

DOCKET NO.

In the Matter of— IN THE MATTER OF THE  
APPLICATION OF INTERNATIONAL  
TELCOM LTD. FOR A CERTIFICATE  
OF AUTHORITY TO PROVIDE  
INTEREXCHANGE  
TELECOMMUNICATIONS SERVICES IN  
SOUTH DAKOTA

## Public Utilities Commission of the State of South Dakota

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RECEIVED

JUN 18 2001

APPLICATION FOR REGISTRATION  
OF INTERNATIONAL TELCOM LTD.  
FILED WITH THE  
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

IN THE MATTER OF THE )  
APPLICATION OF )  
INTERNATIONAL TELCOM LTD. )  
 )  
FOR AN ORDER )  
authorizing the registration )  
of applicant as a )  
telecommunications company )

Docket No. \_\_\_\_\_

APPLICATION

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

1. Name, Address and Telephone Number of Applicant

International Telcom Ltd.  
417 2nd Avenue West  
Seattle, Washington 98119  
(206) 479-2295

All inquiries regarding complaints and regulatory matters should be addressed to:

Ken Hanks  
417 2nd Ave W  
Seattle WA 98119

2. Registered Agent

The name and address of the Applicant's registered agent are:

National Registered Agents, Inc.  
300 S Phillips Ave STE 300  
Sioux Falls SD 57102

3. Description of the Applicant

Applicant, which is privately held, was incorporated in Delaware on January 12, 1993. Applicant has been in the telecommunications industry since inception. A copy of a Certificate of Authority issued by the Secretary of State is attached as Exhibit A hereto. A copy of the Applicant's Articles of Incorporation is attached as Exhibit B hereto.

4. Facilities

Applicant does not own or maintain any transmission facilities or switching equipment in the State of South Dakota. The Applicant will provide services through Cherry Communications /WilTel or another certificated carrier, its underlying carrier.

5. Stockholders

The names and addresses of the stockholders of Applicant are as follows:

Name and Address	Shares Owned	Percentage of all Shares Issued and Outstanding and Voting Control
A. Joel Eisenberg 417.2nd Avenue West Seattle, Washington 98119	100	100%

6. Officers and Directors

The names and addresses of the officers and directors of Applicant are as follows:

A. Joel Eisenberg                    - President, Director  
Yvette Melendez                    - Secretary, Director  
Mike Wells                    - Treasurer

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

7.    Corporate Ownership

The name and address of any corporation, association or similar organization holding a five percent (5%) or greater ownership in the Applicant is as follows:

None

8.    Subsidiaries owned or controlled by Applicant

None

9.    Description of Services

Applicant is a reseller which intends to offer i+ direct dialing, 800 toll free, travel card, and prepaid calling card service through the resale of telephone services provided by facilities-based interexchange carriers. Applicant has no points of presence in the State of South Dakota, thus Applicant neither owns, leases, nor operates any switching, transmission, or other physical facilities in the State of South Dakota, and no such facilities will be used by Applicant in providing service in the State of South Dakota. Rather, Applicant will be engaged in reselling services provided by facilities-based carriers within the State of South Dakota. Upon receiving certification, Applicant intends to provide its services throughout the State of South Dakota.

Applicant intends to provide these services to customers on a jurisdictionally interstate basis subject to the FCC's jurisdiction and Applicant intends to provide these services on jurisdictionally intrastate basis pursuant to certification, registration or tariff requirements, or on an unregulated basis, in all fifty states, subject to the jurisdiction of various public service and utilities commissions. Applicant is currently in the process of obtaining all required authorizations from the FCC and the state regulatory agencies.

Applicant intends to provide high quality service, with an industry standard blocking rate less than P.01. Its services will be available on a full-time basis, twenty-four hours a day, seven days a week, to customers within the geographic boundaries of the State of South Dakota.

#### **10. Financial Qualifications**

Applicant is financially qualified to provide intrastate interexchange telecommunications services within South Dakota. In particular, Applicant has adequate access to the capital necessary to fulfill any obligations it may undertake with respect to the provision of intrastate telecommunications services in the State of South Dakota. See Exhibit C which is attached hereto, Applicant's Financial Statements for twelve months ended 12/31/00

#### **11. Tariff**

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

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

DATED this 12 day of June, 2001

International Telcom Ltd.

By: 

Joel Eisenberg, President

LIST OF EXHIBITS

- A - CERTIFICATE OF AUTHORITY
- B - ARTICLES OF INCORPORATION
- C - FINANCIAL STATEMENTS
- D - PROPOSED TARIFF

EXHIBIT A - CERTIFICATE OF AUTHORITY



# State of South Dakota



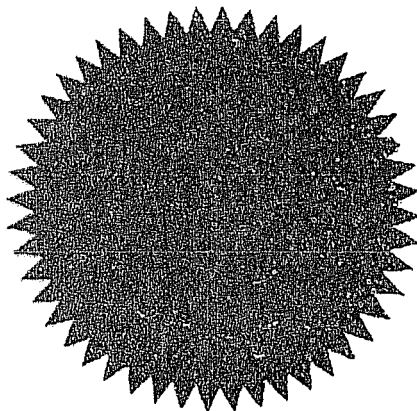
## OFFICE OF THE SECRETARY OF STATE

### Certificate of Authority

I, **JOYCE HAZELTINE**, Secretary of State of the State of South Dakota, hereby certify that the Application for a Certificate of Authority of **INTERNATIONAL TELCOM, LTD. (DE)** to transact business in this state duly signed and verified pursuant to the provisions of the South Dakota Corporation Acts, have been received in this office and are found to conform to law.

**ACCORDINGLY** and by virtue of the authority vested in me by law, I hereby issue this Certificate of Authority and attach hereto a duplicate of the application to transact business in this state.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of South Dakota, at Pierre, the Capital, this May 22, 2001.



Joyce Hazeltine  
Secretary of State

EXHIBIT B - ARTICLES OF INCORPORATION

CERTIFICATE OF INCORPORATION  
of

International Telcom Ltd.  
A Close Corporation

FIRST: The name of this corporation is International Telcom Ltd.

SECOND: Its registered office in the State of Delaware is to be located at Three Christina Centre, 201 N. Walnut Street, Wilmington DE 19801, New Castle County. The registered agent in charge thereof is The Company Corporation, address "same as above".

THIRD: The nature of the business and, the objects and purposes proposed to be transacted, promoted and carried on, are to do any or all the things herein mentioned as fully and to the same extent as natural persons might or could do, and in any part of the world, viz:

The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH: The amount of the total authorized capital stock of this corporation is divided into 100 shares of stock at No par value.

