



TC02-008

**"ITS" Network Services**

"Integrated TeleServices....at your fingertips...."

RECEIVED

JAN 25 2002

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

January 21, 2002

Mr. William Bullard, Jr.  
Executive Director  
South Dakota Public Utilities Commission  
State Capitol  
500 East Capital Avenue  
Pierre, South Dakota 57501-5070

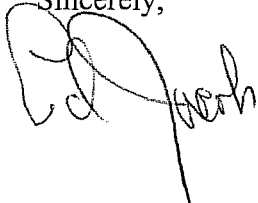
Re: Application Of ECI Communications, Inc. For A Certificate of Authority To Provide  
Telecommunications Services in South Dakota.

Dear Mr. Bulard:

The above referenced Applicant hereby submits the enclosed Application for a Certificate of Authority to provide telecommunications services in South Dakota. An original and ten (10) copies are included for filing. So that our records will be complete, please date stamp the extra copy of this transmittal letter and return in the envelope provided. Also enclosed is a check for \$250 to cover the filing fee.

Please direct any questions regarding this Application to Todd Lowe, President, Visiology, Inc., 16061 Carmel Bay Drive, Northport, Alabama 35475 who may be reached via telephone at (205) 330-1701. Your assistance in this matter is greatly appreciated.

Sincerely,



Ed Jacobs President  
Enclosures



**"ITS Network Services, Inc.**

7108 Fresno Avenue, Suite 300

Fresno, CA 93720

(559) 447-2100 •• (559) 447-2121

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

RECEIVED

JAN 25 2002

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF ECI  
Communications, Inc. FOR A CERTIFICATE OF  
AUTHORITY TO PROVIDE  
TELECOMMUNICATIONS SERVICES IN THE  
STATE OF SOUTH DAKOTA PURSUANT TO  
COMMISSION RULE 20:10:24:02.

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

APPLICATION

COMES NOW ECI Communications, Inc. (hereinafter "Applicant" or "ECI") and submits its Application seeking a certificate of authority to provide telecommunications services within the State of South Dakota. Applicant seeks statewide authority to offer inbound, outbound, conference, directory assistance, calling card, prepaid calling card, and private line services to presubscribed business customers and residential customers in the State of South Dakota. Applicant does not and will not offer alternative operator services (AOS). Applicant plans to resell the operator services of the underlying carrier. All services are only available to presubscribed customers. The Applicant will not provide service to the transient market.

In furtherance thereof, Applicant respectfully submits the following as required by Telecommunications Services Rules 20:10:24:02.

- (1) The name, address, and telephone number of the applicant:

ECI Communications, Inc.  
7108 Fresno Avenue, Suite 300  
Fresno, CA 93720  
(559) 447-2100

(2) The name under which the applicant will provide these services if different than in subdivision (1) of this section: Applicant will provide service in South Dakota under the name ECI Communications, Inc., d/b/a ITS Network Services.

(3) If the applicant is a corporation:

(a) The state in which it is incorporated, the date of incorporation, and a copy of its certificate of incorporation or, if it is an out-of-state corporation, a copy of its certificate of authority to transact business in South Dakota from the Secretary of State: ECI was incorporated in the State of Nevada on September 20, 2000. A copy of the Applicant's certificate of authority is attached at Exhibit A.

(b) The location of its principal office, if any, in this state and the name and address of its current registered agent: ECI does not maintain an office in South Dakota. The Applicant's registered agent in south Dakota is National Registered Agents, Inc., 310 South First Street, Sioux Falls, SD 57102.

(c) The names and addresses of any corporation, association, partnership, cooperative, or individual holding a twenty (20) percent or greater ownership management interest in the application corporation and the amount and character the ownership of management interest: See Exhibit B.

(d) The names and addresses of subsidiaries owned or controlled by the applicant: The Applicant does not own or control subsidiaries.

(4) If the applicant is a partnership, the name, title, and business address of each partner, both general and limited: N/A Applicant is a corporation.

(5) A specific description of the telecommunications services the applicant intends to offer: The Applicant will offer outbound and inbound telecommunications services, directory assistance service, calling card service, conference services, private line services, and operator toll assistance services. A detailed service description is provided in the proposed tariff attached at Exhibit I.

(6) A detailed statement of the means by which the applicant will provide its services, including the type and quantity of equipment to be used in the operation, the capacity, and the expected use of the equipment: ECI is a non-facilities-based reseller of telecommunication services provided by Global Crossings. Customers may use switched or dedicated access. Switched access is provided by the LEC. The customer may purchase dedicated access from the LEC or any other certified access provider. Representative access diagrams are shown at Exhibit D.

(7) The geographic areas in which the services will be offered, including a map describing the service area: Service will be offered throughout the State of South Dakota. See Exhibit E.

(8) Current financial statements; a copy of the applicant's latest annual report; a copy of the applicant's report to stockholders; and a copy of the applicant's tariff with the terms and conditions of service:

- \* Current balance sheet is attached at Exhibit F.
- \* Current income statement is attached at Exhibit G.
- \* Applicant's Year Ending June 30, 2001 Statements are attached at Exhibit H.
- \* The Applicant's proposed tariff is attached at Exhibit I.

(9) The names and addresses of the applicant's representatives to whom all inquiries should be made regarding complaints and regulatory matters and a description of how the applicant handles customer billings and customer service matters: Questions regarding this Application should be directed to Todd H. Lowe, President, Visiology, Inc., 16061 Carmel Bay Drive, Northport, Alabama 35475, who can be reached at (205) 330-1701. Questions regarding the on-going operations of the Company (complaints and regulatory matters) should be directed to Jack Burk Director of Operations, 7108 Fresno Avenue, Suite 300, Fresno, CA 93720, or by phone at (559) 447-2100, fax at (559) 447-2121, and e-mail at jburk@ITSONline.net. A description of how the Applicant handles customer billings and complaints may be found in the Tariff at Exhibit I sections 2.9 and 2.10.

(10) A list of the states in which the applicant is registered or certified to do business and if the applicant has ever been denied registration or certification in any state and the reason for the denial. The Applicant is registered or certified to do business or otherwise authorized in the state of California, Iowa, Michigan, Montana, New Jersey, Texas, Utah, Virginia, and Wisconsin. The Applicant has not been denied registration or certification in any state.

(11) A detailed description of how the applicant intends to market its services, the qualifications of its marketing sales personnel, its target market, whether the applicant engages in multilevel marketing, and copies of any company brochures used to assist in the sale of services. ECI uses independent distributors located in each state where we do business. After a screening process to determine if the distributor meets the company criteria, potential distributors are interviewed. If the distributor is selected, the distributor must complete the company's training program. Independent sales agents will contact potential customers by telephone and in person. All sales material used by the independent agents must be approved by ECI. Before accepting the customer, the company gets a written LOA and uses third party verification.

(12) Initially, the Applicant does not plan to offer noncompetitive services.

Applicant furnishes the following additional information in support of this Application.

(13) The Applicant possesses the necessary managerial capability to provide the proposed service.

ECI's management team includes Calvin Wong, who is its CEO and Chairman; Alex Soong, who is its Secretary and Director; and Ed Jacobs who is its President

Mr. Wong currently is president of Hyperzone Holding Corp., a company specializing in the financing of telecommunications and internet-related companies. He was a co-founder of Community Connect, Inc. a company providing online internet services to more than 4 million subscribers. Mr. Wong was instrumental in obtaining over \$20 million in funding for the company. Prior to establishing Community Connect, Mr. Wong was employed in the futures Market Division of Sumitomo Bank's Capital Markets operation and , prior to that, was employed with the Global Portfolio Management Division of Bankers Trust of New York.

Prior to joining ECI, Mr. Soong was employed by Telcordia, where he was responsible for designing and developing integrated network architecture for specialized databases use in information modeling. He also served as President of the Institute of Electrical and Electronic Engineers. Mr. Soong has a MS degree from Columbia University and a BS degree from Rutgers University.

Mr. Jacobs most recently was co-founder and President of LaRae Enterprises, a consulting and investment banking company, which specialized in acquisitions, financing, and business development in the telecommunications industry. From 1992 to 1997, Mr. Jacobs served as president, CEO, and Chairman of National Telephone and Communications("NTC"), a reseller of long distance telephone services. Mr. Jacobs was instrumental in increasing annual revenues from \$4 million to over \$100 million during his five year tenure. Prior to his employment with NTC, Mr. Jacobs co-founded Dataaccount Corporation, a financial services company specializing in payroll operations, and previously was employed by MacDonnell Douglas.



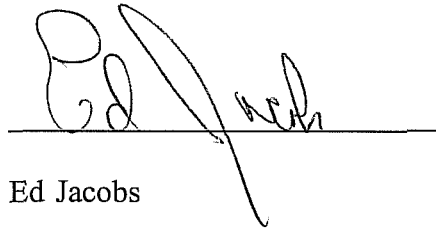
(14) The Applicant possesses the necessary technical capability to provide the proposed service. Because ECI is a non-facilities-based carrier, only the facilities of Global Crossings are to be used. Therefore, the technical ability of Global Crossings to provide service is more germane than the technical ability of ECI. That ability has already been demonstrated by Global Crossings's prior operations in this state.

(15) That the public interest will be served by the granting of this Application. ECI submits that the grant of this Application would serve the public convenience and necessity. Grant of ECI's Application would increase competition in the long distance telecommunication market in South Dakota, present greater price and service options for telephone users, and promote technological innovation. In addition, by lowering the costs of telecommunications, small and medium sized businesses are able to maintain their all important communications costs at levels that are closer to those available to larger users. All of this ECI believes, improves the competitive environment not only in telecommunications but also generally. It will allow South Dakota companies to compete on a more equal basis with their outstate competitors who may already be benefiting from lower telecommunications costs.

WHEREFORE, Applicant prays that the Commission issue to ECI Communications, Inc., d/b/a ITS Network Services authority to transact the business of a reseller of interexchange telecommunications service in the State of South Dakota as set forth above.

Dated at Fresno, California this 24 day of January, 2001.

ECI Communications, Inc., d/b/a ITS Network Services

A handwritten signature in black ink, appearing to read 'Ed Jacobs', is written over a horizontal line. The signature is stylized and cursive.

Ed Jacobs

President

**EXHIBITS**

	Exhibit
South Dakota Certificate of Authority . . . . .	A
20 Percent Ownership Management Interest . . . . .	B
Management Agreements . . . . .	C
Access Diagrams . . . . .	D
Service Area . . . . .	E
Current Balance Sheet . . . . .	F
Current Income Statement . . . . .	G
Year Ending June 30, 2001 Statements . . . . .	H
Tariff . . . . .	I

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF SOUTH DAKOTA**  
**ECI Communications, Inc.**

---

**EXHIBIT A**

**SOUTH DAKOTA CERTIFICATE OF AUTHORITY**

**PREPARED FOR**

**SOUTH DAKOTA**  
**PUBLIC UTILITIES COMMISSION**

# State of South Dakota



## OFFICE OF THE SECRETARY OF STATE

### Certificate of Authority

ORGANIZATIONAL ID #: FB025711

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

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

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 November 19, 2001.



**Joyce Hazeltine**  
Secretary of State

**CERTIFICATE**

**OF**

**USE IN A BUSINESS OF A TRADE, ASSUMED OR FICTITIOUS NAME**

To: Register of Deeds  
County of Minnehaha

The undersigned corporation, pursuant to the provisions of the laws of South Dakota, submits the following statement:

1. The name of the corporation (hereinafter referred to as the "Corporation") filing this original Certificate to Use in a Business of a Trade, Assumed or Fictitious Name is:

ECI Communications Inc.

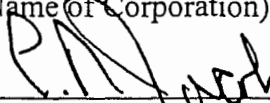
2. The trade/assumed/fictitious name under which business will be conducted by the Corporation is:

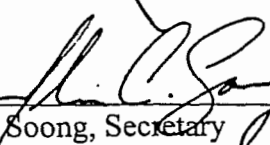
ITS Network Services

3. The name and address of the owner of the above trade/assumed/fictitious name is:

ECI Communications Inc.  
7108 N. Fresno Ave., Suite 300, Fresno, CA 93720

ECI Communications Inc.  
(Name of Corporation)

By:   
E. R. Jacobs, President

By:   
Alex Soong, Secretary

[Corporate Seal]

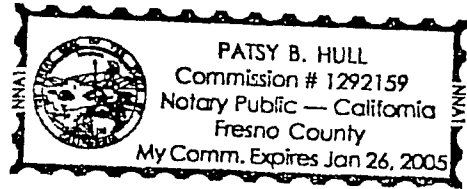
STATE OF California )  
COUNTY OF Fresno ) SS.:

\_\_\_\_\_ and \_\_\_\_\_ being first duly sworn, each for himself says that he has read the foregoing certificate and knows the contents thereof and the same is true.

\_\_\_\_\_  
\_\_\_\_\_

Subscribed and sworn to before me this  
31<sup>st</sup> day of October, 2001.

Patsy B. Hull  
Notary Public



My commission expires 1-26, 2005.

STATE OF NEW JERSEY )  
 ) SS.:  
COUNTY OF MIDDLESEX )

ALEX SOONG and \_\_\_\_\_ being first duly sworn, each for himself says that he has read the foregoing certificate and knows the contents thereof and the same is true.

*Alex Soong*  
\_\_\_\_\_

Subscribed and sworn to before me this  
14 day of NOV, 20 01.

*John Moran*  
Notary Public

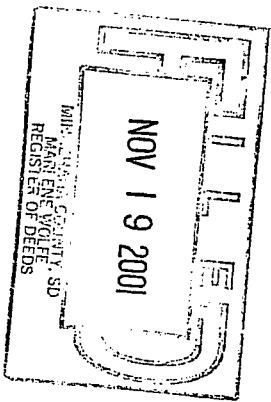
My commission expires \_\_\_\_\_  
JOHN MORAN  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires April 24, 2005





11592-

-COPY-



[Faint, illegible text]

## EXHIBIT B

### 20 PERCENT OWNERSHIP MANAGEMENT INTEREST

<b>ECI Communications, Inc. Officers, Directors, &amp; Shareholders</b>		
<b>Name/Title</b>	<b>Address</b>	<b>% of Common Shares</b>
<b>Edward Jacobs, President</b>	<b>7108 N. Fresno Street, #300 Fresno, CA 93720</b>	<b>23.59%</b>
<b>Alex Soong, Secretary, Director</b>		<b>0.00%</b>
<b>Calvin Wong, CEO, Treasurer, Chairman</b>		<b>11.65%</b>
<b>The Estate of ITS, H Wheeler, Trustee</b>	<b>P.O. Box 2220 Clovis, CA 93613</b>	<b>38.83%</b>

PREPARED FOR

**SOUTH DAKOTA  
PUBLIC UTILITIES COMMISSION**

**Articles of Incorporation**  
(PURSUANT TO NRS 78)  
**STATE OF NEVADA**  
*Secretary of State*

**FILED #** C25302-00

SEP 20 2000

(For filing office use)

(For filing office use)

IN THE OFFICE OF  
*Dean Heller*  
DEAN HELLER, SECRETARY OF STATE

1. NAME OF CORPORATION: ECI Communications Corp.
2. RESIDENT AGENT: (designated resident agent and his STREET ADDRESS in Nevada where process may be served)

Name of Resident Agent: Jessica Schiemann  
 Street Address: 3061 Probasco Way Sparks, NV 89431  
 Street No. Street Name City Zip

3. SHARES: (number of shares the corporation is authorized to issue)  
 Number of shares with par value: 100,000,000 Par value: \$ .0001 Number of shares without par value: None
4. GOVERNING BOARD: shall be styled as (check one):  Directors  Trustees

The FIRST BOARD OF DIRECTORS shall consist of one at time of incorporation member(s) and the name(s) and address(es) are as follows (attach additional pages if necessary):

<u>Calvin Wong</u>	<u>260 52nd Street, #75, New York, NY 10019</u>
Name	Address City/State/Zip

5. PURPOSE (optional - see instruction sheet): The purpose of the corporation shall be:  
Any legal Act within the State of Nevada

6. OTHER MATTERS: This form includes the minimal statutory requirements to incorporate under NRS 78. You may attach additional information pursuant to NRS 78.037 or any other information you deem appropriate. If any of the additional information is contradictory to this form it cannot be filed and will be returned to you for correction. Number of pages attached Six(6).

7. SIGNATURES OF INCORPORATORS: The names and addresses of each of the incorporators signing the articles: (signatures must be notarized.) (attached additional pages if there are more than two incorporators.)

Jessica Schiemann  
 Name  
3061 Probasco Way, Sparks, NV 89431  
 Address City/State/Zip

Jessica Schiemann  
 Signature

State of Nevada County of Washoe  
 This instrument was acknowledged before me on  
September 18, 2000, by

Jessica Schiemann  
 Name of Person

as incorporator of  
ECI Communications Corp.  
 (name of party on behalf of whom instrument was executed)

Connie Hayduk  
 Notary Public Signature

(affix notary stamp or seal)



Signature  
 State of Nevada County of Washoe  
 This instrument was acknowledged before me on  
N/A, by

Name of Person  
 as incorporator of  
N/A  
 (name of party on behalf of whom instrument was executed)

Notary Public Signature

8. CERTIFICATE OF ACCEPTANCE OF APPOINTMENT OF RESIDENT AGENT  
 I, Jessica Schiemann hereby accept appointment as Resident Agent for the above named corporation.

