



VarTec Telecom, Inc.

September 28, 2001

VIA OVERNIGHT DELIVERY

Debra Elofson
 Executive Director
 South Dakota Public Utilities Commission
 500 E. Capitol Ave.
 Pierre, South Dakota 57501-5070

RECEIVED

SOUTH DAKOTA PUBLIC
 UTILITIES COMMISSION

Re: VarTec Telecom, Inc.'s Application for Authority to Provide Competitive Local Exchange Telecommunications Services

Dear Ms. Elofson:

Transmitted herewith on behalf of VarTec Telecom, Inc. ("VarTec") is an original and two (2) copies of the Company's Application for authority to provide competitive local exchange telecommunications services within the State of South Dakota.

Enclosed with this application is a sealed envelope containing information which the Company respectfully requests be treated as confidential and proprietary information as it contains sensitive information regarding VarTec's business operations.

Acknowledgment and date of receipt of this filing are respectfully requested. Please date and file stamp copy of this correspondence (attached) and return it in the self-addressed postage prepaid envelope provided. Please direct all correspondence regarding this filing to the undersigned directly at (605) 434-6000. Thank you for your time and consideration regarding this matter.

Respectfully Submitted,


 Jennifer A. [unclear]
 Regulatory Affairs

Enclosures

cc: Becky Gipson
 Director of Regulatory Affairs
 VarTec Telecom, Inc.

BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

In the Matter of the Application of

VarTec Telecom, Inc.

For A Certificate of Public Convenience
and Necessity to Provide Facilities-Based
and Resold Local Exchange
Telecommunications Services
in the State of South Dakota

File No.

APPLICATION OF VARTEC TELECOM, INC.

I. INTRODUCTION

VarTec Telecom, Inc. ("VarTec" or "Applicant") hereby applies to the South Dakota Public Utilities Commission ("Commission") for authority to provide both facilities-based and resold local exchange and exchange access telecommunications services in the State of South Dakota in those areas in which Qwest Communications ("Qwest") is the incumbent local exchange carrier. In support of its Application, VarTec submits the following information:

II. QUALIFICATIONS

1. Description of Applicant

Applicant's legal name is VarTec Telecom, Inc. Applicant will conduct business in the State of South Dakota for the services described in this Application utilizing the name VarTec Telecom, Inc. Applicant maintains its principal place of business at the following address:

1600 Viceroy Drive
Dallas, Texas 75235
Telephone: (214) 424-1000
Facsimile: (214) 424-1510

Applicant's website, www.vartec.net, contains a feature titled "Contact Us." This section is used in place of a direct email address for VarTec and is viewed periodically by VarTec's Customer Care Department. Any questions or comments will be responded to within 24 hours.

VarTec is a corporation duly organized and existing under the laws of the State of Texas. VarTec was incorporated on February 27, 1989. A copy of Applicant's Articles of Incorporation and Certificate of Authority to conduct business in the State of South Dakota is attached hereto as Exhibit A.

CommuniGroup, Inc., a Mississippi Corporation, wholly owned by Telephone Electronics Corporation, is the majority shareholder of VarTec. A list of the names and business addresses of each shareholder holding twenty percent or more of VarTec's stock is attached hereto as Exhibit B. All other stockholders hold only a small, or even a fractional percentage of Applicant's stock. Applicant currently does not have facilities or employees in the State of South Dakota. A list of subsidiaries and affiliates of VarTec is attached hereto as Exhibit C. VarTec Telecom Holding Company (listed in Exhibit C) is the majority shareholder of each of the subsidiaries.

2. Applicant's Registered Agent is as follows:

CT Corporation System
405 Second Avenue South
Suite 454
Minneapolis, MN 55401
Phone: 612-333-4315
Fax: 612-333-2524

3. Applicant's Federal Tax Identification Number is as follows:

Applicant's Federal Tax Identification Number is 75-2280200.

4. Correspondence or communications pertaining to this application or the ongoing operations of VarTec should be directed to the following contact:

Kevin Allen
Manager, Regulatory Affairs
VarTec Telecom, Inc.
1600 Viceroy Drive
Dallas, Texas 75235
Telephone: (214) 424-1513
(800) 583-8832, extension 1513
Facsimile: (214) 424-1510
Email: kcallen@vartec.net

5. Applicant's Officers and Directors

A list of VarTec's officers and directors is attached hereto as Exhibit D.

6. Applicant's Financial Qualifications

VarTec is financially qualified to provide local exchange services in the State of South Dakota. In support of this application, attached hereto as Exhibit E are copies of VarTec's unaudited financial statements for fiscal years ending December 31, 1998, December 31, 1999 and December 31, 2000. In accordance with 20:10:01:40 of Administrative rules of South Dakota, this exhibit is offered to demonstrate Applicant's financial ability to operate as a local telecommunications service provider in the State of South Dakota. This information is confidential and commercially sensitive. Accordingly, Applicant has included the information in a sealed envelope marked "CONFIDENTIAL". Applicant respectfully requests that the information not be divulged to the public.

7. Applicant's Managerial and Technical Qualifications

VarTec possesses the technical and managerial expertise and experience necessary to provide the services it proposes. Descriptions of the backgrounds of VarTec's management, which demonstrate the extensive experience and expertise, are attached hereto and incorporated herein by reference as Exhibit F. Applicant's technical personnel have completed many hours of comprehensive

training in courses provided by equipment manufacturers and leading industry schools. All technical personnel are trained and cross-trained on all network systems, subsystems and test equipment utilized by the Applicant. Network reliability is of the utmost importance to the Applicant; however, Applicant will also rely on the technical qualifications of its underlying carriers to provide local exchange service to consumers in South Dakota.

8. Applicant's Existing Authority

Attached hereto as Exhibit G is a list of VarTec's existing authority in addition to dates authority was granted in each jurisdiction. VarTec currently operates as a provider of interexchange services in all listed jurisdictions. VarTec exercised its local service operating authority within the State of Texas in March 2000, and within the State of Kansas in September 2001, by providing basic local exchange and call management services. VarTec is now in the process of planning its launch of local service offerings in other states. VarTec currently has applications for local exchange authority pending in Alabama, Arizona, California, Connecticut, Delaware, District of Columbia, Georgia, Idaho, Indiana, Louisiana, Maine, Maryland, Minnesota, Mississippi, Nebraska, Nevada, Pennsylvania, Rhode Island, South Carolina, Tennessee, Utah, Vermont, Virginia, West Virginia, Wisconsin and in Wyoming. Additionally, VarTec recently requested to expand its local service operating authority in Oregon. VarTec is in good standing in all states where it is authorized to conduct business. Applicant was granted a Certificate of Authority to Conduct Business as a Telecommunications Company by this Commission, specifically to provide long distance services (e.g., 1+, travel cards, toll free services), in Docket No. TC94-119 on January 27, 1995.

Initially, Applicant was denied a Service Provider Certificate of Operating Authority by the Public Utility Commission of Texas (Docket No. 19745) on November 3, 1998 due to insufficient technical ability (primarily due to the complaint history of a now dissolved affiliated company, U.S. Republic

Communications, Inc.). However, Applicant was granted a Service Provider Certificate of Operating Authority by the Public Utility Commission of Texas on June 22, 1999 (Docket No. 20680). In addition, the Public Utility Commission of Texas has since granted VarTec the authority to provide facilities-based local exchange telecommunications services in the State of Texas on January 5, 2001.

III. PROPOSED SERVICES

1. Proposed Network and Services

Applicant respectfully requests authority to provide facilities-based local exchange telecommunications services in the State of South Dakota in areas wherein Qwest Communications is the incumbent local exchange carrier. Applicant expects to expand its local exchange service offering to the State of South Dakota by the first quarter of 2002. Applicant intends to provide facilities-based services utilizing the unbundled network elements platform ("UNE-P") of the incumbent local exchange carriers and as such, does not intend to construct any new facilities at this time. Although, initially, VarTec may provide facilities-based local services only, Applicant requests authority to provide the full range of local exchange services to permit flexibility in its service offerings. VarTec's telecommunications services will be available on a full-time basis, 24 hours a day, seven days a week. VarTec's local exchange services may include, but will not be limited to, the following: (1) basic residential and business local exchange services (exchange access service, flat rate service, operator access, etc.); (2) residential and business customer and class features (call waiting, caller ID, call forwarding, etc.); (3) residential and business ancillary services (911, directory assistance, etc.); (4) private line services; and (5) data transmission services. In addition, Applicant will continue to offer interexchange telecommunications services to business and residential customers in the State of South Dakota. Applicant proposes to offer "bundled" telecommunication service packages which include local exchange service, long distance and call management services (e.g., call waiting, caller identification). By combining local exchange service with other telecommunications and non-

telecommunications services, Applicant intends to offer more beneficial and competitive services to increase competition within the state. VarTec intends to bill its customers utilizing monthly billing statements, which will be sent to customers via U.S. Mail.

Due to the features and nature of UNE-P arrangements, Applicant does not initially intend to own any facilities, end-office switches, telecommunications circuit equipment, telecommunications signaling systems, or telecommunications transmission facilities to provide local exchange telephone service. As such, all emergency services, operator services, directory assistance and telecommunications relay services will be provided by the Applicant's underlying carrier. VarTec does intend to provide interexchange services to its customers in accordance with its existing certification granted by this Commission.

2. Service Assistance Operations

As with VarTec's long distance operations, VarTec is dedicated to providing outstanding service in order to ensure customer satisfaction. VarTec's Customer Care Department is responsible for all aspects of product delivery, order entry, account adjustments, new service offerings, application of services and explanation of use for such services. In order to ensure that the highest levels of customer satisfaction are achieved, VarTec's Customer Care Associates are highly trained and educated on all aspects of customer service. This includes, but is not limited to, training on basic telecommunications topics, products and services, billing and tracking systems, and overall customer care. In addition, VarTec's Customer Care Department has qualified managers and supervisors available to assist their staff with complex or escalated matters as well as guide and instruct the Customer Care Associates with their responsibilities as needed. Customers with service, billing and repair questions or complaints may reach VarTec at its toll-free customer service number, (800) 708-7395, for assistance. Additionally, VarTec has a fully staffed Regulatory Department that is available to assist Commission staff with any matters concerning VarTec's

3. Interconnection Agreement

VarTec has not yet made a formal request for interconnection with any incumbent local exchange carrier within the State of South Dakota. However, Applicant plans to begin the interconnection process with Qwest promptly after obtaining authority to provide local services.

4. Initial Tariff

Attached hereto as Exhibit H is Applicant's proposed tariff.

5. Marketing Practices

As with VarTec's long distance service operations, VarTec's marketing practices will comply with all Commission rules and anti-slammng regulations. VarTec will primarily market to residential customers utilizing direct-mail marketing to reach consumers and build upon its customer base. Other forms of marketing (e.g., direct sales) may also be employed by VarTec to promote its local service offerings to South Dakota customers.

6. Complaint History

Applicant provides switched-based long distance telecommunications service across the contiguous United States and offers local exchange telecommunications services in Kansas and Texas. Since VarTec began providing local exchange service in March 2000, the Company has received only four complaints regarding the unauthorized conversion of customers' local service provider. Upon investigation of these complaints, VarTec determined that proper authorization was received to change the primary local and long distance service providers for two of these complaints. VarTec is currently researching the remaining two to determine the validity of these complaints and expects to resolve these in a prompt and equitable manner.

In addition, VarTec has been providing long distance services since 1989, and as such, Applicant has received consumer complaints from regulatory agencies. These complaints vary in scope and many times, are not justified. Applicant is always pleased to assist customers with their services. The Company aims to provide prompt and equitable responses to each complaint brought to the Applicant's attention. Applicant has never been served with a formal Federal Communications Commission complaint regarding unauthorized conversion complaints. Applicant's ability to provide telecommunications services has never been revoked, suspended or otherwise impacted as a result of regulatory actions taken against the Company in response to consumer complaints or for any other reason.

VarTec's primary means of soliciting long distance customers throughout the United States is direct mail marketing. VarTec primarily promotes the use of its carrier access code ("CAC"), 1010-811, to consumers, rather than soliciting them to change their primary long distance carrier. This method of access allows customers to use VarTec's service on a per call basis and minimizes the possibility of VarTec changing a customer's long distance service without proper authorization. It is important to note that consumers sometimes allege that VarTec has switched their long distance service without authorization because the Company's charges appear on their bills. In virtually all of these situations, VarTec's service was accessed by dialing its CAC, and no change in carrier ever occurred. As such, VarTec experiences very few customer complaints related to actual unauthorized conversions. Beginning in August 2001, the Federal Communications Commission ("FCC") requires telecommunications service providers to report the number of slamming complaints received. Please find attached as Exhibit I a copy of Applicant's 2001 FCC Form 478 - Telecommunications Slamming Complaint Reporting Form that was submitted to the FCC.

7. Regulatory Compliance

VarTec will comply with all state and federal rules and regulations regarding marketing practices, including verification requirements for carrier changes. VarTec will comply with all applicable Commission rules, regulations, and standards regarding its proposed services.

IV. PUBLIC INTEREST CONSIDERATIONS

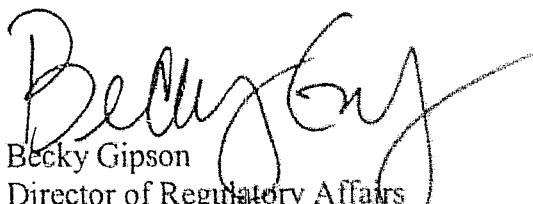
The grant of this Application will promote the public interest by increasing competition in the provision of telecommunications services in South Dakota. Competition promotes not only lower prices but also efficiency in the delivery of services and in the development of new services. These benefits work to maximize the public interest by providing continuing incentives for carriers to reduce costs, while simultaneously promoting the availability of potentially desirable services.

The entry of VarTec into the South Dakota telecommunications market will provide customers with a wider array of choices for service providers and services. Furthermore, customers will reap the benefits of competition through lower prices, increased quality of service and advanced technology and telecommunications services.

Finally, grant of this Application will advance the goals of the Federal Telecommunications Act of 1996, which was adopted to promote competition and reduce regulation in order to secure lower prices and higher quality telecommunications services for consumers. In light of the benefits that VarTec will bring to South Dakota consumers, VarTec respectfully requests that the Commission grant it a certificate of public convenience and necessity without undue delay.

WHEREFORE, VarTec Telecom Inc., respectfully requests that the South Dakota Public Utilities Commission grant it full authority to provide facilities-based and resold local exchange telecommunications services, as herein requested, throughout the State of South Dakota.

Respectfully submitted,

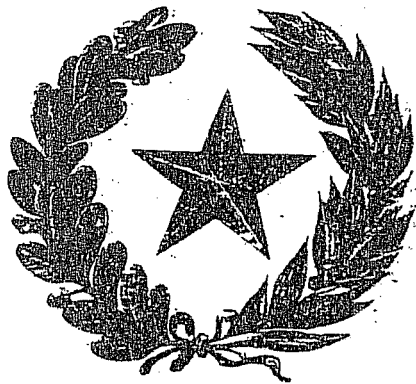


Becky Gipson
Director of Regulatory Affairs
VarTec Telecom, Inc

Dated September 28, 2001

EXHIBIT A

**VARTEC TELECOM, INC.
Articles of Incorporation
and
Secretary of State
Certificate of Authority**



The State of Texas

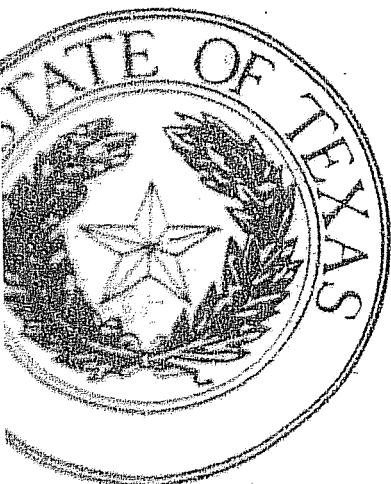
SECRETARY OF STATE

IT IS HEREBY CERTIFIED that the attached is/are true and correct copies of the following described document(s) on file in this office:

VARTEC TELECOM, INC.
CHARTER NO. 1105487-00

| | |
|--|-------------------|
| ARTICLES OF INCORPORATION | FEBRUARY 27, 1989 |
| CHANGE OF REGISTERED OFFICE AND/OR AGENT | DECEMBER 12, 1990 |
| ASSUMED NAME CERTIFICATES (2) | JUNE 21, 1991 |
| ARTICLES OF AMENDMENT | JULY 20, 1992 |
| ARTICLES OF AMENDMENT | JANUARY 11, 1993 |
| ASSUMED NAME CERTIFICATE | AUGUST 08, 1994 |
| ARTICLES OF AMENDMENT | APRIL 20, 1995 |
| ARTICLES OF AMENDMENT | JULY 13, 1995 |
| ASSUMED NAME CERTIFICATE | OCTOBER 26, 1995 |

IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in the City of Austin, on June 24, 1997.



Antonio O. Garza, Jr.

Antonio O. Garza, Jr.
Secretary of State

MAC

ARTICLES OF INCORPORATION

ARTICLE ONE

The name of the Corporation is Vartec National, Inc.

