishment and no business listings are provided; colleges, hospitals and other institutions; and in churches except when service is provided to an individual of the clergy for personal use only and business service is already established for the church at the same location;
  3. At any location when the listing or public advertising indicates a business or a profession;
  4. At any location where the service includes an extension which is at a location where business rates apply unless the extension is restricted to incoming calls;
  5. At any location where the customer resells or shares exchange service;
- b. The use of business facilities and service is restricted to the customer, customers, agents and representatives of the customer, and joint users.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

## 2.10 ADDITIONAL PROVISIONS APPLICABLE TO BUSINESS CUSTOMERS (Cont'd)

### 2.10.2 Telephone Number Changes

When a business customer requests a telephone number change, the referral period for the disconnected number is 180 days.

The Company reserves all rights to the telephone numbers assigned to any customer. The customer may order a Customized Number where facilities permit for an additional charge as specified in Section 5.9 of this Tariff.

When service in an existing location is continued for a new customer, the existing telephone number may be retained by the new customer only if the former customer consents in writing, and if all charges against the account are paid or assumed by the new customer.

### 2.10.3 Deposits

Deposits will be returned to a business customer upon cancellation of service or after one year, whichever event occurs first, unless the customer is delinquent in payment, in which case the Company will continue to retain the deposit until the delinquency is satisfied. If a service is involuntarily discontinued, the deposit is applied against the final bill, and any balance is returned to the customer.

#### 2.10.4 Dishonored Checks

If a business customer who has received a notice of discontinuance pays the bill with a check that is subsequently dishonored, the account remains unpaid and the Company is not required to issue any additional notice before disconnecting service.

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## Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

## 2.11 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS

### 2.11.1 Application of Rates

Residential rates as described in Section 6 and shown in Attachment B apply to service furnished in private homes or apartments (including all parts of the customer's domestic establishment) for domestic use. Residential rates also apply in college fraternity or sorority houses, convents and monasteries, and to the clergy for domestic use in residential quarters.

Residential rates do not apply to service in residential locations if the listing indicates a business or profession. Residential rates do not apply to service furnished in residential locations if there is an extension line from the residential location to a business location unless the extension line is limited to incoming calls.

The use of residential service and facilities is restricted to the customer, members of the customer's domestic establishment, and joint users.

### 2.11.2 Telephone Number Changes

When a residential customer requests a telephone number change, the referral period for the disconnected number is 90 days.

The Company reserves all rights to any telephone number assigned to a customer for local service. The customer may order a Customized Number where facilities permit for an additional charge as specified in Section 5.9 of this Tariff.

When service in an existing location is continued for a new customer, the existing number may be retained by the new customer only if the former customer consents in writing, and if all charges against the account are paid or assumed by the new customer.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.11 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (cont'd)

2.11.3 Deposits

a. General

Except as provided in (b) following, the Company may require a deposit, as described in Section 2.4.2 of this Tariff, from a residential customer who is applying for service if the customer: 1) has had service terminated for nonpayment once within the preceding six month period, or 2) is delinquent in payment. A customer is delinquent in payment if that customer has received two consecutive telephone bills without making payment of at least one-half the total arrears due on the due date of the second bill. A customer is not considered delinquent, however, if an amount in dispute is not paid before the dispute is resolved.

An existing customer is an applicant for service who was a customer of the Company within twelve months of making the request, provided that prior service was not terminated for nonpayment, unless service is requested within 10 days of such termination for nonpayment. Applicants for residential service and existing residential customers are permitted to pay deposits in installments over a period not to exceed 6 months.

A new customer is an applicant for service who has not been a customer of the Company within twelve months of making the request for service. A new customer shall not be required to post a security deposit as a condition of receiving telephone service.

A seasonal customer is an individual who applies for and receives telephone service periodically each year, intermittently during the year or at other regular intervals scheduled at the time of application. A seasonal customer may be required to post a deposit.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.11 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (cont'd)

2.11.3 Deposits (cont'd)

b. Customers Exempt from Deposits

1. A new customer or existing customer who is 62 years of age or older shall be exempt from any deposit requirement unless such person's telephone service was terminated for nonpayment during the preceding six months. Proof of age will be required from any person claiming exemption from deposit requirements because of age. If the proof requested by the Company is not received within 30 days from the date service is connected, or 30 days from the date that verification of age is requested from an existing customer, the Company may suspend or terminate service unless the customer pays the required deposit. Any new customer or existing customer 62 years of age or older shall be permitted to pay a deposit in installments over a period not to exceed 12 months.
2. The Company shall not require any person it knows to be a recipient of public assistance, supplemental security income or additional state payments to post a deposit.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.11. ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (cont'd)

2.11.3 Deposits (cont'd)

c. Recent Payment History

A customer who has a recent payment history (within the preceding twelve months) with the Company are entitled to service without payment of a deposit unless their records indicate that they are delinquent in payment or have had service terminated for nonpayment. A customer who still owes money to the Company for residential service on a prior account shall be offered a deferred payment plan provided that the customer had service for three months and was not terminated for nonpayment during that period. (See Deferred Payment Agreements, 2.11.7 below.)

New deposits from a residential customer is reviewed after the first 3 monthly bills have been rendered; if too much has been taken, the excess is returned. The entire deposit is returned to a residential customer after 1 year, unless the customer is delinquent in payment, in which case the Company may continue to retain the deposit until the delinquency is satisfied. If the service is discontinued, the deposit is applied against the final bill, and any balance is returned to the customer.

2.11.4 Installment Billing For Nonrecurring Charges

A residential customer may elect to pay service connection and other nonrecurring charges associated with a service order in monthly installments for up to a 12 month period. When installment billing is requested, all nonrecurring charges associated with a given service order will be included in the calculation of the monthly installment.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

## 2.11 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (cont'd)

## 2.11.4 Installment Billing For Nonrecurring Charges (cont'd)

Installment billing is subject to the following restrictions:

- a. Installment billing may be used only by residential customers;
- b. Charges will be billed in the number of installments of equal dollar amounts as requested by the customer up to a maximum of 12 installments over the course of 12 months;
- c. A customer may not pay a portion of the charges and then request installment billing for the remaining charges;
- d. More than one installment plan may be in effect for the same customer at the same time;
- e. If a customer disconnects service during the installment payment period, all unbilled charges will be included in the final bill rendered;
- f. A customer may elect to pay the unbilled charges before the expiration of the installment plan;
- g. Installment billing payments will continue even when an account is temporarily suspended;
- h. No interest or carrying charges will be applied to the outstanding balance during the installment period.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

## 2.11 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (cont'd)

## 2.11.5 Adjusted Payment Schedule

A customer on a fixed income (e.g., pension and public assistance) shall be offered the opportunity to pay his or her bills on a reasonable schedule that is adjusted for periodic receipt of income.

## 2.11.6 Suspension or Termination for Nonpayment

- a. Suspension/termination notices may not be issued until at least 25 days after the date of the bill. Bills must be mailed to the customer no later than 6 business days after the date of the bill.
- b. After issuing the written notification in accordance with 2.9.1, at least one attempt shall be made during non-working hours to contact the residential customer by telephone before the scheduled date of suspension/termination.
- c. Suspension/termination may occur only between the hours of 8 a.m. and 4 p.m. Monday through Thursday, provided that such day or the following day is not a public holiday or a day on which the main office is closed. In addition, service may not be disconnected during the periods of December 23 through the 26 and December 30 through January 2.
- d. Telephone service may be suspended or terminated for nonpayment of the undisputed portion of a disputed bill or deposit if the customer does not pay the undisputed portion after being asked to do so. Suspended or terminated residential service shall be reconnected within 24 hours following payment or within 24 hours of the end of circumstances beyond the Company's control which delay the reconnection. The Commission may direct that service be reconnected in less than 24 hours.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

## 2.11 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (cont'd)

### 2.11.7 Deferred Payment Agreements

Service will not be suspended or terminated unless the customer has been advised that a deferred payment plan can be arranged. An existing residential customer with three or more months service and for whom service has not been terminated for nonpayment is eligible for Deferred Payment Arrangements (DPA). Final notice of suspension/termination will advise the customer of deferred payment arrangements and will include, in bold print, a notice that assistance in reaching an agreement may be obtained from the Commission. The DPA notice will be mailed no less than six days before termination of total service.

A Deferred Payment Agreement will be for a period agreed to by both the customer and the Company.

If the Company believes that the customer has the resources to pay the bill, it shall notify both the customer and the Commission in writing of the reasons for its belief. The Commission shall make the final determination as to whether a DPA should be provided. A customer with medical emergencies and a customer who is elderly, blind or disabled shall be exempt from such eligibility criteria.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.11 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (cont'd)

2.11.8 Dishonored Checks

When a check received from a residential customer is dishonored, the company shall make two attempts, one outside of normal business hours, to contact the customer within 24 hours. The customer shall be given an additional 24 hours to pay before suspension/termination. The additional notice will be given provided that the customer has not submitted a dishonored check within the past 12 months.

2.11.9 Suspension or Termination - Abandonment

Suspension/termination of residential service for abandonment or unauthorized use may occur only after the Company makes a reasonable attempt to determine occupancy or authorized use, or the customer takes reasonable steps to prevent unauthorized use. A notice must be sent to the customer five days before such suspension or termination. The notification requirement is waived when previous mailings are returned by the Post Office or the company is advised that a new customer has moved into the location.

2.11.10 Suspension or Termination - Medical Emergencies

In the event of a medical emergency, an additional 30 days will be allowed for a residential customer before suspension or termination. A medical certificate, must be supplied. The medical emergency status may be extended beyond 30 days upon submission of specified documentation. During the emergency, the customer will be able to defer payment of monthly charges up to an amount specified by the Commission until the emergency ceases or it is determined that the customer has the ability to pay the charges. Charges in any month in excess of the amount specified are due by the due date of the bill.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.11 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (cont'd)

2.11.11 Suspension or Termination - Elderly, Blind or Disabled

An additional 20 days will be allowed before suspension or termination may occur when:

- a) the customer is known to or identified to the Company as being blind or disabled, or
- b) the customer is 62 years of age or older, and all other residents of the customer's household are: under 18 years of age, over 62 years of age, blind or disabled.

In cases where service has been suspended or terminated and the Company subsequently learns that the customer is entitled to the protection established herein, the Company shall within 24 hours of such notification restore service for an additional 20 days and make a diligent effort to contact in person an adult resident at the customer's premises for the purpose of devising a payment plan.

2.11.12 Backbilling for Residential Customers

The Company shall not charge a residential customer for previously unbilled service or adjust upward a bill previously rendered when the period for the unbilled service or billing adjustment is more than six months prior to the mailing of the bill or the upward adjustment unless the conduct of the customer caused or contributed to the failure of the Company to render timely accurate billing. Unless the customer causes the late billing, the Company shall explain the reason for the late billing and shall advise the customer that suspension/termination of service is not permitted for charges billed in excess of six months after the service was provided. The customer will be given the opportunity to pay the charges under an installment plan on a schedule equal in time to the length of the backbilling period.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.12 ALLOWANCES FOR INTERRUPTIONS IN SERVICE

Interruptions in service, which are not due to the negligence of, or non-compliance 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 below for the part of the service that the interruption affects. A credit allowance will be made when an interruption occurs because of a failure of any component furnished by the Company under this Tariff.

2.12.1 Credit for Interruptions

- a. 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.
- b. For calculating credit allowances, every month is considered to have 30 days. A credit allowance is applied on a pro rata basis against the rates specified hereunder and is dependent upon the length of the interruption. Only those facilities on the interrupted portion of the circuit will receive a credit.
- c. A credit allowance will be given, upon request of the customer to the business office, for interruptions of 30 minutes or more. Credit allowances will be calculated as follows:
  - i. if interruption continues for less than 24 hours:
    - a) 1/30th of the monthly rate if it is the first interruption in the same billing period.
    - b) 2/30ths of the monthly rate if there was a previous interruption of at least 24 hours in the same billing period.
  - ii. if interruption continues for more than 24 hours:
    - a) if caused by storm, fire, flood or other condition out of Company's control, 1/30th of the monthly rate for each 24 hours of interruption.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.12 ALLOWANCES FOR INTERRUPTIONS IN SERVICE (cont'd)

2.12.1 Credit for Interruptions (cont'd)

c. (cont'd)

ii (cont'd)

- b) for other interruption, 1/30 of the monthly rate for the first 24 hours and 2/30ths of such rate for each additional 24 hours (or fraction thereof); however, if service is interrupted for over 24 hours, more than once in the same billing period, the 2/30ths allowance applies to the first 24 hours of the second and subsequent interruptions

Two or more interruptions of 15 minutes or more during any one 24-hour period shall be considered as one interruption.

d. Credit to Customer

Credits attributable to any billing period for interruptions of service shall not exceed the total charges for that period for the service and facilities furnished by the Company rendered useless or substantially impaired.

e. "Interruption" Defined

For the purpose of applying this provision, the word "interruption" shall mean the inability to complete calls either incoming or outgoing or both due to equipment malfunction or human errors. "Interruption" does not include and no allowance shall be given for service difficulties such as slow dial tone, circuits busy or other network and/or switching capacity shortages. Nor shall the interruption allowance apply where service is interrupted by the negligence or willful act of the subscriber or where the Company, pursuant to the terms of the Tariff, suspends or terminates service because of nonpayment of bills due to the company, unlawful or improper use of the facilities or service, or any other reason covered by the Tariff. No allowance shall be made for interruptions due to electric power failure where, by the provisions of this Tariff, the subscriber is responsible for providing electric power. Allowance for interruptions of message rate service will not affect the subscriber's local call allowance during a given billing period.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.12 ALLOWANCES FOR INTERRUPTIONS IN SERVICE (cont'd)

2.12.2 Limitations on Credit Allowances

No credit allowance will be made for:

- a) interruptions due to the negligence of, or non-compliance with the provisions of this Tariff, by any party other than the Company, including but not limited to the customer, authorized user, or other common carriers connected to, or providing service connected to, the service of the Company or to the Company's facilities;
- b) interruptions due to the failure or malfunction of non-Company equipment, including service connected to customer provided electric power;
- c) 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;
- d) 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;
- e) interruptions of service due to circumstances or causes beyond the control of the Company.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.13 AUTOMATIC NUMBER IDENTIFICATION

2.13.1 Regulations

The Company will provide Automatic Number Identification (ANI) associated with an intrastate service, by tariff, to any entity (ANI recipient), only under the following terms and conditions:

- a) The ANI recipient or its designated billing agent may use or transmit ANI information to third parties for billing and collection, routing, screening, ensuring network performance, and completion of a telephone subscriber's call or transaction, or for performing a service directly related to the telephone subscriber's original call or transaction, or for performing a service directly related to the telephone subscriber's original call or transaction.
- b) The ANI recipient may offer to any telephone subscriber with whom the ANI recipient has an established customer relationship, a product or service that is directly related to products or service previously purchased by the telephone subscriber from the ANI recipient.
- c) The ANI recipient or its designated billing agent is prohibited from utilizing ANI information to establish marketing lists or to conduct outgoing marketing calls, except as permitted by the preceding paragraph, unless the ANI recipient obtains the prior written consent of the telephone subscriber permitting the use of ANI information for such purposes. The foregoing provisions notwithstanding, no ANI recipient or its designated billing agent may utilize ANI information if prohibited elsewhere by law.
- d) The ANI recipient or its designated billing agent is prohibited from reselling, or otherwise disclosing ANI information to any other third party for any use other than those listed in Provision 1, unless the ANI recipient obtains the prior written consent of the subscriber permitting such resale or disclosure.
- e) Violation of any of the foregoing terms and conditions by any ANI recipient other than a Telephone Corporation shall result, after a determination through the Commission's complaint process, in suspension of the transmission of ANI by the Telephone Corporation until such time as the Commission receives written confirmation from the ANI recipient that the violations have ceased or have been corrected. If the Commission determines that there have been three or more separate violations in a 24 month period, delivery of ANI to the offending party shall be terminated under terms and conditions determined by the Commission.