Jessica Schiemann September 18, 2000  
 Signature of Resident Agent Date



1 (G) Shall have power to appoint such officers and agents, as the affairs of the  
2 Corporation shall require, and to allow them suitable compensation.

3 (H) Shall have power to make By-Laws not inconsistent with the constitution  
4 or laws of the United States, or of the State of Nevada, for the management, regulation and  
5 government of its affairs and property, the transfer of its stock, the transaction of its business,  
6 and the calling and holding of meetings of its stockholders.

7 (I) Shall have power to dissolve itself.

8 (J) Shall have power to adopt and use a common seal or stamp, and alter the  
9 same. The use of a seal or stamp by the Corporation on any Corporate document is not  
10 necessary. The Corporation may use a seal or stamp, if it desires, but such use or nonuse shall  
11 not in any way affect the legality of the document.

12 (K) Shall have power to borrow money and contract debts when necessary for  
13 the transaction of its business, or for the exercise of its corporate rights, privileges or franchises,  
14 or for any other lawful purpose of its Incorporation; to issue bonds, promissory notes, bills of  
15 exchange, debentures, and other obligations and evidences of indebtedness, payable at a  
16 specified event or events, whether secured by mortgage, pledge or otherwise, or unsecured, or for  
17 money borrowed, or in payment for property purchased or acquired, or for any other lawful  
18 object.

19 (L) Shall have power to guarantee, purchase, hold, sell, assign, transfer,  
20 mortgage, pledge or otherwise dispose of the shares of the capital stock of, or any bonds,  
21 securities or evidences of the indebtedness created by, any other Corporation or Corporations of  
22 the State of Nevada, or any other state or government, and, while owners of such stock, bonds,  
23 securities or evidences of indebtedness, to exercise all the rights, powers and privileges of  
24 ownership, including the right to vote, if any.

25 (M) Shall have power to purchase, hold, sell and transfer shares of its own  
26 capital stock and use therefor its capital, capital surplus, surplus or other property or fund.

27 (N) Shall have power to conduct business, have one or more offices, and hold,  
28 purchase mortgage and convey real and personal property in the State of Nevada, and in any of  
29 the several states, territories, possessions and dependencies of the United States, the District of  
30 Columbia, and foreign countries.

1 (O) Shall have power to do all and everything necessary and proper for the  
2 accomplishment of the objects enumerated in its certificate or Articles of Incorporation, or any  
3 amendment thereof, or necessary or incidental to the protection and benefit of the Corporation,  
4 and, in general to carry on any lawful business necessary or incidental to the attainment of the  
5 objects of the Corporation, whether or not such business is similar in nature to the objects set  
6 forth in the certificate or Articles of Incorporation of the Corporation, or any amendment thereof.

7 (P) Shall have power to make donations for the public welfare or for  
8 charitable, scientific or educational purposes.

9 (Q) Shall have power to enter into partnerships, general or limited, or joint  
10 ventures in connection with any lawful activities.

11  
12 **FOURTH.** The aggregate number of shares the Corporation shall have authority to  
13 issue shall be one hundred million(100,000,000) shares of common stock, par value \$.0001, each  
14 share of common stock having equal rights and preferences, voting privileges and preferences.

15  
16 **FIFTH.** The governing board of this Corporation shall be known as directors, and  
17 the number of directors may from time to time be increased or decreased in such manner as shall  
18 be provided by the By-Laws of this Corporation, providing that the number of directors shall not  
19 be reduced or fewer then one (1).

20  
21 The name and post office address of the first Board of Director shall be  
22 *one* in number and listed as follows:

<u>Name</u>	<u>Address</u>
<u>Calvin Wong</u>	# 7 J <u>260 W. 52<sup>nd</sup> Street #75, NY, NY 10019</u>

23  
24  
25  
26  
27  
28 **SIXTH.** The capital stock, after the amount of the subscription price, or par value,  
29 has been paid in, shall not be subject to assessment to pay the debts of the Corporation.

30

1 SEVENTH. The name and post office address of the Incorporator signing the Articles  
2 of Incorporation is as follows:

3

<u>Name</u>	<u>Address</u>
<i>Jessica Schiemann</i>	<i>3061 Probasco Way, Sparks, NV 89431</i>

7

8 EIGHTH. The resident agent for this Corporation shall be:

9  
10 *Jessica Schiemann*

11  
12 The address of said agent, and the registered or statutory address of this Corporation in the State  
13 of Nevada shall be:

14  
15 *3061 Probasco Way, Sparks, NV 89431*

16  
17 NINTH. The Corporation is to have perpetual existence.

18  
19 TENTH. In furtherance and not in limitation of the powers conferred by statute, the  
20 Board of Directors is expressly authorized:

21  
22 Subject to the By-Laws, if any, adopted by the stockholders, to make, alter  
23 or amend the By-Laws of the Corporation.

24  
25 To fix the amount to be reserved as working capital over and above its  
26 capital stock paid in; to authorize and cause to be executed, mortgages and liens upon the real  
27 and personal property of this Corporation.

28  
29 By resolution by a majority of the whole Board, to designate one (1) or  
30 more committees, each committee to consist of one (1) or more of the Directors of the  
31 Corporation, which, to the extent provided in the resolution, or in the By-Laws of the

1 Corporation, shall have and may exercise the powers of the Board of Directors in the  
2 management of the business and affairs of the Corporation. Such committee or committees shall  
3 have such name, or names as may be stated in the By-Laws of the Corporation, or as may be  
4 determined from time to time by resolution adopted by the Board of Directors.  
5

6 When and as authorized by the affirmative vote of the stockholders  
7 holding stock entitling them to exercise at least a majority of the voting power given at a  
8 stockholders meeting called for that purpose, or when authorized by the written consent of the  
9 holders of at least a majority of the voting stock issued and outstanding, the Board of Directors  
10 shall have power and authority at any meeting to sell, lease or exchange all of the property and  
11 assets of the Corporation, including its goodwill and its franchises, upon such terms and  
12 conditions as its Board of Directors deems expedient and for the best interest of the Corporation.  
13

14 **ELEVENTH.** No shareholder shall be entitled as a matter of right to subscribe for or  
15 receive additional shares of any class of stock of the Corporation, whether now or hereafter  
16 authorized, or any bonds, debentures or securities convertible into stock, but such additional  
17 shares of stock or other securities convertible into stock may be issued or disposed of by the  
18 Board of Directors to such persons and on such terms as in its discretion it shall deem advisable.  
19

20 **TWELFTH.** No director or officer of the Corporation shall be personally liable to the  
21 Corporation or any of its stockholders for damages for breach of fiduciary duty as a director or  
22 officer involving any act or omission of any such director or officer; provided however, that the  
23 foregoing provision shall not eliminate or limit the liability of a director or officer (i) for acts or  
24 omissions which involve intentional misconduct, fraud or a knowing violation of law, or (ii) the  
25 payment of dividends in violation of Section 78.300 of the Nevada Revised Statutes. Any repeal  
26 or modification of these Articles by the stockholders of the Corporation shall be prospective only  
27 and shall not adversely affect any limitation on the personal liability of a director or officer of the  
28 Corporation for acts or omission to such repeal or modification.  
29

30 **THIRTEENTH.** This Corporation reserves the right to amend, alter, change or repeal any  
31 provision contained in the Articles of Incorporation, in the manner now or hereafter prescribed



1 by statute, or by the Articles of Incorporation, and all rights conferred upon stockholders herein  
2 are granted subject to this reservation.

3  
4 I, **THE UNDERSIGNED**, being the Incorporator herein before names for the purpose of  
5 forming a Corporation pursuant to the General Corporation Law of the State of Nevada, do make  
6 and file these Articles of Incorporation, hereby declaring and certifying that the facts herein  
7 stated are true, and accordingly have hereunto set my hand this 18<sup>th</sup> day of *September, 2000*.

8  
9 *Jessica Schiemann*  
10 *Jessica Schiemann*

11  
12  
13 STATE OF NEVADA )

14 : ss.

15 COUNTY OF WASHOE )

16  
17 On this the 18<sup>th</sup> day of *September, 2000*, *Reno*, Nevada, before me, the undersigned, a Notary  
18 Public in and for *Reno*, State of Nevada personally appeared *Jessica Schiemann*, known to me  
19 to be the person whose name is subscribed to the foregoing document and acknowledged to me  
20 that *she* executed the same.



23 *Connie Hayduk*  
24 Notary Public

25 I, *Jessica Schiemann*, hereby accept as Resident Agent for the previously named Corporation.

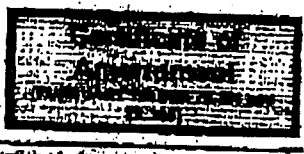
26 9/18/00  
27 Date

*Jessica Schiemann*  
*Jessica Schiemann*

2002/007  
FY02-5434-75-



DEAN HELLER  
Secretary of State  
101 North Carson Street, Suite 3  
Carson City, Nevada 89701-4788  
(775) 684 8740



FILED # 225702-00

JUL 24 2001

IN THE OFFICE OF  
DEAN HELLER, SECRETARY OF STATE

Important: Read attached instructions before completing form.

**Certificate of Amendment to Articles of Incorporation  
For Nevada Profit Corporations**  
(Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)  
- Remit in Duplicate -

1. Name of corporation: ECI Communications Corp.

2. The articles have been amended as follows (provide article numbers, if available):

See attached document  
A) Change of name to ECI Communications, Inc.  
B) Change # of shares to 110,000,000 @ .0001  
consisting of 100,000,000 common & 10,000,000 preferred  
having par value @ .0001

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation have voted in favor of the amendment is: passed.

4. Signatures (Required):  
Calvin Wong and [Signature]  
President or Vice President and Secretary or Asst. Secretary

\*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless of limitations or restrictions on the voting power thereof.

IMPORTANT: Failure to include any of the above information and remit the proper fees may cause this filing to be rejected.

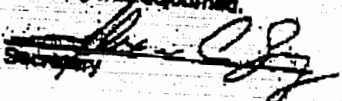
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Meeting of the Board of Directors for ECI COMMUNICATIONS, Inc.

Held on July 2, 2001 at 6pm in 200 W. 52nd St., New York, NY. Calvin Wong and Alex Boong were present representing a quorum. Calvin Wong acted as Chairman and Alex Boong acted as Secretary. Ed Jacob and Ed Wong were present by telephone.

The first order of business was the Chairman discussing the upcoming meeting. He stated that a unanimous vote from all the shareholders had approved the authorization of 10,000,000 shares of preferred stock having a par value of .001. He stated that the changes needed to be documented with the State of Nevada. After thorough discussion, it was duly resolved and recorded and RESOLVED, that ECI's President is hereby authorized, empowered and directed to take all necessary actions to modify ECI's Articles of Incorporation to provide for the issuance of 10,000,000 shares of preferred stock, one half of which shall be convertible into shares of ECI's common stock ("Convertible Preferred Stock") in accordance with terms and conditions that may from time to time be authorized by ECI's Board of Directors. There being no further business, the meeting was adjourned.

  
Secretary

**AUTHORIZED SHARE**

The Corporation shall have authority to issue an aggregate of 110,000,000 shares, of which 10,000,000 shares shall be preferred stock, par value \$0.0001 (the "Preferred Stock"), and 100,000,000 shares shall be common stock, par value \$0.0001 (the "Common Stock"). The powers, preferences, and rights, and the qualifications, limitations, or restrictions of the shares of stock of each class and series which the Corporation shall be authorized to issue, are as follows:

(a) **Preferred Stock.** Shares of Preferred Stock may be issued from time to time in one or more series as may from time to time be determined by the board of directors. Each series shall be distinctly designated. All shares of any one series of the Preferred Stock shall be alike in every particular, except that there may be different classes from which dividends thereon, if any, shall be cumulative, if made cumulative. The powers, preferences, participating, optional, and other rights of each such series and the qualifications, limitations, or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding. Except as hereinafter provided, the board of directors of this Corporation is hereby expressly granted authority to fix by resolution or resolutions adopted prior to the issuance of any shares of each particular series of Preferred Stock, the designation, powers, preferences, and relative participating, optional, and other rights and the qualifications, limitations, and restrictions thereof, if any, of such series, including, without limiting the generality of the foregoing, the following:

(i) The distinctive designation of, and the number of shares of Preferred Stock which shall constitute each series, which number may be increased (except as otherwise fixed by the board of directors) or decreased (but not below the number of shares thereof outstanding) from time to time by action of the board of directors;

(ii) The rate and times at which, and the terms and conditions on which, dividends, if any, on the shares of the series shall be paid; the extent of preferences or relation, if any, of such dividends to the dividends payable on any other class or classes of stock of this Corporation or on any series of Preferred Stock and whether such dividends shall be cumulative or noncumulative;

(iii) The right, if any, of the holders of the shares of the same series to convert the same into, or exchange the same for, any other class or classes of stock of this Corporation and the terms and conditions of such conversion or exchange;

(iv) Whether shares of the series shall be subject to redemption and the redemption price or prices, including, without limitation, a redemption price or prices payable in shares of any other class or classes of stock of the Corporation, cash, or other property and the time or times at which, and the terms and conditions on which, shares of the series may be redeemed;

(v) The rights, if any, of the holders of shares of the series on voluntary or involuntary liquidation, merger, consolidation, distribution, or sale of assets, dissolution, or winding up of this Corporation;

(vi) The terms of the sinking fund or redemption or purchase account, if any, to be provided for shares of the series; and

(vii) The voting power, if any, of the holders of shares of the series.

(b) **Common Stock.** The Common Stock shall have the following powers, preferences, rights, qualifications, limitations, and restrictions:

(i) After the requirements with respect to preferential dividends of Preferred Stock, if any, shall have been met and after this Corporation shall comply with all the requirements, if any, with respect to the setting aside of funds as sinking funds or redemption or purchase accounts and subject further to any other conditions which may be required by the Utah Revised Business Corporation Act, then, but not otherwise,

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the holders of Common Stock shall be entitled to receive such dividends, if any, as may be declared from time to time by the board of directors without distinction as to series;

(ii) After distribution in full of any preferential amount to be distributed to the holders of Preferred Stock, if any, in the event of a voluntary or involuntary liquidation, dissolution or sale of assets, dissolution, or winding up of this Corporation, the holders of the Common Stock shall be entitled to receive all of the remaining assets of the Corporation, tangible and intangible, of whatever kind available for distribution to stockholders, ratably in proportion to the number of shares of Common Stock held by each without distinction as to series; and

(iii) Except as may otherwise be required by law or these Articles of Incorporation, in all matters as to which the vote or consent of stockholders of the Corporation shall be required or be taken, (including any vote to amend these Articles of Incorporation, to increase or decrease the par value of any class of stock, effect a stock split or combination of shares, or alter or change the powers, preferences, or special rights of any class or series of stock, the holders of the Common Stock shall have one vote per share of Common Stock on all such matters and shall not have the right to cumulate their vote for any purpose.

(c) Other Provisions:

(i) The board of directors of the Corporation shall have authority to authorize the issuance, from time to time without any vote or other action by the stockholders, of any or all shares of the Corporation of any class at any time authorized, and any securities convertible into or exchangeable for such shares, in such cases on such persons and for such consideration and on such terms as the board of directors from time to time in its discretion lawfully may determine; provided, however, that the consideration for the issuance of shares of stock of the Corporation having par value shall not be less than such par value. Shares so issued, for which the full consideration determined by the board of directors has been paid to the Corporation, shall be fully paid stock, and the holder of such stock shall not be liable for any further call or assessments thereon.

(ii) Unless otherwise provided in the resolution of the board of directors providing for the issue of any series of Preferred Stock, no holder of shares of any class of the Corporation or of any security or obligation convertible into, or of any warrant, option, or right to purchase, subscribe for, or otherwise acquire, shares of any class of the Corporation, whether now or hereafter authorized, shall, as such holder, have any presumptive right whatsoever to purchase, subscribe for, or otherwise acquire shares of any class of the Corporation, whether now or hereafter authorized.

(iii) Anything herein contained to the contrary notwithstanding, any and all right, title, interest, and claim in and to any dividends declared or other distributions made by the Corporation, whether in cash, stock, or otherwise, which are claimed by the stockholder entitled thereto for a period of six years after the close of business on the payment date, shall be and be deemed to be extinguished and abandoned; and such unclaimed dividends or other distributions in the possession of the Corporation, its transfer agents, or other agents or depositaries, shall at such time become the absolute property of the Corporation, free and clear of any and all claims of any person whatsoever.