FILED
In the Office of the
Secretary of State of Texas

FEB 27 1989

ARTICLE TWO

The period of its duration is perpetual.

Corporations Section

ARTICLE THREE

The purpose for which the corporation is organized is the
transaction of any or all lawful business for which corporations
may be incorporated under the Texas Business Corporation Act.

ARTICLE FOUR

The aggregate number of shares which the corporation shall
have authority to issue is Two Million One Hundred Thousand
(2,100,000) which shall be issued in the following classes:

1. 1,000,000 shares of Class "A" Common shares which shall
have no par value and which shall have full rights as provided by
the Texas Business Corporation Act.

2. 1,000,000 shares of Class "B" Common shares which shall
have no par value and no voting rights.

3. 100,000 shares of a Single Class of Preferred shares which
shall have no par value, and shall have no voting rights, but
shall participate in all dividends or other payments to
shareholders prior to participation by any Common Shareholders.

ARTICLE FIVE

The corporation will not commence business until it has
received for the issuance of share consideration of the value of
One Thousand Dollars (\$1,000.00) consisting of money, labor done
or property actually received.

NEXT

DOCUMENT (S)

BEST IMAGE

POSSIBLE

ARTICLE SIX

The street address of its initial registered office is 1180 Whispering Oak, DeSoto, Tx 75115 and the name of its initial registered agent at such address is ALVIE JOE MITCHELL, JR.

ARTICLE SEVEN

The number of directors constituting the initial board of directors is one (1), and the name and address of the person or persons who will serve as director until the first annual meeting of the shareholders or until their successors are elected and qualified are:

ALVIE JOE MITCHELL, JR.
1180 Whispering Oak
DeSoto, Tx 75115

ARTICLE EIGHT

The name and address of the incorporator is: ALVIE JOE MITCHELL, JR., 1180 Whispering Oak, DeSoto, Tx 75115.

[Handwritten Signature]
ALVIE JOE MITCHELL, JR., INCORPORATOR

STATE OF TEXAS
COUNTY OF DALLAS

Before me, a notary public, on this day personally appeared ALVIE JOE MITCHELL, JR., known to me to be the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared that the statements therein contained are true and correct.

Given under my hand and seal of office this 7th day of July, 1989.



[Handwritten Signature]
NOTARY PUBLIC, STATE OF TEXAS

1 1 1 1 / 3 6

FILED
In the Office of the
Secretary of State of Texas

DEC 12 1990

STATEMENT OF CHANGE OF REGISTERED
OFFICE OR REGISTERED AGENT OR BOTH
BY A TEXAS DOMESTIC CORPORATION

Corporations Section

1. The name of the corporation is VARTER NATIONAL, INC.

2. The address, including street and number, of its present registered office as shown in the records of the Secretary of State of the State of Texas before filing this statement is 1190 Whispering Oak,
Denton, Texas 75115

3. The address, including street and number, to which its registered office is to be changed is c/o C T CORPORATION SYSTEM, 350 N. St. Paul Street,
Dallas, Texas 75201

(If no change of state "no change")

4. The name of its present registered agent, as shown in the records of the Secretary of State of the State of Texas, before filing this statement is A. Joe Mitchell, Jr.

5. The name of its new registered agent is C T CORPORATION SYSTEM

(If no change of state "no change")

6. The address of its registered office and the address of the business office of its registered agent, as changed, will be identical.

7. This change was authorized by: (Check One)

The Board of Directors

An officer of the corporation so authorized by the Board of Directors.

A. Joe Mitchell, Jr.
An Authorized Officer
A. Joe Mitchell, Jr.
President

ASSUMED NAME CERTIFICATE
OF
VARTEC NATIONAL, INC.

FILED
In the Office of the
Secretary of State of Texas
JUN 21 1991
Corporations Division

CITY OF DALLAS

COUNTY OF DALLAS

I, A. JIM MITCHELL, JR., PRESIDENT of VARTEC NATIONAL, INC., a Texas corporation, for the purpose of complying with Section 36.11 of the Business and Commerce Code of the State of Texas, do hereby certify the following facts:

1. That the assumed name under which the corporation will conduct and transact business is VARTEC TELECOM of Dallas County, Texas.

2. That the true and full name of the corporation conducting or transacting the business is VARTEC NATIONAL, INC. and the charter number or certificate of authority number is 1105487.

3. The state, country, or other jurisdiction under the laws of which the corporation was incorporated is Texas, and the address of its registered or charter office in that jurisdiction is C.T. Corporation System, 350 N. St. Paul Dallas, Texas 75201. The address of the principal office is 3200 W. Pleasant Lane Co. Lancaster, Texas 75146.

4. The corporation is required to maintain a registered office in Texas, and the address of the registered office is 350 N. St. Paul, Dallas, Texas, 75201 and the name of its registered agent at this address is C.T. Corporation System. The address of the principal office is 3200 W. Pleasant Lane Co. Lancaster, Texas 75146.

5. The corporation will use the assumed name from January 1, 1991, until the 31st day of 1992.

4. The corporation VARTEC NATIONAL, INC., is transacting business under its assumed name in Dallas County Texas.

I have signed this certificate this 10th day of May

VARTEC NATIONAL, INC.

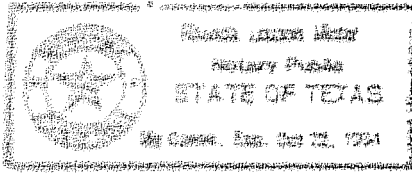
[Handwritten Signature]

BY: A. JOE MITCHELL, JR. PRESIDENT

STATE OF TEXAS

CITY OF DALLAS

This instrument was acknowledged before me on May 10, 1991, by A. JOE MITCHELL, JR. of VARTEC NATIONAL, INC., a Texas corporation, on behalf of the corporation.



Rhonda Laurann Minter
Notary Public, State of Texas

My Commission expires: Oct. 22, 1994

ASSUMED NAME CERTIFICATE
OF
VARTEC NATIONAL, INC.

FILED
in the Office of the
Secretary of State of Tex

JUN 21 1991

Computerized

STATE OF TEXAS

COUNTY OF DALLAS

I, A. JOE MITCHELL, JR. PRESIDENT of VARTEC NATIONAL, INC., a Texas corporation, for the purpose of complying with Section 36.11 of the Business and Commerce Code of the State of Texas, do hereby certify the following facts:

1. That the assumed name under which the corporation will conduct and transact business is VARTEC TELECOM, INC. of Dallas County, Texas.

2. That the true and full name of the corporation conducting or transacting the business is VARTEC NATIONAL, INC. and the charter number or certificate of authority number is 1105487.

3. The state, country, or other jurisdiction under the laws of which the corporation was incorporated is Texas, and the address of its registered or similar office in that jurisdiction is C.T. Corporation System, 350 N. St. Paul, Dallas, Texas 75201. The address of the principal office is 3700 W. Pleasant Run Rd., Lancaster, Texas 75146.

4. The corporation is required to maintain a registered office in Texas, and the address of the registered office is 350 N. St. Paul, Dallas, Texas, 75201 and the name of its registered agent at this address is C.T. Corporation System. The address of the principal office is 3700 W. Pleasant Run Rd., Lancaster, Texas 75146.

5. The corporation will use the assumed name from January 1, 1991, until Dec. 31, 2000.

6. The corporation VARTEC NATIONAL, INC., is transacting business under its assumed name in Dallas County Texas.

I have signed this certificate this 10th day of May

VARTEC NATIONAL, INC.

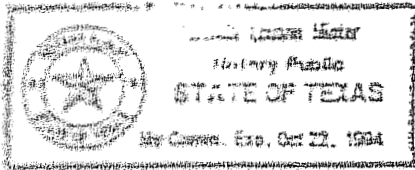
[Handwritten signature of A. Joe Mitchell, Jr.]

By: A. JOE MITCHELL, JR. PRESIDENT

STATE OF TEXAS

COUNTY OF DALLAS

This instrument was acknowledged before me on May 10, 1991, by A. JOE MITCHELL, JR. of VARTEC NATIONAL, INC., a Texas corporation, on behalf of the corporation.



[Handwritten signature: Rhonda Lou Ann Munter]
Notary Public, State of Texas

My Commission expires: Oct 22, 1994

FILED

In the Office of the
Secretary of State of T.

JUL 20 1992

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION

Corporations Sect

Pursuant to the provisions of article 4.04 of the Texas Business Corporation Act, the undersigned corporation adopts the following articles of amendment to its articles of incorporation:

ARTICLE ONE

The name of the corporation is VarTec National, Inc.

ARTICLE TWO

The following amendment to the articles of incorporation was adopted by the shareholders of the corporation on July 14, 1992. RESOLVED, that the corporation hereby changes its corporate name from VarTec National, Inc. to VarTec Telecom, Inc.

The amendment alters Article One of the original articles of incorporation and the full text of the provision altered is now as follows:

The name of the corporation is VarTec Telecom, Inc.

ARTICLE THREE

The number of shares of the corporation outstanding at the time of such adoption was 1000; and the number of shares entitled to vote thereon was 1000.

ARTICLE FOUR

The holders of all of the shares outstanding and entitled to vote on said amendment have signed a consent in writing pursuant to Article 9.10 adopting said amendment and any written notice required by Article 9.10 has been given.

7/1/92
1992.

VarTec National, Inc.

By A. Joe Mitchell, Jr.
A. Joe Mitchell, Jr., President
Its Authorized Officer

ARTICLES OF AMENDMENT
TO THE ARTICLES OF INCORPORATION

Pursuant to the provisions of article 4.04 of the Texas Business Corporation Act, the undersigned corporation adopts the following articles of amendment to its articles of incorporation: FILED
in the Office of the
Secretary of State of Texas

ARTICLE ONE

The name of the corporation is Vartec Telecom, Inc.

JAN 11 1993

Corporations Section

ARTICLE TWO

The following amendment to the articles of incorporation was adopted by the shareholders of the corporation on December 31, 1992.

BE IT RESOLVED, that the corporation hereby changes its aggregate number of authorized shares from Two Million One Hundred Thousand (2,100,000) to One Thousand (1,000).
BE IT FURTHER RESOLVED, the corporation hereby deletes the entire 1,000,000 shares of Class "B" Common shares and the 100,000 shares of a Single Class of Preferred shares, while reducing the total number of authorized Class "A" Common shares from 1,000,000 to 1,000, thereby amending Article Four of the corporation's Articles of Incorporation dated February 27, 1989, in order to reflect this alteration.

The amendment alters Article Four of the original articles of incorporation and the full text of the provision altered is now as follows:

The aggregate number of shares which the corporation shall have authority to issue is One Thousand (1,000). The shares shall be issued as Class "A" Common shares which shall have no par value and which shall have full rights as provided by the Texas Business Corporation Act.

ARTICLE THREE

The number of shares of the corporation outstanding at the time of such adoption was 1000; and the number of shares entitled to vote thereon was 1000.

ARTICLE FOUR

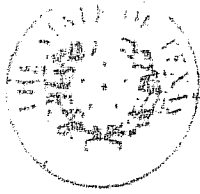
The holders of all of the shares outstanding and entitled to vote on said amendment have signed a unanimous consent in writing pursuant to Article 9.10 adopting said amendment and any written notice required by Article 9.10 has been given.

Dated January 8, 1993.

Vartec Telecom, Inc.

By A. Joe Mitchell, Jr.
A. Joe Mitchell, Jr., President
Its Authorized Officer

Vartec Telecom
1200 W. Houston East Blvd.
Houston, Texas 77058
(713) 260-7200
(713) 260-7200 Fax



ASSUMED NAME CERTIFICATE

216 OR 1024

1. The name of the corporation, limited liability company, limited partnership, or registered short liability partnership as stated in its articles of incorporation, articles of organization, certificate of limited partnership, application or comparable document is VarTec Telecom, Inc.
2. The assumed name under which the business or professional service is or is to be conducted rendered is U.S. Republic Communications
3. The state, country, or other jurisdiction under the laws of which it was incorporated, organized or associated is Texas, and the address of its registered or similar office in that jurisdiction is 1200 W. Pleasant Run Rd., Lancaster, TX 75146
4. The period, not to exceed 10 years, during which the assumed name will be used is 8-1-94 to 8-1-2000
5. The entity is a (circle one) business corporation, non-profit corporation, professional corporation, professional association, limited liability company, limited partnership, registered limited liability partnership or some other type of incorporated business, professional or other association (specify _____)
6. If the entity is required to maintain a registered office in Texas, the address of the registered office is 350 N. St. Paul, Dallas, TX 75201 and the name of its registered agent at such address is C.T. Corporation System. The address of the principal office (if not the same as the registered office) is 1200 W. Pleasant Run Rd., Lancaster, TX 75146
7. If the entity is not required to or does not maintain a registered office in Texas, the office address in Texas is N/A and if the entity is not incorporated, organized or associated under the laws of Texas, the address of its principal office of business in Texas is _____ and the office address elsewhere is _____
8. The county or counties where business or professional services are being or are to be conducted or rendered under such assumed name are (if applicable, use the designation "ALL" or "A. EXCEPT") _____

A. Joe Mitchell, Jr., President

A. Joe Mitchell, Jr.
Signature of officer, general partner, manager,
representative or attorney-in-fact of the entity

Ref 7 me on this 5th day of August, 1994, personally appeared A. Joe Mitchell, Jr. and acknowledged to me that he executed the foregoing certificate for the purposes therein expressed.

Notary Seal

[Signature]
Notary Public, State of Texas

INSTRUCTIONS FOR FILING ASSUMED NAME CERTIFICATE

1. A corporation, limited liability company, limited partnership or registered limited liability partnership, which regularly conducts business or renders a professional service in this state under a name other than the name contained in its articles of incorporation, articles of organization, certificate of limited partnership or application, must file an assumed name certificate with the secretary of state and with the appropriate county clerk in accordance with section 36.11 of the Texas Business and Commerce Code.
2. The information provided in paragraph 6 as regards the registered agent and registered office address in Texas must match the information on file in this office. To verify the information on file with this office, you may contact our corporate information unit at (512) 463-5555. Forms to change the registered agent/office are available from this office should you require to update this information.
3. A certificate executed and acknowledged by an attorney-in-fact shall include a statement that the attorney-in-fact has been duly authorized in writing by his principal to execute and acknowledge the same.
4. For purposes of filing with the secretary of state, the assumed name registrant should submit an originally executed assumed name certificate accompanied by the filing fee of \$25 to the Secretary of State, Statutory Filings Division, Corporations Section, P.O. Box 13697, Austin, Texas 78711-3697. The phone number is (512) 463-5532, TDD: (800) 735-2989, FAX: (512) 463-5709.
5. All assumed name certificates to be filed with the county clerk must be forwarded directly to the appropriate county clerk by the assumed name registrant.
6. Whenever an event occurs that causes the information in the assumed name certificate to become materially misleading (eg. change of registered agent/office or a change of name), a new certificate must be filed within 60 days after the occurrence of the events which necessitate the filing.
7. A registrant that ceases to transact business or render professional services under an assumed name for which a certificate has been filed may file an abandonment of use pursuant to the Texas Business and Commerce Code, §36.14. Forms for this purposes are available from this office.

ARTICLE FOUR

The holders of all of the shares outstanding and entitled to vote on said amendment have signed a unanimous consent in writing pursuant to Article 9.10 adopting said amendment and any written notice required by Article 9.10 has been given.

Dated July 10, 1995.

Vartec Telecom, Inc.

By

A. Joe Mitchell, Jr.
A. Joe Mitchell, Jr., President
Its Authorized Officer

ARTICLES OF AMENDMENT
TO THE ARTICLES OF INCORPORATION

APR 20 1995

Pursuant to the provisions of Article 4.04 of the ~~Texas Business~~ Corporation Act, the undersigned Corporation adopts the following Articles of Amendment to its Articles of Incorporation:

ARTICLE ONE

The name of the Corporation is Vartec Telecom, Inc.

ARTICLE TWO

The following amendment to the Articles of Incorporation was adopted by the shareholders of the Corporation on March 11, 1995.

BE IT RESOLVED, that Vartec Telecom, Inc. hereby changes its aggregate number of authorized shares from one thousand (1,000) to ten million (10,000,000). The ten million (10,000,000) shares shall be issued as Class "A" Common shares which shall have no par value and which shall have full rights as provided by the Texas Business Corporation Act. Each previously authorized share shall be exchanged and split into ten thousand (10,000) shares.

BE IT FURTHER RESOLVED, that Article Four of the Corporation's Articles of Incorporation dated February 27, 1989 (as amended) shall be further amended to reflect this alteration.

The amendment alters Article Four of the Corporation's Articles of Incorporation and the full text of the provision altered is now as follows:

The aggregate number of shares which the Corporation shall have authority to issue is ten million (10,000,000). The ten million (10,000,000) shares shall be issued as Class "A" Common shares which shall have no par value and which shall have full rights as provided by the Texas Business Corporation Act.

ARTICLE THREE

The number of shares of the corporation outstanding at the time of such adoption was 980; and the number of shares entitled to vote thereon was 980.