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S.D.P.U.C. Tariff No. 2

Section 2

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.13 AUTOMATIC NUMBER IDENTIFICATION (cont'd)

2.13.2 Terms and Conditions

Violation of any of the foregoing terms and conditions by a Telephone Corporation may result in Commission prosecution of penalty and enforcement proceedings.

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Long Distance Direct Holdings, Inc.

S.D.P.U.C. Tariff No. 2

Section 2

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A. TELEPHONE SURCHARGES

Gross Revenue Tax Surcharge:

The Gross Revenue Tax Surcharge rates will be charged according to current tax levels.

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Section 2

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A. TELEPHONE SURCHARGES

Surcharge for State Gross Income and Gross Earnings Taxes

Local Utility Gross Revenue Taxes -- Billed according to current tax levels.

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Section 3 - CONNECTION CHARGES

3.1 CONNECTION CHARGE

3.1.1 General

The Connection Charge is a nonrecurring charge which applies to the following: (a) the installation of a new service; (b) the transfer of an existing service to a different location; (c) a change from one class of service to another at the same or a different location; or (d) restoral of service after suspension or termination for nonpayment. Connection Charges are listed with each service to which they apply.

3.1.2 Exceptions to the Charge

- a. No charge applies for a change to a service for which a lower monthly rate applies, made within 90 days after any general rate increase, if a lower grade of service is offered in the customer's exchange.
- b. No charge applies for one change in the class of residence service, provided that the change is ordered within 90 days of the initial connection of the customer's exchange service.
- c. The Company may from time to time waive or reduce the charge as part of a promotion. See Section 5.2.

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Section 3 - CONNECTION CHARGES (cont'd)

3.2 RESTORAL CHARGE

A restoral charge applies each time a service is reconnected after suspension or termination for nonpayment but before cancellation of the service, as deemed in Section 1 of this Tariff.

	<u>Business</u>	<u>Residence</u>
Minimum:	\$ 5.00	\$ 5.00
Maximum:	\$ 40.00	\$ 40.00

3.3 MOVES, ADDS AND CHANGES

The Company alone may make changes in the location of its lines and equipment. When it is found that a move or change of such lines or equipment has been made by others, the Connection Charge for the underlying service will apply as if the work had been done by the Company.

The customer will be assessed a charge for any move, add or change of a Company service. Move, Add and Change are defined as follows:

Move: The disconnection of existing equipment at one location and reconnection of the same equipment at a new location in the same building or in a different building on the same premises.

Add: The addition of a vertical service to existing equipment and/or service at one location.

Change: Change - including rearrangement or reclassification - of existing service at the same location.

<u>Residence Charge per:</u>	<u>Move</u>	<u>Add</u>	<u>Change</u>
Minimum:	\$ 5.00	\$ 5.00	\$ 5.00
Maximum:	\$ 40.00	\$ 40.00	\$ 40.00
 <u>Business Charge per:</u>	 <u>Move</u>	 <u>Add</u>	 <u>Change</u>
Minimum:	\$ 5.00	\$ 5.00	\$ 5.00
Maximum:	\$ 40.00	\$ 40.00	\$ 40.00

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## Section 3 - CONNECTION CHARGES (cont'd)

## 3.4 CHARGES ASSOCIATED WITH PREMISES VISIT

## 3.4.1 Terms and Conditions

The customer may request an estimate or a firm bid before ordering wire installation work to be done. When an estimate is provided, the estimate is not binding on the Company and the charge to be billed will be based on the actual time and materials charges incurred. When a firm bid is provided at customer request, the charge to be billed is the amount quoted to the customer for the work requested.

Inside Wire charges apply per service call when billable premises work is performed on noncomplex premises wire and jacks. Residence and Business charges may differ. Such charges are due and payable when billed.

Noncomplex wire, jacks and materials include:

- ☐ 2 to 6 pair inside wire
- ☐ Faceplates
- ☐ RJ11C, RJ14C, RJ11W and RJ14W type station jacks
- ☐ Staples, screws, nail, tape, connectors, etc.

## 3.4.2 Trouble Isolation Charge

When a visit to the customer's premises is necessary to isolate a problem reported to the Company but identified by the Company's technician as attributable to customer-provided equipment or inside wire, a separate charge applies in addition to all other charges for the visit.

	Minimum	Maximum
Per Premises Visit, Residence:	\$10.00	\$50.00
Per Premises Visit, Business:	\$10.00	\$50.00

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## Section 3 - CONNECTION CHARGES (cont'd)

## 3.4 CHARGES ASSOCIATED WITH PREMISES VISIT (cont'd)

## 3.4.3 Inside Wire Maintenance and Installation

The customer may provide inside wiring for single-line station equipment or may elect to have the Company's technicians install or maintain inside wire.

## a. Inside Wire Installation Charge

Flat Installation Charges apply when a customer requests new noncomplex wire and jack installation or requests existing noncomplex wire and jack moves, changes, removals, rearrangements, replacements or pre-wiring.

Material is included in each time increment charge.

	<u>Minimum</u>	<u>Maximum</u>
Flat Jack Installation Charge		
Per order, per premises		
- 1st Jack	\$1.00	\$75.00
- Each Additional, Prewired	\$1.00	\$25.00
- Each Additional, Unwired	\$1.00	\$75.00
Flat Wire Installation Charge		
Per wall, per wire pull, Residence	\$10.00	\$75.00
Flat Wire Installation Charge		
Per wall, per wire pull, business	\$10.00	\$75.00
b. Flat Inside Wire Maintenance Charge		

The Flat Inside Wire Maintenance Charge applies when a customer requests noncomplex wire and jack maintenance and does not subscribe to the Inside Wire Maintenance Option. Material is included in the Flat Time and Materials Charge.

	<u>Minimum</u>	<u>Maximum</u>
Per Premises Visit, Residence	\$10.00	\$50.00
Per Premises Visit, Business	\$10.00	\$50.00

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Section 3 - CONNECTION CHARGES (cont'd)

## 3.4 CHARGES ASSOCIATED WITH PREMISES VISIT (cont'd)

## 3.4.3 Inside Wire Maintenance and Installation

The customer may provide inside wiring for single-line station equipment or may elect to have the Company's technicians install or maintain inside wire.

## a. Inside Wire Installation Charge

Flat Installation Charges apply when a customer requests new noncomplex wire and jack installation or requests existing noncomplex wire and jack moves, changes, removals, rearrangements, replacements or pre-wiring.

Material is included in each time increment charge

	<u>Minimum</u>	<u>Maximum</u>
Flat Jack Installation Charge		
Per order, per premises		
- 1st Jack	\$1.00	\$50.00
- Each Additional	\$1.00	\$25.00
Flat Wire Installation Charge	\$10.00	\$75.00
Per wall, per wire pull		

## b. Flat Inside Wire Maintenance Charge

The Flat Inside Wire Maintenance Charge applies when a customer requests noncomplex wire and jack maintenance and does not subscribe to the Inside Wire Maintenance Option. Material is included in the Flat Time and Materials Charge.

	<u>Minimum</u>	<u>Maximum</u>
Per Premises Visit	\$10.00	\$50.00

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Section 3 - CONNECTION CHARGES (cont'd)

3.4 CHARGES ASSOCIATED WITH PREMISES VISIT (cont'd)

3.4.3 Inside Wire Maintenance and Installation (cont'd)

c. Monthly Inside Wire Maintenance Option

The Monthly Inside Wire Maintenance Option provides subscribers paying a monthly fee with ongoing maintenance of noncomplex wire and jack. Premises Visit Charges and Time and Material Charges are waived for maintenance work provided under the terms of the Monthly Inside Wire Maintenance Option.

	<u>Minimum</u>	<u>Maximum</u>
Inside Wire Monthly Maintenance Option (per residence account)	\$0.25	\$2.00

3.5 PRIMARY INTEREXCHANGE CARRIER CHANGE CHARGE

The customer will incur a charge each time there is a change in the long distance carrier associated with the customer's line after the initial installation of service.

Minimum: \$ 0.00

Maximum: \$ 5.00

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Section 4 - INTRALATA TOLL USAGE AND MILEAGE CHARGES

4.1 GENERAL

4.1.1 Description

IntraLATA toll service is furnished for communication between telephones in different local calling areas within a particular LATA in accordance with the regulations and schedules of charges specified in this tariff. The toll service charges specified in this section are in payment for all service furnished between the calling and called telephone, except as otherwise provided in this Tariff.

IntraLATA toll calling includes the following types of calls: direct dialed, calling card, collect, 3rd number billed, special toll billing, requests to notify of time and charges, person to person calling and other station to station calls.

4.1.2 Classes of Calls

Service is offered as two classes: station to station calling and person to person calling.

- a. Station to Station Service is that service where the person originating the call dials the telephone number desired or gives the Company operator the telephone number of the desired telephone station or system.
- b. Person to Person Service is that service where the person originating the call specifies to the Company operator a particular person to be reached, a particular mobile unit to be reached, or a particular station, department or office to be reached. The call remains a person to person call when, after the telephone, mobile telephone, or PBX system has been reached and while the connection remains established, the person originating the call requests or agrees to talk to any person other than the person specified, or to any other agreed upon alternate.

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Section 4 - INTRALATA TOLL USAGE AND MILEAGE CHARGES (cont'd)

4.2 TIMING OF CALLS

- 4.2.1 Unless otherwise indicated, all calls are timed in one minute increments and all calls which are fractions of a minute are rounded up to the next whole minute.
- 4.2.2 For station to station calls, call timing begins when a connection is established between the calling telephone and the called telephone station.
- 4.2.3 For person to person calls, call timing begins when connection is established between the calling person and the particular person, station or mobile unit specified or an agreed alternate.
- 4.2.4 Call timing ends when the calling station "hangs up," thereby releasing the network connection. If the called station "hangs up" but the calling station does not, chargeable time ends when the network connection is released either by automatic timing equipment in the telephone network or by the Company operator.
- 4.2.5 Calls originating in one time period as defined in Section 4.3 and terminating in another will be billed the rates in effect at the beginning of each minute.

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Section 4 - INTRALATA TOLL USAGE AND MILEAGE CHARGES (cont'd)

4.3 TIME PERIODS DEFINED

Unless otherwise indicated in this Tariff, the following time periods apply

- 4.3.1 Peak: 7:00 a.m. to, but not including, 7:00 p.m. - Monday through Friday
- 4.3.2 Off-Peak: 7:00 p.m. to, but not including, 7:00 a.m. - Sunday through Friday  
All day Saturday and Sunday  
All Holidays
- 4.3.3 Holidays include Christmas, New Year's Day, Thanksgiving, Independence Day, and Labor Day.
- 4.3.4 All times refer to local time.

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Section 4 - ~~INTRALATA TOLL USAGE AND MILEAGE CHARGES~~ (cont'd)

4.4 REGULATIONS AND COMPUTATION OF MILEAGE

Calls for which rates are mileage sensitive are rated on the airline distance between the originating rate center and the terminating rate center.

4.4.1 Originating Rate Center

A customer's primary local exchange number includes an NXX code that is associated with a specific rate center. The originating point of all calls charged to that customer's account shall be the location of the customer's rate center.

4.4.2 Terminating Rate Center

The terminating point for all calls shall be the location of the local rate center associated with the called number.

4.4.3 Calculation of Mileage

Usage charges for all mileage sensitive products are based on the airline distance between serving wire centers associated with the originating and terminating points of the call. The serving wire centers of a call are determined by the area codes and exchanges of the origination and destination points.

The distance between any two rate centers is determined as follows:

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## Section 4 - INTRALATA TOLL USAGE AND MILEAGE CHARGES (cont'd)

## 4.4 REGULATIONS AND COMPUTATION OF MILEAGE (cont'd)

## 4.4.3 Calculation of Mileage (cont'd)

Airline mileage, where mileage is the basis for rating calls, is obtained by using the "V" and "H" coordinates assigned to each rate center and contained in NECA FCC Tariff No. 4 or successor tariffs. To determine the airline distance between any two locations, proceed as follows:

- Obtain the "V" and "H" coordinates for each location. The "V" coordinate is the first four digits in the "VH" column. The "H" coordinate is the next four digits.
- Obtain the difference between the "V" coordinates of each of the locations. Obtain the difference between the "H" coordinates.
- Square each difference obtained in step b., above.
- Add the square of the "V" difference and the "H" difference obtained in step c., above.
- Divide the sum of the square by 10. Round to the next higher whole number if any fraction is obtained.
- Obtain the square root of the whole number result obtained above. Round to the next higher whole number if any fraction is obtained. This is the airline mileage.

Formula:

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

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Section 4 - INTRALATA TOLL USAGE AND MILEAGE CHARGES (cont'd)

## 4.5 CALL CHARGES

Rates are based on the duration of the call as measured according to Section 4.2 above, time of day rate period of the call as described in Section 4.3 and the airline mileage between points of the call as described in Section 4.4. In addition, where live or automated operator assistance is required for call completion or billing, a per call service applies.

Charges for all classes of calls may be to the calling station, to the called station when the called party agrees to accept the charges, to an authorized telephone number which is not the called station or the calling station (3rd number billing), or to an authorized calling card.

## 4.5.1 Usage Charges

## Minimum:

Rates may be reduced selectively and in varying amounts, down to incremental cost, on one day's notice to customers and the Public Service Commission.

## Maximum:

Mileage	Peak		Off-Peak	
	First Minute	Each Additional Minute	First Minute	Each Additional Minute
0 - 8	\$0.18	\$0.18	\$0.18	\$0.18
9 - 13	0.18	0.18	0.18	0.18
over 13	0.18	0.18	0.18	0.18

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Section 4 - INTRALATA TOLL USAGE AND MILEAGE CHARGES (cont'd)

4.5 CALL CHARGES (cont'd)

4.5.2 Per Call Service Charges

The following service charges apply to intralATA toll calls for which live or automated operator assistance is provided for call completion and/or billing.

	<u>Minimum</u>	<u>Maximum</u>
Customer Dialed Calling Card	\$0.01	\$0.60
Person to Person	\$0.01	\$3.75
3rd Number Billed	\$0.01	\$1.60
All other Operator Assistance	\$0.01	\$1.25

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SECTION 5 - SUPPLEMENTAL SERVICES

5.1 CUSTOM CALLING SERVICE

5.1.1 General

Subject to the availability of the service offerings of the Company's underlying carriers, the features in this section are made available on an individual basis or as part of multiple feature packages. All features are provided subject to availability; features may not be available with all classes of service. Transmission levels may not be sufficient in all cases.

5.1.2 Description of Features

a Three Way Calling/Call Hold

The Three Way Calling feature allows a customer to add a third party to an existing two-way call and form a 3-way call. The call must have been originated from outside the station group and terminate to a station within the station group. The Call Hold feature allows a customer to put any in-progress call on hold by flashing the switchhook and dialing a code. This frees the line to allow the customer to make an outgoing call to another number. Only one call per line can be on hold at a time. The third party cannot be added to the original call.

b Call Forwarding

Call Forwarding, when activated, redirects attempted terminating calls to another customer-specific line. The customer may have to activate and deactivate the forwarding function and specify the desired terminating telephone number during each activation procedure. Call originating ability is not affected by Call Forwarding.

The calling party is billed for the call to the called number. If the forwarded leg of the call is chargeable, the customer with the Call Forwarding is billed for the forwarded leg of the call.

Call Forwarding - Busy automatically reroutes an incoming call to a customer predesignated number when the called number is busy.