**EXHIBIT C**  
**MANAGEMENT AGREEMENTS**

ECI Communications, Inc., d/b/a ITS Network Services  
does not have any management agreements.

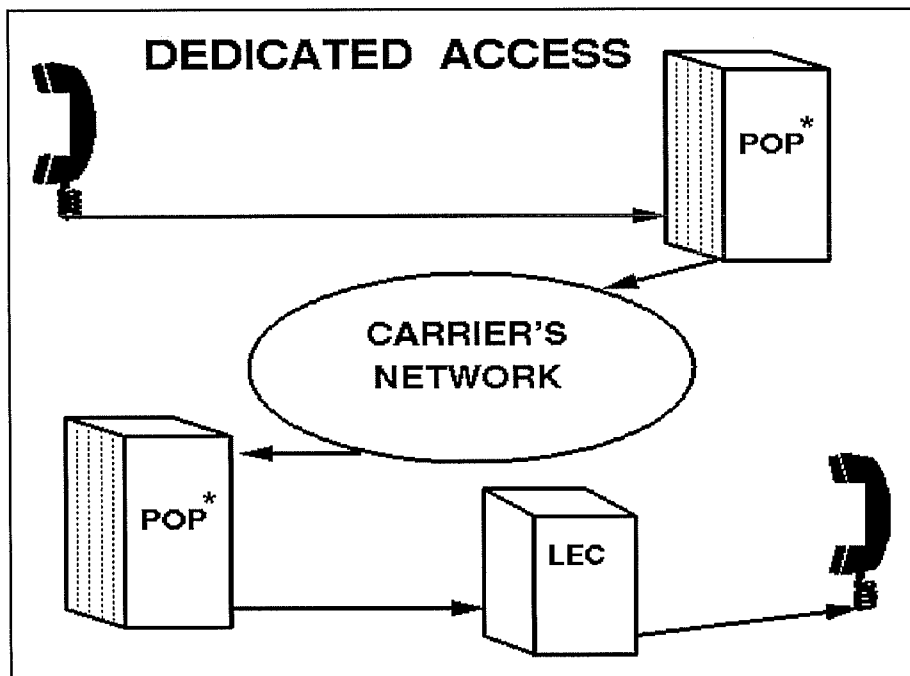
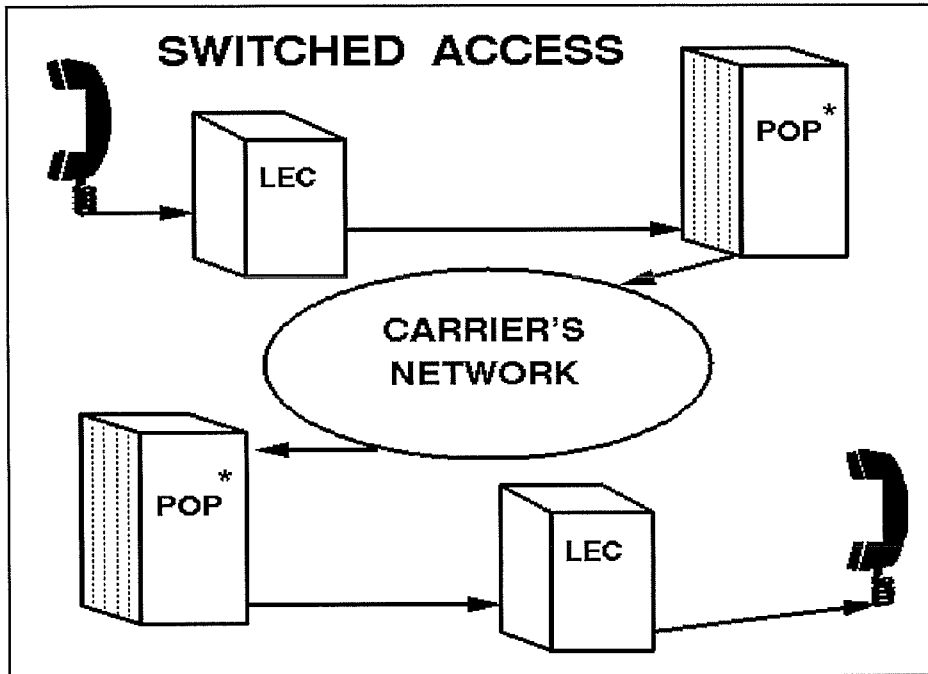
**PREPARED FOR**  
**SOUTH DAKOTA**  
**PUBLIC UTILITIES COMMISSION**

**EXHIBIT D**  
**ACCESS DIAGRAMS**

**PREPARED FOR**  
**SOUTH DAKOTA**  
**PUBLIC UTILITIES COMMISSION**

EXHIBIT D

REPRESENTATIVE ACCESS DIAGRAMS



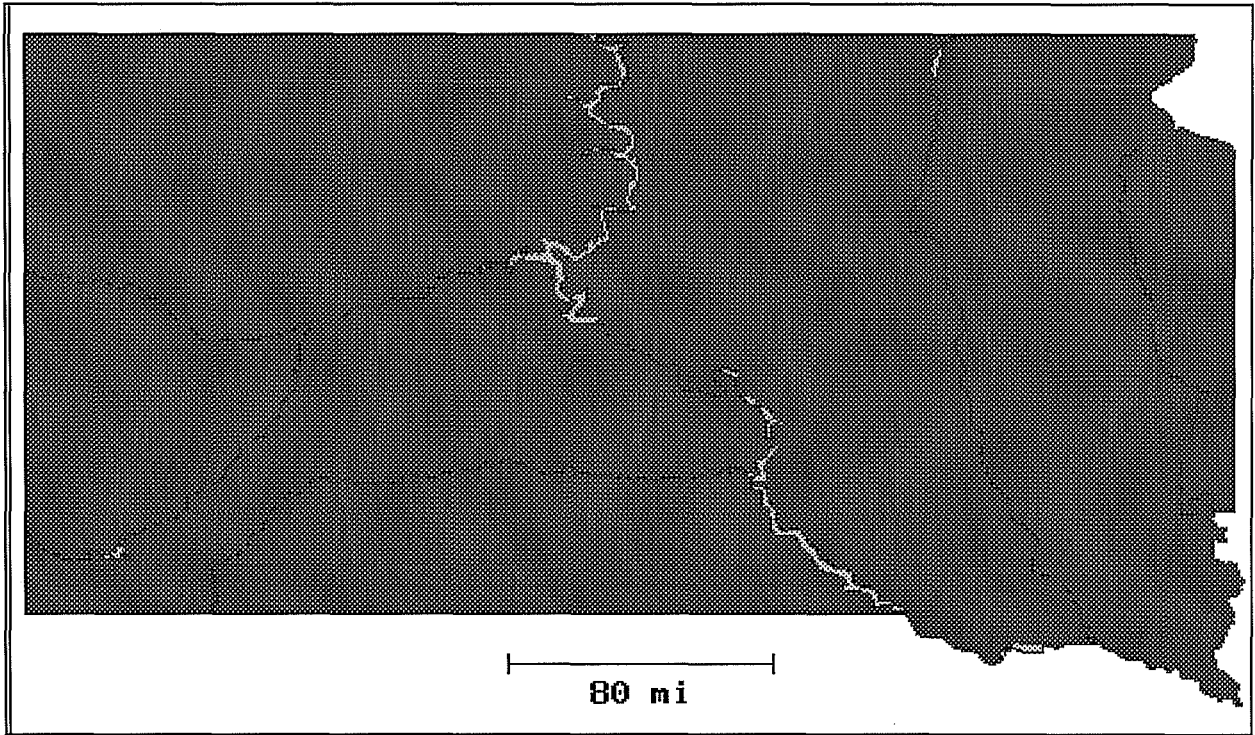
\* POP - CARRIER'S POINT-OF-PRESENCE



**EXHIBIT E**  
**SERVICE AREA**

**PREPARED FOR**  
**SOUTH DAKOTA**  
**PUBLIC UTILITIES COMMISSION**

## SERVICE AREA



**EXHIBIT F**  
**CURRENT BALANCE SHEET**

**PREPARED FOR**  
**SOUTH DAKOTA**  
**PUBLIC UTILITIES COMMISSION**

ECI COMMUNICATIONS, INC.  
BALANCE SHEET  
AS SEPTEMBER 30, 2001  
(UNAUDITED)

ASSETS

CURRENT ASSETS

Cash in Bank	\$ 301,289.51
Accounts Receivable, Net	409,827.75
Receivable from ITS Trustee	112,623.30
Other Receivables	3,769.30
Prepaid Expenses	32,646.37
Inventory	<u>2,061.50</u>
Total Current Assets	<u>862,217.73</u>

FIXED ASSETS

Furniture, Equipment & Software, Net	<u>62,460.07</u>
Total Fixed Assets	<u>62,460.07</u>

OTHER ASSETS

Deposits	20,700.00
Goodwill	150,000.00
ITS Customer Base, Net	<u>150,575.43</u>
Total Other Assets	<u>321,275.43</u>
Total Assets	<u>\$1,245,953.23</u>

LIABILITIES & STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts Payables	\$ 323,242.92
Accrued Expenses & Taxes	99,746.97
Reserve	1,200.00
Contract Payable	40,000.00
Note Payable to ITS Trustee	50,000.00
Notes Payable to Shareholders	<u>26,000.00</u>
Total Current Liabilities	<u>540,189.89</u>

LONG TERM LIABILITIES

Total Liabilities	<u>0.00</u>
	<u>540,189.89</u>

STOCKHOLDERS' EQUITY

Preferred Stock, \$.0001 par value; 10,000,000 shares authorized; 0 and 1,119,000 shares issued & outstanding on June 30, 2001 and September 30, 2001, respectively; convertible into 1,118,993 shares of common stock	489,562.50
Common Stock, \$.0001 par value; 100,000,000 shares authorized; 1,000,000 and 1,666,667 shares issued & outstanding on June 30, 2001 and September 30, 2001, respectively	205,000.00
Retained Earnings	<u>11,200.84</u>
Total Stockholders' Equity	<u>705,763.34</u>
Total Liabilities & Stockholders' Equity	<u>\$1,245,953.23</u>

(The Accompanying Notes Are An Integral Part Of These Financial Statements)

**EXHIBIT G**  
**CURRENT INCOME STATEMENT**

PREPARED FOR  
**SOUTH DAKOTA**  
**PUBLIC UTILITIES COMMISSION**

ECI COMMUNICATIONS, INC.  
STATEMENT OF OPERATIONS  
FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2001  
(Fiscal Year Ending June 30)  
(UNAUDITED)

REVENUES	\$ <u>756,299.23</u>
COST OF SALES	
Wholesale Telecom Carriers	520,029.32
Commissions	17,426.45
Wireless Equipment	2,661.95
Other Costs of Sales	<u>37,064.62</u>
Total Cost of Sale	<u>577,182.34</u>
Gross Profit	<u>179,116.89</u>
OPERATING EXPENSES	
Employee Salaries & Wages	82,842.26
Employee Taxes & Benefits	15,399.79
Amortization & Depreciation	308.43
Leases, Licenses & Subscriptions	7,977.71
Legal & Accounting	5,261.01
Outside Services	14,139.00
Rent & Utilities	18,154.51
Telephone & Telecom	3,927.99
Travel, Lodging & Meals	6,926.45
Other Operating Expenses	<u>7,508.09</u>
Total Operating Expenses	<u>162,445.24</u>
Net Income from Operations	<u>16,671.65</u>
OTHER INCOME/(EXPENSE)	
Interest Income	<u>39.23</u>
Total Other Income/(Expense)	<u>39.23</u>
Net Income Before Income Taxes	16,710.88
ESTIMATED INCOME TAXES	<u>1,086.17</u>
Net Income After Taxes	<u>\$ 15,624.71</u>
EARNINGS PER SHARE OF COMMON STOCK	
Basic Earnings Per Share	\$ 0.02
Diluted Earnings Per share	\$ 0.01
WEIGHTED AVERAGE OF COMMON SHARES OUTSTANDING	
Basic	1,007,246
Diluted	1,507,246

(The Accompanying Notes Are An Integral Part Of These Financial Statements)

ECI COMMUNICATIONS, INC.  
STATEMENT OF STOCKHOLDERS' EQUITY  
INCEPTION THROUGH SEPTEMBER 30, 2001  
(UNAUDITED)

	Common Stock		Preferred Stock		Gain (Deficit)	Total
	Shares	Amount	Shares	Amount		
Balance at Inception, September 20, 2001	1,000,000	\$ 5,000.00	0	\$ 0.00	\$ 0.00	\$ 5,000.00
Net Loss					(4,423.87)	(4,423.87)
Balance at End of Fiscal Year, June 30, 2001	1,000,000	5,000.00	0	0.00	(4,423.87)	576.13
Preferred Stock Issued Under Private Placement, Series A*			1,119,000	489,562.50		489,562.50
Common Stock Issued For Purchase of ITS Assets**	666,667	200,000.00				200,000.00
Net Income					15,624.71	15,624.71
Balance at End of Fiscal 1 <sup>st</sup> Quarter, September 30, 2001	1,666,667	\$205,000.00	1,119,000	\$489,562.50	\$ 11,200.84	\$ 705,763.34

\* These Preferred Stock shares are convertible, at each individual stockholder's option, into a total of 1,118,993 shares of Common Stock plus a total of \$3.14 to be paid to the stockholders for the fractional shares remaining if all shares are converted.

\*\* These 666,667 shares of Common Stock were used as part of the purchase price to acquire the ITS assets. The actual issuance of the shares will occur at the formal closing of the purchase on December 28, 2001. However, in accordance with the agreements approved by the Bankruptcy Court, the effective date of issue will be retroactive to September 30, 2001. Therefore, these shares have been included in this Statement Of Stockholders' Equity as though they were issued on September 30, 2001.

(The Accompanying Notes Are An Integral Part Of These Financial Statements)

ECI COMMUNICATIONS, INC.  
STATEMENT OF CASH FLOWS  
FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2001  
(Fiscal Year Ending June 30)  
(UNAUDITED)

CASH FLOWS RESULTING FROM OPERATIONS	
Net Income After Taxes	\$ 15,624.71
Adjustments to reconcile Net Income To Net Cash provided by Operations:	
Depreciation & Amortization	308.43
(Increases)/Decreases in Current Assets:	
Receivable From ITS Trustee	(112,623.30)
Other Receivables	(3,769.30)
Prepaid Expenses & Advances	43,490.73
Increases/(Decreases) in Current Liabilities:	
Accounts Payable	323,242.92
Accrued Expenses & Taxes	84,096.97
Reserve Accounts	1,200.00
Contracts & Notes Payable	<u>46,000.00</u>
Net Cash Provided/(Used) By Operations	<u>397,571.16</u>
CASH FLOWS RESULTING FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	(32,768.50)
Purchase of ITS Assets:	
Accounts Receivable	(409,827.75)
Inventory	(2,061.50)
Furniture, Equipment & Software	(30,000.00)
Deposits	(20,700.00)
Goodwill	(150,000.00)
ITS Customer Base	<u>(150,575.43)</u>
Net Cash Provided/(Used) By Investing Activities	<u>(795,933.18)</u>
CASH FLOWS RESULTING FROM FINANCING ACTIVITIES	
Value Of Common Stock Used In Purchase Of ITS Assets	200,000.00
Proceeds From Sale Of Preferred Stock, Series A	<u>489,562.50</u>
Net Cash Provided/(Used) By Financing Activities	<u>689,562.50</u>
Net Increase In Cash	291,200.48
CASH AT BEGINNING OF PERIOD	<u>10,089.03</u>
Cash At End Of Period	<u>\$ 301,289.51</u>

(The Accompanying Notes Are An Integral Part Of These Financial Statements)



ECI COMMUNICATIONS, INC.  
STATEMENT OF CASH FLOWS  
(Continued)  
FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2001  
(Fiscal Year Ending June 30)  
(UNAUDITED)

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash Paid During This Fiscal Year For Interest*	\$	0.00
Cash Paid During This Fiscal Year For Income Taxes**	\$	0.00

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING  
AND FINANCING ACTIVITIES:

666,667 shares of Common Stock were used as part of the purchase price to acquire the ITS assets. These shares were valued by the parties at \$0.30 per share for a total of \$200,000.00. The issuance of the shares will occur at the formal closing of the purchase on December 28, 2001. However, in accordance with the agreements approved by the Bankruptcy Court, the effective date of issue will be retroactive to September 30, 2001. Therefore, these shares have been included in this Statement Of Cash Flows as though they were issued on September 30, 2001.

\* The Series A preferred stock issued by ECI this fiscal year is all convertible preferred stock with a premium of 7.0% annual interest. However, no interest is owed by ECI until the convertibility period ends. For this Series A preferred stock, the convertibility period is one (1) year following the purchase date, which occurred on various dates between July 27, 2001, and September 30, 2001. ECI reasonably expects that all the Series A Preferred Stock will be converted prior to the end of the convertibility period

All the Notes Payable To Shareholders have consideration other than the payment of interest as a condition of the loan, primarily certain rights to convert to common or preferred stock.