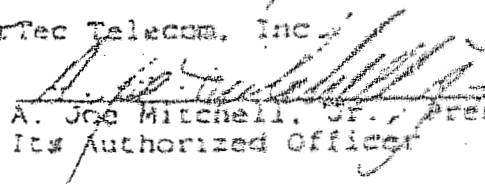
ARTICLE FOUR

The holders of all of the shares outstanding and entitled to vote on said amendment have signed a unanimous consent in writing pursuant to Article 9.10 adopting said amendment and any written notice required by Article 9.10 has been given.

Dated April 7, 1995.

Vartec Telecom, Inc.

By


A. Joe Mitchell, Jr., President
Its Authorized Officer

NEXT

DOCUMENT (S)

BEST IMAGE

POSSIBLE

ARTICLE FOUR

The holders of all of the shares outstanding and entitled to vote on said amendment have signed a unanimous consent in writing pursuant to Article 9.10 adopting said amendment and any written notice required by Article 9.10 has been given.

Dated July 10, 1995.

Vartec Telecom, Inc.

By A. Joe Mitchell, Jr.
A. Joe Mitchell, Jr., President
Its Authorized Officer

FILED
in the Office of the
Secretary of State of Texas

Oct 24 1995

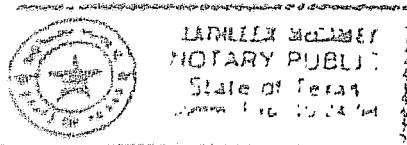
Office of the Secretary

UNITED NAME CERTIFICATE
FOR AN INCORPORATED BUSINESS OR PROFESSION

- The associated name under which the business or professional service is or is to be conducted or rendered is Clear Choice Communications.
- The name of the incorporated business or profession as stated in its articles of incorporation or constitution is Veri-Tel Telecomm, Inc.
- The state, country, or other jurisdiction under the laws of which it was incorporated or formed, and the address of its principal or general office as such jurisdiction is State of Texas, P.O. Box 1000, Dallas, Texas 75201.
- The period for which the certificate is being issued is from 9-15-1995 to 9-15-2000.
- The corporation is a business corporation.
- If the certificate is prepared in accordance with a requirement of the laws of the state of Texas, the address of the principal office is 1000 N. Main Street, Suite 1000, Dallas, Texas 75201 and the address of the registered office is C.T. Corporation Center. The address of the principal office is 1000 N. Main Street, Dallas, Texas 75201.
- If the certificate is not prepared in accordance with a requirement of the laws of the state of Texas, the address of the principal office is 1000 N. Main Street, Dallas, Texas 75201 and the address of the registered office is C.T. Corporation Center. The address of the principal office is 1000 N. Main Street, Dallas, Texas 75201.
- The county of location where business or professional services are to be conducted is Tarrant County, Texas.

[Signature]
 A. Jay [Name]
 Veri-Tel Telecomm, Inc.

Before me on this 24th day of October, 1995, personally appeared A. Jay [Name] and acknowledged to me that he executed the foregoing certificate for the reasons therein expressed.

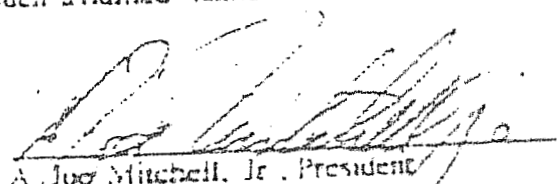


[Signature]
 Kathleen McCombs
 Notary Public, Dallas, Texas

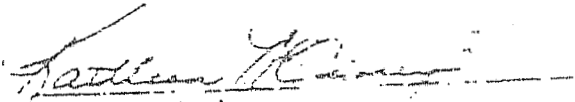
FILED
in the State of the
Notary Public for the State of Texas
20-2-1-95
Dallas County

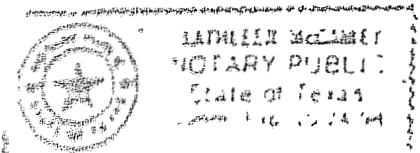
ASSUMED NAME CERTIFICATE
FOR AN INCORPORATED BUSINESS OR PROFESSION

1. The assumed name under which the business or professional service is or is to be conducted or rendered is Clear Choice Communications.
2. The name of the incorporated business or profession as stated in its articles of incorporation or comparable document is Var-Tec Telecom, Inc.
3. The state, country, or other jurisdiction under the laws of which it was incorporated in Texas, and the address of its registered or similar office in that jurisdiction is 2200 W. Pleasant Run Rd., Lancaster, TX 75146.
4. The period, not to exceed ten years, during which the assumed name will be used is 9-18-1995 to 9-18-2004.
5. The corporation is a business corporation.
6. If the entity is required to maintain a registered office in Texas, the address of the registered office is 350 N. St. Paul, Dallas, TX 75201 and the name of the registered agent is C.T. Corporation System. The address of the principal office is 2200 W. Pleasant Run Rd., Lancaster, TX 75146.
7. If the corporation is not required to or does not maintain a registered office in Texas, the office address in Texas is N/A and if the entity is not incorporated, organized or associated under the laws of Texas, the address of its place of business in Texas is N/A and the office address elsewhere is N/A.
8. The county or counties where business or professional services are being or are to be conducted or rendered under such assumed name are ALL.


A. Joe Mitchell, Jr., President
Var-Tec Telecom, Inc.

Before me on this 17th day of October, 1995, personally appeared A. Joe Mitchell, Jr. and acknowledged to me that he executed the foregoing certificate for the purposes therein expressed.


Kathleen McCamey
Notary Public, Dallas County, Texas





The State of Texas

Secretary of State

DEC. 1, 1997

YARTEC TELECOM - STAN GEURIN
3200 W. PLEASANT RUN ROAD
LANCASTER TX 75146

RE:
YARTEC TELECOM, INC.
CHARTER NUMBER 01105487-00

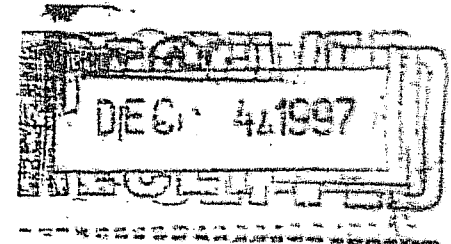
ASSUMED NAME:
TELEPHONE EXPRESS

FILE DATE: NOV. 20, 1997

DEAR SIR OR MADAM,

THE ASSUMED NAME CERTIFICATE FOR THE ABOVE REFERENCED INCORPORATED BUSINESS OR PROFESSION HAS BEEN FILED IN THIS OFFICE. THIS LETTER MAY BE USED AS EVIDENCE OF THE FILING.

IN ADDITION TO FILING WITH THE SECRETARY OF STATE, CHAPTER 36 OF THE TEXAS BUSINESS AND COMMERCE CODE REQUIRES FILING OF THE ASSUMED NAME CERTIFICATE WITH THE COUNTY CLERK IN THE COUNTIES IN WHICH THE REGISTERED OFFICE AND THE PRINCIPAL OFFICE OF THE CORPORATION ARE LOCATED.



VERY TRULY YOURS,

[Handwritten signature]

Antonio O. Garza, Jr., Secretary of State

Office of the
Secretary of State



Corporations Section

P.O. Box 13697

Austin, Texas 78711-3697
FILED
In the Office of the
Secretary of State of Texas
NOV 20 1997
Corporations Section

ASSUMED NAME CERTIFICATE

1. The name of the corporation, limited liability company, limited partnership, or registered limited liability partnership as stated in its articles of incorporation, articles of organization, certificate of limited partnership, application for certificate of authority or comparable document is VarTec Telecom, Inc.
2. The assumed name under which the business or professional service is or is to be conducted or rendered is Telephone Express
3. The state, country, or other jurisdiction under the laws of which it was incorporated, organized or associated is Texas, and the address of its registered or similar office in that jurisdiction is Attention: Legal Department
3200 West Pleasant Run Road, Lancaster, Texas 75146
4. The period, not to exceed 10 years, during which the assumed name will be used is November 17, 1997 to November 17, 2007
5. The entity is a (circle one):
 - Business Corporation
 - Non-Profit Corporation
 - Professional Corporation
 - Professional Association
 - Limited Liability Company
 - Limited Partnership
 - Registered Limited Liability Partnership

If the entity is some other type of incorporated business, professional or other association, please specify below:

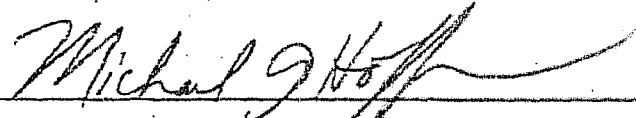
N.A.

6. If the entity is required to maintain a registered office in Texas, the address of the registered office is 350 North St. Paul, Dallas, Texas 75201
and the name of its registered agent
at such address is C.T. Corporation System
The address of the principal office (if not the same as the registered office) is 3200 West Pleasant Run Road, Lancaster, Texas 75146

7. If the entity is not required to or does not maintain a registered office in Texas, the office address in Texas is N.A. and if the entity is not incorporated, organized or associated under the laws of Texas, the address of its place of business in Texas is N.A. and the office address elsewhere is N.A.

8. The county or counties where business or professional services are being or are to be conducted or rendered under such assumed name are (if applicable, use the designation "ALL" or "ALL EXCEPT"):

All



Signature of officer, general partner, manager, representative or attorney-in-fact of the entity

Michael G. Hoffman, ^{Assistant} Secretary

State of TEXAS

County of DALLAS


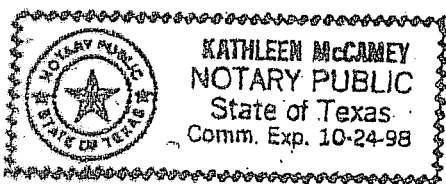
Before me, the undersigned authority, on this day personally appeared

Michael G. Hoffman,

known to me to be the person who signed the foregoing instrument, and acknowledged to me that he executed the instrument for the purposes therein expressed.

Given under my hand and seal of office on this 17th day of November 1997

(Notary Seal)



Notary Public



The State of Texas

Secretary of State

SEP. 5, 1997

KATHLEEN MCCAMEY, VARTEC TELECOM, INC.
3200 W. PLEASANT RUN ROAD
LANCASTER TX 75146

RE:
VARTEC TELECOM, INC.

CHARTER NUMBER 01105487-00

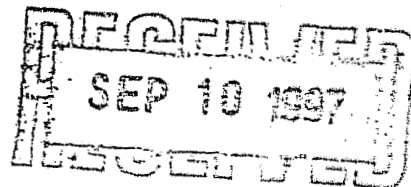
ASSUMED NAME:
U.S. REPUBLIC COMMUNICATIONS

FILE DATE: AUG. 28, 1997

DEAR SIR OR MADAM,

THE ABANDONMENT OF ASSUMED NAME CERTIFICATE FOR THE ABOVE
CAPTIONED INCORPORATED BUSINESS OR PROFESSION HAS BEEN FILED IN THIS
OFFICE. THIS LETTER MAY BE USED AS EVIDENCE OF FILING IN THIS OFFICE.

VERY TRULY YOURS,



State of South Dakota

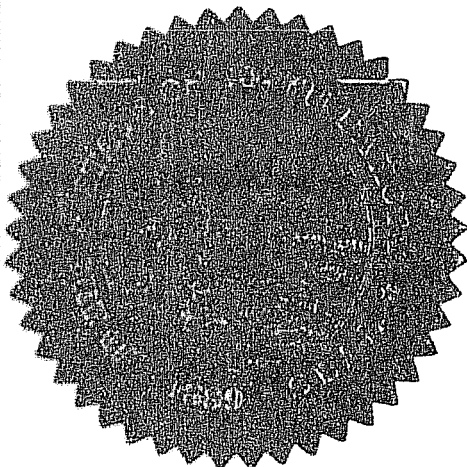


OFFICE OF THE SECRETARY OF STATE

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 VARTEC TELECOM, INC. (TX) 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 VARTEC TELECOM, 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 March 8, 1993.

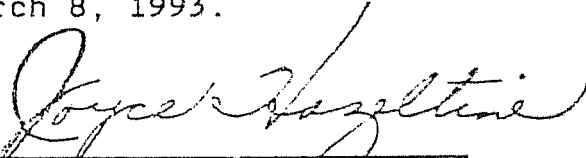

JOYCE HAZELTINE
Secretary of State

EXHIBIT B

VARTEC TELECOM, INC.

Shareholders Owning Twenty Percent or Greater Interest

Name and Address

Percentage of Ownership or Management Interest

CommuniGroup, Inc.
700 South West Street
Jackson, Mississippi 39205

80%

EXHIBIT C

VARTEC TELECOM, INC. List of Subsidiaries and Affiliates

List of Subsidiaries and Affiliates of VarTec Telecom, Inc.

Subsidiaries

| | |
|--|--|
| VarTec Telecom Holding Company | U.S. Republic Communications, Inc.** |
| VarTec Business Trust | 10XXX Ranch Company |
| VarTec Telecom of Virginia, Inc. | VarTec Properties, Inc. |
| VarTec Interactive, Inc. | VTI International B.V. (The Netherlands) |
| Voice 2, Inc. | VarTec de Mexico, S. de R.L. de C.V. (Mexico) |
| VarTec CRM, Inc. | VarTec Telekom (Deutschland) GmbH (Germany) |
| Web America Networks, Inc. | VarTec Telecom Europe Limited (England) |
| Network Construction Management, Inc. | VarTec Telecom (U.K.) Limited (England) |
| Choctaw Communications, Inc.* | VarTec Kontinental Telekom GmbH (Germany) |
| Choctaw Communications of Virginia, Inc.* | |

Affiliates

| | |
|---------------------------------------|--------------------------|
| Telephone Electronics Corporation | CommuniGroup, Inc. |
| Holding Protel, S.A. de C.V. (Mexico) | Lightyear Holdings, Inc. |

Please Note: In addition to these subsidiaries and affiliates, VarTec has affiliates through its parent company, Telephone Electronics Corporation; however, VarTec is not familiar with the operations of these entities.

** Dissolved in State of Incorporation

* Pending final regulatory consents, VarTec sold its shares to an unaffiliated third party on 8/31/01.

EXHIBIT D

VARTEC TELECOM, INC.
Officers and Directors

**VARTEC TELECOM, INC.
CORPORATE OFFICERS AND DIRECTORS**

| <u>Office</u> | <u>Director</u> | <u>Name</u> | <u>Address</u> |
|---------------------------------------|-----------------|----------------------|--|
| President | 2/27/89* | A. Joe Mitchell, Jr. | 1600 Viceroy Dallas, TX 75235-2306 (214) 424-1000 |
| Executive Vice President | 3/2/89* | Walter J. Frank, Jr. | 1309 Louisville Avenue Monroe, LA 81201 (601) 354-2620 |
| Vice President | 8/20/01* | Ron L. Hughes | 1600 Viceroy Dallas, TX 75235-2306 (214) 424-1000 |
| Vice President Assistant Secretary | | Michael G. Hoffman | 1600 Viceroy Dallas, TX 75235-2306 (214) 424-1000 |
| Vice President | 8/20/01* | Connie F. Mitchell | 1600 Viceroy Dallas, TX 75235-2306 (214) 424-1000 |
| Secretary | 5/21/93* | Joseph D. Fail | 27 South 2 nd Street P.O. Box 925 Bay Springs, MS 39422 (601) 764-2195 |
| Treasurer | | Gary D. Egger | 1600 Viceroy Dallas, TX 75235-2306 (214) 424-1000 |
| Assistant Treasurer | | Robert J. Healea | 236 E. Capitol St., 6 th Floor Jackson, MS 39201 (601) 354-2620 |
| | 8/20/01* | H. Ray Atkinson | 1600 Viceroy Drive Dallas, TX 75235-2306 (214) 424-1000 |

Current officers and directors serve until successors are appointed.

* Date of initial election to Board of Directors

EXHIBIT E

VARTEC TELECOM, INC. Financial Qualifications

The attached information is being submitted in a separate envelope marked "CONFIDENTIAL." These documents contain commercially sensitive data that are not available to the general public. Applicant respectfully submits that public release of the enclosed information would disclose nonpublic and proprietary business information, while confidential treatment will not adversely affect the Commission's review of VarTec's provision of service in South Dakota. Accordingly, VarTec respectfully requests that the enclosed financial information be accorded confidential treatment.

EXHIBIT F

VARTEC TELECOM, INC. Summary of Managerial Qualifications

VarTec has sufficient managerial resources to provide the proposed services to consumers. Please find the following summaries of the background and experience of VarTec's corporate officers:

A. Joe Mitchell, Jr.

President

Mr. Mitchell is a principal shareholder and the founder of VarTec. Mr. Mitchell has been an innovator in the long distance telephone business for many years. He received a Bachelor of Science Degree in Engineering and has performed post graduate work in Mechanical Engineering at Oklahoma State University. Mr. Mitchell was one of the original founders and initial President of ClayDesta Communications. He managed ClayDesta Communications from concept through start-up and successful operation. ClayDesta grew to annualized revenues in excess of \$50 million during Mr. Mitchell's three-year tenure. After leaving ClayDesta Communications, Mr. Mitchell formed the wholesale division at Teleconnect, later known as Telecom*USA. Prior to its acquisition by MCI, Telecom*USA was the fourth largest long distance company in the U.S. While at Teleconnect, Mr. Mitchell's wholesale division grew from start-up to \$60 million in annual revenues in only eighteen months. Mr. Mitchell's management experience and business relationships with high-volume customers across the nation are a critical asset for VarTec.