FIFTH: The name and mailing address of the incorporator is as follows:  
Vanessa Foster Three Christina Centre, 201 N. Walnut St., Wilmington, DE 19801

SIXTH: The powers of the incorporator are to terminate upon filing of the certificate of incorporation, and the name(s) and mailing address(es) of person who are to serve as director(s) until the first annual meeting of stockholders and their successors are elected and qualified are as follows:

A. Joel Eisenberg  
Three Christina Centre, 201 N. Walnut Street, Wilmington, DE 19801

SEVENTH: All of the corporations issued stock, exclusive of treasury shares, shall be held of record by not more than thirty (30) persons.

EIGHTH: All of the issued stock of all classes shall be subject to the following restriction on transfer permitted by Section 202 of the General Corporation Law.

Each stockholder shall offer to the Corporation or to the other stockholders of the corporation a thirty (30) day "first refusal" option to purchase his stock should he elect to sell his stock.

NINTH: The corporation shall make no offering of any of its stock of any class which would constitute a "public offering" within the meaning of the United States Securities Act of 1933 as it may be amended from time to time.

TENTH: Directors of the corporation shall not be liable to either the corporation or its stockholders for monetary damages for a breach of fiduciary duties unless the breach involves: (1) a director's duty of loyalty to the corporation or its stockholders; (2) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (3) liability for unlawful payments of dividends or unlawful stock purchase or redemption by the corporation; or (4) a transaction from which the director derived an improper personal benefit.

I, THE UNDERSIGNED, for the purpose of forming a Corporation under the laws of the State of Delaware, do make, file and record this Certificate and do certify that the facts herein are true; and I have accordingly hereunto set my hand.

DATED: January 12, 1993

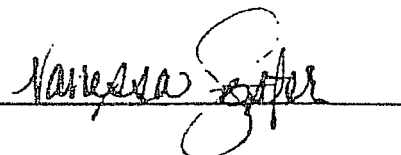
  
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EXHIBIT C - FINANCIAL STATEMENTS

# PETERSON SULLIVAN P.L.L.C.

601 4TH STREET SUITE 2100 SEATTLE WA 98101 (206) 382-7777 FAX 382-7700

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
International Telecom Ltd.

We have audited the accompanying balance sheets of International Telecom Ltd. as of December 31, 2000 and 1999, and the related statements of income and retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

*Peterson Sullivan P.L.L.C.*

February 6, 2001

INTERNATIONAL TELCOM, LTD.

BALANCE SHEETS  
December 31, 2000 and 1999

ASSETS	2000	1999
<b>Current Assets</b>		
Cash	\$ 7,776,656	\$ 867,664
Accounts receivable, net of allowance for doubtful accounts of \$541,441 in 2000 and \$545,127 in 1999	2,486,249	5,083,541
Income tax receivable	-	140,000
Other current assets	133,194	374,907
Total current assets	10,396,099	6,466,112
Property and Equipment, at cost	4,229,731	6,325,962
Other Assets	141,760	168,165
	<u>\$ 14,767,590</u>	<u>\$ 12,960,239</u>

LIABILITIES AND STOCKHOLDERS' EQUITY	2000	1999
<b>Current Liabilities</b>		
Line of credit note payable	\$ 6,519,350	\$ -
Trade accounts payable	1,110,706	2,313,330
Accrued and other liabilities	3,016,480	1,882,128
Income tax payable	270,000	155,000
Notes payable to shareholder	393,481	777,959
Security deposits	200,000	400,000
Capital lease obligations	215,247	261,020
Loans payable	199,759	192,657
Deferred income tax payable	400,000	-
<b>Total current liabilities</b>	<b>12,325,023</b>	<b>5,982,094</b>
Line of credit note payable	-	5,116,641
Long-term portion of security deposits	645,723	644,244
Long-term portion of obligations under capital leases	184,490	298,865
Long-term portion of loans payable	25,024	204,327
Deferred income tax payable	-	121,000
	<b>855,237</b>	<b>6,385,077</b>
<b>Total liabilities</b>	<b>13,180,260</b>	<b>12,367,171</b>
<b>Stockholders' Equity</b>		
Common stock, \$10 par, 100 shares authorized, issued and outstanding	1,000	1,000
Additional paid-in capital	10,000	10,000
Retained earnings	1,576,330	582,068
	<b>1,587,330</b>	<b>593,068</b>
	<b>\$ 14,767,590</b>	<b>\$ 12,960,239</b>

See Notes to Financial Statements

# INTERNATIONAL TELCOM LTD.

## STATEMENTS OF INCOME AND RETAINED EARNINGS For the Years Ended December 31, 2000 and 1999

	2000	1999
Revenue	\$ 41,382,700	\$ 37,871,000
Expenses		
Direct cost of revenue	21,429,723	21,408,777
Selling, general and administrative expenses	10,143,645	12,000,540
Loss on disposal of property and equipment	1,143,000	-
Depreciation	1,560,883	1,761,000
Interest	720,161	762,810
	<u>34,997,012</u>	<u>35,933,127</u>
Income before provision for income tax	6,385,688	2,937,873
Provision for income tax	<u>(581,000)</u>	<u>(571,000)</u>
Net income	5,804,688	2,366,873
Retained earnings (deficit), beginning of year	<u>500,000</u>	<u>412,170</u>
Retained earnings, end of year	<u>\$ 6,304,688</u>	<u>\$ 2,783,000</u>



## INTERNATIONAL TELCOM LTD.

## STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2000 and 1999

	2000	1999
Cash Flows from Operating Activities		
Net income	\$ 994,267	\$ 624,215
Adjustments to reconcile net income to net cash flows from operating activities		
Depreciation	1,560,843	1,761,165
Provision for doubtful accounts	706,000	1,316,379
Loss on disposal of property and equipment	1,145,026	-
Deferred income tax provision	279,000	167,000
Changes in operating assets and liabilities		
Accounts receivable	1,891,292	(2,562,913)
Other current assets	241,713	(38,221)
Trade accounts payable	(1,202,624)	(682,282)
Accrued and other liabilities	1,134,352	377,034
Income tax receivable/payable	255,000	155,000
Security deposits	(198,521)	(1,628,694)
Other assets	26,405	80,208
Net cash provided by (used in) operating activities	6,832,748	(431,109)
Cash Flows from Investing Activities		
Purchases of property and equipment	(817,649)	(2,276,207)
Proceeds from sale of property and equipment	208,011	101,511
Proceeds from repayment on notes receivable from a shareholder	-	102,596
Net cash used in investing activities	(609,638)	(1,982,100)
Cash Flows from Financing Activities		
Proceeds from line of credit	1,402,709	772,291
Proceeds from loans payable	-	396,984
Proceeds from notes payable to a shareholder	-	777,959
Payments on notes payable to a shareholder	(384,478)	-
Payments on capital lease obligations	(160,148)	(1,284,104)
Payments on loans payable	(172,201)	-
Net cash provided by financing activities	685,892	663,130
Net increase (decrease) in cash	6,908,992	(1,730,979)
Balance, beginning of year	867,664	2,617,743
Balance, end of year	\$ 7,776,656	\$ 867,664

See Notes to Financial Statements

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Operations and Summary of Significant Accounting Policies

#### Operations

International Telecom Ltd. ("the Company") provides telecommunication services to domestic and international customers. The services include local and long distance phone services, phone call re-origination, wholesaling of telecommunication services, and Internet to E-mail fax services.