The \$50,000.00 Note Payable To ITS Trustee is inclusive of 2.0% interest, due with the principal at the time of the formal closing of the ITS asset purchase on December 28, 2001. Both the principal and the interest have been included as capitalized costs for the purchased assets.

\*\* ECI had a loss of \$4,423.87 for the partial fiscal year ended June 30, 2001, primarily due the expensing of \$4,000.00 of organization costs. As a result, no income taxes have been due from ECI as of September 30, 2001. The \$1,046.94 of California state taxes owed for the profit earned since the beginning of this new fiscal year has been accrued on the Balance Sheet and will be paid on or before its due-date of December 15, 2001. (ECI reasonably expects to merge with a public shell company in the immediate future. This shell company has over \$250,000 in operating loss carry-forward that will be used to shelter ECI's initial profits from Federal income taxes. Therefore, no provision for Federal taxes has been included for this quarter's profit.)

(The Accompanying Notes Are An Integral Part Of These Financial Statements)

ECI COMMUNICATIONS, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2001  
(UNAUDITED)

NOTE 1. ORGANIZATION & DESCRIPTION OF THE BUSINESS

ECI Communications, Inc. ("Company" or "ECI") is a provider of telecommunication services for business and residential customers, including long distance telephone services, local telephone services and calling card services as well as certain cellular telephone products. The Company was incorporated on September 20, 2000, as a privately-held regular corporation under the laws of the State of Nevada and is doing business as ITS Network Services in California and certain other states. ECI's corporate offices are located in Fresno, California, with billing support facilities in Kingsburg, California, and an administrative support office in Phoenix, Arizona.

From the time of its incorporation through July 30, 2001, ECI was a development company. All efforts during this period were oriented towards the initiation of full-scale operations through the acquisition of an existing telecom company, or the assets of such a company, in accordance with the Company's business plan, primarily through the use of outside professionals.

On July 31, 2001, ECI received approval ("Approval") from the bankruptcy court ("Court") to purchase virtually all the telecom-related assets ("Purchased Assets") of Integrated TeleServices, Inc. ("ITS"), a company operating under the protection of Chapter 11 of the Federal Bankruptcy Code since January 10, 2000. Coincident with the Approval, ECI deposited a \$400,000 cashiers check with the trustee ("Trustee") of the ITS estate ("Estate") as partial payment for the Purchased Assets. (See Note 12 of these Notes To Financial Statements.) In accordance with the various agreements approved by the Court ("Assets Purchase Agreements"), the formal closing of this purchase is scheduled to occur on December 28, 2001 ("Closing"). This delay of the Closing was requested in order to give ECI the opportunity to transfer/obtain certain contractual and regulatory requirements needed to operate the Purchased Assets without relying on the authority of the Court, including, without limitation, contracts with wholesale telecom carriers and state certifications.

Prior to the Closing, the Trustee is obligated to maintain the Purchased Assets for the benefit of ECI. In accordance with the Asset Purchase Agreements, the Trustee subcontracted this obligation directly to ECI under the terms of a management agreement ("Management Agreement"), effective July 30, 2001. For the period of July 30, 2001, through the Closing, ECI is therefore managing and operating the Purchased Assets for its own benefit.

Coincident with the Approval, ECI implemented its preplanned actions to employ senior management and the operating personnel needed to meet its obligations under the Management Agreement. At the same time, the Trustee ceased performing all operating functions related to the ITS telecom business. Under the Management Agreement, ECI (i) receives all the collected ITS cash receipts as the Company's management fee, and (ii) is responsible for all operating expenses incurred after July 30, 2001. The Estate is responsible for ITS expenses incurred prior to July 30, 2001.

Under the terms of the Asset Purchase Agreements, at the time of the Closing certain material aspects of the transaction are retroactive to September 30, 2001, including, without limitation, (i) the transfer of ownership of the Purchased Assets to ECI ("Asset Ownership"), and (ii) the Estate's ownership of the 666,667 shares of ECI common stock that is part of the purchase price of the Purchased Assets ("Stock Ownership").

ECI COMMUNICATIONS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2001  
(UNAUDITED)

The Company's management currently believes the Closing will occur on schedule. These financial statements have therefore been prepared to reflect the Company's financial position based on the transfers of the Asset Ownership and the Stock Ownership on September 30, 2001. In the event the Closing does not occur, then these financial statements will not be an accurate representation of ECI's financial position and will need to be restated.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recognition Of Revenue And Related Costs - The Company recognizes its telecom related revenues during the month in which the telecom services and products are delivered to its business and residential customers, i.e., in the month the customers make long distance, local or calling card telephone calls as reported to the Company by its wholesale telecom carriers. The Company recognizes other revenues during the month in which such other revenues are reasonably earned.

In addition, the Company has adopted the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") 101 in the preparation of its financial statements. SAB 101 outlines the basic criteria that must be met to recognize revenue and provides guidance for the presentation of revenue and the disclosure related to revenue recognition policies in financial statements filed with the SEC.

The Company recognizes its costs during the month in which such costs are reasonably incurred.

Recognition Of Revenues Under The Management Agreement - Under the terms of the Management Agreement, the Company's fee is specifically stated as all the ITS cash and credit card receipts the Company collects on or after July 30, 2001. The Company's revenue during the quarter ending September 30, 2001, consisted only of fees from the Management Agreement, interest income and the sale for cash of an option to a related party. (See Note 8 of these Notes To Financial Statements.) Therefore during this quarter, the Company has effectively reported its revenues on a cash basis.

Accounts Receivable - The Company does not include in its accounts receivable any amounts due from its customer that are 90 days or more past due. In addition, the Company provides for reserves that management reasonably believes is sufficient to cover the receivables the Company will not be able to collect within such 90 days.

Fixed Assets - The Company states the value of all its purchased furniture, fixtures, equipment and software at cost, other than such fixed assets as may be acquired in a manner similar to the ITS assets purchase, which are stated at estimated market value. Depreciation is computed using the straight-line method over the assets' estimated useful life, typically 3 to 5 years.

Betterment Costs - Betterments, renewals, and extraordinary repairs that extend the lives of the assets are capitalized. Other repairs and maintenance charges are expensed as incurred. The cost and related accumulated depreciation applicable to retired assets are removed from the accounts, and the gain or loss on disposition is recognized in current operations.

ECI COMMUNICATIONS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2001  
(UNAUDITED)

Use Of Estimates - In the preparation of its financial statements, the Company's management is required to make certain estimates and assumptions ("Estimates") in order to comply with generally accepted accounting principles. Such Estimates can affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from the Estimates. Material Estimates typically made by management include, without limitation, provisions for losses on accounts receivable, realizability of long-lived assets and estimates for income tax valuations.

Long-Lived Assets - In the preparation of its financial statements, the Company has adopted Statement of Financial Accounting Standards ("SFAS") No. 121, relating to the impairment/disposal of long-lived assets, which is discussed in more detail below in Note 3. Based on the requirements of this SFAS 121, the Company believes that no impairment of its long-lived assets existed as of September 30, 2001.

NOTE 3. ADOPTION OF ACCOUNTING STANDARDS

The Company prepares its financial statements in accordance with generally accepted accounting principles. In addition, except as indicated below for SFAS No. 123, the Company has specifically adopted the following recently issued accounting standards in the preparation of its financial statements.

Fair Value Of Financial Instruments - The Company has adopted SFAS No. 107 "Disclosures about Fair Value of Financial Instruments". Under SFAS 107, the Company's management determines the estimated fair value amounts of its financial instruments using available market information and other valuation methods. However, since considerable judgment is required to interpret market data in developing estimates of fair value, such estimates are not necessarily indicative of the amounts the Company could actually realize in a current market exchange.

Earnings Per Share - The Company has adopted SFAS No. 128 "Earnings Per Share". Basic Earnings Per Share is computed by dividing the net income available to common shareholders by the weighted-average number of common shares outstanding. Diluted Earnings Per Share is computed in a manner similar to the Basic Earnings Per Share, except that the weighted-average number of shares outstanding is increased to include all common shares, including those with the potential to be issued by virtue of warrants, options, convertible preferred stock, convertible debt and other such convertible instruments. Diluted Earnings Per Share contemplates a complete conversion to common shares of all convertible instruments only if they are dilutive in nature with regards to earnings per share.

Comprehensive Income - The Company had adopted SFAS No. 130, "Reporting Comprehensive Income". SFAS 130 establishes standards for reporting and display of comprehensive income and its components in a full set of general-purpose financial statements. The Company currently has no items of comprehensive income.

Segments Of An Enterprise And Related Information - The Company has adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." SFAS 131 changed the way public companies report information about segments of their business in their annual financial statements and requires them to report selected segment information in their quarterly reports issued to shareholders. It

ECI COMMUNICATIONS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2001  
(UNAUDITED)

also requires entity-wide disclosures about the products and services an entity provides, the material countries in which it holds assets and reports revenues and its major customers. Currently, 99% of the Company's revenues are telecom-related revenues. The Company therefore believes segment reporting is not applicable.

Stock-Based Compensation - The Company has adopted Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees", the intrinsic value based method to account for stock-based compensation issued to employees. Under the intrinsic value based method, compensation is the excess, if any, of the fair value of the stock at the grant date or other measurement date over the amount an employee must pay to acquire the stock. Compensation, if any, is recognized over the applicable service period, which is usually the vesting period.

The Financial Accounting Standards Board ("FASB") issued SFAS No. 123, "Accounting for Stock-Based Compensation". This standard, if fully adopted, changes the method of accounting for employee stock-based compensation plans to the fair value based method. For stock options and warrants, fair value is determined using an option pricing model that takes into account the stock price at the grant date, the exercise price, the expected life of the option or warrant and the annual rate of quarterly dividends. Compensation expense, if any, is recognized over the applicable service period, which is usually the vesting period.

The adoption of the accounting methodology of SFAS 123 is optional and the Company has currently elected to continue accounting for stock-based compensation issued to employees using APB 25 and not to adopt SFAS 123 at this time. However, pro forma disclosures, as if the Company adopted the cost recognition requirements under SFAS 123, are required to be presented. At the present time, the Company has not issued stock-based compensation to any employee.

Certain Stock Compensation Transactions - The Company has adopted FASB's Interpretation ("FIN") No. 44, "Accounting for Certain Transactions Involving Stock Compensation, an Interpretation of APB 25." FIN 44 clarifies the application of APB 25 for (a) the definition of employee for purposes of applying APB 25, (b) the criteria for determining whether a plan qualifies as a non-compensatory plan, (c) the accounting consequence for various modifications to the terms of a previously fixed stock option or award, and (d) the accounting for an exchange of stock compensation awards in a business combination.

Derivative Instruments And Hedging Activities - The Company has adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities on the balance sheet at their fair value. This statement, as amended by SFAS 137, is effective for financial statements for all fiscal quarters of all fiscal years beginning after June 15, 2000. Currently, the Company does not engage in any derivative or hedging activities.

Business Combinations - The Company has adopted SFAS No. 141, "Business Combinations," which is effective for business combinations initiated after June 30, 2001. SFAS 141 eliminates the pooling of interest method of accounting for business combinations and requires that all business combinations occurring after July 1, 2001 be accounted for under the purchase method.

ECI COMMUNICATIONS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2001  
(UNAUDITED)

Goodwill And Other Tangible Assets - The Company has adopted SFAS No. 142, "Goodwill and Other Intangible Assets", which is effective for fiscal years beginning after December 15, 2001. Early adoption is permitted for entities with fiscal years beginning after March 15, 2001, provided that the first interim financial statements have not been previously issued. SFAS 142 addresses how intangible assets that are acquired individually or with a group of other assets should be accounted for in the financial statements upon their acquisition and after they have been initially recognized in the financial statements. SFAS 142 requires that goodwill and intangible assets that have indefinite useful lives not be amortized but rather be tested at least annually for impairment, and intangible assets that have finite useful lives be amortized over their useful lives. SFAS 142 provides specific guidance for testing goodwill and intangible assets that will not be amortized for impairment. In addition, SFAS 142 expands the disclosure requirements about goodwill and other intangible assets in the years subsequent to their acquisition. Goodwill and intangible assets acquired after June 30, 2001 are subject immediately to the provisions of SFAS 142.

Asset Retirement Obligations - The Company has adopted SFAS No. 143, "Accounting for Asset Retirement Obligations". SFAS 143 establishes standards associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This statement is effective for financial statements issued for fiscal years beginning after June 15, 2002.

Impairment/Disposal Of Long-Lived Assets - The Company has adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS 144 addresses financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of. The provisions of SFAS 144 are effective for financial statements issued for fiscal years beginning after December 15, 2001, and interim periods within these fiscal years, with early adoption encouraged.

Web Site Development Costs - The Company has adopted the consensus reached by the Emerging Issues Task Force on Issue No. 00-2, "Accounting for Web Site Development Costs". This consensus states that for specific web site development costs, the accounting for such costs should be accounted for under AICPA Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use."

NOTE 4. RECEIVABLES DUE TO COMPANY

As of September 30, 2001, the Company had outstanding receivables totaling \$526,220.35, of which \$522,451.05 is material to the Company's current financial position.

Accounts Receivable - The \$409,827.75 of Accounts Receivable resulted from the Company's purchase of the ITS assets. (See Notes 1 and 12 of these Notes To Financial Statements.) To establish the actual value of the purchased accounts receivable, the Company reduced the book-value of the ITS receivables by (i) all amounts that were 90-days or more overdue, and (ii) all other amounts owed by the ITS customer base that were questionable or in dispute ("Write-Offs"). As a result, the Company believes the full amount of the \$409,827.75 will be collected. The Company has initiated an aggressive program to collect as much of the Write-Offs in the future as possible.

ECI COMMUNICATIONS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2001  
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Receivable Due From ITS Trustee - Under the Management Agreement between the ITS Trustee and the Company, the Estate is responsible for paying all operating costs incurred by ITS prior to July 30, 2001 ("Prior Expenses"). The Estate did not have the funds to pay all of the Prior Expenses and was faced with a shortfall of \$112,623.30 ("Shortfall"). The Company determined it was in its best interest to pay the Shortfall and entered into an agreement under which the Shortfall will be paid back to the Company at the Closing out of the \$400,000 cashiers check the Company deposited with the Trustee at the time of the Approval. (See Notes 1, 6 and 12 of these Notes To Financial Statements.)

NOTE 5. FIXED ASSETS

During this quarter ending September 30, 2001, the Company purchased \$32,768.50 of new computer equipment to support its responsibilities under the Management Agreement and to support the Company's future operating and administrative requirements. Applicable depreciation has been applied in accordance with the Company's accounting policy for depreciation and amortization. The other \$30,000.00 of Fixed Assets stated in these financial statements is the value the Company has placed on the furniture, equipment and software it acquired as part of the ITS asset purchase. (See Note 12 of these Notes To Financial Statements.)

NOTE 6. NOTES & CONTRACTS PAYABLE

As of September 30, 2001, the Company owed a total of \$116,000.00 in Contracts and Notes Payable, \$35,000 of which has been repaid subsequent to September 30, 2001, before the completion of these financial statements.

Contract Payable - A remaining balance of \$40,000.00 was outstanding on September 30, 2001, for the \$80,000 fee LaRae Enterprises, Inc., earned for fulfilling its contract with the Company to locate, negotiate and conclude an acceptable acquisition for the Company. Under the terms of the contract, the \$80,000 fee is paid in installments, and the Company is current on these payments. \$10,000 of the \$40,000 remaining balance was paid subsequent to September 30, 2001, before the completion of these financial statements. The \$80,000 is inclusive of interest, which will be capitalized as part of the ITS assets acquisition. (See Notes 8 and 12 of these Notes To Financial Statements.)

Note Payable to ITS Trustee - A \$50,000.00 Note Payable to the Trustee of the ITS Estate was outstanding on September 30, 2001, and is due on December 28, 2001. This Note is part of the purchase price the Company paid for the ITS assets. The Company also currently has an outstanding receivable of \$112,623.30 owed to it by the ITS Trustee, which is due to be paid on December 28, 2001. The Company's agreement with the ITS Trustee calls for the Note be paid on December 28, 2001, by netting it against the \$112,623.30 receivable. The Note is inclusive of interest, which will be capitalized along with the principal as part of the ITS assets acquisition. (See Notes 4 and 12 of these Notes To Financial Statements.)

Notes Payable to Shareholder - A \$25,000.00 Note Payable to LaRae Enterprises, Inc., payable on demand after September 30, 2001, was outstanding on September 30, 2001, but was subsequently paid in full. This \$25,000 was loaned by LaRae at the start of the Company's operations immediately following the Court's approval of the ITS asset acquisition. LaRae received an advance on the payment of a portion of its Consulting Fee in lieu of interest. LaRae is not a shareholder of the

ECI COMMUNICATIONS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2001  
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Company's stock; however, LaRae's sole owner, Ed Jacobs, is a shareholder. (See Note 8 of these Notes To Financial Statements.) A \$1000.00 Note Payable to another shareholder was also outstanding on September 30, 2001. This Note has certain conversion rights for the Company's common stock up to December 31, 2001, after which, if not converted, will be paid interest at 7.0% per annum.