Call Forwarding - Don't Answer automatically reroutes an incoming call to a customer predesignated number when the called number does not answer within the number of rings programmed by the Company.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

5.1 CUSTOM CALLING SERVICE (cont'd)

5.1.2 Description of Features (cont'd)

b. Call Forwarding (cont'd)

Call Forwarding - Variable allows the customer to choose to reroute incoming calls to another specified telephone number. The customer must activate and deactivate this feature.

c. Call Waiting/Cancel Call Waiting

Call Waiting provides a tone signal to indicate to a customer already engaged in a telephone call that a second caller is attempting to dial in. It will also permit the customer to place the first call on hold, answer the second call and then alternate between both callers. Cancel Call Waiting (CCW) allows a Call Waiting (CW) customer to disable CW for the duration of an outgoing telephone call. CCW is activated (i.e., CW is disabled) by dialing a special code prior to placing a call, and is automatically deactivated when the customer disconnects from the call.

d. Distinctive Ringing

This feature enables a user to determine the source of an incoming call from a distinctive ring. The user is provided with up to two additional telephone numbers.

e. Regular Multiline Hunting

This feature is a line hunting arrangement that provides sequential search of available numbers within a multiline group.

f. Speed Calling

This feature allows a user to dial selected numbers using one or two digits. Up to eight numbers (single digit, or thirty numbers with two digits) can be selected.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

5.1 CUSTOM CALLING SERVICE (cont'd)

5.1.3 Rates and Charges

a. Monthly Rates

Maximum and minimum rates for this service are located in Section 6, Residential Network Switched Service, and Section 7, Business Network Switched Service.

b. Connection Charges

Connection charges may apply when a customer requests connection to one or more custom calling features. Orders requested for the same customer account made at the same time for the same premises will be considered one request. These charges may not apply if the features are ordered at the same time as other work for the same customer account at the same premises.

Minimum: \$00.00

Maximum: \$20.00

c. Trial Period

The Company may elect to offer a free or reduced rate trial of any new custom calling feature(s) to prospective customers within 90 days of the establishment of the new feature. See 5.4, Service and Promotional Trials, below.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

5.2 CLASS SERVICES

5.2.1 General

The features in this section are made available on an individual basis or as part of multiple feature packages. All features are provided subject to availability; features may not be available with all CLASS services. Transmission levels may not be sufficient in all cases.

5.2.2 Description of Features

a. Call ID

The Call ID feature allows a customer to see a caller's name and number previewed on a display screen before the call is answered allowing a customer to prioritize and or screen incoming calls. Call ID records the name, number, date and time of each incoming call - including calls that aren't answered by the customer. Call ID service requires the use of specialized CPE not provided by the company. It is the responsibility of the customer to provide the necessary CPE.

b. Automatic Redial

The Automatic Redial feature allows a customer to automatically redial the last number dialed. This is accomplished by the customer activating a code. The network periodically tests the busy/free status of the called line for up to 30 minutes until both lines are found free and then redials the call for the customer.

The Automatic Redial feature also allows customers, having reached a busy number, to dial a code before hanging up. Automatic Redial feature then continues to try the busy number for up to 30 minutes until it becomes free. Once the busy line is free the call is automatically redialed and the customer is notified of the connected call via a distinctive ring.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

5.2 CLASS SERVICES (cont'd)

5.2.2 Description of Features (cont'd)

b. Automatic Redial (cont'd)

The following types of calls cannot be Automatically Redialed:

- ☐ Calls to 800 Service numbers
- ☐ Calls to 900 Service numbers
- ☐ Calls preceded by an interexchange carrier access code
- ☐ International Direct Distance Dialed calls
- ☐ Calls to Directory Assistance
- ☐ Calls to 911

c. Automatic Recall

The Automatic Recall stores the number of the most recent incoming call (including unanswered incoming calls) to a customer's number. This allows a customer to dial back any missed or unanswered telephone calls.

d. Customer Originated Trace

Customer Originated Trace allows customers to key in a code that alerts the network to trace the last call received. The traced telephone number is automatically sent to the company for storage for a limited amount of time and is retrievable by legally constituted authorities upon proper request by them. By contacting the company the customer can use this application to combat nuisance calls.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

## 5.2 CLASS SERVICES (cont'd)

## 5.2.3 Rates and Charges

## a. Monthly Rates

Maximum and minimum rates for this service are located in Section 6, Residential Network Switched Service, and Section 7, Business Network Switched Service.

## b. Connection Charges

Connection charges may apply when a customer requests connection to one or more features. Orders requested for the same customer account made at the same time for the same premises will be considered one request. These charges may not apply if the features are ordered at the same time as other work for the same customer account at the same premises.

Minimum: \$00.00

Maximum: \$20.00

## c. Trial Period

The Company may elect to offer a free or reduced rate trial of any new CLASS feature(s) to prospective customers within 90 days of the establishment of the new feature. See 5.4, Service and Promotional Trials, below.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

5.3 CENTREX SERVICE FEATURES (cont'd)

5.3.2 Description of Features (cont'd)

e Circular Hunting

This feature (similar to regular hunting) is a line hunting arrangement that allows all lines in a multi-line hunt group (MLHG) to be tested for busy, regardless of the point of entry into the group. When a call is to a line in a MLHG, a regular hunt is performed starting at the station associated with the dialed number. It continues to the last station in the MLHG, then proceeds to the first station in the group and continues to hunt sequentially through the remaining lines in the group. Busy tone is returned if the original called station is reached without finding a station that is idle.

f Series Completion

This feature is a form of hunting similar to the multiline hunt group hunting and the Call Forwarding Busy Line feature. It allows calls to be made to a busy directory number to be routed to another specified directory number. The series completion hunt begins with the originally dialed member of the series completion group, and searches for an idle directory number from the list of directory numbers.

g Account Codes

This feature adds an account number (code) to an Automatic Message Accounting (AMA) and/or Message Detail Recording (MDR) record for assigning customer charges. The number of digits in a customer's account code group will be defined by the Company.

h Terminal Group and Station Restriction

This feature defines a station's network access capability either individually within a Centrex group or for the group as a whole. It defines the Centrex group and what level of access a station will have, i.e., intragroup only, toll restriction, etc.

i Uniform Call Distribution

This feature is a hunting arrangement that assigns incoming calls uniformly among the stations in the group.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

5.3 CENTREX SERVICE FEATURES (cont'd)

5.3.3 Rates and Charges

a. Monthly Rates

Maximum and minimum rates for this service are located in Section 6, Residential Network Switched Service, and Section 7, Business Network Switched Service.

b. Connection Charges

Connection charges may apply when a customer requests connection to one or more features. Orders requested for the same customer account made at the same time for the same premises will be considered one request. These charges may not apply if the features are ordered at the same time as other work for the same customer account at the same premises.

Minimum: \$00.00

Maximum: \$20.00

c. Trial Period

The Company may elect to offer a free or reduced rate trial of any new Centrex feature(s) to prospective customers within 90 days of the establishment of the new feature. See 5.4, Service and Promotional Trials, below.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

5.4 SERVICE AND PROMOTIONAL TRIALS

5.4.1 General

The Company may establish temporary promotional programs wherein it may waive or reduce nonrecurring or recurring charges, to introduce a present or potential customer to a service not previously subscribed to by the customer.

5.4.2 Regulations

- a. Appropriate notification of the Trial will be made to all eligible customers and to the Commission. Appropriate notification may include direct mail, bill inserts, broadcast or print media, direct contact or other comparable means of notification.
- b. During a Service Trial, the service(s) is provided automatically to all eligible customers, except those customers who choose not to participate. Customers will be offered the opportunity to decline the trial service both in advance and during the trial. A customer can request that the designated service be removed at any time during the trial and not be billed a recurring charge for the period that the feature was in place. At the end of the trial, customers that do not contact the Company to indicate they wish to retain the service will be disconnected from the service at no charge.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

5.4 SERVICE AND PROMOTIONAL TRIALS (cont'd)

5.4.2 Regulations (cont'd)

- c. During a Promotional Trial, the service is provided to all eligible customers who ask to participate. Customers will be notified in advance of the opportunity to receive the service in the trial for free. A customer can request that the service be removed at any time during the trial and not be billed a recurring charge for the period that the service was in place. At the end of the trial, customers that do not contact the Company will be disconnected from the service.
- d. Customers can subscribe to any service listed as part of a Promotional Trial and not be billed the normal Connection Charge. The offering of this trial period option is limited in that a service may be tried only once per customer, per premises.
- e. The Company retains the right to limit the size and scope of a Promotional Trial.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

## 5.5 BUSY VERIFICATION AND INTERRUPT SERVICE

## 5.5.1 General

Upon request of a calling party, the Company will verify a busy condition on a called line. An operator will determine if the line is clear or in use and report to the calling party. In addition, the operator will intercept an existing call on the called line if the calling party indicates an emergency and requests interruption.

## 5.5.2 Rate Application

- a. A Verification Charge will apply when:
  1. The operator verifies that the line is busy with a call in progress, or
  2. The operator verifies that the line is available for incoming calls.
- b. Both a Verification Charge and an Interrupt Charge will apply when the operator verifies that a called number is busy with a call in progress and the customer requests interruption. The operator will interrupt the call advising the called party of the name of the calling party and the called party will determine whether to accept the interrupt call. Charges will apply whether or not the called party accepts the interruption.
- c. No charge will apply when the calling party advises that the call is from an official public emergency agency.

## 5.5.3 Rates

	<u>Minimum</u>	<u>Maximum</u>
Verification Charge, each request	\$ 0.01	\$5.00
Interrupt Charge, each request	\$ 0.01	\$5.00

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

## 5.6 TRAP CIRCUIT SERVICE

## 5.6.1 General

Trap Circuit Service is designed to allow the customer to control the release of an incoming call so that in situations involving emergency or nuisance calls, calls may be held and traced.

## 5.6.2 Regulations

- a. This service is provided when there is a continuing requirement for the identification of the calling party in cases involving nuisance calls or emergency situations or other situations involving law enforcement or public safety.
- b. The customer shall be required to sign a written request for this service. By signing the request the customer shall release the Company from any liability, and the customer agrees to indemnify and hold the Company harmless from any liability it may incur in providing this service. The Company may require the recommendation of an appropriate law enforcement agency prior to providing this service. Any information obtained by the Company in the tracing of a call will be provided only to the law enforcement agency designated. The only exception to this will be emergency situations such as fire, serious illness or other similar situations, in which case the appropriate agency will be notified.
- c. The equipment required to provide this service cannot be operated in all central offices. The service is restricted to locations where facilities permit.
- d. The Company makes no guarantee concerning the tracing and identification of any call when the service is provided. The Company will furnish the service only on the express condition that no liability shall attach to it for any reason arising out of the provision of the service.

## 5.6.3 Rates

Per request,

Minimum:	\$ 0.01
Maximum:	\$ 5.00

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

5.7 DIRECTORY ASSISTANCE SERVICE

5.7.1 General

A customer may obtain assistance, for a charge, in determining a telephone number by dialing Directory Assistance Service. A customer can also receive assistance by writing the Company with a list of names and addresses for which telephone numbers are desired.

5.7.2 Regulations

A Directory Assistance Charge applies for each telephone number, area code, and/or general information requested from the Directory Assistance operator except as follows:

- a. Calls from coin telephones, including COCOTS.
- b. Requests for telephone numbers of non-published service.
- c. Requests in which the Directory Assistance operator provides an incorrect number. The customer must inform the Company of the error in order to receive credit.
- d. Requests from individuals with certified visual or physical handicaps in which the handicap prevents the use of a local directory. Individuals must be certified in accordance with the terms outlined under "Handicapped Person" in Section 10 of this Tariff, up to a maximum of 50 requests per month.

5.7.3 Rates

Unless one of the exceptions listed above applies, the charges as shown below apply for each request made to the Directory Assistance operator:

Minimum: \$0.01

Maximum: \$0.50

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

## 5.8 LOCAL OPERATOR SERVICE

Local calls may be completed or billed with the live or mechanical assistance by the Company's operator center. Calls may be billed collect to the called party, to an authorized 3rd party number, to the originating line, or to a valid authorized calling card. Local calls may be placed on a station to station basis or to a specified party (see Person to Person), or designated alternate. Usage charges for local operator assisted calls are those usage charges that would normally apply to the calling party's service. Where no local charge applies (flat rate service), the usage charge is \$0.00. In addition to usage charges, an operator assistance charge applies to each call:

	<u>Minimum</u>	<u>Maximum</u>
Local Operator Assistance, per call:	\$0.00	\$0.75

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

5.9 BLOCKING SERVICE

5.9.1 General

Blocking service is a feature that permits customers to restrict access from their telephone line to various discretionary services. The following blocking options are available to residential and business customers:

- a. 900, 700 Blocking - allows the subscriber to block all calls beginning with the 900 and 700 prefixes (i.e. 900-XXX-XXXX) from being placed.
- b. 900, 971, 974, 540, 550, 396, 970, 976, 910, 920 & 700 Blocking - allows the subscriber to block all calls beginning with the above prefixes from being placed.
- c. Third Number Billed and Collect Call Restriction - provides the subscriber with a method of denying all third number billed and collect calls to a specific telephone number provided the transmitting operator checks their validation data base.
- d. Toll Restriction (1+ and 0+ Blocking) - provides the subscriber with local dialing capabilities but blocks any customer-dialed call that has a long distance charge associated with it.

Toll Restriction will not block the following types of calls: 911 (Emergency), 1 + 800 (Toll Free), and operator assisted toll calls.

- e. Toll Restriction Plus - provides subscribers with Toll Restriction, as described in 1.d. of this Section, and blocking of 411 calls.
- f. Direct Inward Dialing Blocking (Third Party and Collect Call) - provides business customers who subscribe to DID service to have Third Party and Collect Call Blocking on the number ranges provided by the Company.

5.9.2 Regulations

- a. The Company will not be liable for any charge incurred when any long distance carrier or alternative operator service provider accepts third number billed or collect calls.
- b. Blocking Service is available where equipment and facilities permit.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

## 5.9 BLOCKING SERVICE. (cont'd)

## 5.9.3 Rates and Charges

## a. Recurring and Nonrecurring Charges

The following rates and charges are in addition to all other applicable rates and charges for the facilities furnished.

	Nonrecurring Charge	
	<u>Minimum</u>	<u>Maximum</u>
900 and 700 Blocking		
- Residential	\$0.00	\$0.00
- Business (up to 200 lines)	\$0.00	\$10.00
900, 971, 974, and 700 Blocking		
- Residential	\$0.00	\$0.00
- Business (up to 200 lines)	\$0.00	\$10.00

The nonrecurring charge for initial request of one and two-line business customers is waived for 90 days from the customer's service establishment date.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

## 5.9 BLOCKING SERVICE, (cont'd)

## 5.9.3 Rates and Charges (cont'd)

## a Recurring and Nonrecurring Charges (cont'd)

Third Number Billed and Collect Call Restriction	Monthly Charges	
	<u>Minimum</u>	<u>Maximum</u>
- Residential	\$0.00	\$5.00
- Business (up to 200 lines)	\$0.00	\$5.00
Toll Restriction		
- Residential	\$0.01	\$5.00
- Business (up to 200 lines)	\$0.01	\$5.00
Toll Restriction Plus		
- Residential	\$0.01	\$5.00
- Business (up to 200 lines)	\$0.01	\$5.00
Direct Inward Dialing Blocking (Third Party and Collect Call)		
- Initial Activation	\$0.01	\$50.00
- Subsequent Activation (per line)	\$0.01	\$10.00

b. Pricing for Blocking Service for a business customer with more than 200 lines will be based on the costs incurred by Company to provide the service.

c. Connection charges apply as specified in Section 3 of this tariff.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

5.10 CUSTOMIZED NUMBER SERVICE

5.10.1 General

- a. Customized Number Service allows a customer to order a specified telephone number rather than the next available number.
- b. Customized Number Service is furnished subject to the availability of facilities and requested telephone numbers.
- c. The Company will not be responsible for the manner in which Customized Numbers are used for marketing purposes by the customer.
- d. When a new customer assumes an existing service which includes Customized Number Service, the new customer may keep the Customized Number, at the tariffed rate, with the written consent of the Company and the former customer.
- e. The Company reserves and retains the right:
  1. To reject any request for specialized telephone numbers and to refuse requests for specialized telephone numbers;
  2. Of custody and administration of all telephone numbers, and to prohibit the assignment of the use of a telephone number by or from any customer to another, except as otherwise provided in this Tariff;
  3. To assign or withdraw and reassign telephone numbers in any exchange area as it deems necessary or appropriate in the conduct of its business.
  4. The limitation of liability provisions of this tariff in Section 2.1.1 are applicable to Customized Number Service.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

## 5.10 CUSTOMIZED NUMBER SERVICE (cont'd)

## 5.10.2 Conditions

- a. Charges for Customized Number Service apply when a customer:
  1. Requests a telephone number other than the next available number from the assignment control list, and such requested number is placed into service within six months of the date of the request.
  2. Requests a number change from the customer's present number to a Customized Number.
- b. The Company shall not be liable to any customer for direct, indirect or consequential damages caused by a failure of service, change of number, or assignment of a requested number to another customer whether prior to or after the establishment of service. In no case shall the Company be liable to any person, firm or corporation for an amount greater than such person, firm or corporation has actually paid to the Company for Customized Number Service.

