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**BY FEDERAL EXPRESS**

December 4, 2003

Public Utilities Commission  
Capitol Building, 1<sup>st</sup> Floor  
500 East Capitol Avenue  
Pierre, SD 57501-5070

RECEIVED

DEC 05 2003

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Re: France Telecom Corporate Solutions L.L.C.; Application for  
Certificate of Authority to provide Resold Local Exchange and  
Interexchange Telecommunication Services in South Dakota

Dear Sir or Madam:

On behalf of France Telecom Corporate Solutions L.L.C., enclosed for filing please find an original plus eleven (11) copies of its Application for Certificate of Authority to provide Resold Local Exchange and Interexchange Telecommunication Services in South Dakota.

Please file-stamp and return the extra copy of this filing in the pre-addressed, stamped envelope provided for this purpose. Also enclosed is a check in the amount of \$250.00, payable to the South Dakota Public Utilities Commission to cover the requisite filing fee.

Kindly direct any questions concerning this filing to the undersigned.

Regards,



William K. Coulter  
Matthew Vitale  
Counsel for France Telecom  
Corporate Solutions, L.L.C.

Enclosures

**BEFORE THE  
SOUTH DAKOTA PUBLIC UTILITES COMMISSION**

Application of France Telecom )  
 Corporate Solutions L.L.C. for )  
 A Certificate of Authority to )  
 Provide Resold Local Exchange )  
 And Interexchange Telecommunications )  
 Service within the State of South Dakota )

Dkt. No.

**RECEIVED**

DEC 05 2003

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

**APPLICATION FOR CERTIFICATE OF AUTHORITY**

France Telecom Corporate Solutions (“FTCS” or “Applicant”), by its undersigned counsel, hereby applies to the South Dakota Public Utilities Commission (“Commission”) for a certificate of authority to provide resold local exchange and interexchange telecommunications services within the State of South Dakota. Pursuant to South Dakota Codified Law § 49-31-70 and South Dakota Adv. Code Serv. §20:10:32:03, the Applicant provides the following information in support hereof:

- (1) Applicant’s name, address, and contact information:

France Telecom Corporate Solutions L.L.C.  
 2300 Corporate Park Drive, Mailstop SPO606  
 Herndon, VA 20171  
 Tel. no. 703-375-7325  
 Fax no. 703-375-4905  
 Email: [jeansebastien.falisse@ftna.com](mailto:jeansebastien.falisse@ftna.com)  
 Website: <http://www.francetelecom.com>

Applicant is a limited liability company organized under the laws of the State of Delaware. A copy of Applicant’s incorporation document is attached as Exhibit A.

- (2) The full name and business address of each owner of the applicant is attached as Exhibit B.

- (3) The name under which applicant will provide local exchange services if different than in (1). N/A. Applicant will not operate under any fictitious names.
- (4) (a) Applicant will not have any office within the State of South Dakota. Applicant's current registered agent is:
- CT Corporation System  
319 S. Coteau Street  
Pierre, South Dakota 57501
- (b) A list of Applicant's 20% or greater owners is attached as Exhibit B.
- (c) A copy of Applicant's certificate of authority to transact business in South Dakota from the secretary of state is attached as Exhibit C.
- (5) A description of the Applicant's experience providing telecommunications services is attached as Exhibit D. Applicant has not previously provided services in South Dakota. A list of states where applicant is authorized to provide services is attached as Exhibit E. Applicant is not required to and does not hold any Federal Communications Commission authorizations.
- (6) A list of Applicant's affiliates, and an organizational chart are attached as Exhibit F.
- (7) A list and specific description of the types of services the Applicant seeks to offer and the means by which the services will be provided is attached as Exhibit G.
- (a) Applicant intends to serve business customers only.
- (b) Applicant is a non-facilities based reseller and does not intend to provide services using its own facilities.
- (c) Id.

- (d) Applicant intends to provide resold local exchange and interexchange telecommunications service within the State of South Dakota.
- (8) Applicant intends to offer local exchange and interexchange services statewide.
- (9) A demonstration of technical competency is attached hereto as Exhibit H.
- (10) Applicant will provide customers with access to emergency services such as 911 or enhanced 911, operator services, interexchange services, directory assistance and telecommunications relay services through its underlying facilities-based carriers.
- (11) A demonstration of Applicant's financial competency is attached hereto as Exhibit I.
- (12) Because Applicant is a non-facilities based reseller, it does not intend to interconnect any facilities with local exchange carriers in South Dakota. Applicant intends to enter into a resale agreement with a facilities-based local exchange carrier in South Dakota in the future.
- (13) Applicant's proposed tariffs for both local exchange and interexchange services are attached as Exhibit J.
- (14) Applicant does not intend to provide any services which are rate regulated.
- (15) Applicant's marketing plan is attached as Exhibit K.
- (16) Applicant does not intend to operate in any areas served by a rural telephone company.
- (17) A list where Applicant is authorized to provide services is attached as Exhibit E. Applicant has never been denied registration or certification in any state.

Applicant is in good standing with the appropriate regulatory agency in the states where it is registered or certified.