#### Concentration of Business

The following tables portray the Company's concentration of business in percentage terms for the years ended December 31, 2000 and 1999.

##### Revenues by Lines of Business

	<u>2000</u>	<u>1999</u>
Phone call re-origination	20%	53%
Local and long distance services	54	21
Wholesaling of telecommunication services	20	14
Other	6	12
Total	<u>100%</u>	<u>100%</u>

##### Geographic Concentration of Revenues

	<u>2000</u>	<u>1999</u>
United States	81%	41%
Foreign countries	19	59
Total	<u>100%</u>	<u>100%</u>

The Company does not provide services in any one foreign country which accounts for more than 5% of total revenues.

Accounts receivable from international customers accounted for approximately 13% and 14% of accounts receivable at December 31, 2000 and 1999, respectively. Although the Company does not require collateral, it has minimized credit risk with accounts receivable by performing credit evaluations of customers and establishing credit limits. Management believes it has adequately provided for exposure to credit losses.

Note 1. (Continued)

### Suppliers

The Company is dependent on third-party suppliers of telecommunications and generally does not have long-term contracts with them. During both years ended December 31, 2000 and 1999, the Company purchased telecommunications services from three suppliers representing 34% of total services purchased. Should these providers raise their rates or take actions which would disrupt the services provided by the Company, the effect on the Company's operations may be significant depending on the timely availability and cost of other providers. However, there are a total of 48 available suppliers, so the Company has not experienced and does not expect any disruption of these services.

### Competition

The Company faces competition within its industry from larger service providers, government-owned telecommunication companies, and newer start-up enterprises. Competition for customers is based primarily on price. Increasing competition may result in lower prices and profit margins for the Company in the near-term. However, the Company constantly seeks the lowest prices from its telecommunications providers in order to maintain acceptable profit margins.

### Regulations

The 1996 Telecommunications Act ("the 1996 Act") substantially altered the regulatory framework of the industry for domestic and international telecommunications services. Pursuant to the 1996 Act, the Federal Communications Commission ("FCC") issued the Universal Service Order ("the USO") which requires all telecommunications carriers to contribute to a fund which is to preserve and advance universal telephone service for libraries, schools and rural areas. The Company's contributions for 2000 and 1999 amounted to \$228,590 and \$225,711, which amounts to 8.6% per call for certain calls. The USO contributions are billed directly to customers by the Company.

The Company has been granted a license under Section 214 of the Communications Act of 1934 to provide international telephone service to points in the U.S. The Company is also subject to regulations in the various non-U.S. jurisdictions where it provides services. If the FCC, which has the responsibility for administering Section 214, were to find that the Company did not provide services in a manner consistent with the laws of countries in which the Company operates, it could impose a variety of sanctions, including monetary fines or revocation of its license.

Note 1. (Continued)

The Company also provides intrastate telecommunication services which are subject to various state regulations including certification by the state, filing of tariffs or price lists as well as other reporting requirements. The Company has offered intrastate services primarily in Washington through December 31, 2000, but it is also certified in other states where its services are to be provided.

Other regulations affecting telecommunication continue to evolve both in the United States and in foreign countries. The ultimate effect such regulations may have on the Company's lines of business are not yet determinable.

Cash

During the year, the Company maintained cash in financial institutions in excess of insured limits.

Interest paid on a cash basis was \$739,385 and \$767,853 in 2000 and 1999, respectively. The Company paid \$143,000 for income taxes in 2000. No cash was paid for income taxes in 1999.

Property and Equipment

Depreciation is computed using the straight-line method applied over the estimated lives of the related assets of five to seven years. Maintenance and repairs which do not improve or extend the life of the respective assets are expensed currently.

Total rental expense under operating leases of buildings and equipment amounted to \$620,968 and \$819,185 for 2000 and 1999, respectively.

Revenue Recognition

The Company recognizes revenue from telecommunication services based on minutes of use by customers to be billed appropriately.

Customer Acquisition Costs and Advertising

Customer acquisition costs and advertising are expensed as incurred except when customer acquisition costs result in a future economic benefit. None of these costs have been capitalized. For the years ended December 31, 2000 and 1999, advertising expense amounted to \$104,749 and \$725,707, respectively.

Note 1. (Continued)

Income Taxes

The Company accounts for income taxes under an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's financial statements or income tax returns. In estimating future tax consequences, the Company generally considers all expected future events other than enactments of changes in income tax laws or rates.

Use of Estimates

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

Note 2. Property and Equipment

	<u>2000</u>	<u>1999</u>
Equipment and software	\$ 6,970,112	\$ 13,335,179
Furniture and fixtures	<u>25,024</u>	<u>130,221</u>
	6,995,136	13,465,400
Less accumulated depreciation	<u>(2,765,405)</u>	<u>(7,139,438)</u>
	<u>\$ 4,229,731</u>	<u>\$ 6,325,962</u>

In 1999, the Company received \$880,069 of equipment as part of a settlement agreement with a customer. This is a noncash transaction for purposes of the statements of cash flows.

### Note 3. Line of Credit Note Payable

The Company has a \$10 million line of credit that bears interest at the prime rate plus 1.75% (resulting in a rate of 11.25% at December 31, 2000) and is secured by accounts receivable. Interest-only payments are required monthly with the principal due in full in September 2001, unless extended. The note was classified as a current liability at December 31, 2000, and as long-term debt at December 31, 1999.

### Note 4. Capital Lease Obligations

The obligations under capital leases have interest rates ranging from 2.03% to 16.37% and are collateralized by property and equipment. Assets under capital leases included in property and equipment consist of the following:

	<u>2000</u>	<u>1999</u>
Equipment and software	\$ 1,966,650	\$ 2,275,291
Less accumulated amortization	<u>(686,019)</u>	<u>(712,377)</u>
	<u>\$ 1,280,631</u>	<u>\$ 1,562,914</u>

Future minimum rentals for property under capital leases are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2001	\$ 233,432
2002	163,910
2003	<u>28,602</u>
Total minimum lease obligations	425,944
Less interest	<u>26,207</u>
Present value of total minimum lease obligations	399,737
Less current portion	<u>215,247</u>
	<u>\$ 184,490</u>

The financing of equipment under capital leases are noncash transactions for purposes of the statements of cash flows. The Company acquired \$101,589 of equipment subject to capital leases for the year ended December 31, 1999. The Company did not acquire equipment subject to capital leases for the year ended December 31, 2000.