Ron L. Hughes

Chief Operating Officer

Mr. Hughes is a minority shareholder in VarTec. Mr. Hughes has a Bachelor of Science Degree in Biochemistry with a Math minor from Abilene Christian University where he graduated cum laude. He has over fifteen years of experience in the telecommunications industry. During his seven years of employment with Southwestern Bell Telephone Company, Mr. Hughes held positions as Communications Consultant, Account Executive, Customer Services Supervisor, Certified Industry Consultant and Product Delivery Marketing Manager. Upon leaving Southwestern Bell, Mr. Hughes became one of the original founders of ClayDesta Communications where he reported directly to Mr. Mitchell. While at ClayDesta, Mr. Hughes held the title of Senior Vice President - Sales/Marketing and was responsible for the entire sales effort of one hundred outside sales and one hundred fifty telemarketing personnel as well as directing the marketing and advertising effort. At VarTec, Mr. Hughes oversees the Company's Customer Service, Network, Sales and Marketing Departments.

Managerial and Technical Ability
To Provide Service (Continued)

Gary D. Egger
Treasurer
Executive Vice President

Mr. Egger is a minority shareholder in VarTec. He received Bachelor of Business Administration degrees in Accounting and Finance from the University of Iowa. His finance and accounting experience spans more than fourteen years. He served three years with the big six accounting firm Ernst and Young, and held various financial positions with the prestigious William Morris Agency as well as Litton Industries. Prior to coming to VarTec, Mr. Egger served eight years with Telecom*USA as Vice President of Finance and Chief Financial Officer of the Teleconnect division. At VarTec, Mr. Egger is responsible for overseeing the Company's Billing and Accounting departments.

Michael G. Hoffman, Esq.
Chief Legal Officer
General Counsel and
Executive Vice President
Legal and Regulatory Affairs

Mr. Hoffman received a Bachelor of Arts Degrees in History and Latin American Studies with a Political Science minor from Dickinson College in Carlisle, Pennsylvania, where he graduated magna cum laude and Phi Beta Kappa. Mr. Hoffman then obtained a Juris Doctor Degree from the Washington College of Law at the American University in Washington, D.C. At law school, Mr. Hoffman was awarded highest honors in complex litigation and wrote on the American University Journal of International Law and Policy. Mr. Hoffman's regulatory and legal experience is significant. Mr. Hoffman clerked for the Mergers and Acquisitions Unit of the Federal Deposit Insurance Corporation's Legal Division, negotiating and drafting agreements for open bank assistance. Prior to joining VarTec, he worked as an associate in the Washington, D.C. office of Arter & Hadden, a 350-attorney national law firm based in Cleveland, Ohio. In addition to Mr. Hoffman's representation of VarTec at the Firm, he provided legal and regulatory counsel to numerous interexchange telecommunications carriers and business corporations. Further, Mr. Hoffman represented clients before various state and federal administrative agencies and regulatory bodies. While at the law firm, he also participated in a wide array of litigation matters involving employment law, fraud, insurance defense and workers' compensation, as well as copyright and trademark protection. Mr. Hoffman joined VarTec in May 1992 as its Corporate Counsel and Director of Regulatory Affairs. In this capacity, Mr. Hoffman has overseen VarTec's application for business licenses and certificates of authority in numerous jurisdictions. Additionally, he is responsible for VarTec's on-going compliance requirements, governmental affairs and inquiries, as well as the regulatory duties imposed on the Company by the Federal Communications Commission and various state utility commissions in the jurisdictions in which the Company currently operates. Mr. Hoffman was promoted to the position of Vice President in May 1993, Senior Vice President in November 1994 and Executive Vice President in November 1997.

EXHIBIT G

VARTEC TELECOM, INC.

Existing Authority

| STATE | DATE OF IXC CERTIFICATION | DATE OF GLEC CERTIFICATION |
|------------------|---------------------------|--------------------------------------|
| ALABAMA | April 12, 1993 | Pending |
| ARKANSAS | October 2, 1992 | July 22, 1999 |
| ARIZONA | December 21, 1994 | Pending |
| CALIFORNIA | January 5, 1995 | Pending |
| COLORADO | May 8, 1995 | Pending |
| CONNECTICUT | July 26, 1995 | Pending |
| DELAWARE | August 30, 1995 | Pending |
| FLORIDA | April 26, 1992 | July 27, 1998 |
| GEORGIA | April 5, 1994 | Pending |
| IOWA | July 23, 1992 | Pending |
| IDAHO | January 6, 1995 | Pending |
| ILLINOIS | December 16, 1992 | Pending |
| INDIANA | October 27, 1993 | Pending |
| KANSAS | February 24, 1992 | April 10, 2001 |
| KENTUCKY | July 13, 1993 | |
| LOUISIANA | May 4, 1992 | Pending |
| MASSACHUSETTS | June 7, 1994 | Pending |
| MAINE | August 18, 1995 | Pending |
| MARYLAND | November 25, 1992 | Pending |
| MICHIGAN | February 22, 1993 | |
| MINNESOTA | June 1, 1993 | Pending |
| MISSOURI | March 17, 1992 | March 16, 2001 |
| MISSISSIPPI | June 26, 1995 | Pending |
| MONTANA | January 31, 1995 | August 28, 2001 |
| NORTH CAROLINA | February 15, 1994 | August 10, 2001 |
| NORTH DAKOTA | August 21, 1992 | |
| NEBRASKA | January 31, 1995 | Pending |
| NEW HAMPSHIRE | June 28, 1995 | Pending |
| NEW JERSEY | March 24, 1992 | local resale on an unregulated basis |
| NEW MEXICO | November 9, 1995 | Pending |
| NEVADA | April 12, 1995 | Pending |
| NEW YORK | July 20, 1994 | |
| OHIO | September 16, 1993 | |
| OKLAHOMA | January 30, 1996 | July 19, 2001 |
| OREGON | November 4, 1994 | January 20, 1999 |
| PENNSYLVANIA | September 2, 1992 | Pending |
| RHODE ISLAND | May 19, 1995 | Pending |
| SOUTH CAROLINA | October 21, 1992 | Pending |
| SOUTH DAKOTA | January 27, 1995 | |
| TENNESSEE | August 23, 1995 | Pending |
| TEXAS | February 27, 1989 | January 5, 2001 |
| UTAH | February 6, 1995 | Pending |
| VIRGINIA | August 24, 1992 | Pending |
| VERMONT | October 10, 1995 | Pending |
| WASHINGTON | December 14, 1994 | |
| WASHINGTON, D.C. | June 1, 1992 | Pending |
| WISCONSIN | November 5, 1993 | Pending |
| WEST VIRGINIA | October 20, 1992 | Pending |
| WYOMING | February 19, 1995 | Pending |

EXHIBIT H

**VARTEC TELECOM, INC.
Initial Tariff**

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

TITLE PAGE

SOUTH DAKOTA LOCAL TELECOMMUNICATIONS TARIFF

This tariff contains the description, regulations, and rates applicable to the furnishing of Local Exchange Services provided by VarTec Telecom, Inc. with principle offices at 1600 Viceroy Drive, Dallas, Texas 75235. This tariff applies to Local Exchange Services furnished within the State of South Dakota. This tariff is on file with the South Dakota Public Utilities Commission, where copies may be inspected during normal business hours.

South Dakota Public Utilities Commission
500 East Capitol
Pierre, South Dakota 57501-5070
(605) 773-3201

The name, address and telephone number for the person who is responsible for providing information with respect to the operating procedures of VarTec Telecom, Inc. are listed below.

ISSUED:

By: Melissa A. Smith, Esq.
Vice President - External Legal Affairs
1600 Viceroy Drive
Dallas, Texas 75235
(214) 424-1000

EFFECTIVE:

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

CHECK SHEET

| <u>Page No.</u> | <u>Revision No.</u> | <u>Page No.</u> | <u>Revision No.</u> | <u>Page No.</u> | <u>Revision No.</u> |
|-----------------|---------------------|-----------------|---------------------|-----------------|---------------------|
| Title | Original* | 31 | Original* | 62 | Original* |
| 1 | Original* | 32 | Original* | | |
| 2 | Original* | 33 | Original* | | |
| 3 | Original* | 34 | Original* | | |
| 4 | Original* | 35 | Original* | | |
| 5 | Original* | 36 | Original* | | |
| 6 | Original* | 37 | Original* | | |
| 7 | Original* | 38 | Original* | | |
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| 17 | Original* | 48 | Original* | | |
| 18 | Original* | 49 | Original* | | |
| 19 | Original* | 50 | Original* | | |
| 20 | Original* | 51 | Original* | | |
| 21 | Original* | 52 | Original* | | |
| 22 | Original* | 53 | Original* | | |
| 23 | Original* | 54 | Original* | | |
| 24 | Original* | 55 | Original* | | |
| 25 | Original* | 56 | Original* | | |
| 26 | Original* | 57 | Original* | | |
| 27 | Original* | 58 | Original* | | |
| 28 | Original* | 59 | Original* | | |
| 29 | Original* | 60 | Original* | | |
| 30 | Original* | 61 | Original* | | |

* New or Revised

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

TARIFF FORMAT

Page Numbering - Page numbers appear in the upper right hand corner of the page. Pages are numbered sequentially and from time to time new pages may be added to the tariff. When a new page is added between existing pages, a decimal is added to the preceding page number. For example, a new page added between Page Nos. 3 and 4 would be numbered 3.1.

Explanation of Symbols - When changes are made in any tariff page, a revised page will be issued canceling the tariff page affected. Changes will be identified on the revised page(s) through the use of the following symbols:

- (C) - to signify changed regulation.
- (D) - to signify discontinued rate, regulation, or text.
- (I) - to signify increased rates.
- (M) - to signify material relocated from one page to another without change.
- (N) - to signify new rate, regulation, or text.
- (R) - to signify reduced rate.
- (S) - to signify reissued material.
- (T) - to signify a change in text, but no change in rate or regulation.
- (Z) - to signify a correction.

In addition to symbols for changes, each changed provision in the tariff shall contain a vertical line in the right hand margin of the page which clearly shows the exact number of lines being changed.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

APPLICATION OF TARIFF

This tariff applies to the furnishing of Local Exchange Services, as defined herein, by VTI. Local Exchange Services are furnished for the use of Customers in placing and/or receiving local telephone calls within the Local Service Area as defined herein. Services, features and functions will be provided where facilities, including but not limited to, billing capability, technical capability and the ability of VTI to purchase service elements from appropriate tariffs for resale are available.

The provision of Local Exchange Services is subject to existing regulations and terms and conditions specified in this tariff and VTI's current tariffs, and may be revised, added to or supplemented by superseding issues. Local Exchange Services described herein may be offered in conjunction with other telecommunications services described in and regulated by VTI's South Dakota P.U.C. NO. 1, interexchange services tariff, currently on file with the Commission.

VTI reserves the right to offer its Customers a variety of competitive services as deemed appropriate by VTI.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

1.0 DEFINITIONS**1.1 Definitions of Terms**

Account - A Customer record relating to service or equipment billed to a single telephone number. Service may be provided to one premises or may extend to another premises as long as it is part of the main telephone number.

Building - The term "same building" is to be interpreted to mean a structure under one roof, or two or more structures on the same premises which are connected by a covered passageway in which the wires or cables of the telephone company may be placed without exposure to outside electrical circuits or the weather. In no case can conduit be considered as a covered passageway. The term "same building" does not include those buildings connected by a covered public mall.

Central Office - A common carrier switching center in which trunks and loops are terminated and switched.

Collect Call - Denotes a billing arrangement by which the charge for a message may be reversed provided the charge is accepted at the called service point. A collect call may be billed to a Calling Card or third number. If the called service point is identified as a Pay Telephone, the charges must be billed to a Calling Card or third number.

Commission - South Dakota Public Utilities Commission

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

1.0 DEFINITIONS (Continued)

1.1 Definitions of Terms (Continued)

Communications System - Channels and other facilities which are capable, when not connected to the Telecommunications Network, of two-way communications between terminal equipment.

Company or Carrier - VarTec Telecom, Inc. unless otherwise clearly indicated by the context.

Construction Charge - A separate initial charge made for construction of pole lines, circuits, facilities, etc., in excess of that contemplated under the rates quoted herein.

Customer - The person, firm, corporation or other entity which initiates a call on VTI's network, or accepts billing for the call on VTI's network, subject to the terms and conditions of VTI's tariff regulations.

Demarcation Point - The point of demarcation and/or interconnection between a telecommunication provider's facilities and terminal equipment, protective apparatus or wiring at a subscriber's premises. Telephone company installed facilities at/or constituting the demarcation point shall consist of wire and/or a jack conforming to Sub-part F of Part 68 of the Federal Communications Commission's rules.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

1.0 DEFINITIONS (Continued)

1.1 Definitions of Terms (Continued)

Directory Listing - The publication in the white pages telephone directory of information relative to the Customer's assigned telephone number, by which telephone users are enabled to ascertain the telephone number of a desired individual or business.

Equipment Space - An area or areas, agreed upon by the parties, located on or within a structure that is specifically designated for the purpose of terminating regulated telephone services and housing facilities. The necessary security, lighting, commercial power and environmental controls are provided within this area.

Exchange - A telephone system which provides for service within a specified area known as the "Exchange Area."

Installation Charge - An initial and non-recurring charge made under certain conditions covering the cost or portion of the cost of the work of connecting and furnishing telephone service.

InterLATA - Calls or circuits between different Local Access and Transport Areas.

IntraLATA - Calls or circuits totally within the same Local Access and Transport Area.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

1.0 DEFINITIONS (Continued)

1.1 Definitions of Terms (Continued)

Jurisdiction - A geographic area meeting each of the following conditions: presided over by the same regulatory body, within the boundary of a single state and an area in which VTI is authorized to provide service.

Local Access and Transport Area - A geographic area established for the administration of telecommunications service. It encompasses designated local operating telephone company exchanges which are grouped to serve common social economic and miscellaneous purposes.

Local Exchange Service - Local telephone service provided by any individual, partnership, association, joint-stock company, trust, governmental entity or corporation.

Local Service Area - The area within which service is furnished between stations without charge other than the regular exchange service charge, whether the service is flat rated or measured.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

1.0 DEFINITIONS (Continued)**1.1 Definitions of Terms (Continued)**

Network Control Signaling - The transmission of signals used in the telecommunications system which performs 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, coin denominations, coin collect and coin return tones) to control the operation of switching machines in the telecommunications system.

Pay Telephone - The equipment placed by a Payphone Service Provider to facilitate the provisioning of pay telephone service to the Customer. Such service is utilized by the use of coins or alternative billing mechanisms.

Premises - All portions of the same building occupied by the same Customer, provided that 1) the portions are not separated from each other by intervening offices, rooms or suites not occupied by the Customers, or 2) the portions on different floors are contiguous and that the portion on the upper floor is directly above the portion occupied on the lower floor. All of the buildings occupied by the same Customer, provided that all of the buildings are located on the same plot of ground and are not intersected by a public highway (A public highway is considered to mean a vehicular thoroughfare which is governmentally owned).

Station - The network control signaling unit, data set or other equipment at the Customer's premises which enables the Customer to establish the communications connections to effect communications through such connections. Denotes a termination of an individual exchange line or PBX trunk provided in accordance with the provisions of this tariff, in switching equipment located in an exchange foreign to the exchange in which the Customer is located.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

1.0 DEFINITIONS (Continued)

1.1 Definitions of Terms (Continued)

Subscriber - The person, firm, partnership, corporation, or other entity who designates the Company as its primary carrier for telecommunications service. Thus, the Subscriber has a pre-existing business arrangement with the Company and is also a customer.

Telecommunications Network - All facilities of the telephone company that are used to provide its services.

Telephone Company - VarTec Telecom, Inc.

Telephone Number - A designation assigned to a subscriber's station for convenience in operating. Telephone numbers may include the name of a central office, which is termed the "Central Office Designation."

Termination Charge - A charge made to a subscriber if the contract is terminated prior to the expiration of the contract period.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

1.0 DEFINITIONS (Continued)

1.2 Glossary of Acronyms

| | | |
|-------------|---|----------------------------------|
| CO | - | Central Office |
| CPE | - | Customer Provided Equipment |
| DTMF | - | Dual Tone Multi-Frequency |
| ILEC | - | Incumbent Local Exchange Carrier |
| LEC | - | Local Exchange Carrier |
| LATA | - | Local Access and Transport Area |
| PBX | - | Private Branch Exchange |
| VTI | - | VarTec Telecom, Inc. |

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS**2.1 Undertaking of Company****2.1.1 General**

VTI undertakes to provide the services offered in this tariff according to the terms and conditions and at the rates and charges specified herein.

The furnishing of Local Exchange Services consists of one-way or two-way communication to or from a Demarcation Point on the Customer's premises and another Demarcation Point within a Local Service Area as specified in Section 3 of this tariff.

Services, features and functions will be provided where facilities include, but are not limited to, billing capability and technical capability and such capabilities are available to VTI without unreasonable expense.

A month is considered to have thirty (30) days for the purpose of computing charges in this tariff.