## 5.10.3 Rates

	Minimum	Maximum
Set-up Charges		
Residential Customer	\$0.00	\$50.00
Business Customer	\$0.00	\$100.00

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)5.11 CUSTOMER REQUESTED SERVICE SUSPENSIONS

5.11.1 At the request of the customer the Company will suspend incoming and outgoing service on the customer's access line for a period of time not to exceed one year. The equipment is left in place and directory listings are continued during the suspension period without change. At the customer's request the Company will provide the customer with an intercept recording referring callers to another number.

5.11.2 The company will assess a lower monthly rate for Customer Requested Service Suspension as noted below. However, any mileage charges, monthly cable charges or monthly construction charges are still due, without reduction during the period of suspension.

Period of SuspensionCharge

- First Month or Partial Month

Regular Monthly Rate (no reduction)

- Each Additional Month  
(up to the one year limit)

1/2 Regular Monthly Rate

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES

6.1 GENERAL

Residential Network Switched Service provides a residential customer with a connection to the Company's switching network which enables the customer to:

- a) place and receive calls from other stations on the public switched telephone network;
- b) access the Company's local calling service;
- c) access the Company's operators and business office for service related assistance; access toll-free telecommunications services such as 800 NPA; and access 911 service for emergency calling; and
- d) access the service of providers of interexchange service. A customer may presubscribe to such provider's service to originate calls on a direct dialed basis or to receive 800 service from such provider, or may access a provider on an ad hoc basis by dialing the provider's Carrier Identification Code (10XXX).

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

6.2 SERVICE DESCRIPTIONS AND RATES

The following Residential Network Switched Service Options are offered:

Residential Flat Rate Service  
Residential Message Rate Service  
Key Residential Line Service

All Residential Network Switched Service may be connected to customer-provided terminal equipment such as station sets or facsimile machines. Service may be arranged for two-way calling, inward calling only or outward calling only.

Subject to the service offerings of the Company's underlying carriers, the following Custom Calling Service features are offered to Residential Network Switched Service Subscribers:

Three Way Calling  
Call Forward Busy  
Call Forward Don't Answer  
Call Forward Variable  
Call Hold  
Call Waiting  
Cancel Call Waiting  
Distinctive Ringing  
Regular Multiline Hunting  
Speed Calling

Subject to the service offerings of the Company's underlying carriers, the following CLASS features are offered to Residential Network Switched Service Subscribers:

Call ID  
Automatic Redial  
Automatic Call Back  
Automatic Recall  
Customer Originated Trace

Charges for Residential Network Switched Service include a nonrecurring service connection charge and a monthly recurring charge for each line. Monthly recurring charges apply to optional service features. Message charges apply to Message Rated Service, in addition to other rate elements described above.

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

## 6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 6.2.1 Flat Rate Service

## a. Description

Flat Rate Service provides the customer with a single, analog, voice-grade telephonic communications channel that can be used to place or receive one call at a time. Service to points within the local calling area is included in the charge for Flat Rate Service. Local calling areas are as specified in Section 10.

Each Flat Rate Service line corresponds to a single, analog, voice-grade channel that can be used to place or receive one call at a time. Flat Rate Service lines are provided for connection to a single, customer-provided station set or facsimile machine.

Each Flat Rate Service Line has the following characteristics:

Terminal Interface:	2-wire
Signaling Type:	Loop Start
Pulse Type:	Dual Tone Multi-Frequency (DTMF)
Directionality:	Two-way, In-Only, or Out-Only, as specified by the customer.

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

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## 6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 6.2.1 Flat Rate Service (cont'd)

## b Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this tariff.

	<u>Minimum</u>	<u>Maximum</u>
Nonrecurring Connection Charge:	\$1.00	\$50.00
Monthly Recurring Charges:		
- Each Service Line	\$1.00	\$25.00
- Voice Mail Option, per line	\$1.00	\$15.00
Custom Calling Features (per line, per month)		
- Each feature	\$0.25	\$10.00
- Package of 3 features	\$0.50	\$15.00
- Package of 6 features	\$0.75	\$21.00
- Package of 9 features	\$1.00	\$24.00
CLASS Features (per line, per month)		
- Each feature	\$1.00	\$10.00
- Package of 3 features	\$1.00	\$15.00
- Package of 6 features	\$1.00	\$21.00
- Package of 9 features	\$1.00	\$24.00

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

6.2.2 Message Rate Service

Message Rate Service provides the customer with a single, analog, voice-grade telephonic communications channel that can be used to place or receive one call at a time. Calls to points within the local exchange area are charged on the basis of the number of completed calls during the billing period. Local calling areas are as specified in Section 10.

a. Description

Each Message Rate Service Line corresponds to a single, analog, voice-grade channel that can be used to place or receive one call at a time. Message Rate Service lines are provided for connection to a single, customer-provided station set or facsimile machine.

Each Measured Rate Port has the following characteristics:

Terminal Interface: 2-wire

Signaling Type: Loop Start

Pulse Type: Dual Tone Multi-Frequency (DTMF)

Directionality: Two-way, In-Only, or Out-Only, as specified by the customer.

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

## 6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 6.2.2 Message Rate Service (cont'd)

## h. Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this tariff.

Charges for each Message Rate Service line include a monthly recurring Base Service Charge and usage charges for completed calls originated from the customer's line based on the total number of calls during the billing period.

	<u>Minimum</u>	<u>Maximum</u>
Nonrecurring Connection Charge:	\$1.00	\$50.00
Monthly Recurring Charges:		
- Each Base Service Line	\$1.00	\$25.00
- Voice Mail Option, per line	\$1.00	\$15.00
Custom Calling Features (per line, per month)		
- Each feature	\$0.25	\$10.00
- Package of 3 features	\$0.75	\$15.00
- Package of 6 features	\$0.75	\$21.00
- Package of 9 features	\$1.00	\$24.00

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

## 6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 6.2.2 Message Rate Service (cont'd)

## b. Recurring and Nonrecurring Charges (cont'd)

CLASS Features (per line, per month)	Minimum	Maximum
- Each feature	\$1.00	\$10.00
- Package of 3 features	\$1.00	\$15.00
- Package of 6 features	\$1.00	\$21.00
- Package of 9 features	\$1.00	\$24.00

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

6.2.2 Message Rate Service (cont'd)

c. Message Usage Charges	<u>Minimum</u>	<u>Maximum</u>
Per Message	\$ .01	\$ .15

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

6.2.3 Key Residential Line Service

a. General

Key Residential Line Service provides the customer with a single, analog, voice-grade telephonic communications channel which can be used to place or receive one call at a time. The Key Residential Line is available as a flat rate or message rated service. Key Residential Line Service is provided for connection of customer-provided key system terminal equipment. All key system lines will be equipped with touchtone and multiline hunt.

Each Key Residential Line has the following characteristics:

Terminal Interface:	2-wire
Signaling Type:	Loop start
Pulse Type:	Dual-tone multifrequency (DTMF)
Directionality:	Two-Way, In-Only or Out-Only, as specified by the customer

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## Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

## 6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 6.2.3 Key Residential Line Service (cont'd)

## b. Flat Rate Key Residential Line Service

## 1. Description

Service to points within the local calling area is included in the charge for Flat Rate Service. Local calling areas are as specified below.

## 2. Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this tariff.

	<u>Minimum</u>	<u>Maximum</u>
Nonrecurring Connection Charge:	\$1.00	\$50.00
Monthly Recurring Charges:		
- Each Service Line	\$1.00	\$25.00
- Voice Mail Option, per line	\$1.00	\$15.00
Custom Calling Features (per line, per month)		
- Each feature	\$0.25	\$10.00
- Package of 3 features	\$0.50	\$15.00
- Package of 6 features	\$0.75	\$21.00
- Package of 9 features	\$1.00	\$24.00

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

## 6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 6.2.3 Key Residential Line Service (cont'd)

## b. Flat Rate Key Residential Line Service (cont'd)

## 2. Recurring and Nonrecurring Charges (cont'd)

CLASS Features (per line, per month)	<u>Minimum</u>	<u>Maximum</u>
- Each feature	\$1.00	\$10.00
- Package of 3 features	\$1.00	\$15.00
- Package of 6 features	\$1.00	\$21.00
- Package of 9 features	\$1.00	\$24.00

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

## 6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 6.2.3 Key Residential Line Service (cont'd)

## c. Message Rate Key Residential Line Service

## 1. Description

Calls to points within the local exchange area are charged on the basis of the number of completed calls originating from the customer's service in addition to a base monthly charge. Local calling areas are as specified in Section 10.

## 2. Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this tariff. Charges for each Message Rate Service line include a monthly recurring Base Service Charge and usage charges for completed calls originated from the customer's line based on the total number of calls during the billing period.

	<u>Minimum</u>	<u>Maximum</u>
Nonrecurring Connection Charge:	\$1.00	\$50.00
Monthly Recurring Charges:		
- Each Base Service Line	\$1.00	\$25.00
- Voice Mail Option, per line	\$1.00	\$15.00
Custom Calling Features (per line, per month)		
- Each feature	\$0.25	\$5.00
- Package of 3 features	\$0.50	\$15.00
- Package of 6 features	\$0.75	\$21.00
- Package of 9 features	\$1.00	\$24.00

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

6.2.3 Key Residential Line Service (cont'd)

c. Message Rate Key Residential Line Service (cont'd)

2. Recurring and Nonrecurring Charges (cont'd)

CLASS Features (per line, per month)	<u>Minimum</u>	<u>Maximum</u>
- Each feature	\$1.00	\$10.00
- Package of 3 features	\$1.00	\$15.00
- Package of 6 features	\$1.00	\$21.00
- Package of 9 features	\$1.00	\$24.00

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

6.2.3 Key Residential Line Service (cont'd)

c. Message Rate Key Residential Line Service (cont'd)

3. Message Usage Charges

	<u>Minimum</u>	<u>Maximum</u>
Per Message	\$ .01	\$ .15

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES

7.1 GENERAL

Business Network Switched Service provide a business customer with a connection to the Company's switching network which enables the customer to:

- a) receive calls from other stations on the public switched telephone network;
- b) access the Company's local calling service;
- c) access the Company's operators and business office for service related assistance; access toll-free telecommunications service such as 800 NPA; and access 911 service for emergency calling; and
- d) access the service of providers of interexchange service. A customer may presubscribe to such provider's service to originate calls on a direct dialed basis or to receive 800 service from such provider, or may access a provider on an ad hoc basis by dialing the provider's Carrier Identification Code (10XXX).

Business Network Switched Service is provided via one or more channels terminated at the customer's premises. Each Business Network Switched Service channel corresponds to one or more analog, voice-grade telephonic communications channels that can be used to place or receive one call at a time.

Connection charges as described in Section 2 apply to all service on a one-time basis unless waived pursuant to this Tariff.

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES

The following Business Access Service Options are offered subject to availability from the Company's underlying carriers:

Basic Business Line Service  
Business Key System Line Service  
Shared Tenant Service  
Centrex Service

Basic Business Line Service, Key System Line Service and Shared Tenant Service are offered with flat rate or message rate local service, at the option of the customer.

All Business Network Switched Service may be connected to customer-provided terminal equipment such as station sets, key systems, or facsimile machines. Service may be arranged for two-way calling, inward calling only or outward calling only.

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.1 Basic Business Line Service

## a. General

Basic Business Line Service provides a customer with a one or more analog, voice-grade telephonic communications channel that can be used to place or receive one call at a time. Local calling service is available at a flat rate included in the line price, or on a message usage basis. Basic Business Lines are provided for connection of customer-provided single-line terminal equipment such as station sets or facsimile machines.

Each Basic Business Line has the following characteristics:

Terminal Interface:	2-wire
Signaling Type:	Loop start
Pulse Types:	Dual Tone Multifrequency (DTMF)
Directionality:	Two-Way, In-Only, or Out-Only, at the option of the customer

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.1 Basic Business Line Service (cont'd)

## b. Flat Rate Basic Business Line Service

## 1. Description

Service to points within the local calling area is included in the charge for Flat Rate Service. Local calling areas are as specified in Section 10.

## 2. Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this tariff.

	Minimum	Maximum
Nonrecurring Connection Charge	\$1.00	\$50.00
Monthly Recurring Charges:		
- Each Service Line	\$1.00	\$50.00
- Voice Mail Option, per line	\$1.00	\$15.00
Custom Calling Features (per line, per month)		
- Each feature	\$0.25	\$10.00
- Package of 3 features	\$0.50	\$15.00
- Package of 6 features	\$0.75	\$21.00
- Package of 9 features	\$1.00	\$24.00

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

7.2.1 Basic Business Line Service (cont'd)

b. Flat Rate Basic Business Line Service

2. Recurring and Nonrecurring Charges (cont'd)

CLASS Features (per line, per month)	Minimum	Maximum
- Each feature	\$1.00	\$10.00
- Package of 3 features	\$1.00	\$15.00
- Package of 6 features	\$1.00	\$21.00
- Package of 9 features	\$1.00	\$24.00

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## Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.1 Basic Business Line Service (cont'd)

## c. Message Rate Basic Business Line Service

## 1. Description

Calls to points within the local exchange area are charged on the basis of the number of completed calls originating from the customer's service in addition to a base monthly charge. Local calling areas are as specified in Section 10.

## 2. Recurring and Nonrecurring Charges

Charges for each Message Rate Service line include a monthly recurring Base Service Charge and usage charges for completed calls originated from the customer's line based on the total number of calls during the billing period. In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this tariff.

	<u>Minimum</u>	<u>Maximum</u>
Nonrecurring Connection Charge:	\$1.00	\$50.00
Monthly Recurring Charges:		
- Each Base Service Line	\$1.00	\$25.00
Custom Calling Features: (per line, per month)		
- Each feature	\$0.25	\$10.00
- Package of 3 features	\$0.50	\$15.00
- Package of 6 features	\$0.75	\$21.00
- Package of 9 features	\$1.00	\$24.00

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.1 Basic Business Line Service (cont'd)

## c. Message Rate Basic Business Line Service (cont'd)

## 2. Recurring and Nonrecurring Charges (cont'd)

CLASS Features (per line, per month)	<u>Minimum</u>	<u>Maximum</u>
- Each feature	\$1.00	\$10.00
- Package of 3 features	\$1.00	\$15.00
- Package of 6 features	\$1.00	\$21.00
- Package of 9 features	\$1.00	\$24.00

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.1 Basic Business Line Service (cont'd)

## c. Message Rate Basic Business Line Service (cont'd)

## 3. Message Usage Charges

	<u>Minimum</u>	<u>Maximum</u>
Per Message	\$ .01	\$ .15

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## Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.2 Business Key System Line Service

## a. Description

Business Key System Line Service provides the customer with a single, analog, voice-grade telephonic communications channel which can be used to place or receive one call at a time. The Business Key System Line is available as a message rated service. Business Key System Line Service is provided for connection of customer-provided key system terminal equipment. All key system lines will be equipped with touchtone and multiline hunt.