# Note 5. Loans Payable

	2000	1999
Loan payable, bank, collateralized by cash, receivables, inventory, and equipment, payable in monthly installments of \$17,853 including interest at 11.75% (prime rate plus 2.25%), due September 30, 2001	\$ 191,178	\$ 355,044
Loan payable, bank, collateralized by vehicle, payable in monthly installments of \$789 including interest at 2.9%, due October 2004	33,605	41,940
	224,783	396,984
Less current portion	(199,759)	(192,657)
	<u>\$ 25,024</u>	<u>\$ 204,327</u>

Required principal payments are as follows:

Year Ending December 31	Amount
2001	\$ 199,759
2002	8,833
2003	9,093
2004	7,098
	<u>\$ 224,783</u>

# Note 6. Security Deposits

In prior years, the Company required a security deposit from certain customers before a service account was opened. The deposits were used as security for telephone charges incurred by the customer. All security deposits are refundable upon cancellation of service and customer request. Upon cancellation of service, the security deposit is first applied to any unpaid balance on the account and the remainder is refunded to the customer.

Note 6. (Continued)

Although security deposits are payable on demand, only a portion were actually refunded in 2000 and 1999. Based on experience, the Company estimated the current portion of security deposits to be \$200,000 and \$400,000 as of December 31, 2000 and 1999, respectively. These amounts have been classified as current liabilities with the remaining balance classified as long-term liabilities.

Further, beginning in 1999, the Company made a comprehensive review of the remaining individual deposit accounts. Many of the accounts had been inactive for nine months or longer. Because the accounts were established in prior years and had no activity for a significant period, management believes that there is a high likelihood no further customer charges will be applied or refunds requested for those accounts which had been inactive for more than nine months. Therefore, the security deposits liability for those accounts amounting to \$10,860 and \$536,873 were written off during the years ended December 31, 2000 and 1999, respectively.

Note 7. Income Tax

The provision for income tax for the years ended December 31, 2000 and 1999, consisted of the following:

	2000	1999
Current	\$ (284,000)	\$ (155,000)
Deferred	(279,000)	(167,000)
	<u>\$ (563,000)</u>	<u>\$ (322,000)</u>

At December 31, 2000, there was a deferred tax liability of \$400,000, which was derived substantially from net book value of property and equipment exceeding its tax bases. The December 31, 1999, deferred tax liability resulted from a required amortization into taxable income of a deduction allowed in a prior year.

Even though the Company provides telecommunication services in other than U.S. income tax jurisdictions, management believes that no tax is currently incurred in those other jurisdictions due to the nature of the services provided. However, this position could be subject to change in some of the other jurisdictions in the near term. If this occurred, management believes the effect on these financial statements would not be significant.



#### Note 8. Transactions with Affiliates

The shareholders of the Company and their relatives have ownership interests in telecommunications and other companies and partnerships which have not been combined with the Company's financial statements.

During 1999, the Company entered into a revenue sharing agreement with a relative of the Company's shareholders. The revenue is earned from services not being currently marketed by the Company. The relative provides marketing, management and the use of certain of its equipment while the Company provides the use of some of its equipment. The Company and the relative share equally the revenue earned from these services after deducting charges incurred to third-party suppliers of telecommunications. The net revenue earned under this agreement during the year ended December 31, 2000, was \$8,376,201, of which \$3,945,537 was paid to the relative and \$256,338 is included in accounts payable. During the year ended December 31, 1999, the net revenue earned under this agreement was \$3,563,712, of which \$1,051,794 was paid to the relative and \$730,062 is included in accounts payable.

During 2000 and 1999, the Company purchased telephone services from other entities controlled by relatives of the Company's shareholders amounting to \$872,504 and \$802,123, respectively.

The Company has advanced \$168,328 in 2000 to two entities wholly-owned by the Company's shareholders. This amount is included in accounts receivable at December 31, 2000.

The notes payable to a Company shareholder at December 31, 2000 and 1999, are due on demand, bear interest at 6%, and are subordinated to the line of credit note payable discussed in Note 3. The Company leases land and buildings on a month-to-month basis from an entity controlled by this shareholder. Total annual rental expense under the lease amounted to \$349,820 in 2000 and 1999.

INTERNATIONAL TELCOM LTD.

ORIGINAL SHEET 1

SOUTH DAKOTA PUC TARIFF NO. 1

TELECOMMUNICATIONS SERVICES TARIFF

TITLE SHEET

SOUTH DAKOTA TELECOMMUNICATIONS TARIFF

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of service or facilities for Telecommunications Services furnished by International Telecom Ltd. ("ITL"), with principal offices at 417 2nd Avenue West, Seattle, WA 98119. This tariff applies for services furnished within the State of South Dakota. This tariff is on file with the South Dakota Public Utilities Commission, and copies may be inspected, during normal business hours, at the company's principal place of business.

ISSUED: August 9, 1996

EFFECTIVE:

ISSUED BY: Kal Karran, Network Planning Director  
417 2nd Avenue West  
Seattle, Washington 98119

INTERNATIONAL TELCOM LTD.

ORIGINAL SHEET 2

SOUTH DAKOTA PUC TARIFF NO. 1

TELECOMMUNICATIONS SERVICES TARIFF

CONCURRING, CONNECTING OR

OTHER PARTICIPATING CARRIERS AND

BILLING AGENTS

1. Concurring Carriers - None
2. Connecting Carriers - None
3. Other Participating Carriers - None
4. Billing Agents - None

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ISSUED: August 9, 1996 .                      EFFECTIVE:  
ISSUED BY:     Kal Karran, Network Planning Director  
                 417 2nd Avenue West  
                 Seattle, Washington 98119

TELECOMMUNICATIONS SERVICES TARIFFCHECK SHEET

Sheets 1 through 30 inclusive of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this sheet.

<u>SHEET</u>	<u>REVISION</u>
1	Original
2	Original
3	Original
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30	Original

\* New or Revised Sheet

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TELECOMMUNICATIONS SERVICES TARIFFTARIFF FORMAT

A. Sheet Numbering: Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between pages 11 and 12 would be page 11.1.

B. Sheet Revision Numbers: Revision numbers also appear in the upper right corner of each sheet where applicable. These numbers are used to indicate the most current page version on file with the Commission. For example, 4th Revised Sheet 13 cancels 3rd Revised Sheet 13. Consult the Check Sheet for the sheets currently in effect.

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

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

D. Check Sheets: When a tariff filing is made with the Commission, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the sheets contained in the tariff, with a cross reference to the current Revision Number. When new sheets are added, the Check Sheet is changed to reflect the revisions. All revisions made in a given filing are designated by an asterisk (\*). There will be no other symbols used on this sheet if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some sheets). The tariff user should refer to the latest Check Sheet to find out if a particular sheet is the most current on Commission file.