Some services listed in this tariff (e.g., interexchange services) are offered in conjunction or association with services made available in VTI's interexchange services tariff, South Dakota P.U.C. NO. 1. For such services, the rules, regulations, terms and conditions detailed in VTI's interexchange tariff also apply.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)

2.1 Undertaking of Company (Continued)

2.1.2 Scope

VTI undertakes to furnish Local Exchange Services within the State of South Dakota under the terms and conditions of this tariff. Service is available twenty-four (24) hours a day, seven (7) days a week.

VTI is responsible under this tariff only for the services and facilities provided herein. Should Customers use such services and facilities to obtain access to services offered by other providers, VTI assumes no responsibility for such other service.

2.1.3 Limitations

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

The furnishing of service under this tariff is subject to availability on a continuing basis of all necessary facilities from the ILECs or other providers to VTI for resale.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

20 RULES AND REGULATIONS (Continued)**21 Undertaking of Company (Continued)****21.4 Terms and Conditions**

Customers may be required to enter into written service orders which shall contain or reference a specific description of the service ordered, the rates to be charged, the duration of the service, and the terms and conditions in this tariff. The Customer may also be required to execute any other documents as may reasonably be requested by VTI in connection with the provisioning of Local Exchange Services.

At the expiration of any term specified in a service order, or in any extension thereof, service shall continue on a month to month basis at the then current rates unless terminated by either party pursuant to an executed contract between the Customer and VTI or pursuant to the Commission's rules and regulations. Any termination shall not relieve the Customer of its obligation to pay any charges incurred under the service order and this tariff prior to termination. The rights and obligations which by their nature extend beyond the termination of the term of the service order shall survive such termination.

This tariff shall be interpreted and governed by the laws of the State of South Dakota.

Other telecommunications companies must not interfere with the right of any person or entity to obtain service directly from VTI.

The Customer has no property right to the telephone number or any other number designation associated with services furnished by VTI. VTI reserves the right, on sixty (60) days notice, to change such numbers, or the central office designation associated with such numbers, or both, assigned to the Customer, whenever VTI deems it necessary to do so in the conduct of its business.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

1.0 RULES AND REGULATIONS (Continued)

2.1 Undertaking of Company (Continued)

2.1.5 Liability of the Company

VTI shall not be liable for any act or omission of any entity furnishing to VTI or VTI's Customers facilities or equipment used for or with the services VTI offers or for the acts or omissions of other telecommunications companies or Local Exchange Carriers.

With respect to any claim or suit, by a Customer or by others, for damages associated with the ordering (including the reservation of any specific number for use with a service), installation (including delays thereof), provision, termination, maintenance, repair, interruption or restoration of any service or facilities offered under this tariff, and subject to the provisions of this tariff, VTI's liability, if any, shall be limited as provided herein.

The liability of VTI for damages arising out of the furnishing of its services, including but not limited to, mistakes, omissions, interruptions, delays, or errors, other defects, or representations by VTI, or use of these services or damages arising out of the failure to furnish the service whether caused by acts or omission, shall be limited to the extension of allowances for interruptions as set forth in Section 2.11. The extension of such allowances for interruption shall be the sole remedy of the Customer and the sole liability of VTI. VTI will not be liable for any direct, indirect, incidental, special, consequential, exemplary or punitive damages to Customer as a result of any Company service, equipment or facilities, or the acts or omissions or negligence of VTI's employees or agents.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)**2.1 Undertaking of Company (Continued)****2.1.5 Liability of the Company (Continued)**

VTI shall not be liable for any defacement of or damage to Customer premises resulting from the furnishing of services or equipment on such premises or the installation or removal thereof, unless such defacement or damage is caused by gross negligence or willful misconduct of VTI's agents or employees. No agents or employees of other telecommunications companies shall be deemed to be agents or employees of VTI.

VTI shall not be liable for any delay or failure of performance or equipment due to causes beyond its control, including but not limited to the following: acts of God, fire, flood, explosion or other catastrophes; law, order, regulation, direction, action or request of the United States government or of any other government, including state and local governments having or claiming jurisdiction over VTI or of any department, agency, commission, bureau, corporation or other instrumentality of any one or more of these federal, state, or local governments, or of any military authority; preemption of existing service in compliance with national emergencies; insurrections; riots; wars; unavailability of rights-of-way or materials, or strikes, lockouts, work stoppages, or other labor difficulties.

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2.0 RULES AND REGULATIONS (Continued)

2.1 Undertaking of Company (Continued)

2.1.5 Liability of the Company (Continued)

VTI shall not be liable for any damages or losses due to the fault or negligence of, or any omission by, the Customer or due to the failure or malfunction of Customer-provided equipment or facilities.

The Customer shall indemnify and hold VTI harmless from any and all loss, claims, demands, suits or other action, or any liability whatsoever, whether suffered, made, instituted, or asserted by another party or person(s), and for any loss, damage, or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, condition, location or use of any installation provided by VTI. VTI reserves the right to require each Customer to sign a service order acknowledging acceptance of the provisions of this section as a condition precedent to such installations.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)**2.1 Undertaking of Company (Continued)****2.1.5 Liability of the Company (Continued)**

Notwithstanding the Customer's obligations as set forth in Section 2.4, VTI shall be indemnified, defended, and held harmless by the Customer or by others authorized by it to use the service against any claim, loss or damage arising from Customer's use of services furnished under this tariff including:

- (a) claims for defamation, libel, slander, invasion of privacy, infringement of copyright, unauthorized use of trademark, trade name, or service mark, unfair competition, interference with, misappropriation or violation of any contract, proprietary or creative right, or any other injury to any proprietary or creative right, or any other injury to any person, property or entity arising from the material, data, information or content, revealed to, transmitted, processed, handled or used by VTI under this tariff;
- (b) patent infringement claims arising from combining or connecting the service offered by VTI with apparatus and systems of the Customer or others and
- (c) all other claims arising out of any act or omission of the Customer or others in connection with any service provided by VTI pursuant to this tariff.

The entire liability of VTI for any claim, loss, damage or expense from any cause whatsoever shall in no event exceed sums actually paid to VTI by the Customer for the specific services giving rise to the claim.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)

2.1 Undertaking of Company (Continued)

2.1.5 Liability of the Company (Continued)

VTI MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PECULIAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

VTI shall not be liable for any act or omission of any other company or companies furnishing a portion of the service, or for damages associated with service, channels or equipment which it does not furnish, or for damages which result from the operation of Customer-provided systems, equipment, facilities or services which are interconnected with VTI services.

The underlying service provider shall intercept all calls to a number listed incorrectly in the telephone directory until a new directory is distributed or a correction sheet is mailed to each Customer.

In conjunction with a non-published telephone number, VTI will not be liable for failure or refusal to complete any call to such telephone when the call is not placed by the number. VTI will try to prevent the disclosure of the number of such telephone but will not be liable should such number be divulged.

When a Customer with a non-published telephone number places a call to the Emergency 911 Service, VTI will release the name and address of the calling party, where such information can be determined to the appropriate local governmental authority responsible for the Emergency 911 Service upon request of such governmental authority. By subscribing to service under this tariff, Customer acknowledges and agrees with the release of information as described herein.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)**2.1 Undertaking of Company (Continued)****2.1.5 Liability of the Company (Continued)**

With respect to Emergency 911 Service, the following applies:

1. This service is offered as an aid in handling assistance calls in connection with fire, police and other emergencies. VTI is not responsible for any losses, claims, demands, suits or any liability whatsoever, whether suffered, made, instituted or asserted by the Customer or by any other party or person for any personal injury to or death of any person or persons, and for any loss, damage or destruction of property, whether owned by the Customer or others, caused or claimed to have been caused by mistakes, omissions, interruptions, delays, errors or other defects in the provision of this service or installation, operation, failure to operate, maintenance, removal, presence, condition, location or use of any equipment and facilities furnishing this service.
2. Neither is VTI responsible for any infringement or invasion of the right of privacy of any person or persons, caused or claimed to have been caused, directly or indirectly, by the installation, operation, failure to operate, maintenance, occasion by the use of Emergency 911 service features and the equipment associated therewith, or by any services furnished by VTI, including but not limited to, the identification of the telephone number, address or name associated with the telephone used by the party or parties accessing Emergency 911 service, and which arise out of the negligence or other wrongful act of VTI, the Customer, its Customers, agencies or municipalities, or the employees or agents of any one of these.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)**2.1 Undertaking of Company (Continued)****2.1.6 Notification of Service**

VTI will provide the Customer reasonable notification, including the planned date, time and duration, of activities affecting service that may occur in normal operation of its business. Such activities may include but are not limited to, equipment or facilities additions, removals or rearrangements and routing and preventive maintenance. Generally, such activities are not specific to an individual Customer but affect many Customers' services. VTI will work cooperatively with the Customer to determine the reasonable notification requirements. With some emergency or unplanned conditions affecting service, such as outage resulting from cable damage, notification to the Customer may not be possible.

2.1.7 Provision of Equipment and Facilities

VTI shall use reasonable efforts to make services available to a Customer on or before a particular date, subject to the provisions of and compliance by the Customer with the regulations contained in this tariff. VTI does not guarantee availability, except as stated or expressly provided for in this tariff.

VTI shall use reasonable efforts to maintain facilities that it furnishes to the Customer. The Customer, or anyone designated by the Customer (except the ILEC) may not rearrange, disconnect, remove, attempt to repair or otherwise interfere with any of the facilities installed by VTI, except upon written consent of VTI.

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2.0 RULES AND REGULATIONS (Continued)**2.1 Undertaking of Company (Continued)****2.1.7 Provision of Equipment and Facilities (Continued)**

VTI shall not be responsible for the installation, operation, or maintenance of any Customer-provided communications equipment. Where such equipment is connected to the facilities furnished pursuant to this tariff, the responsibility of VTI shall be limited to the furnishing of facilities offered under this tariff and to the maintenance and operation of such facilities. Beyond this responsibility, VTI shall not be responsible for:

- (a) the transmission of signals by Customer-provided equipment or for the quality of or defects in such transmission;
- (b) the reception of signals by Customer-provided equipment; or
- (c) network control signaling where such signaling is performed by Customer-provided network control signaling equipment.

VTI may substitute, change or rearrange any equipment or facility at any time and from time to time but shall not thereby degrade the technical parameters of the service provided to the Customer.

Equipment VTI provides or installs at the Customer premises for use in connection with services VTI offers, shall not be used for any purpose other than that for which VTI provides, installs or has installed on its behalf.

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2.0 RULES AND REGULATIONS (Continued)**2.1 Undertaking of Company (Continued)****2.1.8 Non-Routine Installation**

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

2.1.9 Ownership of Facilities

Title to all facilities provided in accordance with this tariff remains with VTI, its agents or contractors or the ILEC.

2.2 Prohibited Uses

The services VTI offers shall not be used for any unlawful purposes or for any use which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits. Services may not be used for any purpose for which any payment or other compensation is received by the Customer except when the Customer is a duly authorized regulated telecommunications company.

VTI may require a Customer to discontinue its transmission of signals if said transmission is causing interference to others.

VTI may discontinue service if a Customer fails to comply with any of the rules herein. The Customer's service will only be suspended or discontinued as allowed under the Commission Rules.

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2.0 RULES AND REGULATIONS (Continued)**2.3 Discontinuance and Restoration of Service****2.3.1 Intentional Abuse of Service**

VTI has the right to refuse telephone service to any premises and at any time to discontinue telephone service, if it finds it necessary to do so to protect itself against intentional abuse. Intentional abuse of service includes, without limiting the generality of the foregoing, the use of service or facilities of VTI to transmit a message or to locate a person or otherwise to give or obtain information, without payment of an exchange service charge. Another form of such abuse is an intentional uninterrupted connection of one exchange station to another station, excluding those connections charged for on an elapsed time basis, which permits the use of the facilities in a manner similar to private line service. It also includes intentional receiver off-hook conditions.

2.3.2 Disconnection of Service for Cause

Upon non-payment of any sum due to VTI or upon violation of any of the conditions governing the furnishing of services as provided in this tariff, VTI may by notice in writing mailed to the Customer, without incurring any liability, temporarily discontinue the furnishing of service to the Customer. Telephone services may be discontinued fifteen (15) days after mailing notice of intention to discontinue service, and a service order charge will be made by Carrier for restoration of such Authorization Code and/or line. If VTI elects to discontinue service, the Customer shall be responsible for all charges through the date of termination.

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2.0 RULES AND REGULATIONS (Continued)**2.3 Discontinuance and Restoration of Service (Continued)****2.3.2 Disconnection of Service for Cause (Continued)**

If any Customer-provided equipment is used with facilities provided by VTI in violation of any law or any of the provisions in this tariff, VTI will take such action as is necessary for the protection of its facilities or the service of its other Customers and other persons provided with telecommunications services. The Customer shall discontinue such use of the equipment or correct the violation immediately upon actual or constructive knowledge of a violation and shall confirm in writing to VTI within fifteen (15) calendar days that such use has ceased or that the violation has been corrected. Failure of the Customer to discontinue such use or correct the violation and to give the required written confirmation to VTI within the time stated above shall result in interruption of the service of the Customer creating the violation, once appropriate notice of the potential disconnection or suspension has been provided by VTI to the Customer pursuant to South Dakota state law.

Service may be refused, reduced, or partially or completely discontinued without notice in the event VTI is informed that the service is used in such a manner that will adversely affect VTI's service to others.

VTI may disconnect service in accordance with the terms hereof without any liability except for an appropriate refund of any service deposit with accrued interest.

Customers having their local service terminated by VTI will be notified by VTI in accordance with the applicable rules and regulations of the Commission regarding termination of service.

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2.0 RULES AND REGULATIONS (Continued)**2.3 Discontinuance and Restoration of Service (Continued)****2.3.3 Restoration of Service**

When a Customer's service has been disconnected in accordance with this tariff, service will be re-established only upon the basis of an application for new service.

If a service has been suspended, discontinued or disconnected for nonpayment, service will be re-established upon receipt of all charges due, which includes charges for services and facilities during the period of suspension and which may include a service restoration fee. If the Customer has a history of payments returned for insufficient funds, VTI may require payment by cash, money order or certified check. If such payment is made by personal check, restoration of service will be effective only upon bank clearance of the check.

2.4 Customer Obligations and Liability

The Customer is responsible for the payment of bills associated with the use of VTI's service. Whether or not authorized by the Customer, this includes payment for calls and services: (1) originated at the Customer's number(s), (2) accepted at the Customer's number(s) (e.g., collect calls) and/or (3) incurred at the specific request of the Customer.

The Customer is responsible for making VTI facilities and equipment available periodically for maintenance purposes at a time agreeable to both VTI and the Customer. No allowance for interruptions in service will be made for the period during which service is interrupted for such purposes.

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2.0 RULES AND REGULATIONS (Continued)**2.4 Customer Obligations and Liability (Continued)**

The Customer is responsible for reimbursing VTI for damages to, or loss of, VTI's facilities or equipment caused by the acts or omissions of the Customer, the non-compliance by the Customer with these regulations or by fire or theft or other casualty on the Customer's premises, unless caused by the negligence or willful misconduct of the employees or agents of VTI. VTI may, upon reimbursement for damages, cooperate with the Customer in prosecuting a claim against the person causing such damage, and the Customer shall be subrogated to VTI's right of recovery of damages to the extent of such payment.

The Customer is responsible for obtaining, maintaining, and otherwise having full responsibility for all rights-of-way and conduit necessary for installation of fiber optic cable and associated equipment used to provide Local Exchange Service to the Customer from the cable building entrance or property line to the location of the equipment space described herein. Any costs associated with obtaining and maintaining the rights-of-way described herein, including the costs of altering the structure to permit installation of VTI-provided facilities, shall be borne entirely by, or may be charged by VTI to, the Customer. VTI may require the Customer to demonstrate its compliance with this section prior to accepting an order for service.

The Customer is responsible for complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of VTI facilities and equipment in any Customer premises or the rights-of-way for which Customer is responsible as defined herein, and granting or obtaining permission for VTI agents or employees to enter the premises of the Customer at any time for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of VTI.

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2.0 RULES AND REGULATIONS (Continued)**2.4 Customer Obligations and Liability (Continued)**

The Customer is responsible for providing at no charge, as specified from time to time by VTI, any needed personnel, equipment, space and power to operate VTI facilities and equipment installed on the premises of the Customer, and the level of heating and air conditioning necessary to maintain the operating environment on such premises.

The Customer shall be responsible for placing orders for service. When placing an order for service, Customer must provide the name(s) and address(es) of the person(s) responsible for the payment of service charges, the name(s), telephone number(s), and address(es) of the Customer contact person(s) and any other information as deemed appropriate by VTI.

The Customer is responsible for providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which VTI employees and agents shall be installing or maintaining VTI's facilities and equipment. The Customer may be required to install and maintain VTI facilities and equipment within a hazardous area if, in VTI's opinion, injury or damage to VTI's employees or property might result from installation or maintenance by VTI. The Customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material prior to any construction or installation work.

The Customer is responsible for not creating or allowing to be placed or maintained any liens or other encumbrances on VTI's equipment or facilities.