Calls to points within the local exchange area are charged on the basis of the number of completed calls originating from the customer's service in addition to a base monthly charge. Local calling areas are as specified in Section 10.

Each Business Key System Line has the following characteristics:

Terminal Interface:	2-wire
Signaling Type:	Loop start
Pulse Types:	Dual Tone Multifrequency (DTMF)
Directionality:	Two-Way, In-Only, or Out-Only, at the option of the customer

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## Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.2 Business Key System Line Service (cont'd)

## b Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this tariff.

Charges for each Message Rate Service line include a monthly recurring Base Service Charge and usage charges for completed calls originated from the customer's line based on the total number of calls during the billing period.

	<u>Minimum</u>	<u>Maximum</u>
Nonrecurring Connection Charge:	\$1.00	\$10.00
Monthly Recurring Charges:		
- Flat Rate Business Key	\$1.00	\$50.00
- Message Rate Business Key	\$1.00	\$25.00
Custom Calling Features (per line, per month)		
- Each feature	\$0.25	\$10.00
- Package of 3 features	\$0.50	\$15.00
- Package of 6 features	\$0.75	\$21.00
- Package of 9 features	\$1.00	\$24.00

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.2 Business Key System Line Service (cont'd)

## b. Recurring and Nonrecurring Charges (cont'd)

CLASS Features (per line, per month)	<u>Minimum</u>	<u>Maximum</u>
- Each feature	\$1.00	\$10.00
- Package of 3 features	\$1.00	\$15.00
- Package of 6 features	\$1.00	\$21.00
- Package of 9 features	\$1.00	\$24.00

## c. Message Usage Charges

	<u>Minimum</u>	<u>Maximum</u>
Per Message	\$ .01	\$ .15

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## Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.3 Shared Tenant Service

## a. General

Shared Tenant Service is a multi-station system furnished in apartment and townhouse complexes for the use of the residents. The "customer" for shared tenant service is the owner of an apartment complex or reseller for shared tenant service. This service enables the customer or locations served by the customer to originate and receive calls within its system at no additional charge. The customer is responsible for payment of all charges, including local and toll charges and all nonrecurring monthly charges.

Each Shared Tenant Service Line has the following characteristics:

Terminal Interface:	2-wire
Signaling Type:	Loop start
Pulse Types:	Dual Tone Multifrequency (DTMF)
Directionality:	Two-Way, In-Only, or Out-Only, at the option of the customer

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.3 Shared Tenant Service (cont'd)

## b. Flat Rate Shared Tenant Service

## 1. Description

Service to points within the local calling area is included in the charge for Flat Rate Shared Tenant Service. Local calling areas are as specified in Section 10.

## 2. Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this tariff.

## Per Service Line:

	<u>Minimum</u>	<u>Maximum</u>
Nonrecurring Connection Charge:	\$1.00	\$25.00
Monthly Recurring Charges:		
- Each Service Line	\$1.00	\$25.00
Custom Calling Features (per line, per month)		
- Each feature	\$0.25	\$10.00
- Package of 3 features	\$0.50	\$15.00
- Package of 6 features	\$0.75	\$21.00
- Package of 9 features	\$1.00	\$24.00

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

7.2.3 Shared Tenant Service (cont'd)

b. Flat Rate Shared Tenant Service (cont'd)

2. Recurring and Nonrecurring Charges (cont'd)

CLASS Features (per line, per month)	Minimum	Maximum
- Each feature	\$1.00	\$10.00
- Package of 3 features	\$1.00	\$15.00
- Package of 6 features	\$1.00	\$21.00
- Package of 9 features	\$1.00	\$24.00

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## Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.3 Shared Tenant Service (cont'd)

## c. Message Rate Shared Tenant Service

## 1. Description

Calls to points within the local exchange area are charged on the basis of the number of completed calls originating from the customer's service in addition to a base monthly charge and usage charges for completed calls originated from the customer's line based on the total number of calls during the billing period. Local calling areas are as specified in Section 10.

## 2. Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this tariff.

	<u>Minimum</u>	<u>Maximum</u>
Nonrecurring Connection Charge:	\$1.00	\$10.00
Monthly Recurring Charges:		
- Each Base Service Line	\$1.00	\$25.00
Custom Calling Features: (per line, per month)		
- Each feature	\$0.25	\$10.00
- Package of 3 features	\$0.50	\$15.00
- Package of 6 features	\$0.75	\$21.00
- Package of 9 features	\$1.00	\$24.00

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## Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

### 7.2.3 Shared Tenant Service (cont'd)

c. **Message Rate Shared Tenant Service (cont'd)**

## 2. Recurring and Nonrecurring Charges (cont'd)

CLASS Features (per line, per month)	Minimum	Maximum
- Each feature	\$1.00	\$10.00
- Package of 3 features	\$1.00	\$15.00
- Package of 6 features	\$1.00	\$21.00
- Package of 9 features	\$1.00	\$24.00

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

7.2.3 Shared Tenant Service (cont'd)

c. Message Rate Shared Tenant Service (cont'd)

3. Message Usage Charges

	<u>Minimum</u>	<u>Maximum</u>
Per Message	\$ .01	\$ .15

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

7.2.5 Centrex Service

a. Description

Centrex Service is a multi-station system offered to the business customer with 2 or more lines or trunks. It consists of digital switching equipment in the Company's switches connected to station lines on the customer's premises. Centrex Service enables the customer to originate and receive local calls within its system at no additional charge. Service to points within the local calling area is included in the charge for Centrex Service. Local calling areas are as specified in Section 10.

Centrex Service is offered on a contracted basis with four terms: 24, 36, 60 and 84 months. Thirty days prior to the expiration of the contract term, the subscriber may cancel service or renew for a new term commitment. If the subscriber does not cancel or renew the service, service will continue on a month to month basis at the monthly rate associated with the twenty-four month term plan.

Each Centrex Station Line has the following characteristics:

Terminal Interface:	2-Wire or 4-Wire as required for the provision of service
Signaling Type:	Loop Start
Pulse Type:	Dual Tone Multi-Frequency (DTMF)
Directionality:	Two-Way, In-Only or Out-Only

b. Features

The Centrex customer choose one of three feature packages: Basic, Enhanced and Premium. Basic Centrex includes all Centrex features except attendant features and Customer Management System. Enhanced Centrex includes attendant features. Premium Centrex offers all features, attendant features and Customer Management system.

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## Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.5 Centrex Service (cont'd)

## b. Features (cont'd)

The following Centrex features are available to the customer of Centrex Service at no additional charge:

	Basic	Enhanced	Premium
Add-On Hold	X	X	X
Attendant Camp On		X	X
Attendant Conference		X	X
Attendant Direct Station Selection		X	X
Automatic Call Distribution			X
Automatic Route Selection (ARS)	X	X	X
Call Forward - Busy	X	X	X
Call Forward - No Answer	X	X	X
Call Pickup	X	X	X
Call Transfer Internal	X	X	X
Call Transfer Outside	X	X	X
Call Waiting	X	X	X
Call Waiting - Attendant Lamp		X	X
Code Calling	X	X	X
6-Way Conference			X
Directed Call Pickup	X	X	X
Group Numbering	X	X	X

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## Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.5 Centrex Service (cont'd)

## b. Features (cont'd)

	Basic	Enhanced	Premium
Intercom Dialing	X	X	X
Loudspeaker Paging	X	X	X
Manual Control of ARS		X	X
Make Busy	X	X	X
Multiline Hunt	X	X	X
Night Service	X	X	X
Outward Call for PBX			
	X	X	X
Power Fail Transfer	X	X	X
Queuing	X	X	X
Single Digit Dialing	X	X	X
Tandem Dialing	X	X	X
Toll Diversion - Attendant		X	X
Uniform Call Distribution	X	X	X
Customer Management System			X
Speed Calling	X	X	X
Three Way Calling	X	X	X

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.5 Centrex Service (cont'd)

## c. Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this tariff.

## 1. Basic Centrex (Flat Rated)

Per Station Line:

	<u>Minimum</u>	<u>Maximum</u>
--	----------------	----------------

Nonrecurring Connection Charge:	\$10.00	\$200.00
---------------------------------	---------	----------

Monthly Recurring Charges:

Term

24 months	\$10.00	\$100.00
-----------	---------	----------

36 months	\$10.00	\$100.00
-----------	---------	----------

60 months	\$10.00	\$100.00
-----------	---------	----------

84 months	\$10.00	\$100.00
-----------	---------	----------

DS1 Port Charges for DS1 Interconnection (per 24 Centrex Changes):	\$75.00	\$500.00
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Over 200 lines

Individual Case Basis

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.5 Centrex Service (cont'd)

## c. Recurring and Nonrecurring Charges (cont'd)

## 2. Enhanced Centrex (Flat Rate)

Per Station Line:

	<u>Minimum</u>	<u>Maximum</u>
--	----------------	----------------

Nonrecurring Connection Charge:	\$10.00	\$200.00
---------------------------------	---------	----------

## Monthly Recurring Charges:

Term

24 months	\$10.00	\$100.00
-----------	---------	----------

36 months	\$10.00	\$100.00
-----------	---------	----------

60 months	\$10.00	\$100.00
-----------	---------	----------

84 months	\$10.00	\$100.00
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## DS1 Port Charges

for DS1 Interconnection

(per 24 Centrex Channels): 

\$75.00	\$500.00
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Over 200 lines

Individual Case Basis

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## 7.2.5 Centrex Service (cont'd)

### 3. Premium Centrex (Flat Rate)

Minimum	Maximum
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9
10	10
11	11
12	12
13	13
14	14
15	15
16	16
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18	18
19	19
20	20
21	21
22	22
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89	89
90	90
91	91
92	92
93	93
94	94
95	95
96	96
97	97
98	98
99	99
100	100

**Monthly Recurring Charges:**

24 months	\$10.00	\$100.00
-----------	---------	----------

36 months	\$10.00	\$100.00
-----------	---------	----------

60 months	\$10.00	\$100.00
-----------	---------	----------

84 months	\$10.00	\$100.00
-----------	---------	----------

for DSL Interconnection

(per 24 Centrex Channels):	\$75.00	\$500.00
----------------------------	---------	----------

Over 200 lines      Individual Case Basis

## Minimum      Maximum

Each Group of 20 Numbers	\$1.00	\$10.00
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Each Group of 100 Numbers	\$10.00	\$30.00
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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.5 Centrex Service (cont'd)

## c. Recurring and Nonrecurring Charges (cont'd)

	<u>Minimum</u>	<u>Maximum</u>
Terminal Numbers:		
1-10 lines in terminal group	\$5.00	\$15.00
11-20 lines in terminal group	\$10.00	\$25.00
21 + lines in terminal group	\$15.00	\$40.00

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Section 8 - SPECIAL SERVICES AND PROGRAMS

8.1 LIFELINE TELEPHONE SERVICE

8.1.1 Lifeline Telephone Service Options

a. Flat Rate Life Line Service

This service provides a full waiver of the \$3.50 federal subscriber line charge for flat rate customers.

b. Basic Lifeline Service

This low priced individual message rate service provides a full waiver of the \$3.50 federal subscriber line charge. There is no monthly allowance for local calls. Primary area and Home Region calls are untimed. Extended area calls (where available) are timed.

8.1.2 Eligibility

This service is restricted to low income residential customers. To qualify for Lifeline service a customer must be income eligible for benefits from any one of the following Entitlement Programs administered by the South Dakota State Department of Social Services:

Aid to Families with Dependent Children (AFDC)

Food Stamps

Home Energy Assistance Program (HEAP)

Home Relief

Medicaid

Supplemental Security Income (SSI)

The applicant must provide proof to the Company that he or she is certified as income eligible to receive one or more of the above benefits. After initial contact the customer is sent an application form to be completed by the customer or authorized representative of the customer, as designated by the South Dakota State Department of Social Services and identified as so authorized on the customer's card for any of the above benefits.

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Section 8 - SPECIAL SERVICES AND PROGRAMS (cont'd)

8.1 LIFELINE TELEPHONE SERVICE (cont'd)

8.1.2 Eligibility (cont'd)

In addition, applicants are eligible for discounted Life Line rates when approved to receive either a Veterans Disability Pension or a Veterans Surviving Spouse Pension. Applicants must provide proof to the Company that they are receiving one of these pensions.

Life Line services are effective upon receipt of a completed and signed form or an application form certified from an entity authorized by the Company. If the form is not returned, no further action is taken by the Company to establish eligibility. The Life Line discount is credited as of the service connection date.

An individual's eligibility may be documented by information obtained by the Company as a result of enrollment programs, including but not limited to confidential computerized matching programs, conducted by the Company in conjunction with the South Dakota State Department of Social Services (DSS) and/or the South Dakota City Community Development Agency (CDA).

The Company, in coordination with appropriate agencies, will periodically verify each Lifeline customer's eligibility. If a customer is identified as being ineligible, the customer will be notified that unless the information is shown to be in error, the Lifeline discount will be discontinued. The customer will be billed for discounts received for any period in which he or she is proven to be ineligible for the service.

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Section 8 - SPECIAL SERVICES AND PROGRAMS (cont'd)

8.1 LIFELINE TELEPHONE SERVICE (cont'd)

8.1.3 Charges

A qualified customer may choose one of the Lifeline services as described. For connection of new service, service connection charges apply unless the customer qualifies for connection assistance under the Link Up America plan as outlined in 8.2, following.

Service connection charges do not apply to change existing service from:

- a. Message Rate Service to Basic Lifeline service.
- b. Basic Lifeline service to Message Rate Service.

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8.2 LINK UP AMERICA

The Link Up America program is a connection assistance plan which provides for the reduction of one-half of the charges associated with connection of telephone service, up to \$30.00, subject to the following eligibility criteria:

- a. The applicant must meet the requirements for qualification for Lifeline Telephone Service stipulated in 8.1.2, above;
- b. The assistance can only apply for a single telephone line at the principal place of residence of the applicant;
- c. The applicant must not be a dependent for federal income tax purposes, unless he or she is more than 60 years old.

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Section 8 - SPECIAL SERVICES AND PROGRAMS (cont'd)

8.3 SPECIAL EQUIPMENT FOR THE HEARING OR SPEECH IMPAIRED CUSTOMER

- 8.3.1 The Company will provide, upon request, specialized telecommunications equipment for a customer certified as hearing or speech impaired.
- 8.3.2 A customer can be certified as hearing or speech impaired by a licensed physician, otolaryngologist, speech-language pathologist, audiologist or an authorized representative of a social agency that conducts programs for persons with hearing or speech impairments in cooperation with an official agency of the State of South Dakota.
- 8.3.3 The Company will make every reasonable effort to locate and obtain equipment for a certified customer.
- 8.3.4 The customer may purchase equipment at a price not to exceed the actual purchase price (including any applicable shipping costs) the Company pays.
- 8.3.5 The Company will also advise the customer who requests this equipment of the applicable terms for purchase.

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Section 8 - SPECIAL SERVICES AND PROGRAMS (cont'd)

8.4 DISCOUNTED SERVICE FOR THE HEARING OR SPEECH IMPAIRED CUSTOMER

8.4.1 General

A handicapped person who has been certified to the Company as having a hearing or speech impairment which requires that he or she communicate over telephone facilities by means other than voice, and who either use non-voice equipment or make calls through an interpreter, will receive, upon application to the Company, a 50% discount on local message rate service.

8.4.2 Certification

Acceptable certifications are:

1. Those made by a licensed physician, otolaryngologist, speech-language pathologist or audiologist or an authorized representative of a social agency that conducts programs for persons with hearing or speech impairment in cooperation with an official agency of the State of South Dakota, or
2. A pre-existing certification establishing the impairment of hearing or speech such as those which qualify the handicapped person for social security benefits on the basis of total hearing impairment or for the use of facilities of an agency for a person with hearing or speech impairment.

8.4.3 Qualification

A customer qualifying for the discount is one whose impairment is such that competent authority would certify him or her as being unable to use a telephone for voice communication. See Section 11, "Handicapped Person," for a listing of the necessary qualifications.