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SYMBOLS

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

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

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TELECOMMUNICATIONS SERVICES TARIFFSECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement from a local exchange telephone company or other common carrier, using either dedicated or switched access, which connects a Customer's location to ITL's location or switching center.

Authorization Code - A numerical code, one or more of which may be assigned to a Customer, to enable ITL to identify the origin of the Customer so it may rate and bill the call. Automatic number identification (ANI) is used as the authorization code wherever possible.

Commission - Used throughout this tariff to mean the South Dakota Public Utilities Commission.

Customer - The person, firm, corporation or other legal entity which orders the services of ITL or purchases a ITL Prepaid Calling Card and/or originates prepaid calls using such cards, and is responsible for the payment of charges and for compliance with the Company's tariff regulations.

Company or ITL - Used throughout this tariff to mean International Telcom Ltd., a Delaware corporation.

Holiday - New Year's Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. Holidays shall be billed at the evening rate from 8 a.m. to 11 p.m. After 11 p.m., the lower night rate shall go into effect.

Prepaid Account - An inventory of Telecom Units purchased in advance by the Customer, and associated with one and only one Authorization Code as contained in a specific Prepaid Calling Card.

Prepaid Calling Card - A card issued by the Company, containing an Authorization Code which identifies a specific Prepaid Account of Telecom Units, which enables calls to be processed, account activity to be logged, and balances to be maintained, on a prepayment basis.

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Telecom Unit - A measurement of telecommunications service equivalent to one minute of usage between any two points within the State of South Dakota.

Telecommunications - The transmission of voice communications or, subject to the transmission capabilities of the services, the transmission of data, facsimile, signaling, metering, or other similar communications.

Underlying Carrier - The telecommunications carrier whose network facilities provide the technical capability and capacity necessary for the transmission and reception of Customer telecommunications traffic.

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TELECOMMUNICATIONS SERVICES TARIFFSECTION 2 - RULES AND REGULATIONS2.1 Undertaking of the Company

This tariff contains the regulations and rates applicable to intrastate resale telecommunications services provided by ITL for telecommunications between points within the State of South Dakota. Resale services are furnished subject to the availability of facilities and subject to the terms and conditions of this tariff in compliance with instructions set forth in the Commission's rules. The Company's services are provided on a statewide basis and are not intended to be limited geographically. The Company offers service to all those who desire to purchase service from the Company consistent with all of the provisions of this tariff. Customers interested in the Company's services shall file a service application with the Company which fully identifies the Customer, the services requested and other information requested by the Company. The Company reserves the right to examine the credit record and check the references of all applicants and Customers. The Company may examine the credit profile/record of any applicant prior to accepting the service order. The service application shall not in itself obligate the Company to provide services or to continue to provide service if a later check of applicant's credit record is, in the opinion of the Company, contrary to the best interest of the Company. The Company may act as the Customer's agent for ordering access connection facilities provided by other carriers or entities when authorized by the Customer, to allow connection of a Customer's location to a service provided by the Company. The Customer shall be responsible for all charges due for such service arrangement. The Company does not own any switching, transmission or other physical facilities in South Dakota.

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- 2.1.1 The services provided by ITL are not part of a joint undertaking with any other entity providing telecommunications channels, facilities, or services, but may involve the resale of the Message Toll Services (MTS) and Wide Area Telecommunications Services (WATS) of underlying common carriers subject to the jurisdiction of this Commission.
- 2.1.2 The rates and regulations contained in this tariff apply only to the resale services furnished by ITL and do not apply, unless otherwise specified, to the rates, facilities, or services provided by a local exchange telephone company or other common carriers for use in accessing the services of ITL.
- 2.1.3 The Company reserves the right to limit the length of communications, to discontinue furnishing services, or limit the use of service necessitated by conditions beyond its control, including, without limitation: lack of satellite or other transmission medium capacity; the revision, alteration or repricing of the Underlying Carrier's tariffed offerings; or when the use of service becomes or is in violation of the law or the provisions of this tariff.

2.2 Use of Services

- 2.2.1 ITL's services may be used for any lawful purpose consistent with the transmission and switching parameters of the telecommunications facilities utilized in the provision of services, subject to any limitations set forth in this Section 2.2.
- 2.2.2 The use of ITL's services to make calls which might reasonably be expected to frighten, abuse, torment, or harass another or in such a way as to unreasonably interfere with use by others is prohibited.

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- 2.2.3 The use of ITL's services without payment for service or attempting to avoid payment for service by fraudulent means or devices, schemes, false or invalid numbers, or false calling or credit cards is prohibited.
- 2.2.4 ITL's services are available for use twenty-four hours per day, seven days per week.
- 2.2.5 ITL does not transmit messages, but the services may be used for that purpose.
- 2.2.6 ITL's services may be denied for nonpayment of charges or for other violations of this tariff.
- 2.2.7 Customers shall not use the service provided under this tariff for any unlawful purpose.
- 2.2.8 The Customer is responsible for notifying the Company immediately of any unauthorized use of services.

2.3 Liability of the Company

- 2.3.1 The Company shall not be liable for any claim, loss, expense or damage for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff, as caused by the Underlying Carrier, an act of God, fire, war, civil disturbance, act of government, or due to any other causes beyond the Company's control.
- 2.3.2 The Company shall not be liable for, and shall be fully indemnified and held harmless by the Customer against any claim, loss, expense, or damage for defamation, libel, slander, invasion, infringement of copyright or patent, unauthorized use of any trademark, trade name or service mark, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data or information transmitted.

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- 2.3.3 No agent or employee of any other carrier or entity shall be deemed to be an agent or employee of the Company.
- 2.3.4 The Company's liability for damages, resulting in whole or in part from or arising in connection with the furnishing of service under this tariff, including but not limited to mistakes, omissions, interruptions, delays, errors, or other defects or misrepresentations shall not exceed an amount equal to the charges provided for under this tariff for the long distance call for the period during which the call was affected. No other liability in any event shall attach to the Company.
- 2.3.5 The Company shall not be liable for and shall be indemnified and saved harmless by any Customer or by any other entity from any and all loss, claims, demands, suits, or other action or any liability whatsoever, whether suffered, made, instituted, or asserted by any Customer or any other entity for any personal injury to, or death of, any person or persons, and for any loss, damage, defacement or destruction of the premises of any Customer or any other entity or any other property whether owned or controlled by the Customer or others.
- 2.3.6 The Company shall not be liable for any indirect, special, incidental, or consequential damages under this tariff including, but not limited to, loss of revenue or profits, for any reason whatsoever, including the breakdown of facilities associated with the service, or for any mistakes, omissions, delays, errors, or defects in transmission occurring during the course of furnishing service.