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2.0 RULES AND REGULATIONS (Continued)**2.5 Claims**

With respect to any service or facility provided by VTI, Customer shall indemnify, defend and hold harmless VTI from all claims, actions, damages, liabilities, costs and expenses, including reasonable attorneys' fees for:

- (a) any loss, destruction or damage to property of VTI or any third party, or the death of or injury to persons, including, but not limited to, employees or guests of either VTI or the Customer, to the extent caused by or resulting from negligent or intentional act or omission of the Customer, its employees, agents, representatives or
- (b) any claim, loss, damage, expense or liability for infringement of any copyright, patent, trade secret, or any proprietary or intellectual property right of any third party, arising from any act or omission by the Customer, including, with limitation, use of VTI's services and facilities in a manner not contemplated by the service order between the Customer and VTI.

2.6 Customer Equipment and Channels**2.6.1 Interconnection of Facilities**

Services furnished by VTI may be connected to the services or facilities of other authorized telecommunications companies only when authorized by, and in accordance with, the terms and conditions of the tariffs of the other telecommunications companies which are applicable to such connections. Service furnished by VTI is not part of a joint undertaking with such other carriers.

Any special interface equipment necessary to achieve compatibility between the facilities and equipment of VTI used for furnishing Local Exchange Service and the channels, facilities, or equipment of others may be provided at the Customer's expense.

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2.0 RULES AND REGULATIONS (Continued)**2.6 Customer Equipment and Channels (Continued)****2.6.1 Interconnection of Facilities (Continued)**

Facilities furnished under this tariff may be connected to Customer-provided terminal equipment in accordance with the provisions of this tariff.

2.6.2 Customer Responsibility

The Customer is responsible for taking all necessary legal steps for interconnecting his/her Customer-provided terminal equipment of communications systems with VTI's facilities. Customers shall secure all licenses, permits, rights-of-way, and other arrangements necessary for such interconnections.

2.7 Inspections

Upon reasonable notification to the Customer, and at a reasonable time, VTI may make such tests and inspections as may be necessary to determine that the Customer is complying with the requirements set forth herein for the installation, operation, and maintenance of any Customer-provided facilities and equipment to any Company-owned facilities and equipment. No credit will be allowed for any interruptions occurring during such inspections.

If the protective requirements for Customer-provided equipment are not being complied with, VTI may take such action as it deems necessary to protect its facilities, equipment and personnel. VTI may immediately and without notice deny service when the Customer submits VTI or non-VTI personnel to hazardous conditions. When the Customer circumvents VTI's ability to charge for its services, to prevent and protect against fraud or acts in a way that may cause immediate harm to the local exchange network or other VTI services, VTI will give the Customer prior notice before denying service.

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2.0 RULES AND REGULATIONS (Continued)**2.8 Payments and Charges****2.8.1 Payment for Service**

The Customer is responsible for payment of all charges for service and facilities furnished by VTI to the Customer, whether authorized or not. If an entity other than VTI imposes charges on VTI in addition to its own internal costs, and in connection with a service for which a VTI charge is specified, those charges may be passed on to the Customer.

Customers may pay for service by credit card, an authorized payment agent, or check or other method of payment as deemed appropriate by VTI.

When a payment for service is made by check, draft, or similar negotiable instrument, a returned check charge will be made by Carrier for each such item returned unpaid by a bank to Carrier for any reason. The acceptance of checks, drafts, or other negotiable instruments for the satisfaction of the Customer's debts to Carrier shall not constitute a waiver by Carrier of its right to payment by legal tender.

2.8.2 Taxes

Any assessments, franchise fees, privileges, licenses, occupation, excise, or other similar fees or taxes, whether in a lump sum or at a flat rate, based upon receipts or property units, imposed upon VTI by any governmental authority shall be added pro rata, insofar as practical, to the rates and charges stated in VTI's rate schedules. VTI shall, so long as any such tax or fee is in effect, add to the bills of the Customers an amount sufficient to recover any such tax or fee and may list this amount separately on the bill.

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2.0 RULES AND REGULATIONS (Continued)**2.8 Payments and Charges (Continued)****2.8.3 Establishment and Re-establishment of Credit**

VTI may conduct a credit investigation of each Customer or applicant prior to accepting the service order, Customer deposit or advance payment. A Customer whose service has been discontinued by VTI for non-payment of bills for any telecommunications service will be required to pay all bills due to VTI for telecommunications services or make other arrangements satisfactory to VTI and to re-establish credit before service is restored or any service started.

2.8.4 Billing and Collection

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

VTI will establish a monthly billing date for each Customer account and shall bill all charges incurred by, and credits due to the Customer under this tariff. Recurring charges are billed in advance of the month(s) in which service is provided, except where prohibited by law. Usage sensitive charges will be billed for the preceding billing period. Recurring charges and usage sensitive charges for the federal government will be billed in arrears. Bills are due by the payment due date shown on the bill.

When service does not begin on the first day of the billing cycle, or end on the last day of the billing cycle, the charge for the fraction of the billing cycle in which service was furnished will be calculated on a pro rata basis.

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2.0 RULES AND REGULATIONS (Continued)**2.8 Payments and Charges (Continued)****2.8.5 Billing Disputes**

The date of the dispute shall be the date VTI receives sufficient documentation to enable it to investigate the dispute. The Customer is responsible for notifying VTI, either verbally or in writing, of any charges in dispute and the specific basis of such dispute. All charges not in dispute shall be paid by the Customer by the payment due date. Upon notification of a dispute, VTI shall undertake an investigation of the disputed charges. At the conclusion of the investigation, VTI shall notify the Customer of any amount determined by VTI to be correctly charged, and such amount shall become immediately due. Amounts determined by VTI to be correctly charged shall also be subject to the late payment fee specified in this tariff.

In the event of a dispute, the Customer may be liable for reasonable court costs and attorneys' fees.

2.8.6 Advance Payments

VTI may require a Customer or applicant to make an advance payment as a condition of continued or new service. VTI reserves the right to require from an applicant advance payments of recurring and non-recurring charges, estimated usage charges and other charges and guarantees in such amount as may be deemed necessary by VTI for safeguarding its interests. In addition, where special construction is involved, advance payment of the construction charges quoted may be required at the time of application. The advance payment will be applied to any indebtedness for the service and facilities for which the advance payment is made.

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2.0 RULES AND REGULATIONS (Continued)**2.8 Payments and Charges (Continued)****2.8.7 Deposits**

VTI may require a deposit, or an increase in the amount of deposit, of a Customer who cannot establish a credit standing satisfactory to VTI. If the actual bills of the Customer subsequently rendered prove that the deposit is either insufficient or excessive, the deposit may be changed in accordance with the facts.

Any such deposit may be held during the continuance of the service as security for the payment of any and all amounts accruing for the service.

A deposit is returned to the Customer, less any amounts due VTI when service is disconnected. If a residential Customer has paid all bills by the due date for the last twelve (12) months, VTI must promptly refund the deposit. VTI is not required to refund deposits on business or commercial accounts until the account is closed. Refunds may be made through a credit on the next billing cycle. Even though a deposit is made, the Customer must still pay bills, including any advance payments, when requested. A Customer's payment of a deposit does not waive or modify VTI's practice of disconnecting service for failure to pay any bills.

2.8.8 Late Payment Fee

Customers billed directly by VT or its agents for usage charges incurred as the result of utilizing VT's service will be assessed a late payment fee equal to 1.5% of any unpaid monthly balance if payment is not received by VT by the due date specifically listed on the Customer's bill.

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2.0 RULES AND REGULATIONS (Continued)**2.8 Payments and Charges (Continued)****2.8.8 Late Payment Fee (Continued)**

Late payment fees do not apply to the disputed portion of unpaid balances, if resolved in favor of the Customer. The disputed portion of unpaid balances, if resolved in favor of VTI, may be subject to the late payment fee as of the original due date noted on the Customer's bill. Undisputed amounts of the same bill may be subject to the late payment fee if they remain unpaid by the due date noted on the Customer's bill.

Collection procedures and security deposit requirements are unaffected by the application of the late payment fee. The late payment fee does not apply to final accounts.

2.9 Cancellation, Discontinuance and Changes**2.9.1 Cancellation of Application for Service**

When a Customer cancels an application for service prior to the start of service or prior to any special construction, no charges will be imposed except for those specified herein.

Where, prior to cancellation by the Customer, VTI incurs any expenses in installing the service that it otherwise would not have incurred, a charge equal to the costs VTI incurred, less net salvage, shall apply, but in no case shall this charge exceed the sum of the charge for the minimum period of services ordered, including installation charges, and all charges others levy against VTI that would have been chargeable to the Customer had service begun.

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2.0 RULES AND REGULATIONS (Continued)

2.9 Cancellation, Discontinuance and Changes (Continued)

2.9.1 Cancellation of Application for Service (Continued)

Where VTI incurs an expense in connection with special construction, or where special arrangements of facilities or equipment have begun, before VTI receives a cancellation notice, a charge equal to the costs incurred, less net salvage, applies.

The charges described above will be calculated and applied on a case-by-case basis.

2.9.2 Cancellation of Service

If a Customer cancels a service order or terminates services before the completion of the term for any reason whatsoever, the Customer agrees to pay VTI the following:

- (a) all nonrecurring charges reasonably expended by VTI to establish service to the Customer.
- (b) any disconnection, early cancellation, or termination charges reasonably incurred and paid to third parties by VTI.
- (c) all recurring charges associated with the service being utilized for the balance of applicable term.
- (d) any other charges set forth in this tariff or in the service order for such early cancellation or termination.

The above sums shall become due as of the effective date of the cancellation or termination and be payable within the period, as set forth in this tariff.

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2.0 RULES AND REGULATIONS (Continued)

2.9 Cancellation, Discontinuance and Changes (Continued)

2.9.3 Discontinuance of Service

VTI may discontinue or refuse to furnish any and/or all service(s) to the Customer or applicant for service without incurring any liability if VTI deems that such action is necessary to prevent or to protect against fraud or to otherwise protect its personnel, agents, facilities, equipment, assets or service.

The discontinuance of service(s) by VTI pursuant to this Section does not relieve the Customer of any obligation to pay VTI for charges due for service(s) rendered up to the time of discontinuance. In addition, VTI may declare all future monthly and other charges which would have been payable by the Customer during the remainder of the term for which such services would have otherwise been provided to the Customer, to be immediately due and payable.

In the event VTI incurs fees or expenses, including attorneys' fees, in collecting or attempting to collect any charges owed VTI, the Customer will be liable to VTI for the payment of all such fees and expenses reasonable incurred.

VTI may discontinue service of any Customer who, with intent to annoy, telephones another and addresses to or about such other person any obscene language or addresses to such other person any threat to inflict injury to the person or property of the person addressed or any family member.

VTI may discontinue service of any Customer who, with intent to annoy, repeatedly telephones another without disclosing his true identity to the person answering the telephones, whether or not conversation ensues during the telephone calls.

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2.0 RULES AND REGULATIONS (Continued)**2.9 Cancellation, Discontinuance and Changes (Continued)****2.9.3 Discontinuance of Service (Continued)**

VTI may, without incurring any liability, discontinue or suspend service without notice or refuse service if: (a) the Customer provides false information to VTI regarding the Customer's identity, address, creditworthiness, its past or current use of communications services, or its planned use of VTI's service(s); (b) the Customer uses service to transmit a message, locate a person or otherwise give or obtain information without payment for the service or (c) the Customer uses, or attempts to use, service with the intent to avoid the payment, either in whole or in part, of the tariffed charges for the service by using or attempting to use any fraudulent means or devices.

VTI may, without incurring any liability, discontinue or suspend service within fifteen (15) days written notice, or refuse service if (a) the Customer refuses to furnish information to VTI regarding the Customer's creditworthiness, his/her past or current use of communications services or his/her planned use of service(s); (b) the Customer states that he/she will not comply with a request of VTI for deposits and/or advance payments, as specified in this tariff; (c) any material portion of the facilities used by VTI to provide service to the Customer is condemned or a casualty renders all or any material portion of such equipment or facilities inoperable beyond feasible repair; (d) any governmental order or directive calls for the discontinuation of service, the Customer alters the services to be provided, or the Customer violates an applicable federal, state or local law or regulation or (e) the Customer uses service without payment for the service or the Customer fails to pay any amounts owing to VTI for services to which the Customer subscribes or had subscribed or used.

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2.0 RULES AND REGULATIONS (Continued)**2.9 Cancellation, Discontinuance and Changes (Continued)****2.9.4 Changes in Service**

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

2.10 Credit Allowance - Directory Listings

For listings in alphabetical telephone directories and information records furnished without additional charge, no liability shall be attached to the Company. Subject to the provisions of Section 2.1.5 of this tariff, VTI shall allow, for errors or omissions in alphabetical telephone directories (excluding the use of bold face type), an amount within the following limits:

- (a) for listings and lines of information in alphabetical telephone directories furnished at additional charge, an amount not in excess of the charge for that listing during the effective life of the directory in which the error or omission occurred.
- (b) for listings in information records furnished at additional charge, an amount not in excess of the charge for the listing during the period the error or omission continued.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)**2.11 Allowances for Interruptions in Service**

When the use of service or facilities furnished by VTI is interrupted due to any cause other than the negligence or willful act of the Customer, or the operation or failure of the facilities or equipment provided by the Customer, a pro rata adjustment of the monthly charges subject to interruption will be allowed for the service and facilities rendered useless and inoperative by reason of the interruption whenever said interruption continues for a period of twenty-four (24) hours or more from the time the interruption is reported to or known to exist by VTI, except as otherwise specified in VTI's tariffs.

It shall be the obligation of the Customer to notify VTI immediately of any interruption in service for which a credit allowance is desired by Customer. Before giving such notice, the Customer shall ascertain that the trouble is not being caused by any action or omission of the Customer within his or her control, or is not in wiring or equipment, if any, furnished by Customer and connected to VTI's terminal. 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.

2.11.1 Credit Allowances

Credit for failure of service or equipment will be allowed only when failure is caused by or occurs in facilities or equipment owned, provided and billed for by VTI.

Credit allowances for failure of service or equipment starts when Customer notifies VTI of the failure or when VTI becomes aware of the failure and ceases when the operation has been restored and an attempt has been made to notify Customer.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)**2.11 Allowances for Interruptions in Service (Continued)****2.11.1 Credit Allowances (Continued)**

For calculating credit allowances, every month is considered to have thirty (30) days. A credit allowance is applied on a pro rata basis against the monthly charges 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. Credit allowances for services outages that exceed 24 hours in duration will be rounded up to the next whole twenty-four (24) hours.

2.11.2 Limitations on Allowances

No credit will be made for interruptions due to the negligence of, or noncompliance with the provisions of this tariff by, the Customer or for interruptions due to the negligence of any person using VTI's facilities with the Customer's permission. No credit will be given by VTI for interruptions due to the failure or malfunction of non-VTI equipment or interruptions of service during any period in which VTI is not given full and free access to its facilities and equipment for the purpose of investigating and correcting interruptions. No credit will be given to the Customer for interruptions of service during a period in which the Customer continues to use the service on an impaired basis, interruptions of service during any period when the Customer has released service to VTI for maintenance purposes or for implementation of a Customer order for a change in service arrangements, or interruption of service due to circumstances or causes beyond the control of VTI.

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2.0 RULES AND REGULATIONS (Continued)**2.12 Transfers and Assignments**

Neither VTI nor the Customer may assign or transfer its rights or duties in connection with the services and equipment or facilities provided by VTI without the written consent of VTI. VTI may assign its rights and duties without prior notice or consent (a) to any subsidiary, parent company or affiliate of VTI; (b) pursuant to any sale or transfer or substantially all the assets of VTI; or (c) pursuant to any financing, merger or reorganization of VTI.

2.13 Notices and Communications

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

VTI or the Customer shall advise the other party of any changes to the address designated for notices, billing or other communications.

ISSUED:

By: Melissa A. Smith, Esq.
Vice President - External Legal Affairs
1600 Viceroy Drive
Dallas, Texas 75235
(214) 424-1000

EFFECTIVE:

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)**2.14 Violation of Regulations**

When any terminal equipment or communications system is used with Local Exchange Services in violation of any of the provisions of this tariff, VTI will take any necessary immediate action to protect its services or interests, including disconnection of the service, and will promptly notify the Customer of the violation in writing. Within ten (10) days upon receipt of said notification, the Customer shall discontinue such improper use of the terminal equipment or communications system or correct the violation and shall confirm in writing to VTI that such use has ceased or that the violation has been corrected. Failure of the Customer to discontinue such use or to correct the violation and to give the required written confirmation to VTI within the time stated above shall result in disconnection of the Customer's service until such time as the Customer complies with the provisions of this tariff.

ISSUED:

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EFFECTIVE:

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

3.0 SERVICE DESCRIPTIONS**3.1 General**

VarTec's Local Exchange Service provides Customers with unlimited calling to points within their designated local calling area. VarTec concurs with the exchange areas and exchange maps filed by the incumbent Local Exchange Carriers and currently on file with the Commission.

VTI also provides optional services to allow Customers to efficiently manage the call flow generated over their telephone line(s). These services are subject to availability of facilities and compatibility with Customer type of access line and premises equipment. Optional services are only available to Customers of VTI's basic local services and are not available on Centrex and PBX trunks. When multiple services are activated on the same line, certain services may take precedence over others.