NOTE 7. MATERIAL LEASES, CONTRACTS & CONTINGENT LIABILITIES

The Company is currently a party to certain contracts, leases and contingent liabilities that are material to the Company's current financial position.

Capital Leases - The Company currently has no capital leases.

Facility Leases - On September 1, 2001, the Company entered into a three (3) year lease ("Lease") for its corporate offices located at 7108 Fresno Street, Fresno, California, 93720, where it currently occupies approximately 4800 square feet of rentable space ("Premises"). The monthly lease expense is \$5,314.30 per month through August 31, 2002. Beginning on September 1, 2002, the monthly lease expense increases to \$9,262.08, or, the Company could, at its option, maintain its current lease expense and reduce its rentable space to approximately 2800 square feet. Beginning on September 1, 2002, the monthly lease expenses increases by an additional \$0.02 per square foot on each anniversary date of the Lease. The Company has the option of terminating the Lease at the end of the first year by giving the landlord written notice of such election to terminate on or before May 31, 2002. The Company also has the option to extend the Lease for an additional three (3) year period. Under the terms of the Lease, the Company is obligated to pay a percentage of the total operating and maintenance costs for the building in which the Premises are located in the event such costs exceed a certain minimum monthly amount ("Extra Operating Costs"). For the month of September 2001, the Company's share of these Extra Operating Costs was \$325.00, primarily as a result of the current high cost of electric power in California. The Company's other two facilities are rented on a month-to-month basis.

Contracts With Wholesale Telecom Carriers - The Company recently entered into a three (3) year contract with Global Crossing for wholesale long distance telephone services under which Global Crossing will generally provide the Company with (i) transmission services for the telephone calls made by ECI's customers, and (ii) call detail records that will allow ECI to bill its customers for this usage. The contract obligates the Company to pay Global Crossing a minimum of \$50,000 per month, beginning in the 13<sup>th</sup> month of the contract, whether or not the monthly wholesale usage actually meets this minimum. Based on the Company's current wholesale telephone services usage, management does not believe the minimum charges in this contract present a significant future risk to the Company relative to the benefits received from the contract. Under the payment terms of this contract, the Company will generally be paying for its wholesale usage as the costs of such usage are incurred. The contract also gives Global Crossing certain security interests in the portion of the Company's customer base that will be utilizing Global Crossing's transmission services. In addition, management currently expects the Company to have contracts with two other wholesale telecom carriers that have existing agreements with ITS, either by transfer/assignment of the existing agreements or renegotiation prior to December 28, 2001.



ECI COMMUNICATIONS, INC.  
NOTES TO FINANCIAL STATEMENTS  
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FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2001  
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Employment Contracts With Officers - On January 16, 2001, the Company entered into a three (3) year employment agreement ("Employment Agreement") with its President, Ed Jacobs ("Jacobs"), which became effective on July 30, 2001 ("Start Date") when the Court approved the Company's first acquisition. After the expiration of the three year term, the Employment Agreement is effective on a month-to-month basis. In accordance with the terms of the Employment Agreement, Jacobs receives a salary of \$1.00 per month for a period of up to seven (7) months following the Start Date, after which his salary increases to \$10,000 per month subject to (i) the ability of ECI's profit to support such an increase, and (ii) the approval of ECI's Board, which will not be unreasonably withheld (collectively, "Salary Conditions"). During the term of the Employment Agreement, Jacobs' salary can increase up to \$40,000 per month, also subject to the Salary Conditions. As of this date, Jacobs has taken no salary. The Employment Agreement grants Jacobs warrants ("Warrants") for the right to purchase up to 500,000 shares of ECI common stock at an exercise price of \$0.02 per share, which the Company reasonably believes was the fair market value of its common stock on the grant date of January 16, 2001. Jacobs will not vest in the Warrants before the three-year term of the Employment Agreement expires; and, in order to vest, Jacobs must be an employee of the Company. However, vesting is accelerated in the event the Company meets or exceeds certain minimum revenue goals ("Goals") prior to January 1, 2006. For Jacobs to fully vest in all the Warrants, the Company's revenues must exceed \$8,000,000 per month by December 31, 2005. To date, the Company's monthly revenues have met the first of the Goals, and Jacobs has vested in Warrants for the right to purchase 100,000 shares of ECI common stock. In the event Jacobs is terminated without cause, as "without cause" is defined in the Employment Agreement ("Wrongful Termination"), Jacobs has certain rights against the Company, including, without limitation, (i) the right to receive termination pay of \$40,000 per month less the actual monthly salary paid each month prior to the date of such Wrongful Termination, and (ii) for a period of six months following such Wrongful Termination, the right to exercise all Warrants in which he has vested. The Employment Agreement also obligates the Company to (i) implement an insurance program for all its officers and directors, including Jacobs, that will provide reasonable protection against potential future litigation resulting from employment by the Company, (ii) implement an indemnification program for all of its officers and directors, including Jacobs, to reasonably indemnify them against potential financial losses resulting from employment by the Company, and (iii) provide Jacobs with a term life insurance policy of up to \$400,000 in death benefits to his selected beneficiary. To date, the Company has only met the obligation to provide the term life policy. The Company currently has no other employment agreements with any other Company officer or director.

Buyback of Stock From The ITS Estate - Part of the purchase price the Company is paying the Estate for the ITS assets is 666,667 shares of the Company's common stock ("Estate Shares"). The terms of the Asset Purchase Agreements obligate the Company to repurchase the Estate Shares on March 30, 2002 ("Repurchase Date") for \$0.30 a share or a total of \$200,000. The terms of the Asset Purchase Agreements also, (i) obligate the Company to sell an option ("Option") to an existing Company shareholder ("Option Holder") that gives the Option Holder the right to acquire the Estate Shares prior to the Due Date at a price of \$0.60 per share, and (ii) obligates the Estate to sell the Estate Shares to the Option Holder if the Option Holder so demands. On September 29, 2001, the Company sold such an Option to an existing Company shareholder, and management does not currently expect the Company will be required to repurchase the Estate Shares. (See Notes 8 and 12 of these Notes To Financial Statements.)

ECI COMMUNICATIONS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2001  
(UNAUDITED)

NOTE 8. RELATED PARTY TRANSACTIONS

The Company is, or has been a party to transactions involving related parties that are material to the Company's financial position.

Consulting Contract For Acquisitions - On January 15, 2001, the Company entered into a consulting agreement with LaRae Enterprises, Inc. ("LaRae"). Under the terms of this agreement, LaRae was responsible to provide the Company with services (i) to locate a potential telecom acquisition that would meet the requirements of the Company's business plan, (ii) negotiate the terms of the purchase agreement with the targeted acquisition, subject to the Company's oversight and approval, and (iii) conclude the acquisition, subject to the Company's oversight and approval. LaRae was responsible for all of its own costs resulting from its efforts under this consulting agreement. However, in the event an acquisition was successfully completed, LaRae earned an \$80,000 fee, plus reimbursement for certain out-of-pocket expenses of approximately \$1000 (collectively, "Consulting Fee"). On July 30, 2001, LaRae earned the Consulting Fee, which the Company is paying in installments. (See Note 6 of these Notes To Financial Statements.) LaRae is the personal consulting company of Ed Jacobs, the Company's president. Coincident with entering into the consulting agreement with LaRae, the Company also entered into a conditional employment agreement with Jacobs to become the Company's President and CEO, subject to the condition that LaRae must be successful in its efforts to complete an acquisition for the Company. (See Note 7 of these Notes To Financial Statements.)

Option To Purchase Estate Shares - On September 29, 2001, the Company sold an Option to an existing shareholder for \$5,000, which gives the Option Holder the right to purchase the Estate Shares prior to the Due Date. The Option was sold in order to meet certain Company obligations under the Asset Purchase Agreements. (See Note 7 of these Notes To Financial Statements.) The Option terms provide that, (i) under certain conditions, the Company has the right, if it is in the Company's best interests, to sell another option ("Second Option") with the right to purchase the Estate Shares at a lower price than the Option, and (ii) the Option Holder must subordinated his rights to this Second Option. Management reasonably expects to sell such a Second Option prior to December 28, 2001.

NOTE 9. MAJOR CUSTOMERS

The Company currently has more than 1500 business and residential telecom customers. The fifty largest customers represent thirty seven percent (37%) of the Company's revenue, and the top ten of these largest customers represent eighteen percent (18%) of the revenue.

NOTE 10. LEGAL PROCEEDINGS

The Company is currently not a party to any adverse legal proceedings.

NOTE 11. INCOME TAXES

The Company earned a pretax profit of \$16,710.88 during the first three months of this fiscal year, which requires the accrual and payment of certain corporate income taxes ("Taxes"). The Company's loss carry-forward ("NOL") of \$4,423.87

ECI COMMUNICATIONS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)  
FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2001  
(UNAUDITED)

from the fiscal year ending June 30, 2001, was used to reduce the Taxes owed as a result of the profit. State Taxes are owed only to the state of California in the estimated amount of \$1,086.17, which the Company plans to pay on or before the due date of December 15, 2001. No provision has been made for Federal Taxes since the Company reasonably expects to acquire and merge with a public shell company in the next 90-100 days that has an NOL of \$250,000, which will shelter the Company's current profits from Federal Taxes. In the event the Company has not entered into a formal agreement to merge with this shell company by December 14, 2001, then management intends to pay the applicable estimated Federal Taxes on December 15<sup>th</sup>.

NOTE 12. DISTRIBUTION OF THE ITS ASSET PURCHASE COSTS

Capital Cost Of ITS Assets - The Asset Purchase Agreements require the Company to pay the ITS Estate a total of \$650,000 ("Purchase Price") for the Purchased Assets. The Company's payment of this Purchase Price consists of (i) \$400,000 previously deposited with the Trustee in the form of a cashiers check that remains in the Trustee's trust account until the Closing on December 28, 2001, (ii) \$50,000 in the form of a Note Payable that is due on December 28, 2001, and (iii) 666,667 Estate Shares that the parties have valued at a total of \$200,000. (See Notes 1, 6 and 7 of these Notes To Financial Statements.) The Company has also included certain other directly related expenses ("Additional Acquisition Costs") in its process of capitalizing the costs associated with acquiring the Purchased Assets. These Additional Acquisition Costs total \$113,164.68, and consist of (i) \$81,000 paid to LaRae as the Consulting Fee, (ii) \$26,542.50 paid to the law firm of Pachulski, Stang, Ziehl, Young & Jones for legal services, (iii) \$5,000.00 paid to the accounting firm of Price Waterhouse Coopers for consulting services, and (iv) \$622.18 paid to Jory, Peterson, Watkins and Smith for legal services. The Company is therefore capitalizing a total of \$763,164.68 ("Capitalized Cost") as its cost of acquiring the Purchased Assets.

Distribution Of Cost To Specific Assets - The Company distributed the Capitalized Cost to the Purchased Assets as follows, (i) \$409,827.75 to Accounts Receivable, (ii) \$20,700.00 to Deposits, (iii) \$2,062.50 to Inventory, (iv) \$30,000.00 to Fixed Assets, (v) \$150,575.43 to the ITS Customer Base, and (vi) \$150,000.00 to Goodwill.

NOTE 13. AUDITORS

The Company has engaged the services of Stonefield Josephson, Inc., a major regional CPA firm located in Santa Monica, California, as its auditors. Stonefield Josephson will be auditing the Company's first yearend financial statements, for the fiscal year ended June 30, 2001, which the Company expects to be completed by mid-December 2001.

NOTE 14. SUBSEQUENT MATERIAL EVENTS

Subsequent to September 30, 2001, the Company authorized and began issuing, through a private placement, a Series B preferred stock ("Series B") for \$1.00 per share. For a period of 18 months after purchase ("Convertible Period"), the Series B is convertible into one share of the Company's common stock for each share of preferred. If not converted, a Series B stockholder will be paid 7.0% annual interest on the investment, beginning at the end of the Convertible Period.

**EXHIBIT H**

**Statements - Year Ending**  
**June 30, 2001**

**PREPARED FOR**

**SOUTH DAKOTA**  
**PUBLIC UTILITIES COMMISSION**

ECI COMMUNICATIONS, CORP.  
BALANCE SHEET  
AS OF JUNE 30, 2001

ASSETS

Cash in Bank	\$10,089.03
Prepaid Expenses	17,490.60
Advances	10,000.00
Expenses To Be Capitalized When Purchase Of ITS Assets Is Finalized	<u>48,646.50</u>
Total Assets	<u>\$86,226.13</u>

LIABILITIES

Accrued Expenses Related To Future ITS Assets Purchase	\$15,650.00
Notes Payable To Shareholders	<u>70,000.00</u>
Total Liabilities	<u>85,650.00</u>

SHAREHOLDERS' EQUITY

Common Stock - 100,000,000 Shares Authorized.	
1,000,000 Shares Issued & Outstanding	5,000.00
Net Profit/(Loss) Thru 06-30-01	<u>(4,423.87)</u>
Total Shareholders' Equity	<u>576.13</u>
Total Liabilities & Shareholders' Equity	<u>\$86,226.13</u>

ECI COMMUNICATIONS, CORP.  
INCOME STATEMENT  
FOR THE FISCAL YEAR ENDING JUNE 30, 2001

REVENUE	\$ 0.00
OPERATING EXPENSE	
Bank Charges	60.00
Legal Fees	<u>510.00</u>
Net Operating Profit/(Loss)	<u>(570.00)</u>
OTHER INCOME/(EXPENSE)	
Interest Income	146.13
Write-Off Of Organization Costs	<u>(4,000.00)</u>
Total Other Income/(Expense)	<u>(3,853.87)</u>
Net Profit/(Loss) This Year To Date	<u><u>\$(4,423.87)</u></u>

**EXHIBIT I**  
**TARIFF**

PREPARED FOR  
**SOUTH DAKOTA**  
**PUBLIC UTILITIES COMMISSION**

ECI Communications, Inc.  
d/b/a ITS Network Services, Inc.  
Ed Jacobs, President  
7108 Fresno Avenue, Suite 300  
Fresno, CA 93720

South Dakota P.U.C. Tariff No.1  
Original Page No. 1

Issued: January 21, 2002  
Effective:

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**ECI COMMUNICATIONS, INC.**

**d/b/a ITS Network Services, Inc.**

REGULATIONS AND SCHEDULE OF CHARGES FOR

RESALE OF COMPETITIVE INTEREXCHANGE

TELECOMMUNICATIONS SERVICES

WITHIN THE STATE OF SOUTH DAKOTA



ECI Communications, Inc.  
d/b/a ITS Network Services, Inc.  
Ed Jacobs, President  
7108 Fresno Avenue, Suite 300  
Fresno, CA 93720

South Dakota P.U.C. Tariff No.1  
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**CHECK PAGE**

All of the pages of this Tariff are effective as of the date shown at the top of the page. Original and revised pages as named below comprise all changes from the original Tariff.

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ECI Communications, Inc.  
d/b/a ITS Network Services, Inc.  
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7108 Fresno Avenue, Suite 300  
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**CONCURRING, CONNECTING OR  
OTHER PARTICIPATING CARRIERS**

None

**SYMBOLS**

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

- D - Delete Or Discontinue
- I - Change Resulting In An Increase To A Customer's Bill
- M - Moved To Or From Another Tariff Location
- N - New
- R - Change Resulting In A Reduction To A Customer's Bill
- T - Change In Text Or Regulation But No Change In Rate Or Charge

## TARIFF FORMAT

- A. Page Numbering - Page numbers appear in the upper right corner of the page. Pages are numbered sequentially. However, new pages are occasionally added to the Tariff. When a new page is added between pages already in effect, a decimal is added. For example, a new page added between pages 14 and 15 would be 14.1.
- B. Page Revision Numbers - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current page version on file with the Commission. For example, the 4th revised page 14 cancels the 3rd revised page 14.
- C. Paragraph Numbering Sequence - There are six levels of paragraph coding. Each level of coding is subservient to its next higher level:
- 2.1
  - 2.1.1
  - 2.1.1 (A)
  - 2.1.1 (A).1
  - 2.1.1 (A).1.a
  - 2.1.1 (A).1.a.i
- D. Check Pages - When a Tariff filing is made with the Commission, an updated check page accompanies the Tariff filing. The check page lists the pages contained in the Tariff with a cross-reference to the current revision number. When new pages are added, the check page is changed to reflect the revision.

ECI Communications, Inc.  
d/b/a ITS Network Services, Inc.  
Ed Jacobs, President  
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Fresno, CA 93720

South Dakota P.U.C. Tariff No.1  
Original Page No. 8

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## SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

**Authorized User:** A person, firm or corporation, who is authorized by the Customer/Subscriber to utilize the services of the Customer/Subscriber.

**Business Customer:** A Business Customer is a Customer who subscribes to the Company's service(s) in the name of business, trade, or profession and/or primarily uses the service for business purposes.