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- 2.3.7 The remedies set forth herein are exclusive and in lieu of all other warranties and remedies, whether express, implied, or statutory, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

2.4 Responsibilities of the Customer

- 2.4.1 The Customer is responsible for placing any necessary orders and complying with tariff regulations. The Customer is also responsible for the payment of charges for services provided under this tariff.
- 2.4.2 The Customer is responsible for charges incurred for special communication and/or special facilities which the Customer requests and which are ordered by ITL on the Customer's behalf.
- 2.4.3 If required for the provision of ITL's services, the Customer must provide any equipment space, supporting structure, conduit and electrical power without charge to ITL.
- 2.4.4 The Customer is responsible for arranging access to its premises at times mutually agreeable to ITL and the Customer when required for ITL personnel to install, repair, maintain, program, inspect or remove equipment associated with the provision of ITL's services.
- 2.4.5 The Customer shall cause the temperature and relative humidity in the equipment space provided by Customer for the installation of ITL's equipment to be maintained within the range normally provided for the operation of microcomputers.

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- 2.4.6 The Customer shall ensure that the equipment and/or system is properly interfaced with ITL's facilities or services, that the signals emitted into ITL's network are of the proper mode, bandwidth, power and signal level for the intended use of the subscriber and in compliance with criteria set forth in this tariff, and that the signals do not damage equipment, injure personnel, or degrade service to other Customers. If the Federal Communications Commission or some other appropriate certifying body certifies terminal equipment as being technically acceptable for direct electrical connection with interstate communications service, ITL will permit such equipment to be connected with its channels without the use of protective interface devices. If the Customer fails to maintain the equipment and/or the system properly, with resulting imminent harm to ITL equipment, personnel or the quality of service to other Customers, ITL may, upon written notice, require the use of protective equipment at the Customer's expense. If this fails to produce satisfactory quality and safety, ITL may, upon written notice, terminate the Customer's service.
- 2.4.7 The Customer must pay ITL for replacement or repair of damage to the equipment or facilities of ITL caused by negligence or willful act of the Customer or others, by improper use of the services, or by use of equipment provided by Customer or others.
- 2.4.8 The Customer must pay for the loss through theft of any ITL equipment installed at Customer's premises.
- 2.4.9 If ITL installs equipment at Customer's premises, the Customer shall be responsible for payment of any applicable installation charge.

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

2.5 Cancellation or Interruption of Services

- 2.5.1 Without incurring liability, upon five (5) working days' (defined as any day on which the company's business office is open and the U.S. Mail is delivered) written notice to the Customer, ITL may immediately discontinue services to a Customer or may withhold the provision of ordered or contracted services:
- 2.5.1.A For nonpayment of any sum due ITL for more than thirty (30) days after issuance of the bill for the amount due.
  - 2.5.1.B For violation of any of the provisions of this tariff.
  - 2.5.1.C For violation of any law, rule, regulation, policy of any governing authority having jurisdiction over ITL's services, or
  - 2.5.1.D By reason of any order or decision of a court, public service commission or federal regulatory body or other governing authority prohibiting ITL from furnishing the services.



TELECOMMUNICATIONS SERVICES TARIFF

- 2.5.2 Without incurring liability, ITL may interrupt the provision of services at any time in order to perform tests and inspections to assure compliance with tariff regulations and the proper installation and operation of Customer and ITL's equipment and facilities and may continue such interruption until any items of noncompliance or improper equipment operation so identified are rectified.
- 2.5.3 Service may be discontinued by ITL without notice to the Customer, by blocking traffic to certain countries, cities or NXX exchanges, or by blocking calls using certain Customer authorization codes, when ITL deems it necessary to take such action to prevent unlawful use of its service. ITL will restore service as soon as it can be provided without undue risk, and will, upon request by the Customer affected, assign a new authorization code to replace the one that has been deactivated.
- 2.5.4 The Customer may terminate service upon thirty (30) days written notice for the Company's standard month to month contract. Customer will be liable for all usage on any of the Company's service offerings until the Customer actually leaves the service. Customers will continue to have Company usage until the Customer notifies its local exchange carrier and changes its long distance carrier. Until the Customer so notifies its local exchange carrier, it shall continue to generate and be responsible for long distance usage.

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TELECOMMUNICATIONS SERVICES TARIFF2.6 Credit Allowance

- 2.6.1 Credit allowance for the interruption of service which is not due to the Company's testing or adjusting, negligence of the Customer, or to the failure of channels or equipment provided by the Customer, are subject to the general liability provisions set forth in 2.3 herein. It shall be the obligation of the Customer to notify the Company immediately of any interruption in service for which a credit allowance is desired. Before giving such notice, the Customer shall ascertain that the trouble is not being caused by any action or omission by the Customer within his control, or is not in wiring or equipment, if any, furnished by the Customer and connected to the Company's facilities.
- 2.6.2 No credit is allowed in the event that service must be interrupted in order to provide routine service quality or related investigations.
- 2.6.3 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 or in the event that the Company is entitled to a credit for the failure of the facilities of the Company's Underlying Carrier used to furnish service.
- 2.6.4 Credit for interruption shall commence after the Customer notifies the Company of the interruption or when the Company becomes aware thereof, and ceases when service has been restored.
- 2.6.5 For purposes of credit computation, every month shall be considered to have 720 hours.

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- 2.6.6 No credit shall be allowed for an interruption of a continuous duration of less than two hours.
- 2.6.7 The Customer shall be credited for an interruption of two hours or more at the rate of 1/720th of the monthly charge for the facilities affected for each hour or major fraction thereof that the interruption continues.

Credit Formula:

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

"A" - outage time in hours

"B" - monthly charge for affected activity

2.7 Restoration of Service

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

2.8 Deposit

The Company does not require deposits to commence service.

2.9 Advance Payments

ITL does not require advance payments.

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TELECOMMUNICATIONS SERVICES TARIFF2.10 Payment and Billing

- 2.10.1 Service is provided and billed on a billing cycle basis, beginning on the date that service becomes effective. Billing is payable upon receipt. Interest at the rate of 1.5% per billing cycle, or the amount otherwise authorized by law, whichever is lower, will accrue upon any unpaid amount commencing 30 days after rendition of bills.
- 2.10.2 The customer is responsible for payment of all charges for services furnished to the Customer, as well as to all persons using the Customer's codes, exchange lines, facilities, or equipment, with or without the knowledge or consent of the Customer. The security of the Customer's Authorization Codes, presubscribed exchange lines, and direct connect facilities is the responsibility of the Customer. All calls placed using direct connect facilities, presubscribed exchange lines, or Authorization Codes will be billed to and must be paid by the Customer. Recurring charges and non-recurring charges are billed in advance. Charges based on actual usage during a month and any accrued interest will be billed monthly in arrears.
- 2.10.3 All bills are presumed accurate, and shall be binding on the customer unless objection is received by the Company in writing within 30 days after such bills are rendered. No credits, refunds, or adjustments shall be granted if demand therefore is not received by the Company in writing within such 30 day period.