8.4.4 Billing

The reduction in charges is applied only at one location, designated by the impaired person.

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Section 8 - SPECIAL SERVICES AND PROGRAMS (cont'd)

8.5 UNIVERSAL EMERGENCY TELEPHONE NUMBER SERVICE

Universal Emergency Telephone Number Service (911 Service) is an arrangement of Company central office and trunking facilities whereby any telephone user who dials the number 911 will reach the emergency report center for the telephone from which the number is dialed or will be routed to an operator if all lines to an emergency report center are busy. If no emergency report center customer exists for a central office entity, a telephone user who dials the number 911 will be routed to an operator. The telephone user who dials the 911 number will not be charged for the call.

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Section 8 - SPECIAL SERVICES AND PROGRAMS (cont'd)

8.6 SOUTH DAKOTA RELAY SERVICE

8.6.1 General

The Company will provide access to a telephone relay center for South Dakota Relay Service. The service permits telephone communications between hearing and/or speech impaired individuals who must use a Telecommunications Device for the Deaf (TDD) or a Teletypewriter (TTY) and individuals with normal hearing and speech. The Relay Service can be reached by dialing an 800 number. Specific 800 numbers have been designated for both impaired and non-impaired customers to use.

8.6.2 Regulations

- a. Only intrastate calls can be completed using the South Dakota Relay Service under the terms and conditions of this tariff.
- b. Charges for calls placed through the Relay Service will be billed as if direct distance dialed (DDD) from the point of origination to the point of termination. The actual routing of the call does not affect billing.
- c. Calls through the Relay Service may be billed to a third number only if that number is within South Dakota State. Calls may also be billed to calling cards issued by the Company or other carriers who may choose to participate in this service.

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Section 8 - SPECIAL SERVICES AND PROGRAMS (cont'd)

8.6 SOUTH DAKOTA RELAY SERVICE (cont'd)

8.6.2 Regulations (cont'd)

- d. The following calls may not be placed through the Relay Service:
1. calls to informational recordings and group bridging service;
  2. calls to time or weather recorded messages;
  3. station sent paid calls from coin telephones; and
  4. operator-handled conference service and other teleconference calls.

8.6.3 Liability

The Company contracts with an outside provider for the provision of this service. The outside provider has complete control over the provision of the service except for the facilities provided directly by the Company. In addition to other provisions of this Tariff dealing with liability, in the absence of gross negligence or willful misconduct on the part of the Company, the Company shall not be liable for and the customer, by using the service, agrees to release, defend and hold harmless for all damages, whether direct, incidental or consequential, whether suffered, made, instituted or asserted by the customer or by any other person, for any loss or destruction of any property, whatsoever whether covered by the customer or others, or for any personal injury to or death of, any person. Notwithstanding any provision to the contrary, in no event shall the Company be liable for any special, incidental, consequential, exemplary or punitive damages of any nature whatsoever.

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Section 8 - SPECIAL SERVICES AND PROGRAMS (cont'd)

## 8.7 PREPAID CALLING CARDS

## 8.7.1 General.

This service permits use of Long Distance Direct Holdings, Inc. Prepaid Calling Cards for placing local service calls. Customers may purchase Long Distance Direct Holdings, Inc. Prepaid Calling Cards at a variety of retail outlets or through other distribution channels. Long Distance Direct Holdings, Inc. Prepaid Calling Cards are available at a variety of face values ranging from fifty dollars (\$50.00), in one dollar (\$1.00) increments. Long Distance Direct Holdings, Inc. Prepaid Calling Card service is accessed using the Long Distance Direct Holdings, Inc. toll-free number printed on the card. The caller is prompted by an automated voice response system to enter his/her Authorization Code, and then to enter the terminating telephone number. Long Distance Direct Holdings, Inc.'s processor tracks the call duration on a real time basis to determine the amount of calling time consumed. The total consumed calling time for each call, which includes applicable taxes, is deducted from the remaining calling minute balance on the Customer's Long Distance Direct Holdings, Inc. Prepaid Calling Card.

All calls must be charged against a Long Distance Direct Holdings, Inc. Prepaid Calling Card that has a sufficient calling minute balance. A Customer's call will be interrupted with an announcement when the balance is about to be depleted. Such announcement will occur when five (5) minutes and when one (1) minute remain before the balance will be depleted, based upon the terminating location of the call.

In order to continue the call, the Customer can either call the toll-free number on the back of the Long Distance Direct Holdings, Inc. Prepaid Calling Card and "recharge" the balance on the card using a nationally recognized credit card, or the Customer can throw the card away and purchase a new one. Calls in progress will be terminated by the Company if the balance on the Long Distance Direct Holdings, Inc. Prepaid Calling Card is insufficient to continue the call and the Customer fails to enter the number of another valid Long Distance Direct Holdings, Inc. Prepaid Calling Card prior to termination.

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Section 8 - SPECIAL SERVICES AND PROGRAMS (cont'd)

8.7 PREPAID CALLING CARDS (Cont'd)

8.7.1 Long Distance Direct Holdings, Inc. Prepaid Calling Cards. (Cont'd)

A card will expire 12 months from the date of purchase, or the date of last recharge, whichever is later.

A credit allowance for Long Distance Direct Holdings, Inc. Prepaid Calling Card Service is applicable to calls that are interrupted due to poor transmission, one-way transmission, or involuntary disconnection of a call. A Customer may also be granted credit for reaching a wrong number. To receive the proper credit, the Customer must notify the Company at the designated toll-free Customer service number printed on the Long Distance Direct Holdings, Inc. Prepaid Calling Card and furnish the called number, the trouble experienced (e.g. cut-off, noisy circuit, reached wrong number, etc.), and the approximate time that the call was placed.

When a call charged to an Long Distance Direct Holdings, Inc. Prepaid Calling Card is interrupted due to cut-off, one-way transmission, or poor transmission conditions, the Customer will receive a credit equivalent to one calling minute.

Credit allowance for calls pursuant to Long Distance Direct Holdings, Inc. Prepaid Card Service do not apply for interruptions not reported promptly to the Company or interruptions that are due to the failure of power, equipment or systems not provided by the Company.

Credit for failure of service shall be allowed only when such failure is caused by or occurs due to causes within the control of the Company.

The Company will block all calls beginning with the NPA "900" and NXX "976" calls, therefore such calls can not be completed.

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Section 8 - SPECIAL SERVICES AND PROGRAMS (cont'd)

8.8 SPECIAL CREDIT CARD FOR BLIND AND DISABLED PERSONS

8.8.1 General

Persons who are blind or whose disability causes difficult with hand and finger coordination and use of a telephone qualify for a Special Credit Card. The card may be used from any telephone within the Company's territory to place calls within and outside the State of South Dakota at a special rate or to place calls from a telephone outside of the Company's territory, but within the State of South Dakota at rates applicable to the territory from which the call is made.

8.8.2 Rates

Within the Company's Territory:

Station to station toll calls placed with operator assistance will be billed at the lower rate normally applicable to calls placed without operator assistance. Local calls cannot be charged to the card. Person-to-person calls charged to the card will be billed at the higher operator handled rate.

Outside the Company's Territory, but within South Dakota State:

All rates, charges, billing and restriction in effect in the territory from which the call is made will apply.

8.8.3 Qualification

The follow criteria will be used to determine eligibility for the Special Credit Card:

- a. "Legally Blind" - those whose visual acuity is 20/200 or less in the better eye with correcting glasses or whose widest diameter of visual field subtends an angular distance no greater than 20 degrees.
- b. "Physically Handicapped" - those who are certified by competent authority as unable to read or use ordinary printed materials as result of physical limitations.
- c. Persons whose disabling condition causes difficulty with hand and finger coordination and utilization of a coin or noncoin telephone. Acceptable certifications are those made by a licensed physician, ophthalmologist or optometrist.

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Section 8 - SPECIAL SERVICES AND PROGRAMS (cont'd)

8.8 SPECIAL CREDIT CARD FOR BLIND AND DISABLED PERSONS (cont'd)

8.8.4 Billing Authorization

Responsibility for payment of charges may be handled in one of two ways:

- a. The handicapped person (the applicant) may accept responsibility for payment of his or her own bill. In this case, the applicant must be 18 years of age or older and must reside within the Company's service territory, but he or she does not need to have other service from the Company.
- b. Another party may agree to accept responsibility for payment of charges incurred through use of the Special Credit Card by the applicant. When this option is chosen, the person accepting this responsibility must be 18 years of age or older, but does not need to reside within the Company's service territory.

In either case, the applicant is the only authorized user of the Special Credit Card. If the person accepting payment responsibility has service within the Company's service territory, charges will be billed on a regular monthly bill; otherwise a separate bill will be sent.

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SECTION 9 - SPECIAL ARRANGEMENTS

9.1 SPECIAL CONSTRUCTION

9.1.1 Basis for Charges

Basis for Charges where the Company furnishes a facility or service for which a rate or charge is not specified in the Company's tariffs, charges will be based on the costs incurred by the Company (including return) and may include:

- a) nonrecurring charges;
- b) recurring charges;
- c) termination liabilities; or
- d) combinations of (a), (b), and (c).

9.1.2 Basis for Cost Computation

The costs referred to in 9.1.1 preceding may include one or more of the following items to the extent they are applicable:

- I. Costs to install the facilities to be provided including estimated costs for the rearrangements of existing facilities. These costs include:
  - a) equipment and materials provided or used;
  - b) engineering, labor, and supervision;
  - c) transportation; and
  - d) rights of way and/or any required easements.
- II. Cost of maintenance.
- III. Depreciation on the estimated cost installed of any facilities provided, based on the anticipated useful service life of the facilities with an appropriate allowance for the estimated net salvage.

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SECTION 9 - SPECIAL ARRANGEMENTS (cont'd)

9.1 SPECIAL CONSTRUCTION (cont'd)

9.1.2 Basis for Cost Computation (cont'd)

- IV. Administration, taxes, and uncollectible revenue on the basis of reasonable average cost for these items.
- V. License preparation, processing, and related fees.
- VI. Tariff preparation, processing and related fees.
- VII. Any other identifiable costs related to the facilities provided; or
- VIII. An amount for return and contingencies.

9.1.3 Termination Liability

To the extent that there is no other requirement for use by the Company, a termination liability may apply for facilities specially constructed at the request of a customer.

- 9.1.3.1 The period on which the termination liability is based is the estimated service life of the facilities provided.
- 9.1.3.2 The amount of the maximum termination liability is equal to the estimated amounts (including return) for:

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SECTION 9 - SPECIAL ARRANGEMENTS (cont'd)

9.1 SPECIAL CONSTRUCTION (cont'd)

9.1.3 Termination Liability (cont'd)

9.1.3.2 (cont'd)

1. Costs to install the facilities to be provided including estimated costs for the rearrangements of existing facilities. These costs include:
  - a) equipment and materials provided or used;
  - b) engineering, labor, and supervision;
  - c) transportation; and
  - d) rights of way and/or any required easements;
2. license preparation, processing, and related fees;
3. tariff preparation, processing and related fees;
4. cost of removal and restoration, where appropriate; and
5. any other identifiable costs related to the specially constructed or rearranged facilities.

- 9.1.3.3 The termination liability method for calculating the unpaid balance of a term obligation is obtained by multiplying the sum of the amounts determined as set forth in Section 9.1.3.2 preceding by a factor related to the unexpired period of liability and the discount rate for return and contingencies. The amount determined in Section 9.1.3.2 preceding shall be adjusted to reflect the redetermined estimated net salvage, including any reuse of the facilities provided. This amount shall be adjusted to reflect applicable taxes.

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SECTION 9 - SPECIAL ARRANGEMENTS (cont'd)

9.2

## NON-ROUTINE INSTALLATION AND/OR MAINTENANCE

At the customer's request, installation and/or maintenance may be performed outside the Company's regular business hours, or (in the Company's sole discretion and subject to any conditions it may impose) in hazardous locations. In such cases, charges based on the cost of labor, material, and 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.

9.3

## INDIVIDUAL CASE BASIS (ICB) ARRANGEMENTS

Rates for ICB arrangements will be developed on a case-by-case basis in response to a bona fide request from a customer or prospective customer for service which vary from tariffed arrangements. Rates quoted in response to such requests may be different for tariffed service than those specified for such service in the Rate Attachment. ICB rates will be offered to customers in writing and will be made available to similarly situated customers. A summary of each ICB contract pricing arrangement offered pursuant to this paragraph will be filed as an addendum to this Tariff within 30 days after the contract is signed by both the Company and the customer. The following information will be included in the summary:

- 1) LATA and type of switch
- 2) The V&H distance from the central office to the customer's premises
- 3) Service description
- 4) Rates and charges
- 5) Quantity of circuits
- 5) Length of the agreement.

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CONTENTS

SECTION 10 - LOCAL CALLING AREAS

Exchange:

All exchanges serviced by incumbent local exchange carriers.

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A. WITHIN THE BASE RATE AREA COMPRISING:

The entire serviced exchange area.

The following services are offered at rates specified in the attached Rate Schedule.

BUSINESS

Measured Rate

RESIDENCE

Measured Rate

Flat Rate

B. LOCAL CALLING AREA

Stations bearing the designation of Central Offices within the exchanges serviced by incumbent local exchange carrier.

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SECTION 11 - EXPLANATION OF TERMS

AGENCY

For 911 or E911 service, the government agency(s) designated as having responsibility for the control and staffing of the emergency report center

ALTERNATE ROUTING ("AR")

Allows E911 calls to be routed to a designated alternate location if (1) all E911 exchange lines to the primary PSAP (see definition of PSAP below) are busy, or (2) the primary PSAP closes down for a period (night service)

ANALOG

A transmission method employing a continuous (rather than a pulsed or digital) electrical signal that varies in amplitude or frequency in response to changes of sound, light, position, etc., impressed on a transducer in the sending device.

APARTMENTS

A building or group of buildings used primarily to provide complete residential apartments but not lodging on a day-to-day basis.

ASCII

American Standard Code for Information Interchange. An eight-level code for data transfer adopted by the American Standards Association.

ASYNCHRONOUS

Transmission in which each information character is individually synchronized usually by the use of start-stop elements. The gap between each character is not of a fixed length.

AUTHORIZED USER

A person, corporation or other entity who is authorized by the Company's customer to utilize service provided by the Company to the customer. The customer is responsible for all charges incurred by an Authorized User.

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

**ATTENDANT**

An operator of a PBX console or telephone switchboard.

**AUTOMATIC LOCATION IDENTIFICATION ("ALI")**

The name and address associated with the calling party's telephone number (identified by ANI as defined below) is forwarded to the PSAP for display. Additional telephones with the same number as the calling party's (secondary locations, off premises, etc.) will be identified with the address of the telephone number at the main location.

**AUTOMATIC NUMBER IDENTIFICATION ("ANI")**

A system whereby the calling party's telephone number is identified and sent forward with the call record for routing and billing purposes. E911 Service makes use of this system.

**BIT**

The smallest unit of information in the binary system of notation.

**BUILDING**

A structure enclosed within exterior walls or fire walls, built, erected and framed of component structural parts and designed for permanent occupancy.

**CALL INITIATION**

The point in time when the exchange network facility are initially allocated for the establishment of a specific call.

**CALL TERMINATION**

The point in time when the exchange network facility allocated to a specific call is released for reuse by the network.

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

CENTRAL OFFICE

An operating office of the Company where connections are made between telephone exchange lines.

CENTRAL OFFICE LINE

A line providing direct or indirect access from a telephone or switchboard to a central office. Central office lines subject to PBX rate treatment are referred to as central office trunks.

CHANNEL

A point-to-point bi-directional path for digital transmission. A channel may be furnished in such a manner as the Company may elect, whether by wire, fiber optics, radio or a combination thereof and whether or not by means of single physical facility or route. One 1.544 Mbps Service is equivalent to 24 channels.

CHANNEL CONVERSION

The termination of 1.544 Mbps Service at a customer's location with conversion of the digital signal to 24 analog voice grade circuits. Channel Conversion can be furnished by the customer.