**Company:** Company refers to ECI Communications, Inc. d/b/a ITS Network Services, Inc.

**Commission:** Commission refers to the South Dakota Public Utilities Commission or any succeeding agency.

**Customer:** The Customer is a person or legal entity which uses or subscribes to the Company's services and thereby assumes responsibility for the payment of charges and compliance with the Company's Tariff regulations.

**DUC:** DUC stands for any Designated Underlying Carrier used by the Company.

**End User:** End User is the person or legal entity which uses the service provided by the Company.

**Initial and Additional Period:** The Initial Period denotes the interval of time allowed at the rate specified for a connection between given service points. The Additional Period denotes the interval of time used for measuring and charging time in excess of the Initial Period.

**LEC:** LEC stands for Local Exchange Carrier.

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## SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

**MRC:** Monthly Recurring Charge

**State:** "State" refers to the State of South Dakota.

**Subscriber:** The Subscriber is a person or legal entity which subscribes to or dials the Company's services and thereby assumes responsibility for the payment of charges and compliance with the Company's Tariff regulations.

**Switched Access:** A method of reaching the Company through the local switched network whereby the End User uses standard business or residential local lines.

**Underlying Carrier:** "Underlying Carrier" refers to any interexchange carrier that provides long distance services resold by the Company pursuant to this Tariff.

**U.S.F.:** U.S.F. stands for Universal Service Fund.



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## SECTION 2 - RULES AND REGULATIONS

### 2.1 Undertaking of the Company

- 2.1.1 This tariff contains the regulations and rates applicable to intrastate InterLATA and intrastate IntraLATA resale telecommunications services provided by Company for telecommunications between points within the State. The Company's services are furnished subject to the availability of facilities and subject to the terms and conditions of this tariff.
- 2.1.2 Company's services are not part of a joint undertaking with any other entity providing telecommunications channels, facilities or services, but do involve the resale of the Message Toll Services (MTS), switch network services, private lines and Wide Area Telecommunications Services (WATS) of underlying common carriers.
- 2.1.3 The rates and regulations contained in this tariff apply only to the services furnished by Company and do not apply, unless otherwise specified, to the lines, facilities, or services provided by a local exchange telephone company or other common carrier for use in accessing the services of Company.
- 2.1.4 The Subscriber is entitled to limit the use of Company's services by Users at the Subscriber's facilities, and may use other common carriers in addition to or in lieu of Company.

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## SECTION 2 - RULES AND REGULATIONS

### 2.2 Limitations On Service

- 2.2.1 Service is offered by the Company subject to the availability of necessary facilities, equipment and/or billing arrangements with the DUC and/or LEC. Necessary facilities and equipment may include but is not limited to facilities or equipment to be provided by Company, connecting carriers, underlying carriers, owners and operators of transmission capacity leased to Company or the LEC.
- 2.2.2 The Company reserves the right to discontinue service without liability, or to limit the use of service when necessitated by conditions beyond the Company's control, or when the Customer is using service in violation of the law or in violation of the provisions of this Tariff.
- 2.2.3 The Company may undertake to use reasonable efforts to make available services 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. The Company does not guarantee availability by any such date and shall not be liable for any delays in commencing services to any Customer.

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## SECTION 2 - RULES AND REGULATIONS

### 2.2 Limitations On Service (continued)

2.2.3 Pursuant to §20:10:09:03 of the Administrative Rules of South Dakota, the conditions under which the Company may refuse Service without liability include, but are not limited to:

- (A) An Applicant is indebted to the Company for past bills incurred and refuses to liquidate the debt; or
- (B) An Applicant refuses to pay a reasonable deposit, advance payment, or installation charge; or
- (C) An Applicant, although not personally liable to the Company, is attempting to return Service to an indebted household and no attempts are forthcoming to liquidate the debt of that household; or
- (D) An applicant is unwilling to provide correct information about any of the following:
  - .1 Past telecommunications service;
  - .2 Previous employment; or
  - .3 Previous address
- (E) An Applicant is in violation of governmental or Company rules concerning evasion of payment, use of Service for unlawful purposes, annoyance of other patrons, or interference with or destruction of facilities.

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**SECTION 2 - RULES AND REGULATIONS**

2.2 Limitations On Service (continued)

2.2.3 (continued)

(F) An Applicant refuses to pay undisputed telecommunication charges owed to the Company for interstate services.

(G) An Application fails to provide reasonable and legal means of identification.

2.2.4 Without incurring liability, the Company may disconnect Service pursuant to §20:10:10:03, §20:10:10:04, §20:10:10:05, §20:10:10:06 of the Administrative Rules of South Dakota.

2.2.5 Initial and continuing service is offered subject to the availability of necessary facilities, billing services, and/or equipment, including those to be provided by the DUC(s), the Company, the CAP(s), or the LEC.

2.2.6 Service is furnished subject to the condition that there will be no abuse or fraudulent use of the service. Abuse or fraudulent use of service includes, but is not limited to:

(A) Use of service of the Company for a message or messages, anonymous or otherwise, if in a manner reasonably to be expected to frighten, abuse, torment, or harass another; or

(B) Use of service in such a manner as to interfere unreasonably with the use of service by one or more other Customers; or

(C) Any calls placed by means of illegal equipment, service, or device.

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## SECTION 2 - RULES AND REGULATIONS

### 2.2 Limitations On Service (continued)

- 2.2.7 The Company's failure to give notice of default, to enforce or insist upon compliance with any of the terms or conditions herein, to grant a waiver of any term or conditions herein, or to grant the Customer an extension of time for performance, will not constitute the permanent waiver of any such term or condition herein. Each of the provisions will remain, at all time, in full force and in effect until modified in writing, signed by the Company and Customer.
- 2.2.8 To control fraud, service may be discontinued by the Company without incurring liability by blocking all traffic or by blocking traffic to or from certain NPA-NXXs, cities, or individual telephone stations for any service offered under this Tariff. Service will be restored at Company's option as soon as it can be provided without undue risk and only after accounts have been brought current.
- 2.2.9 The Company reserves the right to change DUCs at any time.
- 2.2.10 The Company reserves the right, without incurring liability, to terminate or refuse to provide service to or from any location where the necessary facilities, billing arrangements, and/or equipment are not available.
- 2.2.11 The Customer obtains no property right or interest in any specific type of facility, service, connection, equipment, number process or code. All right, title and interests to such items remain, at all times, solely with the Company.

## SECTION 2 - RULES AND REGULATIONS

### 2.2 Limitations of Services (continued)

- 2.2.12 The Company will accept a Customer's or Applicant's request for a particular toll free telephone number. The Company will accommodate such requests to the extent possible. No guarantee of the assignment of the toll free number will be made prior to the initiation of Service to the Customer. Assignment of the toll free telephone number to the Customer does not provide the Customer with any ownership interest or proprietary right in that number. However, the Customer does have a controlling interest in its active toll free number. If the Company learns that an Applicant is attempting to sell, barter, trade, or otherwise transfer an toll free number to another person, the Company may refuse to establish Service. If a Customer's toll free telephone number is not used by callers other than for test calls to reach the Customer or Customer's designee within ninety (90) days of activation of the toll free number, the Company, may upon written notice, discontinue Service.
- 2.2.14 The availability of toll-free numbers from the Company is limited by the Company's ability to obtain toll-free numbers from the DUC and/or the 800 SMS Database.
- 2.2.15 If a Customer accumulates past-due charges, the Company reserves the right not to honor the Customer's request for a change in inbound service to another carrier (e.g. "porting" of the toll-free number), including a request for a Responsible Organization (Resp. Org.) change, until such time as all charges are paid in full and all disputes, if any, resolved.
- 2.2.16 The Company reserves the right to refuse to process calls when the Authorization Code or PIN cannot be validated.

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## SECTION 2 - RULES AND REGULATIONS

### 2.3 Limitation of Liability

The Company's liability will be limited to that expressly assumed in Paragraphs 2.3.1 through 2.3.9 of this Tariff and that arises in connection with the provision of service to Customer.

#### 2.3.1 The Company will not be liable for:

- (A) Any act or omission of any other company or companies furnishing a portion of the service or furnishing facilities or equipment associated with such service.
- (B) Damages caused by the fault or negligence or misconduct of the Customer.
- (C) Any failure to provide or maintain service under this Tariff due to circumstances beyond the Company's reasonable control.
- (D) Any direct, indirect, consequential, special, actual, or punitive damages, or for any lost profits of any kind or nature whatsoever arising out of any furnishing of, or interruption in, service provided hereunder, absent a determination of willful misconduct by the Company through judicial or administrative proceedings.

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## SECTION 2 - RULES AND REGULATIONS

### 2.3 Limitation of Liability (continued)

#### 2.3.1 (continued)

- (E) Any special or consequential damages or any lost profits of any kind or nature arising out of the furnishing of or interruption in service contained in this Tariff.
- (F) The use or abuse of any service described herein by any party including, but not limited to, the Customer's employees or members of the public. "Use or abuse" includes, but is not limited to, any calls placed by means of PBX-reorigination or any other legal or illegal equipment, service, or device. In the case of toll free service, this also applies to third parties who dial the Customer's toll free number by mistake.
- (G) Any action, such as blocking or refusal to accept certain calls, that Company deems necessary in order to prevent fraudulent or unlawful use of its service. Compensation for any injury the Customer may suffer due to the fault of parties other than the Company must be sought from such other parties. The liability provided for above, will, in each case, be in addition to any amounts that may otherwise be due the Customer under this Tariff as a credit allowance for the interruption of service.



## SECTION 2 - RULES AND REGULATIONS

### 2.3 Limitation of Liability (continued)

- 2.3.2 Interruptions, delays, errors, or defects caused by or contributed to, directly or indirectly, by act or omission of Customer or its customers, affiliates, agents, contractors, representatives, invitees, licensees, successors, or assignees or which arise from or are caused by the use of facilities or equipment of Customer or related parties, will not result in the imposition of any liability whatsoever upon the Company. In addition, all of the service may be provided over facilities of third parties, and the Company will not be liable to Customer or any other person, firm, or entity in any respect whatsoever arising out of defects caused by such third parties.
- 2.3.3 With respect to service provided hereunder, the Company hereby expressly disclaims, without limitation, all warranties not stated in this Tariff, whether express, implied or statutory, and in particular disclaims all implied warranties of merchantability and of fitness for a particular purpose.
- 2.3.4 The Company may rely on CAPS, LECs, DUCs, or other third parties to provide all or any portion of the Company's service.
- 2.3.5 No contractors, agents or employees of connecting, concurring or other participating carriers or companies will be deemed to be contractors, agents or employees of the Company without the Company's written authorization.
- 2.3.6 Under no circumstances whatsoever will the Company or its officers, agents, or employees be liable for indirect, incidental, special or consequential damages.

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## SECTION 2 - RULES AND REGULATIONS

### 2.3 Limitation of Liability (continued)

2.3.7 The Company will not be liable for any failure of performance hereunder due to causes beyond its control including, but not limited to:

- (A) Unavoidable interruption in the working of transmission facilities; or
- (B) Natural disasters such as storms, fire, flood, or other catastrophes; or
- (C) Any law, order, regulation, direction, action or request of the United States Government, or any other governmental entity having jurisdiction over the Company or of any department, agency, commission, bureau, corporation or other instrumentality of any one or more of such governmental entity, or of any civil or military authority; or
- (D) National emergencies, insurrections, riots, rebellions, wars, strikes, lockouts, work stoppages, or other labor difficulties; or
- (E) Notwithstanding anything in this Tariff to the contrary, the unlawful acts of individuals, including acts of the Company's agents and employees if committed beyond the scope of their employment.

2.3.8 In the event the Company or the DUC learn of possible fraudulent use of any Company services, the Company will make an effort to contact the Customer, but service may be terminated or blocked without notice and without liability to the Company.

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## **SECTION 2 - RULES AND REGULATIONS**

### 2.3 Limitation of Liability (continued)

2.3.9 The Company will use its best efforts to provide competent services consistent with industry standards. The Company will have no liability to the Customer for any loss of revenue or any other direct, special, incidental, consequential, or other damages the Customer may sustain resulting from the failure or inability of the Company to provide service to its Customers, Cardholders, Subscribers, or End Users; negligent or defective services to Customers, Cardholders, Subscribers, or End Users; equipment, computer, network, or electrical malfunctions or any kind, breakdowns, or outages; or any other cause, whether or not within the control of the Company.

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## SECTION 2 - RULES AND REGULATIONS

### 2.4 Use of Service

- 2.4.1 The service offered herein may be used for any lawful purpose, including residential, business, governmental, or other use. There are no restrictions on sharing of service. However, the Customer remains liable for all obligations under this Tariff notwithstanding such sharing and regardless of the Company's knowledge of same. The Company will have no liability to any person or entity other than the Customer and only as set forth herein. The Customer will not use nor permit others to use the service in a manner that could interfere with service provided to others or that could harm the facilities of the Company or others.
- 2.4.3 Service furnished by the Company will not be used for any unlawful or fraudulent purposes such as use of electronic devices, invalid numbers, and false credit devices to avoid payment for service contained in this Tariff either in whole or in part. Service furnished by the Company will not be used to make calls which might reasonably be expected to frighten, abuse, torment, or harass another. Nor will service be used for any purpose for which any payment or other compensation is received by the Customer except when the Customer is a communications common carrier, a resale common carrier, or an enhanced or electronic service provider who has subscribed to the Company's service. However, this provision does not preclude an agreement between the Customer, authorized user, or joint user to share the cost of the service as long as this arrangement generates no profit for anyone participating in a joint use or authorized use arrangement.
- 2.4.4 The Company does not transmit messages pursuant to this tariff, but its services may be used for that purpose.

## SECTION 2 - RULES AND REGULATIONS

### 2.5 Obligations of the Customer

2.5.1 The Customer will indemnify, defend, and hold the Company harmless from and against:

- (A) Any claim asserted against the Company (and all attorney fees and expenses incurred by the Company with respect thereto) arising out of or relating to the failure of the Company to provide service to Customers, Cardholders, or End Users.
- (B) Any and all liabilities, costs, damages, and expenses (including attorney's fees), resulting (1) from Customer (or its employees's agent's or independent contractor's) actions hereunder, including, but not limited to breach of any provision in this Tariff, misrepresentation of Company services or prices, or unauthorized or illegal acts of the Customer, its employees, agents, or independent contractor.
- (C) Claims for libel, slander, infringement of patent or copyright, or unauthorized use of any trademark, trade name, or service mark arising out of Customer's material, data, information, or other content transmitted via service.
- (D) Violation by Customer of any other literary, intellectual, artistic, dramatic, or musical right.
- (E) Violations by Customer of the right to privacy.

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## SECTION 2 - RULES AND REGULATIONS

### 2.5 Obligations of the Customer (continued)

#### 2.5.1 (continued)

- (F) Any other claims whatsoever relating to or arising from message content or the transmission thereof.
- (G) All other claims arising out of any act or omission of the Customer in connection with service provided by the Company.
- (H) Any loss, claim, demand, suit, or other action, or any liability whatsoever, whether suffered, made, instituted or asserted by the Customer or by any other party or persons, for any personal injury to, or death of, any person or persons, 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 provision of service, where such loss, claim, demand, suit, action, or liability is not the direct result of the Company's negligence or willful misconduct.

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## SECTION 2 - RULES AND REGULATIONS

### 2.5 Obligations of the Customer (continued)

2.5.2 If a Customer directly or indirectly authorizes third parties to use the service, the Customer will indemnify and hold the Company harmless against any and all claims, demands, suits, actions, losses, damages, assessments or payments which may be asserted or demanded by said parties.

2.5.3 The Subscriber is responsible for the payment of charges for all calls originated at the Subscriber's telephone numbers, PIN, Authorization Code or card numbers which are not collect, third party, calling card, or credit card calls.

### 2.6 Application For Service

To obtain Service, the Company requires the Customer to provide the Company with whatever authorization the Company deems appropriate and that complies with the rules of the Commission. Upon the Company's acceptance of this authorization, all applicable provisions in the Company's Tariff, as amended from time-to-time, become the agreement for Service between the Company and the Customer. Acceptance or use of Service offered by the Company shall be deemed an application for such Service and an agreement by the Customer to subscribe to, use, and pay for such Service in accordance with this Tariff. The Applicant may be required to establish credit satisfactory to the Company as provided in Paragraph 2.7.

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## SECTION 2 - RULES AND REGULATIONS

### 2.7 Establishment of Credit

#### 2.7.1 Means of Establishing Credit

Pursuant to 20:10:08:04 of the Administrative Rules of South Dakota, the Company will determine the credit standing of an Applicant for Service based on the information about the Applicant's prior telecommunications bill payment history if the Applicant has had Service before or based on toll charges reasonably traced to the Applicant but placed from the telephone of another if the Applicant has not had Service before. Such information shall be the major factor in decisions regarding satisfactory or unsatisfactory credit and deposit amounts. If an Applicant for Service has no telecommunications credit history, the Company may, with notice to the Applicant, determine the credit standing of the Applicant based on other information about the Applicant's other utility bill payments or credit history, including reports from consumer reporting agencies subject to the federal Fair Credit Reporting Act, 15 U.S.C. § 1681 et seq (October 26, 1970). The Company may use employment information to verify names and past addresses of an Applicant.