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TELECOMMUNICATIONS SERVICES TARIFF2.11 Collection Costs

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

2.12 Taxes

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

2.13 Late Charge

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

2.14 Returned Check Charge

A fee of \$15.00 will be charged whenever a check or draft presented for payment for service is not accepted by the institution on which it is written.

2.15 Reconnection Charge

A reconnection fee of \$25.00 per occurrence will be charged when service is re-established for Customers which have been disconnected due to non-payment.

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

3.1.1 The total charge for each completed call may be a variable measured charge dependent on the duration, distance and time of day of the call. The total charge for each completed call may also be dependent only on the duration of the call, i.e. a straight rate rate per minute charge. The variable measured charge is specified as a rate per minute which is applied to each minute. If Dialing and 800 Service calls are measured in six second increments with a thirty (30) second minimum per call. Travel Cards and Prepaid Calling Cards are measured in one minute increments. All calls are rounded up to the next whole increment.

3.1.2 Where mileage bands appear in a rate table, rates for all calls are based upon the airline distance between the originating and terminating points of the call, as determined by the vertical and horizontal coordinates associated with the exchange (the area code and three digit central office code) associated with the originating and terminating telephone numbers. If the Customer obtains access to the Company's network by a dedicated access circuit, that circuit will be assigned an exchange for rating purposes based upon the Customer's main telephone number at the location where the dedicated access circuit terminates. The vertical and horizontal (V & H) coordinates for each exchange and the airline distance between them will be determined according to industry standards.

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

3.2 Customer Complaints and/or Billing Disputes

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

417 2nd Avenue West  
Seattle, Washington 98119  
(800) 959-5255

Any objection to billed charges should be reported promptly to ITL. Adjustments to Customers' bills shall be made to the extent that records are available and/or circumstances exist which reasonably indicate that such charges are not in accordance with approved rates or that an adjustment may otherwise be appropriate. Where overbilling of a subscriber occurs, due either to Company or subscriber error, no liability exists which will require the Company to pay any interest, dividend or other compensation on the amount overbilled.

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The Company will respond within seventy two (72) hours of receipt of an inquiry. If the Customer is dissatisfied with the Company's response to a complaint or inquiry, the Customer may file the Commission for resolution of the conflict. The South Dakota Public Utilities Commission can be reached at:

500 East Capitol  
Pierre, SD 57501-5070  
(605) 773-3201  
(800) 332-1782

If a Customer accumulates more than Five Hundred Dollars (\$500.00) of undisputed delinquent ITL 800 Service charges, the ITL Resp. Org. reserves the right not to honor that Customer's request for a Resp. Org. change until such undisputed charges are paid in full.

### 3.3 Level of Service

A Customer can expect end to end network availability of not less than 99% at all times for all services.

### 3.4 Billing Entity Conditions

When billing functions on behalf of ITL or its intermediary are performed by local exchange telephone companies or others, the payment of charge conditions and regulations of such companies and any regulations imposed upon these companies by regulatory bodies having jurisdiction apply. ITL's name and toll-free telephone number will appear on the Customer's bill.

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

The customer utilizes "1+" dialing, or "10XXX" dialing followed by "1 + ten digits" for interLATA calls, or dials "10XXX" followed by "1 + 7 digits" or "1 + 10 digits" for intraLATA calls.

**3.5.2 Travel Cards.**

The Customer utilizes an 11 digit "800" access number established by ITL to access a terminal. Upon receiving a voice prompt, the Customer uses push button dialing to enter an identification code assigned by the Company, followed by the ten digit number of the called party.

**3.5.3 800 Service (Toll free).**

This service is a direct access, incoming only, usage sensitive WATS offering. This is a service whereby a Customer can be billed at reduced rates for calls to his premises.

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## 3.5.4 ITL Prepaid Calling Cards.

This service permits use of ITL Prepaid Calling Cards for placing long distance calls. Customers may purchase ITL Prepaid Calling Cards at a variety of retail outlets or through other distribution channels. ITL Prepaid Calling Cards are available at a variety of face values ranging from five dollars (\$5.00), in five dollar (\$5.00) increments. ITL Prepaid Calling Card service is accessed using the ITL 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. ITL's processor tracks the call duration on a real time basis to determine the number of Telecom Units consumed. The total consumed Telecom Units for each call, which includes applicable taxes, is deducted from the remaining Telecom Unit balance on the Customer's ITL Prepaid Calling Card.

All calls must be charged against an ITL Prepaid Calling Card that has a sufficient Telecom Unit balance. A Customer's call will be interrupted with an announcement when the balance is about to be depleted. Such announcement will occur when two (2) minutes and when one minute remain before the balance will be depleted, based upon the terminating location of the call.

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In order to continue the call, the Customer can either call the toll-free number on the back of the ITL 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 ITL Prepaid Calling Card is insufficient to continue the call and the Customer fails to enter the number of another valid ITL Prepaid Calling Card prior to termination.

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

A credit allowance for ITL 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 ITL 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 ITL Prepaid Calling Card is interrupted due to cut-off, one-way transmission, or poor transmission conditions, the Customer will receive a credit equivalent of one Telecom Unit.

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Credit allowances for calls pursuant to ITL 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.

3.5.5 Local Calls and Directory Assistance.

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

ISSUED: August 9, 1996

EFFECTIVE:

ISSUED BY: Kal Karran, Network Planning Director

417 2nd Avenue West  
Seattle, Washington 98119

TELECOMMUNICATIONS SERVICES TARIFF

## 3.5.6 Specialized Pricing Arrangements.

Customized service packages and competitive pricing packages at negotiated rates may be furnished on a case-by-case basis in response to requests by Customers to the Company for proposals or for competitive bids. Service offered under this tariff provision will be filed with the Commission. Specialized rates or charges will be made available to similarly situated Customers on a non-discriminatory basis.

## 3.5.7 Emergency Call Handling Procedures

Emergency "911" calls are not routed to company, but are completed through the local network at no charge.

## 3.5.8 Promotional Offerings

The Company may, from time to time, make promotional offerings to enhance the marketing of its services. These offerings may be limited to certain dates, times and locations. The Company will notify the Commission of such offerings as required by Commission rules and regulations.

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ISSUED: August 9, 1996

EFFECTIVE:

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417 2nd Avenue West  
Seattle, Washington 98119

TELECOMMUNICATIONS SERVICES TARIFFSECTION 4 - RATES4.1 1 + Dialing

ITL will charge a flat rate per minute with no time of day discounts and without regard to mileage for calls originating and terminating in South Dakota as follows:

\$0.159

4.2 Travel Cards

ITL will charge a flat rate per minute with no time of day discounts and without regard to mileage for calls originating and terminating in South Dakota as follows:

\$0.25

4.3 800 Service

ITL will charge a flat rate per minute with no time of day discounts and without regard to mileage for calls originating and terminating in South Dakota as follows:

\$0.159

4.4 Prepaid Calling Cards

ITL Prepaid Calling Cards are available in various Telecom Unit denominations. Prepaid Calling Cards may be recharged in \$1 increments (min. \$5). Prices are inclusive of all taxes.