CHANNEL SERVICE UNIT ("CSU")

The equipment located at the customer's premises which terminates each 1.544 Mbps Digital Loop and performs such functions as proper termination of facilities, regeneration of signals, recognition and correction of signal format errors and provides remote loop-back capability.

COLLEGE

An establishment for higher education authorized to confer degrees where lodging for the students is maintained on the premises.

COMMISSION

The South Dakota Public Utility Commission

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

COMMUNICATIONS SYSTEMS

Channels and other facilities which are capable of two-way communications between subscriber - provided terminal equipment or Telephone Company stations, even when not connected to exchange and message toll communications service

COMPANY

Long Distance Direct Holdings, Inc.

CUSTOMER

The person, firm, corporation, or other entity which orders service pursuant to this Tariff and utilizes service provided under Tariff by the Company. A customer is responsible for the payment of charges and for compliance with all terms of the Company's Tariff.

CUSTOMER PREMISES EQUIPMENT (CPE)

Equipment provided by the customer for use with the Company's services. CPE can include a station set, facsimile machine, key system, PBX, or other communication system.

DEFAULT ROUTING ("DR")

When an incoming E911 call cannot be selectively routed due to an ANI failure, garbled digits or other causes, such incoming calls are routed from the E911 Control Office to a default PSAP. Each incoming E911 facility group to the Control Office is assigned to a designated default PSAP.

DEMARCATIION POINT

The physical dividing point between the Company's network and the customer.

DIAL PULSE ("DP")

The pulse type employed by a rotary dial station set

DIRECT INWARD DIAL ("DID")

A service attribute that routes incoming calls directly to stations, by-passing a central answer point.

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

**DIRECT OUTWARD DIAL ("DOD")**

A service attribute that allows individual station users to access and dial outside numbers directly.

**DIGITAL**

A method of storing, processing and transmitting information through the use of distinct electronic or optical pulses that represent the binary digits (bits) 0 and 1. Digital transmission/switching technologies employ a sequence of discrete, individually distinct pulses to represent information, as opposed to the continuously variable signal of analog technologies.

**DUAL TONE MULTI-FREQUENCY ("DTMF")**

The pulse type employed by tone dial station sets. (Touch tone)

**EMERGENCY SERVICE NUMBER ("ESN")**

A unique code, assigned by the Company, used to define specific combinations of police, fire and/or ambulance jurisdictions, or any other authorized agency, which are designated by the customer.

**E911 SERVICE AREA**

The geographic area in which the government agency will respond to all E911 calls and dispatch appropriate emergency assistance.

**E911 CUSTOMER**

A governmental agency that is the customer of record and is responsible for all negotiations, operations and payment of bills in connection with the provision of E911 service.

**ERROR**

A discrepancy or unintentional deviation by the Company from what is correct or true. An "error", can also be an omission in records.

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

EXCHANGE

An area, consisting of one or more central office districts, within which a call between any two points is a local call.

EXCHANGE ACCESS LINE

A central office line furnished for direct or indirect access to the exchange system.

EXCHANGE SERVICE

The provision to the subscriber of access to the exchange system for the purpose of sending and receiving calls. This access is achieved through the provision of a central office line (exchange access line) between the central office and the subscriber's premises.

FINAL ACCOUNT

A customer whose service has been disconnected who has outstanding charges still owed to the Company.

FLAT RATE SERVICE

The type of exchange service provided at a monthly rate with an unlimited number of calls within a specified primary calling area.

GROUND START

Describes the signaling method between the PBX/key system interface and the Company's switch. It is the signal requesting service.

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#### SECTION 10 - EXPLANATION OF TERMS (cont'd)

## HANDICAPPED PERSON

A person who is legally blind, visually handicapped or physically handicapped, under the following definitions from the Federal Register (Vol. 35 #126 dated June 30, 1970)

**Legally Blind** - a person whose visual acuity is 20/200 or less in the better eye with correcting glasses, or whose widest diameter of visual field subtends an angular distance no greater than 20 degrees.

Visually Handicapped - a person whose visual disability, with correction and regardless of optical measurement with respect to legal blindness, are certified as unable to read normal printed material

Physically Handicapped - a person who is certified by competent authority as unable to read or use ordinary printed materials as a result of physical limitation, or a person whose disabling condition causes difficulty with hand and finger coordination and use of a coin telephone.

The term "Handicapped Person", when used in connection with a person having a speech or hearing impairment which requires that they communicate over telephone facilities by means other than voice is defined below:

Hearing - a person with bilateral hearing impairment of 60% or higher on the basis of the procedure developed by the American Academy of Otolaryngology (A A O) as set forth in "Guide for Conservation of Hearing in Noise" 38-43, A A O, 1973; "guides to the Evaluation of Permanent Impairment" 103-107, American Medical Association, 1971.

Speech - a person with 65% or higher of impairment on the basis of the procedure recommended by the American Medical Association's Committee on Rating of Mental and Physical Impairment to evaluate speech impairment as to three categories: audibility, intelligibility and functional efficiency, as set forth in "Guides to the Evaluation of Permanent Impairment" 109-III, American Medical Association, 1971.

## HOSPITAL

An establishment for treatment of human patients by members of the medical profession where lodging for the patients is maintained on the premises

## HOTEL

An establishment offering lodging with or without meals to the general public on a day-to-day basis.

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

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INCOMING SERVICE GROUP

Two or more central office lines arranged so that a call to the First line is completed to a succeeding line in the group when the first line is in use.

INTERFACE

That point on the premises of the subscriber at which provision is made for connection of facilities provided by someone other than the Company to facilities provided by the Company.

INTEROFFICE MILEAGE

The segment of a line which extends between the central offices serving the originating and terminating points.

INTERRUPTION

The inability to complete calls, either incoming or outgoing or both, due to Company facilities malfunction or human errors.

JOINT USER

A person, firm, or corporation which uses the telephone service of a subscriber as provided in Section 1 of the Tariff.

KILOBIT

One thousand bits.

LATA

Local Access and Transport Area. The area within which the Company provides local and long distance ("intraLATA") service. For call to numbers outside this area ("interLATA") service is provided by the Company's long distance network.

LINK

The physical facility from the network interface on an end-user's or carrier's premises to the point of interconnection on the main distribution frame of the Company's central office.

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

LEASED CHANNEL

A non-switched electrical path used for connection of equipment furnished by the subscriber to equipment furnished by the subscriber or the Company for a specific purpose.

LOCAL CALL

A call which, if placed by a customer over the facilities of the Company, is not rated as a toll call.

LOCAL CALLING AREA

The area, consisting of one or more central office districts, within which a subscriber for exchange service may make telephone calls without a toll charge.

LOCAL SERVICE

Telephone exchange service within a local calling area.

LOOP START

Describes the signaling between the terminal equipment or PBX/key system interface and the Company's switch. It is the signal requesting service.

LOOPS

Segments of a line which extend from the serving central office to the originating and to the terminating point.

MEGABIT

One million bits.

MESSAGE RATE SERVICE

A type of exchange service provided at a monthly rate with an additional charge for local calling based on the usage of the local network. One completed call is equal to one message.

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

MOVE

The disconnection of existing equipment at one location and reconnection of the same equipment at a new location in the same building or in a different building on the same premises.

MULTI-FREQUENCY ("MF")

An inter-machine pulse-type used for signaling between telephone company switches, or between telephone company switches and PBX/key systems.

MULTILINE HUNT

A method of call signaling by which a call placed to one number is subsequently routed to one or more alternative numbers when the called number is busy.

NETWORK CONTROL SIGNALING

The transmission of signals used in the telecommunications system which perform functions such as supervision (control, status and charging signals), address signaling (e.g. dialing), calling and called number identification, audible tone signals (call progress signals indicating re-order or busy conditions, alerting) to control the operation of switching machines in the telecommunications system.

NETWORK CONTROL SIGNALING UNIT

The terminal equipment furnished, installed and maintained by the Telephone Company for the provision of network control signaling.

NODE

The location to which digital channels are routed and where access is provided to such lines and associated equipment for testing.

PBX

A private branch exchange.

Issued: April 7, 1997

Issued By:

Steven Lampert, President  
1 Blue Hill Plaza, Suite 1430  
Pearl River, NY 10965

Effective: \_\_\_\_\_

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

PORT

A connection to the switching network with one or more voice grade communications channels, each with a unique network address (telephone number) dedicated to the customer. A port connects a link to the public switched network.

PREMISES

The space occupied by a customer or authorized user in a building or buildings or contiguous property not separated by a public right of way.

PRIVATE BRANCH EXCHANGE SERVICE

Service providing facilities for connecting central office trunks and tie lines to PBX stations, and for interconnecting PBX station lines by means of a switchboard or dial apparatus.

PUBLIC ACCESS LINE SERVICE

Service providing facilities for a customer owned coin operated telephone ("COCOT").

PUBLIC SAFETY ANSWERING POINT ("PSAP")

An answering location for E911 calls originating in a given area. A PSAP may be designated as primary or secondary, which refers to the order in which calls are directed for answering. Primary PSAPs respond first; secondary PSAPs receive calls on a transfer basis only and generally serve as a centralized answering location for a particular type of emergency call.

RATE CENTER

A geographic reference point with specific coordinates on a map used for determining mileage when calculating charges.

REFERRAL PERIOD

The time frame during which calls to a number which has been changed will be sent to a recording which will inform the caller of the new number.

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

RESALE OF SERVICE

The subscription to communications service and facilities by one entity and the reoffering of communications service to others (with or without adding value) for profit.

SAME PREMISES

All space in the same building in which one subscriber has the right of occupancy, and all space in different buildings on contiguous property when occupied solely by the same subscriber. Foyers, hallways and other space for the common use of all occupants of a building are considered the premises of the operator of the building.

SELECTIVE ROUTING ("SR")

A feature that routes an E911 call from a Central Office to the designated primary PSAP based upon the identified number of the calling party.

SERVING CENTRAL OFFICE

The central office from which local service is furnished.

SHARING

An arrangement in which several users collectively use communications service and facilities provided by a carrier, with each user paying a pro-rata share of the communication related costs.

STATION

Each telephone on a line and where no telephone associated with the line is provided on the same premises and in the same building, the first termination in station key equipment or a jack for use with a portable telephone.

SUSPENSION

Suspension of service for nonpayment is interruption of outgoing service only. Suspension of service at the subscriber's request is interruption of both incoming and outgoing service.

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

SYNCHRONOUS

Transmission in which there is a constant time interval between bits, characters or events.

T-1 SYSTEM

A type of digital carrier system transmitting voice or data at 1.544 Mbps. A T-1 carrier can handle up to 24 multiplexed 64 Kbps digital voice/data channels. A T-1 carrier system can use metallic cable, microwave radio or optical fiber as transmission media.

TELEPHONE CALL

A voice connection between two or more telephone stations through the public switched exchange system.

TELEPHONE GRADE LINES

Lines furnished for voice transmission or for certain signaling purposes.

TERMINATION OF SERVICE

Discontinuance of both incoming and outgoing service.

TIE LINE

A dedicated line connecting two switchboards or dial systems.

TOLL CALL

Any call extending beyond the local exchange of the originating caller which is rated on a toll schedule by the Company.

TO NE DIAL SIGNALING ("TD")

An electronic signal emitted by the circuitry of Touch-Tone-type push-button dials to represent a dialed digit.

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Pearl River, NY 10965

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

TWO WAY

A service attribute that includes DOD for outbound calls and can also be used to carry inbound calls to a central point for processing.

USER

A customer, joint user, or any other person authorized by a customer to use service provided under this Tariff.

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Pearl River, NY 10965

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Section 12 - **BILLING AND COLLECTION SERVICES**

12.1 Billing Name and Address Service

Billing Name and Address (BNA) Service is the provision of the complete billing name, street address, city or town, state and zip code for a telephone number assigned by the Telephone Company.

BNA Service is provided for the sole purpose of permitting the customer to bill its telephonic communications services to its end users and may not be resold or used for any other purpose, including marketing activity such as market surveys or direct marketing by mail or by telephone.

The customer may not use BNA information to bill for merchandise, gift certificates, catalogs or other services or products.

BNA Service is provided on both a manual and a mechanized basis. On a manual basis, the information will be provided by voice telecommunications or by mail, as appropriate. On a mechanized basis, the information will be entered on magnetic tape containing recorded customer messages.

BNA information is furnished for sent-paid, collect, bill to third number, 700 and 900 service messages and messages charged to a calling card that is resident in the Telephone Company's database. In addition, BNA information for messages originated from data terminal numbers (DTNs) for data communications services is furnished on a manual basis only.

Issued: April 7, 1997

Effective: \_\_\_\_\_

Issued By: \_\_\_\_\_

Steven Lampert, President  
1 Blue Hill Plaza, Suite 1430  
Pearl River, NY 10965

12.1 Billing Name and Address Service

12.1.1 Undertaking of the Telephone Company

- (A) A request for information on over 100 and up to 500 telephone numbers should be mailed to the Telephone Company. The Telephone Company will provide the response by first class U.S. Mail within ten (10) business days.
- (B) Upon receipt of a magnetic tape of recorded customer messages, the Telephone Company will, at the request of the customer, provide BNA service on a mechanized basis. The tape of messages may be provided by the customer or, where the customer subscribes to Recording Service, may be the output from that service. The Telephone Company will enter the BNA information on the recorded message tape and send the tape to the customer by first class U.S. Mail. Other methods of delivering the data may be negotiated, and charges based on cost will apply.

The Telephone Company will provide a response to customer-provided tapes by mail within six (6) business days of receipt. The Telephone Company will process and mail tapes which are the output of Recording Service every fifth business day.

- (C) The Telephone Company will specify the format in which requests and tapes are to be submitted.
- (D) The BNA information will be provided for the calling number furnished to the extent a billing name and address exists in the Telephone Company records, including non-published and non-listed numbers. If the billing name and address information for a specific calling number is confidential due to legal, national security, end user or regulatory imposed requirements, the Telephone Company will provide an indicator on the confidential records.
- (E) The Telephone Company will provide the most current BNA information resident in its data base. Due to normal end user account activity, there may be instances where the BNA information provided is not the BNA that was applicable at the time the message originated.

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Pearl River, NY 10965

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## 12.1 Billing Name and Address Service (Cont'd)

## 12.1.2 Obligations of the Customer

- (A) With each order for BNA Service, the customer shall identify the authorized individual and address to receive the BNA information.
- (B) A customer which orders BNA Service on a mechanized basis and which intends to submit tapes of record messages for processing must provide the Telephone Company with an acceptable test tape or transmission which includes all call types for which BNA information may be requested.
- (C) The customer shall institute adequate internal procedures to insure that BNA information, including that related to non-published and non-listed numbers, is used only for the purpose set forth in this tariff and that BNA information is available only to those customer personnel or agents with a need to know the information. The customer must handle all billing name and address information designated as confidential by the Telephone Company in accordance with Telephone Company's procedures concerning confidential information. The Telephone Company will provide to the customer a statement of its procedures concerning confidential information.
- (D) The customer shall not publicize or represent to others that the Telephone Company jointly participates with the customer in the development of the customer's end user records, accounts, data bases or market data, records, files and data bases or other systems it assembles through the use of BNA service.
- (E) When the customer orders BNA Service for both interstate and intrastate messages, the projected percentage of interstate use must be provided in a whole number to the Telephone Company. The Telephone Company will designate the number obtained by subtracting the projected interstate percentage from 100 ( $100 - \text{projected interstate percentage} = \text{intrastate percentage}$ ) as the projected intrastate percentage.

This whole number percentage will be used by the Telephone Company to apportion the rates and nonrecurring charges between interstate and intrastate in those circumstances where the recorded message detail is not sufficient to permit the Telephone Company to determine the appropriate jurisdiction. This percentage will remain in effect until a revised report is received as set forth following.