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## **SECTION 2 - RULES AND REGULATIONS**

### 2.7 Obtaining Services (continued)

#### 2.7.2 Satisfactory Credit

Satisfactory credit is defined as no disconnections for nonpayment in the most recent year of telecommunications service and fewer than three disconnection notices in the most recent year of service. No deposit will be required by a Company if an Applicant for Service or an existing Customer exhibits satisfactory credit as defined therein.

#### 2.7.3 Unsatisfactory Credit

Unsatisfactory credit is defined as one or more disconnections in the most recent year of telecommunications service or three or more disconnection notices in the most recent year of service.

### 2.8 Customer Deposits

The Company does not collect deposits for services in this Tariff.

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## SECTION 2 - RULES AND REGULATIONS

### 2.9 Payment For Services

#### 2.9.1 General

The billing period is one month. Invoices are sent to the Customer's current billing address no later than forty-five (45) days following the close of billing. Charges may be assessed for unbilled traffic up to two years in arrears.

#### 2.9.2 Methods Of Payment

(A) Mailed bills are sent to the current billing address no later than forty-five (45) days following the close of billing. Call detail may be included with the bill at the Customer's option. The due date is disclosed on the bill. Payment in full is due within Fifteen (15) days of the invoice date on the bill. Charges are payable only in United States currency. Payment may be made by cash, check, money order, cashier's check, electronic wire transfer, or by automatic withdrawal from Customer's checking or savings account. Customer may also pay via Credit Card. Checks should be made payable as named on the bill and should be sent to the address as listed on the bill.

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## SECTION 2 - RULES AND REGULATIONS

### 2.9 Payment For Services (continued)

#### 2.9.2 Method Of Payment (continued)

- (B) Customers who choose the E-Billing option will have their bills available no later than thirty (30) days following the close of billing. Call detail is included with the bill.
- (C) With Credit Card billing, the charges for services provided by the Company are billed on the Customer's designated and approved Credit Card bill. Charges are billed monthly in accordance with the terms and conditions between the Customer and the Customer's designated Credit Card company. If the charge is rejected by the Customer's credit card company, the Customer is called and another card, or correction in expiration date, etc. is requested, or information for another credit card. If not, a payment by check is requested. Late charges are applied (if applicable). If paid by E-Bill – Customer sees immediately that the card did not clear and can make his own corrections an/or use a different card.
- (D) If the Customer utilizes electronic fund transfer, Customer arranges for the charges for services provided by the Company to be transferred from the Customer's designated checking or saving account into the Company's bank account designated by the Company for this purpose.
- (E) If the bill is not paid within thirty (30) days from the invoice date, the Company may impose a late charge of 1.5% per month on the delinquent amount.

## **SECTION 2 - RULES AND REGULATIONS**

### 2.9 Payment For Services (continued)

#### 2.9.3 Past Due Payments

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

#### 2.9.4 Billing Disputes

Billing disputes are handled by the Company's customer service organization. See Section 2.10. of this Tariff. If the Customer is not satisfied with the Company's resolution of a billing inquiry or a billing dispute, the Customer may make application to the Commission for review and disposition of the matter. The Commission's address and telephone number are South Dakota Public Utilities Commission, 500 East Capitol Avenue, Pierre, SD 57501-5070, 605-773-3201 or 1-800-332-1782.

#### 2.9.5 Right to Backbill for Improper Use of Company's Services

Any person or entity which uses, appropriates or secures the use of Services from the Company, whether directly or indirectly, in any unlawful manner or through the providing of any misleading or false information to Company and which use, appropriation, or securing of Services is inconsistent with the stated uses, intents, and purposes of this Tariff or any restriction, conditions, and limitations stated herein, shall be liable for an amount equal to the accrued and unpaid charges that would have been applicable to the use of Company's Services actually made by Customer. In addition, Company shall be entitled to recover an amount equal to a late payment fee of 1.5% per month for the period(s) for which such charges would have been payable.

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## **SECTION 2 - RULES AND REGULATIONS**

### 2.10 Customer Service

#### 2.10.1 General

Customer service may be contacted in writing at the address shown on the bill. Customers may contact customer service by dialing a toll-free number listed on the bill. Customer service representatives are available 8:00 AM to 5:00 PM Pacific time Monday through Friday. After hours, the Customer may reach a Company representative for service problems.

#### 2.10.2 Billing Inquiries

Billing inquiries must be submitted to the Company in writing. If the Customer is not satisfied with the Company's resolution of a billing inquiry, the Customer may make application to the Commission for review and disposition of the matter.

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## **SECTION 2 - RULES AND REGULATIONS**

### 2.11 Termination of Service By Company

- 2.11.1 Pursuant to §20:10:10:03 and §20:10:10:04 of the Administrative Rules of South Dakota, the Company may terminate Service to the Customer upon five (5) days' verbal or written notice to the Customer for any condition listed in Section 2.2.6 of this Tariff. If the Company delivers the notice to the Customer's Premises, it will be left in a conspicuous place. When notice is mailed, the notice will be addressed to the Customer's last known billing address and mailed first class or express overnight delivery. The selection of the method of delivery of the notice is made by the Company.
- 2.11.2 The termination of Service(s) by the Company pursuant to this section does not relieve the Customer of any obligations to pay the Company for charges due and owing for Service(s) furnished up to the time of termination. The remedies set forth herein will not be exclusive and the Company will at all times be entitled to all rights available to it under either law or equity.
- 2.11.3 Service will not be disconnected on any Saturday, Sunday, or legal holiday or at any other time that the Company's offices are not open to the public.

## **SECTION 2 - RULES AND REGULATIONS**

### 2.12 Cancellation By Customer

#### 2.12.1 General

Customers may cancel service by giving a written or verbal notice to the Company's authorized representative. The Company places an order with the Underlying Carrier to cancel the Customer's service(s). The Underlying Carrier blocks the service within five (5) to seven (7) days after the cancellation order is received. The Customer is liable for all usage incurred until the service is canceled.

#### 2.12.2 Customers With Switched Access

Customers with Switched Access must contact their LEC to change their primary interexchange carrier ("PIC") code to the IXC of their choice. The Customer's service is canceled when the LEC changes the Primary Interexchange Carrier (PIC) code to a different IXC or when the Underlying Carrier cancels the service offered by the Company.

#### 2.12.3 Customers With Dedicated Access

The Customer's service is canceled when the DUC cancels the service offered by the Company or when the Dedicated Access is moved to another DUC.

#### 2.12.4 Customers With Term Plans

If the Customer cancels service obtained under a term plan prior to the expiration of the term plan the cancellation penalty is equal to 75% of the average monthly usage times the number of remaining months in the term plan.

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## **SECTION 2 - RULES AND REGULATIONS**

### 2.13 Timing of Calls

Timing of calls begins when the called party answers the call (i.e. when two way communications are established.) Answer detection is based on standard industry answer detection methods including hardware answer supervision provided by the DUC and software answer detection. Chargeable time ends when one of the parties disconnects from the call.



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## **SECTION 2 - RULES AND REGULATIONS**

### 2.14 Initial and Additional Period

Calls are billed in various increments depending on the service subscribed to by the Customer. For all services, fractions of an increment are rounded up to the next highest increment. Initial period is 60 seconds and additional periods are 60 seconds unless stated otherwise in Section 3 - Description Of Services of this tariff.

### 2.15 Rounding

2.15.1 All calls are billed in the billing increments as set forth in the description for each service. Calls that terminate between increments will be rounded to the next highest increment. For example, a call with a six second increment lasting 52 seconds will be rounded to 54 seconds(.9 min.).

2.15.2 Once the call duration, in billing increments is computed, the appropriate per minute charges, as listed in the rate schedules will be applied to the call. Calls with charges that include a fraction of a cent will be rounded to the next highest cent. For example, a Customer making a call with a computed charge of \$1.434 will be charged \$1.44.

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## SECTION 2 - RULES AND REGULATIONS

### 2.16 Taxes and Assessments

- 2.16.1 In addition to the charges specifically pertaining to the Services, certain federal, state, and local surcharges, taxes, gross receipts, and fees will be applied to these Services. These taxes, surcharges, and fees are calculated based upon the amount billed to the End User for Service(s). All federal, state, and local taxes, surcharges, and fees (i.e., sales tax, gross receipts tax, municipal utilities tax, etc.) are listed on the Customer's invoices, and unless otherwise specified herein, are not included in the rates listed in this Tariff.
- 2.16.2 Unless otherwise specified herein, all stated charges in this Tariff are computed by the Company exclusive of any assessments, duties, fees, surcharges, taxes, or similar liabilities levied against the Company by governmental, quasi-governmental, or other entities such as federal, state, or local government. Such assessments, duties, fees, surcharges, taxes, or similar liabilities shall be paid by the Customer in addition to the charges stated in this Tariff. All such charges shall be shown as a separate line item on the Customer's bill.
- 2.16.3 Pending the conclusion of any litigation challenging a jurisdiction's or body's right to impose any assessments, duties, fees, surcharges, taxes, or similar liabilities, the Company may elect to waive or impose and collect a charge covering such assessments, duties, fees, surcharges, taxes, or similar liabilities, unless otherwise constrained by court order or direction. All such charges will be shown as a separate line item on the Customer's bill. If the Company has collected any assessments, duties, fees, surcharges, taxes, or similar liabilities and any of the challenged assessments, duties, fees, surcharges, taxes, or similar liabilities are found to have been invalid and not enforceable, the Company will credit or refund such sums to each affected Customer if (1) the Company has retained such funds or (2) the Company has remitted such funds to the collecting jurisdiction or body and the funds have been returned to the Company.

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**SECTION 2 - RULES AND REGULATIONS**

2.16 Taxes and Assessments (continued)

- 2.16.4 In order to be granted exemption status, a Customer claiming exempt status must provide the Company with copies of all relevant exemption certificates and documents required by the Company. New Customers are required to provide the requested documentation at the time Service is ordered. Failure to provide the required documentation at the time Service is ordered will result in all assessments, duties, fees, surcharges, taxes, or similar liabilities (as described in Section 2.16.1 of this Tariff) being levied by the Company on the Customer's Service. The Customer will be responsible for the payment of all such charges.
- 2.16.5 Failure to provide the required documentation at the time Service is ordered will also result in all taxes as noted herein being levied by the Company on the Customer's Service, and the Customer will be responsible for the payment of all such charges. At the Company's option, the Company may accord the Customer tax exempt status upon receipt of the required documentation after Service is ordered. However, the Customer will be billed for all applicable taxes and responsible for the payment of same until such time as the Company has ceased billing the applicable taxes. The Customer will also be billed for all applicable assessments, duties, fees, surcharges, or similar liabilities as described in Section 2.16.1 of this Tariff. The Company is not liable for refunding the amount of the taxes paid the Customer. The Customer is responsible for seeking refunds for such taxes from the appropriate taxing authority. Failure to pay the appropriate taxes prior to tax exempt status being accorded by the Company will result in termination of Service.
- 2.16.6 Failure to pay the appropriate assessments, duties, fees, surcharges, taxes, or similar liabilities prior to exempt status being accorded by the Company will result in termination of Service.

---

## SECTION 2 - RULES AND REGULATIONS

### 2.17 Interruption of Service

#### 2.17.1 General

It is the obligation of the Customer to notify the Company of any interruption in Service for which a credit allowance is desired. Before giving such notice, the Customer will ascertain that the interruption is not being caused by any action or omission by the Customer within his control, or is not in wiring or equipment, if any, furnished by the Customer.

#### 2.17.2 All Usage Sensitive Services

Credit allowances for the interruption of usage-sensitive Services will be limited to the applicable initial period charge for the call interrupted, subject to the limitation of liability provision set forth in Section 2.3 of this Tariff.

#### 2.17.3 Monthly Recurring Charges

No credit for monthly recurring charges will be issued for outages less than twenty-four consecutive hours in duration. For Customers with Service subject to a monthly recurring charge, Service interruptions of greater than twenty-four (24) consecutive hours duration will receive a credit equal to the number of hours of Service interruption divided by 720 hours times the monthly recurring charge for the Service.

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## **SECTION 2 - RULES AND REGULATIONS**

### 2.18 Restoration of Services

The use and restoration of services in emergencies will be in accordance with the priority system specified in Part 64, Subpart D of the rules and regulations of the Federal Communications Commission.

### 2.19 Promotional Offerings

The Company may, from time-to-time, engage in special promotional service offerings designed to attract new Customers or to increase existing Customer's awareness of a particular service offering. These promotional offerings may apply only to certain service arrangements, and may be limited to certain dates, times, and/or locations.

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### **SECTION 3 - DESCRIPTION OF SERVICES**

#### 3.1 Outbound Services

##### 3.1.1 General

Unless otherwise stated in the Tariff, the method of provisioning a specific Outbound Service is determined by the Company, and the selection of the DUC is made by the Company. Switched Access outbound Services are only available in equal access areas. All outbound Services are interstate Services with the Customer having the option to use the Service to place intrastate calls. For the purpose of the selection of the Service and associated billing plan, the Service and billing plan selected at the time of the order is provisioned will remain in effect until requested to be changed by the Customer.

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**SECTION 3 - DESCRIPTION OF SERVICES**

3.1 Outbound Services (continued)

3.1.2 Switched Access

(A) ITS LocalNet Service

ITS One Plus Service is a long distance pricing plan available to Residential and Business Customers that utilize Switched Access to reach the long distance network and subscribe a minimum of one line to this Service. There is no minimum monthly usage commitment for this service. The initial period is eighteen seconds (18) or fraction thereof and the additional period is each six seconds (6) or fraction thereof.

(B) ITS LocalNet Plus E-Bill

ITS One Plus E-Bill is a long distance pricing plan available to Residential and Business Customers that utilize Switched Access to reach the long distance network and subscribe a minimum of one line to this Service. There is no minimum monthly usage commitment for this service. The initial period is eighteen seconds (18) or fraction thereof and the additional period is each six seconds (6) or fraction thereof. The Customer's bill and bill detail will be provided via the internet.

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### **SECTION 3 - DESCRIPTION OF SERVICES**

#### 3.1 Outbound Services (continued)

##### 3.1.3 Dedicated Access

###### (A) InTouch Direct

ITS Direct is an outbound only, long distance pricing plan for businesses that utilize Dedicated Access to reach the POP of the underlying carrier. Intrastate service is only available to business Customers subscribing to the Company's interstate service. The initial period is eighteen seconds (18) or fraction thereof and the additional period is each six seconds (6) or fraction thereof. This service requires a term plan agreement of one (1), two (2), or three (3) years. The Customer is responsible for all charges and equipment required to deliver traffic between the Customers premises and the POP of the underlying carrier.



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### SECTION 3 - DESCRIPTION OF SERVICES

#### 3.2 InTouch Inbound

##### 3.2.1 General

Inbound Service permits calls to be completed to the Customer's location without charge to the calling party. Access to the Service is gained by dialing a ten digit telephone number, (Toll Free Prefix) NXX-XXXX, which terminates at the Customer's location or other telephone number as requested by customer.

##### 3.2.2 Switched Access

###### (A) ITS Toll Free Service

ITS Toll Service is an inbound long distance pricing plan available to Residential and Business Customers that utilize Switched Access to reach the long distance network and subscribe a minimum of one line to this Service. There is no minimum monthly usage commitment for this service. The initial period is eighteen seconds (18) or fraction thereof and the additional period is each six seconds (6) or fraction thereof.

###### (B) ITS Toll Free E-Bill

ITS Toll Free E-Bill is an inbound long distance pricing plan available to Residential and Business Customers that utilize Switched Access to reach the long distance network and subscribe a minimum of one line to this Service. There is no minimum monthly usage commitment for this service. The initial period is eighteen seconds (18) or fraction thereof and the additional period is each six seconds (6) or fraction thereof. The Customer's bill and bill detail will be provided via the internet.

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### **SECTION 3 - DESCRIPTION OF SERVICES**

#### 3.2 Inbound Services

##### 3.2.3 Dedicated Access

###### (A) ITS Direct InTouch

ITS Direct Inbound is an inbound only, long distance pricing plan for businesses that utilize Dedicated Access to reach the POP of the underlying carrier. Intrastate service is only available to business Customers subscribing to the Company's interstate service. The initial period is eighteen seconds (18) or fraction thereof and the additional period is each six seconds (6) or fraction thereof. This service requires a term plan agreement of one (1), two (2), or three (3) years. The Customer is responsible for all charges and equipment required to deliver traffic between the Customers premises and the POP of the underlying carrier.