ISSUED:**EFFECTIVE:**

By: **Melissa A. Smith, Esq.**
Vice President - External Legal Affairs
1600 Viceroy Drive
Dallas, Texas 75225

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

1.0 SERVICE DESCRIPTIONS (Continued)**1.2 Basic Residential Local Service**

Basic Residential Local Service allows residential Customers to place local calls according to the rates as set forth herein. The standard features of Basic Residential Local Service include an assigned telephone number, dial tone, Dual Tone Multi-Frequency (DTMF – i.e., Touch Tone) and rotary signaling, access to long distance services and unlimited local calling within the standard local calling area.

Customers of Basic Residential Local Service have the ability to utilize 911/E911 emergency services, 711, 611 and 411 services (where available), operator services and long distance services. In addition, the Customer will have a listing in the applicable 911/E911 database, white pages telephone directory and the Directory Assistance database. Information obtained from the Customer is required but may have a designation for non-publication.

Increments for provision of non-optional Extended Area Service will be added when applicable.

Basic Residential Local Service is available only as part of VarTec's One ChoiceSM Premium Package. Rates and charges associated with VarTec's One ChoiceSM Premium Package are set forth in Section 4.2.1 following.

ISSUED:

By: Melissa A. Smith, Esq.
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(214) 424-1000

EFFECTIVE:

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

3.0 SERVICE DESCRIPTIONS (Continued)**3.2 Basic Residential Local Service****3.2.1 One ChoiceSM Premium Package**

One ChoiceSM Premium Package provides residential Customers in South Dakota with local calling and selected optional features for a flat rate. In order to subscribe to One ChoiceSM Premium Package, Customers must select VTI as the primary service provider for local exchange, intraLATA interexchange and interLATA interexchange telecommunications services. Furthermore, Customers must select VTI's One ChoiceSM Long Distance Service (a.k.a. VarTec VoiceSM Service) as described in Section 3.27 of VTI's interexchange services tariff, South Dakota P.U.C. NO. 1. The availability of One ChoiceSM Premium Package to Customers may be restricted based upon both VTI's access to resold services through the incumbent local exchange carrier and the Customer's creditworthiness as determined by information contained in a credit bureau report received from a credit reporting agency.

One ChoiceSM Premium Package includes Basic Residential Local Service as described in Section 3.2, Call Waiting as described in Section 3.4.10, Caller ID as described in Section 3.4.11 and Three-Way Calling as described in 3.4.13. One ChoiceSM Premium Package does not include equipment associated with the Caller ID feature.

ISSUED:**EFFECTIVE:**

By: **Melissa A. Smith, Esq.**
Vice President - External Legal Affairs
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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

1.0 SERVICE DESCRIPTIONS (Continued)

1.1 (Reserved for Future Use)

ISSUED:

By: Melissa A. Smith, Esq.
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EFFECTIVE:

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

3.0 SERVICE DESCRIPTIONS (Continued)**3.4 Call Management Features**

VTI offers optional Call Management Features as described herein to allow Customers to efficiently manage the call flow generated over their telephone line(s). These services are subject to availability of facilities and compatibility with Customer type of access line and premises equipment. Optional services are only available to Customers of VTI's basic local service and are not available on Centrex and PBX trunks. When multiple services are activated on the same line, certain services may take precedence over others.

Rates and charges associated with the Call Management Features described herein are set forth in Section 4.4 following.

3.4.1 Auto Redial

Auto Redial enables the Customer to redial automatically the last outgoing telephone number. If that telephone number is busy, the service will make call attempts to the telephone number for a maximum of thirty (30) minutes beginning with the Customer's activation of Auto Redial, in an effort to establish the call. The Customer will be signaled with a distinctive ring when the call can be completed. Customers access Auto Redial by dialing *66 and can cancel an Auto Redial activation by dialing *86.

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EFFECTIVE:

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

10 SERVICE DESCRIPTIONS (Continued)**14 Call Management Features (Continued)****3.4.2 Call Block**

Call Block enables the Customer to block calls from pre-selected telephone numbers and/or the last incoming call (without knowing the number). To block specified telephone numbers, the Customer builds a screening list via code activation. Customers may access their screening list to add telephone numbers by dialing *60. Customers may deactivate Call Block by dialing *80. To block an unknown telephone number after receiving the call, the Customer enters a blocking code to add the number to the Customer's screening list. In the event that facilities are unavailable to provide incoming call screening from the Customer's list, standard call completion will occur. Customers whose telephone numbers are blocked are directed to a prerecorded announcement regarding the block.

3.4.3 Call Forwarding

Call Forwarding enables the Customer to transfer all incoming calls to another telephone number. The Customer is responsible for the payment of charges (i.e., toll charges) for each call between the Customer's call forwarding equipped telephone and the telephone to which the call is being forwarded. The transmission may not meet normal standards depending upon the distance and routing necessary. Customers who are subscribed to Call Forwarding activate the service by dialing #72 and can deactivate the service by dialing #73.

Call Forwarding may also include the Call Forwarding - Busy Line and Call Forwarding - Don't Answer features described in Sections 3.4.4 and 3.4.5. However, only one Call Forwarding feature is allowed for each telephone line.

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EFFECTIVE:

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

3.4 SERVICE DESCRIPTIONS (Continued)**3.4 Call Management Features (Continued)****3.4.4 Call Forwarding - Busy Line**

Call Forwarding - Busy Line allows incoming calls that encounter a busy condition to be forwarded to a pre-designated telephone number. The Call Forwarding - Busy Line Customer is responsible for the payment of charges (i.e., toll charges) for each call between his/her call forwarding equipped telephone line and the line to which the call is being forwarded. The transmission may not meet normal standards depending upon the distance and routing necessary.

3.4.5 Call Forwarding - No Answer

Call Forwarding - No Answer allows incoming calls which are not answered after a pre-determined number of rings to be automatically forwarded to a pre-designated telephone number. The Call Forwarding - No Answer Customer is responsible for the payment of charges (i.e., toll charges) for each call between his/her call forwarding equipped telephone line and the line to which the call is being forwarded. The transmission may not meet normal standards depending upon the distance and routing necessary.

3.4.6 Call Forwarding - Busy Line/No Answer

Call Forwarding - Busy Line/No Answer provides the features of Call Forwarding - Busy Line as described in Section 3.4.4 as well as the features of Call Forwarding - No Answer as described in Section 3.4.5. The Customer is responsible for the payment of charges (i.e., toll charges) for each call between his/her call forwarding equipped telephone line and the line to which the call is being forwarded. The transmission may not meet normal standards depending upon the distance and routing necessary.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

3.0 SERVICE DESCRIPTIONS (Continued)**3.4 Call Management Features (Continued)****3.4.7 Remote Access to Call Forwarding**

Remote Access to Call Forwarding provides the Customer that is a subscriber of a Call Forwarding service with the ability to activate, deactivate or change Call Forwarding designations from a remote location. This service can only be accessed from a DTMF equipped telephone which has a full set of characters, including "*" and "#." All charges incurred to access the remote number will be billed appropriately. The transmission may not meet normal standards depending upon the distance and routing necessary. The Customer must also subscribe to one of the Call Forwarding features described herein.

3.4.8 Selective Call Forwarding

Selective Call Forwarding provides the Customer with the ability to forward incoming calls from pre-selected telephone numbers to another telephone number. The Customer can construct or modify a telephone number screening list. VTI equipment will screen incoming calls against the Customer's list and forward only those from telephone numbers on the list. The Selective Call Forwarding Customer is responsible for the payment of charges (i.e., toll charges) for each call between the Selective Call Forwarding equipped telephone line and the line to which the call is being forwarded. Calls from numbers not on the list will receive standard call completion. The Customer must also subscribe to one of the Call Forwarding features described herein.

Subscribers to Selective Call Forwarding activate the service and construct or modify the screening list by dialing *63 and following the prompts. This service may be temporarily deactivated by dialing *83.

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EFFECTIVE:

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

1.0 SERVICE DESCRIPTIONS (Continued)**1.4 Call Management Features (Continued)****1.4.9 Call Return**

Call Return enables the Customer to redial automatically the last incoming call, whether or not it was answered. If that telephone number is busy, automated continuous attempts will occur to call the number for a maximum of thirty (30) minutes beginning with the Customer's activation of Call Return in an attempt to establish the call. The Customer will be signaled with a distinctive ring when the call can be completed. Customers activate Call Return by dialing *69.

1.4.10 Call Waiting

Call Waiting alerts Customers via a tone signal while a call is in progress to indicate a second call is waiting and, by operation of the switchhook, allows the Customer to place the first call on hold and answer the waiting call. Call Waiting subscribers may deactivate Call Waiting for the duration of one call by dialing *70 prior to the direct-dialed digits. Call Waiting is automatically reactivated for the next originating or terminating call.

ISSUED:

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EFFECTIVE:

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

3.0 SERVICE DESCRIPTIONS (Continued)**3.4 Call Management Features (Continued)****3.4.11 Caller ID**

Caller ID allows the Customer to identify the calling party prior to the telephone being answered. Caller ID displays the name and/or telephone number of the calling party on the Customer's CPE before the call is answered at the Customer's premises. Caller ID consists of two features: 1) Calling Number Delivery, which identifies the telephone number of the calling party, before the telephone is answered and 2) Calling Name and Number Delivery, which identifies the name and telephone number of the calling party, before the telephone is answered. Caller ID requires a period of time equivalent to two ringing tones in order to produce the name and telephone number display on the CPE. Caller ID displays non-published telephone numbers, unless the Customer who has a non-published listing activates a call identification block.

Any Customer subscribing to Caller ID will be responsible for the provision of a display device which will be located on the Customer's premises. The installation, repair, and technical capability of that equipment to function in conjunction with the feature specified herein will be the responsibility of the Customer. Company assumes no liability and will be held harmless for any incompatibility of this equipment to perform satisfactorily with the network features described herein.

ISSUED:**EFFECTIVE:**

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 SERVICE DESCRIPTIONS (Continued)**3.4 Call Management Features (Continued)****3.4.11 Caller ID**

Caller ID allows the Customer to identify the calling party prior to the telephone being answered. Caller ID displays the name and/or telephone number of the calling party on the Customer's CPE before the call is answered at the Customer's premises. Caller ID consists of two features: 1) Calling Number Delivery, which identifies the telephone number of the calling party, before the telephone is answered and 2) Calling Name and Number Delivery, which identifies the name and telephone number of the calling party, before the telephone is answered. Caller ID requires a period of time equivalent to two ringing tones in order to produce the name and telephone number display on the CPE. Caller ID displays non-published telephone numbers, unless the Customer who has a non-published listing activates a call identification block.

Any Customer subscribing to Caller ID will be responsible for the provision of a display device which will be located on the Customer's premises. The installation, repair, and technical capability of that equipment to function in conjunction with the feature specified herein will be the responsibility of the Customer. Company assumes no liability and will be held harmless for any incompatibility of this equipment to perform satisfactorily with the network features described herein.

ISSUED:**EFFECTIVE:**

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

3.0 SERVICE DESCRIPTIONS (Continued)**3.4 Call Management Features (Continued)****3.4.12 Speed Calling**

Speed Calling enables a Customer to place calls to other telephone numbers by dialing a one or two digit code rather than the complete telephone number. Speed Calling 8 Number allows for an eight (8) telephone number capacity, wherein the telephone numbers are assigned a one digit code.

Customers may program Speed Calling 8 Number by dialing 74# and waiting for the dial tone. Customers then dial the code (consisting of numbers 2 through 9) to be assigned and the telephone number, including area code if necessary. To dial the number, Customers dial the code number followed by the pound sign (#).

ISSUED:

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EFFECTIVE:

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

1.0 SERVICE DESCRIPTIONS (Continued)

1.4 Call Management Features (Continued)

3.4.13 Three-Way Calling

Three-Way Calling enables a Customer to add a third party to an existing call without operator assistance, thereby establishing a three-way conversation. The transmission may not meet normal standards depending on the distance and routing necessary to activate a three-way call.

Customers access Three-Way Calling during a current call by pressing and releasing the receiver button to receive a second dial tone, dialing the third-party telephone number, and pressing and releasing the receiver button to connect the two calls.

ISSUED:

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EFFECTIVE:

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

10 SERVICE DESCRIPTIONS (Continued)**3.4 Call Management Features (Continued)****3.4.14 Anonymous Call Rejection**

Anonymous Call Rejection allows a Customer to reject all calls which have been indicated as anonymous, unavailable or private by the calling party. When Anonymous Call Rejection is active, the called party receives no alerting for a call that has been rejected. The call is routed to a denial announcement and subsequently terminated.

Customers who are subscribed to Anonymous Call Rejection activate the service by dialing *77 and can deactivate the service by dialing *87.

3.4.15 Call Waiting ID

Call Waiting ID allows the Customer to identify the calling party on a waiting call prior to the telephone being answered. Call Waiting ID displays the telephone number and/or name of the calling party on a Customer's CPE while a call is in progress. Call Waiting ID requires a period of time equivalent to two ringing tones in order to produce the name and telephone number display on the CPE. Call Waiting ID displays non-published telephone numbers, unless the Customer who has a non-published listing activates a call identification block. Call Waiting ID requires subscription to Call Waiting and Caller ID Services as described in Sections 3.4.10 and 3.4.11.

3.4.16 Caller ID - Delivery Blocking

Caller ID - Delivery Blocking prevents the delivery, display and announcement of the end-user's Directory Number and Directory Name on all calls dialed from an exchange service equipped with this option. When active, the end-user's telephone name and number will not appear on the called party's Caller ID CPE or be disclosed in another way.

ISSUED:**EFFECTIVE:**

By: **Melissa A. Smith, Esq.**
Vice President - External Legal Affairs
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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

4.0 RATE SCHEDULES

4.1 General

The rates for the services described in Section 3, including but not limited to, Basic Residential Local Service and Call Management Features, are provided herein. The rates and charges set forth herein may include one-time charges, per-call charges or monthly subscription charges.

4.2 Basic Residential Local Service - Rates and Charges

Basic Residential Local Service is available only as part of VarTec's One ChoiceSM Premium Package. Rates and charges associated with VarTec's One ChoiceSM Premium Package are set forth in Section 4.2.1 following.

4.2.1 One ChoiceSM Premium Package - Rates and Charges

Subscribers of One ChoiceSM Premium Package will be billed at the following rate in addition to all charges associated with the Customer's optional services and/or long distance usage, if any:

Monthly Rate - \$39.95

In addition, optional Call Management features as described in Section 3.4 and 3.5 are available to subscribers of One ChoiceSM Premium Package and will be billed at the rates set forth therein in addition to all charges associated with the Customer's One ChoiceSM Premium Package.

ISSUED:

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EFFECTIVE:

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

4.0 RATE SCHEDULES

4.3 (Reserved for Future Use)

ISSUED:

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EFFECTIVE:

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

4.0 RATE SCHEDULES (Continued)**4.4 Call Management Features - Rates and Charges**

Subscribers to Call Management Features will be billed at the following rates in addition to all charges associated with the Customer's basic local service plan.

| | <u>Monthly Rate</u> |
|----------------------------------|---------------------|
| Auto Redial | \$5.95 |
| Call Block | \$5.95 |
| Call Forwarding | \$5.95 |
| Call Forwarding - Busy Line | \$5.95 |
| Call Forwarding - No Answer | \$5.95 |
| Call Forwarding - Busy/No Answer | \$5.95 |
| Remote Access to Call Forwarding | \$5.95 |
| Selective Call Forwarding | \$5.95 |
| Call Waiting | \$5.95 |
| Caller ID - Number Only | \$8.95 |
| Caller ID - Name & Number | \$9.95 |
| Speed Calling 8 | \$5.95 |
| Three-Way Calling | \$5.95 |
| Anonymous Call Rejection | \$5.95 |
| Call Waiting ID | \$5.95 |
| Caller ID - Delivery Blocking | \$5.95 |
| Call Return | \$5.95 |

ISSUED:

By: **Melissa A. Smith, Esq.**
Vice President - External Legal Affairs
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EFFECTIVE:

South Dakota Public Utilities Commission
WEEKLY FILINGS
For the Period of September 27, 2001 through October 3, 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 AFFAIRS

CT01-044 In the Matter of the Complaint filed by Suzanne Drake, Sioux Falls, South Dakota, against McLeod USA Telecommunications Services, Inc. Regarding Poor Quality of Customer Service.

Complainant alleged that written notice was sent to McLeod for changes and the company response and resolution did not occur within 30 days. Complainant requests that the agreement/contract between both parties be terminated 30 days from date of written notification.

Staff Analyst: Charlene Lund
Staff Attorney: Kelly Frazier
Date Docketed: 09/27/01
Intervention Deadline: N/A

CT01-045 In the Matter of the Complaint filed by Shannon Thornburg, Rapid City, South Dakota, against McLeodUSA Telecommunications Services, Inc. Regarding Failure to Switch Long Distance Service.

Complainant states that he requested McLeodUSA to switch his service to Sprint. Some long distance calls were billed through Sprint but not all calls. Complainant is requesting that McLeod refund all long distance charges from July 31 forward. He is also requesting that a \$1000 penalty be assessed against McLeod for putting them back on McLeod's network after partially completing the switch on August 23, 2001.