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Issued By:

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1 Blue Hill Plaza, Suite 1430  
Pearl River, NY 10965

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Effective: \_\_\_\_\_

0142-338-219

12.1 Billing Name and Address Service (Cont'd)

12.1.2 Obligations of the Customer (Cont'd)

(E) (Cont'd)

Effective on the first of January, April, July and October of each year, the customer may update the jurisdictional report. The customer shall forward to the Telephone Company, to be received no later than 20 calendar days after the first of each such month, a revised report showing the interstate percentage of use for the past three months ending the last day of December, March, June and September, respectively. Except where jurisdiction can be determined from the recorded message detail, the revised report will serve as the basis for the next three months billing and will be effective on the bill date in the following month (i.e., February, May, August and November). No prorating or back billing will be done based on the report. If the customer does not supply the report, the Telephone Company will assume the percentages to be the same as those provided in the last quarterly report. For those cases in which a quarterly report has never been received from the customer, the Telephone Company will assume the percentages to be the same as those provided in the order for service.

- (F) The Telephone Company shall use reasonable efforts to provide accurate and complete lists. The Telephone Company makes no warranties, expressed or implied, as to the accuracy or completeness of these lists.

12.1.3 Rate Regulations

- (A) Service Establishment Charges apply for the initial establishment of BNA service on a manual basis, for the initial establishment of BNA service on a mechanized basis and for establishment of a Master BNA List for a customer.
- (B) A charge applies for each request for BNA information for a telephone number or DTN number on a manual basis. A charge applies for each message processed to supply BNA information on a mechanized basis.

The Telephone Company will keep a count of the requests and of the messages processed. The Telephone Company will bill the customer in accordance with these counts whether or not the Telephone Company was able to provide BNA information for all requests and messages.

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Pearl River, NY 10965

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12.1 Billing Name and Address Service (Cont'd)

## 12.1.3 Rate Regulations (Cont'd)

- (C) Where the recorded message detail is sufficient to determine a message is an intrastate message, the rates set forth in the rate section, following, apply to each such message.

Usage for which the recorded message detail is insufficient to determine jurisdiction will be prorated by the Telephone Company between interstate and intrastate.

The percentages provided in the reports as set forth in 12.1.2(E) preceding will serve as the basis for prorating the charges. The intrastate charges are determined as follows: For usage sensitive (i.e. requests or messages processed) chargeable rate elements, multiply the intrastate percent times actual use times the stated tariff rate.

- (D) When a customer cancels an order for BNA Service after the order date, the Service Establishment Charge applies.

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Issued: April 7, 1997

Issued By:

Steven Lampert, President  
1 Blue Hill Plaza, Suite 1430  
Pearl River, NY 10965

Effective: 

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0142538221

KLEIN, ZELMAN, ROTHERMEL & DICHTER, L.L.P.  
GENERAL ACCOUNT  
400 CALVERT ST., SUITE 200  
NEW YORK, N.Y. 10022

MEMORANDUM	
DATE	
TO	
FROM	
SUBJECT	

G 1111280

3105

PAY *The hundred fifty and 00/100*

DOLLARS

DATE	TO THE ORDER OF	CHECK AMOUNT
4497	South Dakota Public Utilities Comm	1647

CHECK AMOUNT
250/00



STONY BROOK NATIONAL BANK  
A TRUST COMPANY OF NEW YORK  
60 WALL STREET, NEW YORK, N.Y. 10038

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South Dakota  
Public Utilities Commission  
State Capitol 500 E. Capitol  
Pierre, SD 57501-5070  
Phone: (605) 773-4782  
Fax: (605) 773-3809

## TELECOMMUNICATIONS SERVICE FILINGS

These are the telecommunications service filings that the Commission has received for the period of

04/04/97 through 04/10/97

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five days of this filing.

DOCKET NUMBER	TITLE/STAFF/SYNOPSIS	DATE FILED	INTERVENTION DEADLINE
<b>REQUEST FOR CERTIFICATE OF AUTHORITY</b>			
TC97-034	Application by Long Distance Direct Holdings, Inc. (LDDH) for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: TS/CH). LDDH intends to subscribe to and resell all forms of telephone service including local dial tone services, Message Telephone Service, Wide Area Telephone Service, WATS-like services, Foreign Exchange Service, private lines, toll lines, access service, cellular service, local switched service and other services and facilities of communications common carriers and other entities. LDDH intends to provide service to both residential and business class customers. LDDH has already obtained permission from the Commission to provide interexchange service. LDDH's proposed tariff is attached to the application.	04/07/97	04/25/97
TC97-035	Application by CommChoice, LLC for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: TS/KC). CommChoice will provide telecommunications services including local exchange services, intraLATA services and interLATA services through a combination of reseller and facilities-based provisioning. The specific products and services are in part dependent upon resale agreements entered into with local exchange companies. CommChoice will enter into agreements with local exchange companies for the resale of telecommunications services. These services will be provided by the local exchange company in the same manner they have been provided in the past. Initially, telecommunications services will be offered to commercial and industrial businesses located in South Dakota cities served by U.S. WEST. As resale agreements with other local exchange companies are executed, CommChoice will expand its service territory to include additional cities. CommChoice requests a waiver from ARSD 20.10.24.02(8) which requires tariffs and terms and conditions of service to be filed. The cost to provide local exchange service cannot be estimated until resale interconnection agreements between the parties have been reached and contracts executed. When the specific costs and contractual arrangements are known, rates and terms and conditions will be filed with the Commission as required by the PUC.	04/10/97	04/25/97

Important Notice: The Commission is compiling a list of internet addresses. If you have an internet address please notify the Commission by E-mailing this form to [form@pu.state.sd.us](mailto:form@pu.state.sd.us). Faxing the address to the Commission at (605) 773-3809.

# SDITC

South Dakota Independent  
Telephone Coalition, Inc.

Richard D. Coit  
*Executive Director*

Bette Dozier  
*Administrative Assistant*

April 25, 1997

RECEIVED

APR 25 1997

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Mr. Bill Bullard, Executive Director  
South Dakota Public Utilities Commission  
State Capitol Building  
Pierre, SD 57501

RE: TC97-034

Dear Bill:

Enclosed for filing you will find the original and ten copies of SDITC's Petition to Intervene in the above referenced docket. As indicated by the Certificate of Service, also provided, all other parties of record have received a copy by US Postal Service.

Thank you for your assistance in this matter.

Sincerely,



Richard D. Coit  
Executive Director and General Counsel

cc: David O. Klein



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

RECEIVED

APR 24 1997

IN THE MATTER OF THE APPLICATION OF )  
LONG DISTANCE DIRECT HOLDINGS, INC. )  
FOR A CERTIFICATE OF AUTHORITY TO )  
PROVIDE LOCAL EXCHANGE )  
TELECOMMUNICATIONS SERVICES )

DOCKET TC97-034

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

**Petition to Intervene**

The South Dakota Independent Telephone Coalition ("SDITC") hereby petitions the Commission for intervention in the above captioned proceeding pursuant to SDCL 1-26-17.1 and ARSD §§ 20.10.01.15.02, 20.10.01.15.03 and 20.10.01.15.05. In support hereof, SDITC states as follows:

1 SDITC is an incorporated organization representing the interests of numerous cooperative, independent and municipal telephone companies operating throughout the State of South Dakota.

2 As expressly noted in the Bylaws of SDITC, duly adopted by the Coalition, "one of the primary purposes for the formation and existence of the South Dakota Independent Telephone Coalition is representation by the Coalition before the South Dakota Public Utilities Commission." The member companies of SDITC have delegated to the SDITC Board of Directors and its President the authority to intervene on their behalf in PUC proceedings which will or might potentially impact their common interests.

3 The application for certification filed by Long Distance Direct Holdings, Inc. ("LDDH") indicates that the company is seeking statewide authority to provide resold local exchange services. Paragraph 6 of its application states that the company "intends to provide

UNN: 86: 2410

service to both residential and business class customers throughout the entire state of South Dakota."

4 SDITC member companies operate as incumbent LECs and "rural telephone companies" throughout South Dakota and, as such, the companies will be impacted by and have a pecuniary interest in this docket. To the extent LDDH seeks local service authority in rural telephone company service areas or the Commission in this proceeding addresses issues relating to how LDDH will be regulated or what types of service obligations may be imposed on the company, SDITC member company interests will be affected.

5 SDITC member companies are especially concerned that any action taken in this docket be consistent with and not hinder or otherwise affect the Commission's ability under the Federal Telecommunications Act to appropriately condition competitive entry into "service areas" operated by "rural telephone companies". (See 47 U.S.C. Sections 251(f)(1), 253(b) and 253(f)). The Commission in ruling on other applications for certification to provide local exchange telecommunications services has included language in its final orders preserving its authority to address rural safeguard issues in later proceedings prior to the time that competing providers actually begin to offer or provide their services in any exchange areas served by rural telephone companies. It is SDITC's position that the same action should be taken in this proceeding.

6 Based on the foregoing, SDITC in its authorized representative capacity is an interested party to this proceeding and seeks intervention herein.

SDITC respectfully requests permission to intervene on behalf of its member companies and an opportunity to be heard in this matter.

Dated this 25<sup>th</sup> day of April, 1997.

THE SOUTH DAKOTA INDEPENDENT  
TELEPHONE COALITION

By 

Richard D. Coit  
Executive Director and General Counsel

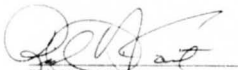
CERTIFICATE OF SERVICE

I hereby certify that an original and ten copies of SDITC's Initial Brief was hand delivered on the 25th day of April, 1997, to the following person

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

And a true and correct copy was delivered via the US Postal Service addressed to the following person

David O. Klein  
Klein, Zelman, Rothermel & Dichter, L.L.P.  
485 Madison Avenue  
New York, NY 10022



Richard D. Colt  
Executive Director  
SDITC  
207 East Capitol, Suite 206  
Pierre, SD 57501

# SDITC

South Dakota Independent  
Telephone Coalition, Inc.

Richard D. Coit  
Executive Director

May 12, 1997

Bette Dozier  
Administrative Assistant

Mr. Bill Bullard  
Executive Director  
South Dakota Public Utilities Commission  
State Capitol Building  
Pierre, SD 57501

RECEIVED  
MAY 12 1997  
SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

RE: Petitions to Intervene in Dockets **TC97-034**, **TC97-035** and **TC97-038** (Applications for local service authority filed by LDDH, Comchoice, and LDM Systems, respectively)

Dear Bill:

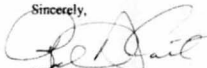
Please accept this letter as notice that SDITC is withdrawing its Petitions to Intervene filed in the above referenced dockets. The Petitions were filed by SDITC merely to offer comment, if necessary, to ensure that Commission orders issued on the pending local service applications are consistent with how the Commission has addressed previous similar certifications - specifically, that language be included in the orders preserving rural safeguards provided for under the Federal Telecommunications Act.

I've discussed our filings for intervention with Tammy Stangor of Staff and she has indicated that Staff recommendations on the applications for certification will be consistent with the Commission's previous local service orders and will request inclusion of the necessary rural safeguard language. Accordingly, I am satisfied that our concerns will be properly addressed and I wish to withdraw the SDITC intervention requests.

A copy of this letter has been faxed this afternoon to the applicant companies.

If there are questions or anything further needs to be done, please advise.

Sincerely,



Richard D. Coit  
Executive Director and General Counsel

cc: Patrick D. Crocker  
Jon Winkel  
David O. Klein

RDC/ms





0142738.228

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

IN THE MATTER OF THE APPLICATION OF )  
LONG DISTANCE DIRECT HOLDINGS, INC. )  
FOR A CERTIFICATE OF AUTHORITY TO )  
PROVIDE TELECOMMUNICATIONS )  
SERVICES, INCLUDING LOCAL EXCHANGE )  
SERVICES, IN SOUTH DAKOTA )

ORDER GRANTING  
CERTIFICATE OF  
AUTHORITY  
  
TC97-034

On April 7, 1997, 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 Long Distance Direct Holdings, Inc. (LDDH).

LDDH intends to subscribe to and resell all forms of telephone service including local dial tone services, Message Telephone Service, Wide Area Telephone Service, WATS-like services, Foreign Exchange Service, private lines, tie lines, access service, cellular service, local switched service and other services and facilities of communications common carriers and other entities. LDDH intends to provide service to both residential and business class customers. A proposed tariff was filed by LDDH. The Commission has classified long distance service as fully competitive.

On April 10, 1997, the Commission electronically transmitted notice of the filing and the intervention deadline of April 25, 1997, to interested individuals and entities. On April 25, 1997, the South Dakota Independent Telephone Coalition (SDITC) filed for intervention, but later withdrew its intervention.

At its regularly scheduled June 24, 1997, meeting, the Commission considered LDDH's request for a certificate of authority. Commission Staff recommended granting a certificate of authority, subject to restrictions and rural safeguards. Further, Staff recommended waiver of ARSD 20 10 24 02(7), (8), and (12) as the provisions apply to local exchange service.

The Commission finds that it has jurisdiction over this matter pursuant to Chapter 49-31, specifically 49-31-3 and ARSD 20 10 24 02 and 20 10 24 03. The Commission finds that LDDH has met the legal requirements established for the granting of a certificate of authority and that there is good cause to waive subparagraphs (7), (8), and (12) of ARSD 20 10 24 02. LDDH has, in accordance with SDCL 49-31-3, demonstrated sufficient technical, financial and managerial capabilities to offer telecommunications services in South Dakota.

The Commission approves LDDH's application for a certificate of authority, subject to restrictions and rural safeguards. The Certificate of Authority for LDDH shall authorize it to offer local exchange services in those areas in South Dakota where U S WEST Communications, Inc. is the incumbent local exchange carrier. In the future should LDDH choose to provide local exchange services statewide, with respect to rural telephone companies, LDDH will have to come before the Commission in another proceeding before being able to provide local service in that rural service area pursuant to 47 U.S.C. § 253(f) which allows the Commission to require a company that seeks to provide service in a rural service area to meet the requirements in 47 U.S.C. § 214(e)(1) for designation as an

847-24118  
322-0000

eligible telecommunications carrier. In addition, the granting of statewide certification will not affect the exemptions, suspensions, and modifications for rural telephone companies found in 47 U.S.C. § 251(f). LDDH's Certificate of Authority is further subject to the condition that LDDH not offer prepaid calling cards or require deposits or advance payments without prior approval of the Commission. As the Commission's final decision in this matter, it is therefore:

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

FURTHER ORDERED that LDDH shall file informational copies of tariff changes with the Commission as the changes occur. It is

FURTHER ORDERED that the Certificate of Authority is subject to the condition that LDDH not offer prepaid calling cards or require advance payments or deposits without prior approval of the Commission. It is

FURTHER ORDERED that the Commission shall authorize LDDH to offer its local exchange services in those areas in South Dakota where U.S. WEST Communications, Inc. is the incumbent local exchange carrier. It is

FURTHER ORDERED that the Commission finds good cause to waive subparagraphs (7), (8), and (12) of ARSD 20 10 24 02.

Dated at Pierre, South Dakota, this 2nd day of July, 1997.

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>Delores Kuehn</u>
Date	<u>7/3/97</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION

James A. Burg  
JAMES A. BURG, Chairman

Pam Nelson  
PAM NELSON, Commissioner

Loek Schoenfelder  
LASKA SCHOENFELDER, Commissioner

**SOUTH DAKOTA PUBLIC UTILITIES  
COMMISSION**

**CERTIFICATE OF AUTHORITY**

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

Authority was Granted June 24, 1997  
Docket No. TC97-034

*This is to certify that*

**LONG DISTANCE DIRECT HOLDINGS, INC.**

*is authorized to provide telecommunications services in South Dakota*

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

Dated at Pierre, South Dakota, this 3rd day of July, 1997

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION:**



James A. Burg  
JAMES A. BURG, Chairman

Pam Nelson  
PAM NELSON, Commissioner

Laska Schoenfelder  
LASKA SCHOENFELDER, Commissioner