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### **SECTION 3 - DESCRIPTION OF SERVICES**

#### 3.3 Travel Card Services

##### 3.3.1 General

Travel card Services enable the End User to originate a call from a touch tone telephone by dialing a toll free access number, a valid calling card number, and PIN. All travel card Services are interstate Services with the Customer having the option to use the Service to place intrastate calls.

##### 3.3.2 ITS Travel Card

The ITS Travel Card is available to Business Customers and Residential Customers that subscribe to one of the Company's Outbound Service offerings. The initial period is sixty seconds (60) or fraction thereof and the additional period is each sixty seconds (60) or fraction thereof.

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### **SECTION 3 - DESCRIPTION OF SERVICES**

#### 3.4 Directory Assistance

##### 3.4.1 Description of Service

Intrastate Directory Assistance involves the supplying of assistance in determining or attempting to determine the telephone number of a party.

##### 3.4.2 Availability of Service

Directory assistance is available to any Customer that has access to the directory assistance bureau of the DUC.

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### **SECTION 3 - DESCRIPTION OF SERVICES**

#### 3.5 Conference Services

##### 3.5.1 ITS Teleconferencing

###### (A) General

Intrastate ITS Teleconferencing service furnishes connections between three or more telephone stations on one connection at the same time with all connections originating and terminating in the State. The conference time is reserved by calling a ITS toll free reservation number at any time prior to the conference call. The initial period is sixty seconds (60) or fraction thereof and the additional period is each sixty seconds (60) or fraction thereof. Chargeable time is calculated on each leg of the call.

###### (B) Capacity

The service provides the capability to connect an unlimited number of participants, at up to 2000 locations, in a single call.

###### (C) Coverage Area

The coverage area is the State.

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**SECTION 3 - DESCRIPTION OF SERVICES**

3.5 Conference Services

3.5.1 ITS Teleconferencing

(D) Service Offerings

1. 800 Automated Service

Call Originator sets up the call by providing start time, estimated end time, and anticipated number of participants to ITS Customer service a minimum of 2 hours prior to requested start time (charges are based on actual participants). Participants call in to the conference bridge on a toll free number. Stand-by operators are available for an additional charge.

2. Call-In Service

Participants call in to the conference bridge. Each participant pays transport charges to the conference bridge.

3. Dial-Out Service

Dial-Out Service automatically includes dedicated operator. Conference Operator calls each participant and places them into conference.

### **SECTION 3 - DESCRIPTION OF SERVICES**

#### 3.5 Conference Services

##### 3.5.1 ITS Teleconferencing

###### (E) Service Enhancements

###### 1. Recording

A Recording of the conference may be requested at the time the conference call is set up.

###### 2. Recording Play Back

A previously recorded conference call may be played back to participants.

###### 3. Q & A

Questions and answers may be requested on a conference call. Requires a conference call with an operator.

###### 4. Polling

Polling may be requested on a conference call. Requires a conference call with an operator.

### **SECTION 3 - DESCRIPTION OF SERVICES**

#### 3.6 Operator Assisted Calls

##### 3.6.1 General

- (A) Operator Services is any variety of telephone services which require the assistance of a long distance operator. Examples include operator dialed Station-to Station calls, collect calls and Person-to-Person calls.
- (B) A collect call is a call for which applicable charges are billed to the telephone number of the called station of the Customer. Charges for collect calls will not be accepted if the called party to whom the charges are to be billed is at a payphone or institutional phone.
- (C) There are two rate elements. There is a usage charge and a surcharge. The operator dialed surcharge applies in addition to all Station-to-Station and Person-to-Person operator surcharges when the Customer has the ability to dial all the digits necessary for call completion but instead dials 00 to reach the operator to have the operator complete the call. A handicapped Customer who is unable to dial the call because of his or her handicap may request credit for the surcharge from the operator.
- (D) For all calls, the initial and additional periods are billed in increments of one (1) minute.



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## **SECTION 4 - RATES AND CHARGES**

### 4.1 Outbound Services

#### 4.1.1 Switched Access

##### (A) ITS LocalNet Service

The rate per minute is \$0.252

For Monthly Recurring charge see Interstate Price list at [www.Itsonline.net](http://www.Itsonline.net)

##### (B) ITS LocalNet Plus E-Bill

The rate per minute is \$0.252

For Monthly Recurring charge see Interstate Price list at [www.Itsonline.net](http://www.Itsonline.net)

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#### **SECTION 4 - RATES AND CHARGES**

##### 4.1 Outbound Services

##### 4.1.2 Dedicated Access

##### (A) InTouch Direct

The rate per minute is \$0.162

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## **SECTION 4 - RATES AND CHARGES**

### 4.2 InTouch Inbound

#### 4.2.1 Switched Access

##### (A) ITS LocalNet Service

The rate per minute is \$0.252

For Monthly Recurring Charge and Respong Fee see Interstate Price list at  
[www.Itsonline.net](http://www.Itsonline.net)

##### (B) ITS LocalNet Plus E-Bill

The rate per minute is \$0.252

For Monthly Recurring Charge and Respong Fee see Interstate Price list at  
[www.Itsonline.net](http://www.Itsonline.net)

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## **SECTION 4 - RATES AND CHARGES**

### 4.2 InTouch Inbound

#### 4.2.2 Dedicated Access

##### (A) InTouch Direct

The rate per minute is \$0.162

For Monthly Recurring Charge and Resporg Fee see Interstate Price list at  
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**SECTION 4 - RATES AND CHARGES**

4.3 Directory Assistance

The charge is \$0.95 per call.

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## **SECTION 4 - RATES AND CHARGES**

### 4.4 Calling Card Service

#### 4.4.1 ITS Travel Card

The rate per minute or fraction thereof is \$0.199

Calls originating from Payphones will incur a Payphone Surcharge (See Section 4.7.2 of this Tariff).

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## SECTION 4 - RATES AND CHARGES

### 4.5 Conference Services

#### 4.5.1 ITS Teleconferencing

##### (A) Service Offerings

##### 1. 800 Automated Service

Usage charge of \$0.28 per minute per participant.

Stand-By Operator available for \$0.04 per minute per participant.

##### 2. Call-In Service

Usage charge of \$0.20 per minute per participant.

##### 3. Dial-Out Service

Set up charge of \$3.00 per participant.

Usage charge of \$0.42 per minute per participant (includes dedicated operator).

## SECTION 4 - RATES AND CHARGES

### 4.5 Conference Services

#### 4.5.1 ITS Teleconferencing

##### (B) Service Enhancements

##### 1. Recording

The recording charge is \$20.00 per 30 minute tape.

##### 2. Recording Play Back

The recording play back charge is \$20.00 per 30 minute tape plus cost per minute of each participant that joins the playback conference (see 4.5.1 A .1-.3)

##### 3. Q & A

Set up charge of \$3.00. Only available on a conference call with an operator.

##### 4. Polling

Set up charge of \$3.00. Only available on a conference call with an operator.



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## **SECTION 4 - RATES AND CHARGES**

### 4.6 Operator Assisted Calls

#### 4.6.1 Switched Access Services.

Per Call Charge of \$0.95

Usage charge at the Customers presubscribed outbound plan.

#### 4.6.2 Dedicated Access Services.

Per Call Charge of \$0.75

Usage charge at the Customers presubscribed outbound plan.

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## SECTION 4 - RATES AND CHARGES

### 4.7 Miscellaneous Charges

#### 4.7.1 Return Check Charge

If a Customer's check is returned by the bank, the Company may charge the Customer a return check charge. The amount of the return check charge is \$25.00.

#### 4.7.2 Payphone Surcharge

Pursuant to the FCC's Order in CC Docket 96-128, this surcharge applies only to dial-around calls, i.e., calls originating using a Customer's toll free numbers and/or Calling Cards, from payphone instruments. This surcharge does not apply for 0+ call for which the payphone provider would otherwise receive compensation. The Customer will pay the Company a per call surcharge of \$0.30 per call for all such traffic.

**INTEGRATED**  
**TELE**  
**SERVICES**

7108 N. Fresno St., Suite 300  
Fresno, CA 93720  
(559) 447-2100

CALIFORNIA BANK & TRUST  
7060 N. FRESNO STREET  
FRESNO, CA 93720

1613

Operated & Managed by ECI Communications Corp.

11-204/1210

001613

PAY \*TWO HUNDRED FIFTY DOLLARS AND NO CENTS

DATE

CHECK AMOUNT

01/21/02

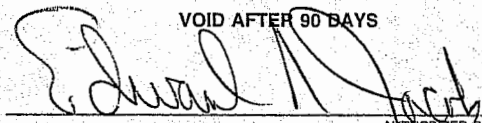
\*\*\*\*\*250.00\*

TO THE  
ORDER  
OF

South Dakota PUC  
500 E Capital Ave  
Pierre

SD 57501-5070

VOID AFTER 90 DAYS



MP  
AUTHORIZED SIGNATURE

SECURITY FEATURES INCLUDED. DETAILS ON BACK.

⑈001613⑈ ⑆121002042⑆ 1340292501⑈

INTEGRATED TELESERVICES					1613
DATE	INVOICE NO.	COMMENT	AMOUNT	DISCOUNT	NET AMOUNT
01/21/02	FILING FEE		250.00	.00	250.00
<i>TC02-008</i>					
001613 01/21/02 South Dakota PUC				TOTAL	250.00

**South Dakota Public Utilities Commission**  
**WEEKLY FILINGS**  
**For the Period of January 24, 2002 through January 30, 2002**

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

**ELECTRIC**

**EL02-002      In the Matter of the Filing by MidAmerican Energy Company for Approval of Tariff Revisions.**

MidAmerican Energy Company (MidAmerican) is requesting approval of a revision to Section No. 3, 1st Revised Sheet No. D-47 of the South Dakota Electric Tariff Rate Book. In an order dated July 20, 2000, the Commission approved MidAmerican's Rider No. 12, Short Term Interruptible Energy Service under docket EL00-017. The service was available as a pilot program, which expired on December 31, 2001. This filing renews that program.

Staff Analyst: Keith Senger  
Staff Attorney: Karen Cremer  
Date Docketed: 1/30/02  
Intervention Deadline: 02/15/02

**TELECOMMUNICATIONS**

**TC02-008      In the Matter of the Application of ECI Communications, Inc. for a Certificate of Authority to Provide Interexchange Telecommunications Services in South Dakota.**

ECI Communications, Inc. is seeking a Certificate of Authority to provide interexchange telecommunications services in South Dakota. The applicant intends to offer outbound and inbound telecommunications services, directory assistance service, calling card service, conference services, private line services and operator toll assistance services.

Staff Analyst: Keith Senger  
Staff Attorney: Kelly Frazier  
Date Docketed: 01/25/02  
Intervention Deadline: 02/15/02

**TC02-009      In the Matter of the Filing for Approval of an Amendment to an Interconnection Agreement between Qwest Corporation and McLeodUSA Telecommunications Services, Inc.**

On January 28, 2002, the Commission received a filing from Qwest Corporation (Qwest) for approval of an amendment to the interconnection agreement between Qwest and McLeodUSA Telecommunications Services, Inc. (McLeod). According to the parties, the agreement is a negotiated agreement and the amendment is made in order to add to the agreement the terms, conditions and rates for UDIT as set forth in Attachment 1 and Exhibits A and B, attached to the amendment. Any party wishing to comment on the agreement may do so by filing written comments with the Commission and the parties to the agreement no later than February 18, 2002. Parties to the agreement may file written responses to the comments no later than twenty days after the service of the initial comments.

Staff Attorney: Kelly Frazier

Date Docketed: 01/28/02  
Initial Comments Due: 02/18/02

**TC02-010      In the Matter of the Filing for Approval of an Amendment to an Interconnection Agreement  
between Qwest Corporation and Rural Cellular Corporation.**

On January 28, 2002, the Commission received a filing from Qwest Corporation (Qwest) for approval of an amendment to the interconnection agreement between Qwest and Rural Cellular Corporation (Rural Cellular). According to the parties, the agreement is a negotiated agreement and the amendment is made in order to implement the requirements of the FCC Order on Remand and Report and Order in CC Docket Nos. 96-98 and 99-68 regarding intercarrier compensation for Internet service provider (ISP) bound traffic. Any party wishing to comment on the agreement may do so by filing written comments with the Commission and the parties to the agreement no later than February 18, 2002. Parties to the agreement may file written responses to the comments no later than twenty days after the service of the initial comments.

Staff Attorney: Kelly Frazier  
Date Docketed: 01/28/02  
Initial Comments Due: 02/18/02

**TC02-011      In the Matter of the Filing for Approval of an Amendment to an Interconnection Agreement  
between Qwest Corporation and McLeodUSA Telecommunications Services, Inc.**

On January 28, 2002, the Commission received a filing from Qwest Corporation (Qwest) for approval of an amendment to the interconnection agreement between Qwest and McLeodUSA Telecommunications Services, Inc. (McLeod). According to the parties, the agreement is a negotiated agreement and the amendment is made in order to add to the agreement the terms, conditions and rates for Collocation, Cancellation and Decommission as set forth in Attachments 1 and 2 and Exhibit A, attached to the amendment. Any party wishing to comment on the agreement may do so by filing written comments with the Commission and the parties to the agreement no later than February 18, 2002. Parties to the agreement may file written responses to the comments no later than twenty days after the service of the initial comments.

Staff Attorney: Kelly Frazier  
Date Docketed: 01/28/02  
Initial Comments Due: 02/18/02

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

<b>IN THE MATTER OF THE APPLICATION OF )</b>	<b>ORDER GRANTING</b>
<b>ECI COMMUNICATIONS, INC. FOR A )</b>	<b>CERTIFICATE OF</b>
<b>CERTIFICATE OF AUTHORITY TO PROVIDE )</b>	<b>AUTHORITY</b>
<b>INTEREXCHANGE TELECOMMUNICATIONS )</b>	
<b>SERVICES IN SOUTH DAKOTA )</b>	<b>TC02-008</b>

On January 25, 2002, the Public Utilities Commission (Commission), in accordance with SDCL 49-31-3 and ARSD 20:10:24:02, received an application for a certificate of authority from ECI Communications, Inc. (ECI).

ECI proposes to offer outbound and inbound telecommunications services, directory assistance service, calling card service, conference services, private line services and operator toll assistance services. A proposed tariff was filed by ECI. The Commission has classified long distance service as fully competitive.

On January 31, 2002, the Commission electronically transmitted notice of the filing and the intervention deadline of February 15, 2002, to interested individuals and entities. No petitions to intervene or comments were filed and at its February 26, 2002, meeting, the Commission considered ECI's request for a certificate of authority. Commission Staff recommended granting a certificate of authority, subject to the condition that ECI not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapter 49-31, specifically 49-31-3 and ARSD 20:10:24:02 and 20:10:24:03. The Commission finds that ECI has met the legal requirements established for the granting of a certificate of authority. ECI has, in accordance with SDCL 49-31-3, demonstrated sufficient technical, financial and managerial capabilities to offer telecommunications services in South Dakota. The Commission approves ECI's application for a certificate of authority, subject to the condition that ECI not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission. As the Commission's final decision in this matter, it is therefore

**ORDERED**, that ECI's application for a certificate of authority is hereby granted, effective March 25, 2002, subject to the condition that ECI not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission. It is

**FURTHER ORDERED**, that ECI shall file informational copies of tariff changes with the Commission as the changes occur.

Dated at Pierre, South Dakota, this 6th day of March, 2002.

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: *Alaina Kalbo*

Date: *3/7/02*

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

*James A. Burg*  
JAMES A. BURG, Chairman

*Pam Nelson*  
PAM NELSON, Commissioner

*Robert K. Sahr*  
ROBERT K. SAHR, Commissioner

# SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

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## *CERTIFICATE OF AUTHORITY*

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

Authority was Granted effective March 25, 2002  
Docket No. TC02-008

*This is to certify that*

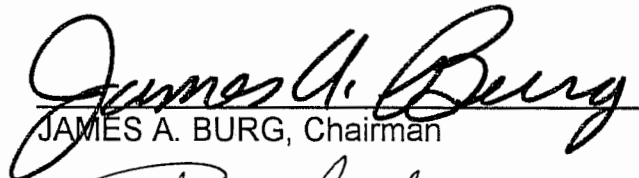
**ECI COMMUNICATIONS, INC.**

is authorized to provide interexchange telecommunications services in South Dakota, subject to the condition that it not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission.

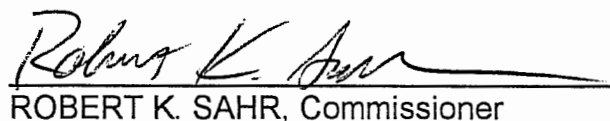
This certificate is issued in accordance with SDCL 49-31-3 and ARSD 20:10:24:02, and is subject to all of the conditions and limitations contained in the rules and statutes governing its conduct of offering telecommunications services.

Dated at Pierre, South Dakota, this 6<sup>th</sup> day of March, 2002.

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION:**

  
JAMES A. BURG, Chairman

  
PAM NELSON, Commissioner

  
ROBERT K. SAHR, Commissioner