Price Per Telecom Unit

\$ .35

Cards will be decremented by one Telecom Unit for each minute or fractional part of a minute for intrastate calls. These rates apply twenty-four hours per day, seven days per week.

ISSUED: August 9, 1996

EFFECTIVE:

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Seattle, Washington 98119

TELECOMMUNICATIONS SERVICES TARIFF

4.5 Rate Periods

Day: 8 a.m. - 5 p.m.\*, Monday - Friday  
Evening: 5 p.m. - 11 p.m.\*, Sunday - Friday  
Night/ 11 p.m. - 8 a.m.\*, Sunday - Friday  
Weekend: & All Day Saturday

\* To, but not including

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

4.6 Directory Assistance Charges

A charge per number requested will be \$.65

4.7 Returned Check Charge

\$15.00

4.8 Reconnection Charge

\$25.00

ISSUED: August 9, 1996

EFFECTIVE:

ISSUED BY: Kal Karran, Network Planning Director  
417 2nd Avenue West  
Seattle, Washington 98119

**South Dakota Public Utilities Commission**  
**WEEKLY FILINGS**  
**For the Period of June 14, 2001 through June 20, 2001**

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact  
Delaine Kolbo within five business days of this filing. Phone: 605-773-3705 Fax: 605-773-3809

**CONSUMER COMPLAINTS**

**CC01-001**      **In the Matter of the Complaint filed by Sandall B. Grodzin, Aberdeen, South Dakota, against NorthWestern Public Service Company Regarding Disconnection of Utility Service.**

Complainant alleges that her gas and electric utility services were disconnected after she made payment arrangements and after a payment was lost and not credited to her account. She also alleges that she received no warning of the disconnect to allow her time to get a medical extension. Complainant requests that the reconnect fee of \$69.00 be refunded to her account since a payment was lost, payment arrangements were lost and she was not given a chance to get a medical extension.

Staff Analyst: Charlene Lund  
Staff Attorney: Karen Cremer  
Date Docketed: 06/20/01  
Intervention Deadline: N/A

**TELECOMMUNICATIONS**

**TC01-064**      **In the Matter of the Filing by Qwest Corporation for Approval of its Cost Recovery True-Up for Dialing Parity Implementation.**

Qwest Corporation filed a confidential True-Up Study supporting the implementation of a revised Equal Access and Network Reconfiguration Recovery Charge (EANRC) to the Switched Access Tariff. "The EANRC price will change from \$0.000725 to \$0.000750. The increased rate reflects a forecasted decrease in MOU [Minutes of Use] demand. Qwest [Corporation] requests approval of these revisions on July 22, 2001."

Staff Analyst: Harlan Best  
Staff Attorney: Karen Cremer  
Date Docketed: 06/18/01  
Intervention Deadline: 07/06/01

**TC01-065**      **In the Matter of the Application of International Telcom Ltd. for a Certificate of Authority to Provide Interexchange Telecommunications Services in South Dakota.**

International Telcom Ltd. is seeking a Certificate of Authority to provide interexchange telecommunications services in South Dakota. The applicant is a reseller who intends to offer 1+ direct dialing, 800 toll free, travel card and prepaid calling card services.

Staff Analyst: Keith Senger  
Staff Attorney: Kelly Frazier  
Date Docketed: 06/18/01  
Intervention Deadline: 07/06/01

**TC01-066**      **In the Matter of the Establishment of Switched Access Revenue Requirement for Western Telephone Company.**



INTERNATIONAL TELCOM LTD.

Check

Check

Date: 06/20/2001

Num : 026111

02611

INVOICE NO	DATE	DESCRIPTION
18JUNE01 CKRQ	06/19/2001	Vchr: VCH13933 06/20/2001 REINSTATEMENT

PAID AMOUNT	DISCOUNT	APPLIED AMOUNT
\$ 250.00		\$ 250.00

DISTRIBUTION AMOUNT	EXPENSE ACCOUNT
\$ 250.00	8300-99-00-00

*06/19/01*

*X*

Not GRT  
App. fee to o  
Jacket TC01-0

INTERNAL NO  
637

VENDOR  
VEN1305

State of South Dakota(Public Utilities C

TOTALS  
\$ 250.00

*Rec'd 6/29/01*

International Telecom, LTD  
417 Second Ave. West  
Seattle, WA 98119

International Telecom, Ltd

TC01-065

# Fax

To: Keith Singer

From: Ken Hanks

Fax: (605) 773-3808

6807

Pages: 1

Phone:

Date: August 29, 2001

Re: Application for Cert. of Authority

Phone: (206) 479-2295

☐ Urgent

☐ For Review

☐ Please Comment

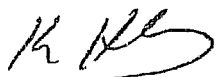
☐ Please Reply

☐ Please Recycle

Comments:

Please withdraw our Application for a Certificate of Authority. It is my understanding the application is incomplete. We will fill a new application in the future if necessary.

Thank You,



Ken Hanks

Sr. Tax Analyst

(206) 479-2295

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

IN THE MATTER OF THE APPLICATION OF )  
INTERNATIONAL TELCOM LTD FOR A )  
CERTIFICATE OF AUTHORITY TO PROVIDE )  
INTEREXCHANGE TELECOMMUNICATIONS )  
SERVICES IN SOUTH DAKOTA )

ORDER PERMITTING  
WITHDRAWAL OF  
APPLICATION AND  
CLOSING DOCKET  
TC01-065

On June 18, 2001, International Telcom LTD (International) filed an application with the Public Utilities Commission (Commission) for a certificate of authority to operate as a telecommunications company within the state of South Dakota.

On August 29, 2001, International requested that its application for a certificate of authority be withdrawn.

At its regularly scheduled September 7, 2001, meeting, the Commission considered this matter. The Commission has jurisdiction over this matter pursuant to SDCL 49-31-3 and ARSD Chapter 20:10:24. The Commission found that International's request to withdraw its request for a certificate of authority is reasonable and closed the docket. It is therefore

ORDERED, that International shall be permitted to withdraw its request for a certificate of authority, and it is further

ORDERED, that this docket is closed.

Dated at Pierre, South Dakota, this 14<sup>th</sup> day of September, 2001.

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 facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By	<u>Wendine Kalbo</u>
Date	<u>9/14/01</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

James A. Burg  
JAMES A. BURG, Chairman

Pam Nelson  
PAM NELSON, Commissioner