Staff Analyst: Charlene Lund
Staff Attorney: Karen E. Cremer
Date Docketed: 10/03/01
Intervention Deadline: N/A

TELECOMMUNICATIONS

TC01-153 In the Matter of the Application of TalkNow, Inc. for a Certificate of Authority to Provide Interexchange Telecommunications services in South Dakota.

TalkNow, Inc. is seeking a Certificate of Authority to provide interexchange telecommunication services in South Dakota. The applicant is a reseller which intends to offer interexchange services, including 1+ and 101XXXX outbound dialing, toll-free inbound dialing, directory assistance, data services, and travel card services.

Staff Analyst: Keith Senger
Staff Attorney: Kelly Frazier
Date Docketed: 9/27/01
Intervention Deadline: 10/19/01

TC01-154 In the Matter of the Application of VarTec Telecom, Inc. for a Certificate of Authority to Provide Local Exchange Services in South Dakota.



November 2, 2001

RECEIVED

VIA OVERNIGHT DELIVERY

Michele M. Farris, P.E.
Utility Analyst
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Reference: TC01-154 - Supplemental Information
VarTec Telecom, Inc.'s Application for a Certificate of Authority to Provide
Competitive Local Exchange Telecommunications Services

Dear Ms. Farris:

VarTec Telecom, Inc. ("VarTec") is in receipt of correspondence from the Commission dated October 5, 2001 in response to VarTec's above referenced filing. In order to complete the Commission's analysis of VarTec's application, the Commission has requested that VarTec supply additional information regarding VarTec's business operations. In further support of its application, VarTec submits the following:

1. **Explain how the applicant will provide customers with access to emergency services such as 911 or enhanced 911, operator services, interexchange services, directory assistance, and telecommunications relay services.**

Through interconnection agreements with QWEST Communications, VarTec intends to make arrangements with its underlying carrier to provide 911 and enhanced 911 services, operator services, access to interexchange services, directory assistance and telecommunications relay services.

2. **How many potential customers in South Dakota does VarTec anticipate?**

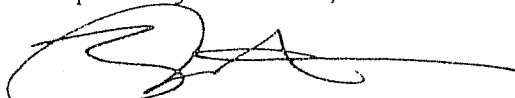
VarTec's plans are to primarily market to residential customers in South Dakota. However, at this time, VarTec is unable to predict how many potential customers it will service.

3. **Section 2.1.5 of VarTec's Local Exchange Tariff No. 1 has been revised to include Commission staff's recommended changes. Pursuant to Commission request these pages are submitted as original pages.**

4. Section 2.8.5 of VarTec's Local Exchange Tariff No. 1 has been revised to include a statement indicating that upon receipt of a bill, the customer has 180 days dispute the bill. Pursuant to Commission request, these pages are submitted as original pages.
5. Sections 2.8.6 and 2.8.7 of VarTec's Local Exchange Tariff No. 1 have been revised to be in accordance with ARSD 20:10:08. Pursuant to Commission request, these pages are submitted as original pages.

To verify receipt of this mailing, please date and file stamp copy of this correspondence (attached) and return it in the self-addressed postage prepaid envelope provided. Should you have any questions, or require additional information, please feel free to contact me directly at (214) 424-6680. Thank you for your time and consideration regarding this matter.

Respectfully submitted,



Jennifer Aviles
Regulatory Affairs

Enclosures

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)**2.1 Undertaking of Company (Continued)****2.1.5 Liability of the Company**

VTI shall not be liable for any act or omission of any entity furnishing to VTI or VTI's Customers facilities or equipment used for or with the services VTI offers or for the acts or omissions of other telecommunications companies or Local Exchange Carriers.

With respect to any claim or suit, by a Customer or by others, for damages associated with the ordering (including the reservation of any specific number for use with a service), installation (including delays thereof), provision, termination, maintenance, repair, interruption or restoration of any service or facilities offered under this tariff, and subject to the provisions of this tariff, VTI's liability, if any, shall be limited as provided herein.

The liability of VTI for damages arising out of the furnishing of its services, including but not limited to, mistakes, omissions, interruptions, delays, or errors, other defects, or representations by VTI, or use of these services or damages arising out of the failure to furnish the service whether caused by acts or omission, shall be determined in accordance with SDCL 49.13.1, 49-13-1.1 and any other applicable law.

ISSUED:

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EFFECTIVE:

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.6 RULES AND REGULATIONS (Continued)

2.1 Undertaking of Company (Continued)

2.1.5 Liability of the Company (Continued)

VTI shall not be liable for any defacement of or damage to Customer premises resulting from the furnishing of services or equipment on such premises or the installation or removal thereof, unless such defacement or damage is caused by negligence of VTI's agents or employees. No agents or employees of other telecommunications companies shall be deemed to be agents or employees of VTI.

VTI shall not be liable for any delay or failure of performance or equipment due to causes beyond its control, including but not limited to the following: acts of God, fire, flood, explosion or other catastrophes; law, order, regulation, direction, action or request of the United States government or of any other government, including state and local governments having or claiming jurisdiction over VTI or of any department, agency, commission, bureau, corporation or other instrumentality of any one or more of these federal, state, or local governments, or of any military authority; preemption of existing service in compliance with national emergencies; insurrections; riots; wars; unavailability of rights-of-way or materials, or strikes, lockouts, work stoppages, or other labor difficulties.

ISSUED:

EFFECTIVE:

By: **Melissa A. Smith, Esq.**
Vice President - External Legal Affairs
1600 Viceroy Drive
Sioux Falls, S.D. 57105

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)

2.1 Undertaking of Company (Continued)

2.1.5 Liability of the Company (Continued)

VTI shall not be liable for any damages or losses due to the fault or negligence of, or any omission by, the Customer or due to the failure or malfunction of Customer-provided equipment or facilities.

The Customer shall indemnify and hold VTI harmless from any and all loss, claims, demands, suits or other action, or any liability whatsoever, whether suffered, made, instituted, or asserted by another party or person(s), and for any loss, damage, or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, condition, location or use of any installation provided by VTI. VTI reserves the right to require each Customer to sign a service order acknowledging acceptance of the provisions of this section as a condition precedent to such installations. This service order shall in no way be interpreted to conflict with the liability provisions of SDCL49-13-1, 49-13-1.1 and any other applicable law.

ISSUED:

EFFECTIVE:

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

20 RULES AND REGULATIONS (Continued)**21 Undertaking of Company (Continued)****21.5 Liability of the Company (Continued)**

Notwithstanding the Customer's obligations as set forth in Section 2.4, VTI shall be indemnified, defended, and held harmless by the Customer or by others authorized by it to use the service against any claim, loss or damage arising from Customer's use of services furnished under this tariff including:

- (a) claims for defamation, libel, slander, invasion of privacy, infringement of copyright, unauthorized use of trademark, trade name, or service mark, unfair competition, interference with, misappropriation or violation of any contract, proprietary or creative right, or any other injury to any proprietary or creative right, or any other injury to any person, property or entity arising from the material, data, information or content, revealed to, transmitted, processed, handled or used by VTI under this tariff;
- (b) patent infringement claims arising from combining or connecting the service offered by VTI with apparatus and systems of the Customer or others and
- (c) all other claims arising out of any act or omission of the Customer or others in connection with any service provided by VTI pursuant to this tariff.

ISSUED:**EFFECTIVE:**

By: **Melissa A. Smith, Esq.**
Vice President - External Legal Affairs
1600 Viceroy Drive
Dallas, Texas 75235
(214) 424-1000

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

1.0 RULES AND REGULATIONS (Continued)

2.1 Undertaking of Company (Continued)

2.1.5 Liability of the Company (Continued)

Notwithstanding the Customer's obligations as set forth in Section 2.4, VTI shall be indemnified, defended, and held harmless by the Customer or by others authorized by it to use the service against any claim, loss or damage arising from Customer's use of services furnished under this tariff including:

- (a) claims for defamation, libel, slander, invasion of privacy, infringement of copyright, unauthorized use of trademark, trade name, or service mark, unfair competition, interference with, misappropriation or violation of any contract, proprietary or creative right, or any other injury to any proprietary or creative right, or any other injury to any person, property or entity arising from the material, data, information or content, revealed to, transmitted, processed, handled or used by VTI under this tariff;
- (b) patent infringement claims arising from combining or connecting the service offered by VTI with apparatus and systems of the Customer or others and
- (c) all other claims arising out of any act or omission of the Customer or others in connection with any service provided by VTI pursuant to this tariff.

ISSUED:

EFFECTIVE:

**By: Melissa A. Smith, Esq.
Vice President - External Legal Affairs
1600 Viceroy Drive
Dallas, Texas 75235
(214) 424-1000**

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)**2.1 Undertaking of Company (Continued)****2.1.5 Liability of the Company (Continued)**

VTI shall not be liable for any act or omission of any other company or companies furnishing a portion of the service, or for damages associated with service, channels or equipment which it does not furnish, or for damages which result from the operation of Customer-provided systems, equipment, facilities or services which are interconnected with VTI services.

The underlying service provider shall intercept all calls to a number listed incorrectly in the telephone directory until a new directory is distributed or a correction sheet is mailed to each Customer.

In conjunction with a non-published telephone number, VTI will not be liable for failure or refusal to complete any call to such telephone when the call is not placed by the number.

When a Customer with a non-published telephone number places a call to the Emergency 911 Service, VTI will release the name and address of the calling party, where such information can be determined to the appropriate local governmental authority responsible for the Emergency 911 Service upon request of such governmental authority. By subscribing to service under this tariff, Customer acknowledges and agrees with the release of information as described herein.

ISSUED:

By: Melissa A. Smith, Esq.
Vice President - External Legal Affairs
1600 Viceroy Drive
Dallas, Texas 75235
(214) 424-1000

EFFECTIVE:

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

1.0 RULES AND REGULATIONS (Continued)

2.1 Undertaking of Company (Continued)

2.1.5 Liability of the Company (Continued)

With respect to Emergency 911 Service, the following applies:

1. VTI is not responsible for any infringement or invasion of the right of privacy of any person or persons, caused or claimed to have been caused, directly or indirectly, by the installation, operation, failure to operate, maintenance, occasion by the use of Emergency 911 service features and the equipment associated therewith, or by any services furnished by VTI, including but not limited to, the identification of the telephone number, address or name associated with the telephone used by the party or parties accessing Emergency 911 service, and which arise out of the negligence or other wrongful act of VTI, the Customer, its Customers, agencies or municipalities, or the employees or agents of any one of these.

ISSUED:

EFFECTIVE:

By: **Melissa A. Smith, Esq.**
Vice President - External Legal Affairs
1600 Viceroy Drive
Dallas, Texas 75225

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)

2.1 Payments and Charges (Continued)

2.1.5 Billing Disputes

All questions and correspondence regarding customer disputes should be directed to the following contact:

Manager of Regulatory Affairs
1600 Viceroy Drive
Dallas, Texas 75235

The date of the dispute shall be the date VTI receives sufficient documentation to enable it to investigate the dispute. The Customer is responsible for notifying VTI, either verbally or in writing, within 180 days after receiving the bill, of any charges in dispute and the specific basis of such dispute. All charges not in dispute shall be paid by the Customer by the payment due date. Upon notification of a dispute, VTI shall undertake an investigation of the disputed charges. At the conclusion of the investigation, VTI shall notify the Customer of any amount determined by VTI to be correctly charged, and such amount shall become immediately due. Amounts determined by VTI to be correctly charged shall also be subject to the late payment fee specified in this tariff.

If a satisfactory resolution can not be reached between the Company and the Customer, the Customer has the right to file a complaint with the Commission. The address of the Commission is as follows:

South Dakota Public Utilities Commission
Capitol Building, 1st Floor
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

In the event of a dispute, the Customer may be liable for reasonable court costs and attorneys' fees.

ISSUED:

By: **Melissa A. Smith, Esq.**
Vice President - External Legal Affairs
1600 Viceroy Drive
Dallas, Texas 75235

EFFECTIVE:

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)**2.5 Payments and Charges (Continued)****2.5.6 Advance Payments**

VTI may require a Customer or applicant to make an advance payment as a condition of continued or new service. VTI reserves the right to require from an applicant advance payments totaling no more the average cost of service for two months or \$130.00, whichever is less, for safeguarding its interests. In addition, where special construction is involved, advance payment of the construction charges quoted may be required at the time of application. The advance payment will be applied to any indebtedness for the service and facilities for which the advance payment is made. The Company must give notice to the Customer at least 15 days before the day a deposit or advance payment is required.

2.5.7 Deposits

VTI may require or an increase in the amount of deposit, of a Customer who cannot establish a credit standing satisfactory to VTI. A required deposit shall be based on the average cost of service for two months or \$130.00, whichever is less, and payable in up to three monthly installments. If the actual bills of the Customer subsequently rendered prove that the deposit is either insufficient or excessive, the deposit may be changed in accordance with the facts.

Any such deposit may be held during the continuance of the service as security for the payment of any and all amounts accruing for the service.

ISSUED:

By: **Melissa A. Smith, Esq.**
Vice President - External Legal Affairs
1600 Viceroy Drive
Dallas, Texas 75235
(214) 424-1000

EFFECTIVE:

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

1.5 RULES AND REGULATIONS (Continued)**1.5.1 Payments and Charges (Continued)****1.5.1.1 Deposits (Continued)**

A deposit is returned to the Customer, less any amounts due VTI when service is disconnected. If a residential Customer has paid all bills by the due date for the last twelve (12) months, VTI must promptly refund the deposit. VTI is not required to refund deposits on business or commercial accounts until the account is closed. Refunds may be made through a credit on the next billing cycle. Even though a deposit is made, the Customer must still pay bills, including any advance payments, when requested. A Customer's payment of a deposit does not waive or modify VTI's practice of disconnecting service for failure to pay any bills.

The Company shall pay interest on deposits at the rate of 7 percent per annum or the rate established by the Commission.

1.5.1.2 Late Payment Fee

Customers billed directly by VT or its agents for usage charges incurred as the result of utilizing VT's service will be assessed a late payment fee equal to 1.5% of any unpaid monthly balance if payment is not received by VT by the due date specifically listed on the Customer's bill.

Late payment fees do not apply to the disputed portion of unpaid balances, if resolved in favor of the Customer. The disputed portion of unpaid balances, if resolved in favor of VTI, may be subject to the late payment fee as of the original due date noted on the Customer's bill. Undisputed amounts of the same bill may be subject to the late payment fee if they remain unpaid by the due date noted on the Customer's bill.

Collection procedures and security deposit requirements are unaffected by the application of the late payment fee. The late payment fee does not apply to final accounts.

ISSUED:

By: Melissa A. Smith, Esq.
Vice President - External Legal Affairs
1600 Viceroy Drive
Dallas, Texas 75235

EFFECTIVE:

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

| | |
|--|-----------------------|
| IN THE MATTER OF THE APPLICATION OF) | ORDER GRANTING |
| VARTEC TELECOM, INC. FOR A) | CERTIFICATE OF |
| CERTIFICATE OF AUTHORITY TO PROVIDE) | AUTHORITY |
| LOCAL EXCHANGE SERVICES IN SOUTH) | |
| DAKOTA) | TC01-154 |

On October 1, 2001, the Public Utilities Commission (Commission) received an application for a certificate of authority from VarTec Telecom, Inc. (VarTec).

VarTec proposes to provide facilities-based services utilizing the unbundled network elements platform of the incumbent local exchange carriers and as such, does not intend to construct any new facilities at this time. VarTec's local exchange services may include, but will not be limited to, basic residential and business local exchange services and class features residential and business ancillary services (911, directory assistance, etc); private line services and data transmission services. A proposed tariff was filed by VarTec.

On October 4, 2001, the Commission electronically transmitted notice of the filing and the intervention deadline of October 19, 2001, to interested individuals and entities. No petitions to intervene or comments were filed and at its regularly scheduled November 27, 2001 meeting, the Commission considered VarTec's request for a certificate of authority. Commission Staff recommended granting a certificate of authority, subject to rural safeguards.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapter 49-31 specifically 49-31-69 and ARSD 20:10:32:03. The Commission finds that VarTec has met the legal requirements established for the granting of a certificate of authority. VarTec has, in accordance with SDCL 49-31-71, demonstrated sufficient technical, financial and managerial capabilities to offer telecommunications services in South Dakota.

The Commission approves VarTec's application for a certificate of authority, subject to rural safeguards. The certificate of authority for VarTec shall authorize it to offer local exchange services in South Dakota, except in those areas served by a rural telephone company. In the future, should VarTec choose to provide local exchange services statewide, with respect to rural telephone companies, VarTec 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(a)(1) for designation as an 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). It is therefore

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

CERTIFICATE OF AUTHORITY

To Conduct Business As A Telecommunications Company
Within The State Of South Dakota

Authority was Granted as of the date of the
Order Granting Certificate of Authority
Docket No. TC01-154

This is to certify that

VARTEC TELECOM, INC.

is authorized to provide local exchange services in nonrural areas in
South Dakota.

This certificate is issued in accordance with SDCL 49-31-69 and ARSD
20 10:32 03, 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 5th day of December, 2001.

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION:


James A. Burg

JAMES A. BURG, Chairman

Pam Nelson

PAM NELSON, Commissioner