- (18) The Applicant's contact for customer service inquiries is:

Charles Hartman, Tax Director  
France Telecom Corporate Solutions L.L.C.  
2300 Corporate Park Drive, Mailstop SPO606  
Herndon, VA 20171  
Tel. 866-280-3726  
Fax 703-375-4905  
Email: charles.hartman@francetelecom.com

Applicant's contact for regulatory matters is:

Jean-Sebastien Falisse, Treasurer  
France Telecom Corporate Solutions L.L.C.  
2300 Corporate Park Drive, Mailstop SPO606  
Herndon, VA 20171  
Tel. 703-375-7325  
Fax 703-375-4905  
Email: jeansebastien.falisse@ftna.com

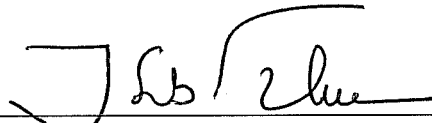
- (19) Applicant intends to bill customers directly for services. A sample invoice is attached hereto as Exhibit L.
- (20) Applicant's policy regarding the solicitation of new customers and its plan to prevent slamming is attached hereto as Exhibit M.
- (21) No complaints have been filed against applicant with any federal or state commission regarding the unauthorized switching of a customer's telecommunications provider and the act of charging customers for services that have not been ordered.
- (22) Applicant seeks a waiver from all regulatory requirements which are routinely provided to competitive local exchange and interexchange carriers.
- (23) Applicant's Federal Employment Identification Number is: 52-2361634

(24) Applicant is not aware of any additional information requested by the Commission.

WHEREFORE Applicant respectfully requests the Commission to grant it a Certificate of Authority to provide resold local exchange and interexchange telecommunications services within and throughout the State of South Dakota.

All the information contained in this Application is true and correct to the best of my knowledge and belief.

Respectfully submitted,



Jean-Sebastien Falisse, Treasurer

Dated: Nov. 20, 2003

Of counsel:

William K. Coulter  
Matthew Vitale  
Coudert Brothers LLP  
1627 I Street, NW, Suite 1200  
Washington, D.C. 20006  
Tel. no. (202) 775-5100  
Fax no. (202) 775-1168  
Email: coulterw@coudert.com  
vitalem@coudert.com

**AFFIDAVIT**

State of VIRGINIA :  
: SS.  
County of FAIRFAX :

Jean-Sebastien Falisse, Affiant, being duly sworn/affirmed according to law, deposes and says that:

He is the Treasurer of France Telecom Corporate Solutions L.L.C.;

That he is authorized to and does make this affidavit for said Applicant;

That France Telecom Corporate Solutions L.L.C., the Applicant herein, certifies under penalty of false statement that all information contained in the attached financial statements is true and complete.

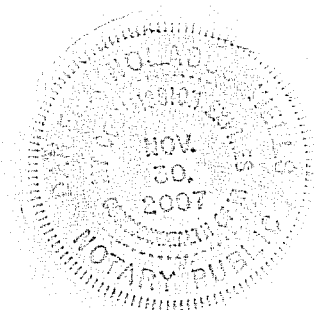
That the facts above set forth are true and correct to the best of his knowledge, information, and belief and that he expects said Applicant to be able to prove the same at any hearing hereof.

\_\_\_\_\_  
Jean-Sebastien Falisse, Treasurer  
France Telecom Corporate Solutions L.L.C.

Sworn and subscribed before me this 20<sup>th</sup> day of NOVEMBER, 2003

\_\_\_\_\_  
Notary Public  
My commission expires: NOV. 30, 2007

SEAL





# **EXHIBIT A**

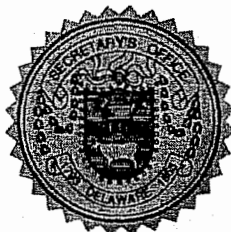
# Delaware

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## *The First State*

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "FRANCE TELECOM CORPORATE SOLUTIONS L.L.C." IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SEVENTEENTH DAY OF OCTOBER, A.D. 2002.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN PAID TO DATE.



*Harriet Smith Windsor*  
Harriet Smith Windsor, Secretary of State

3461073 8300

AUTHENTICATION: 2040119

020642303

DATE: 10-17-02

11/28/2001 10:07 FAX 202 822 2099

FRANCE TELECOM

STATE OF DELAWARE  
SECRETARY OF STATE  
DIVISION OF CORPORATIONS  
FILED 09:30 AM 11/28/2001  
010601102 - 3461073

CERTIFICATE OF FORMATION

OF

FRANCE TELECOM CORPORATE SOLUTIONS L.L.C.

1. The name of the limited liability company is France Telecom Corporate Solutions L.L.C.
  
2. The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation of France Telecom Corporate Solutions L.L.C.

this 28<sup>th</sup> day of November, 2001

FRANCE TELECOM PARTICIPATIONS  
U.S., INC.

  
 \_\_\_\_\_  
 Danielle Aguto  
 Assistant Secretary

## **EXHIBIT B**

## LIST OF ALL OWNERS OF APPLICANT

The direct and indirect owners of Applicant, including their contact information, is as follows:

Applicant is 100% owned by:

FTP Holding Inc.  
c/o France Telecom North America  
1717 K Street, NW  
Suite 507  
Washington, D.C. 20036-5333  
Tel. (202) 822-2058

FTP Holding Inc. is 100% owned by:

FT Participations US Inc.  
c/o France Telecom North America  
1717 K Street, NW  
Suite 507  
Washington, D.C. 20036-5333  
Tel. (202) 822-2058

FT Participations US Inc. is 100% owned by:

Cogécom S.A.  
6, place d'Alleray  
75015 Paris  
France

Cogécom S.A. is 100% owned by:

France Télécom S.A.  
6, place d'Alleray  
75015 Paris  
France

France Télécom S.A. is a publicly traded company on the New York Stock Exchange and the Paris Stock Exchange. The only 10% or greater shareholder of France Télécom is the French State.

# **EXHIBIT C**

# State of South Dakota



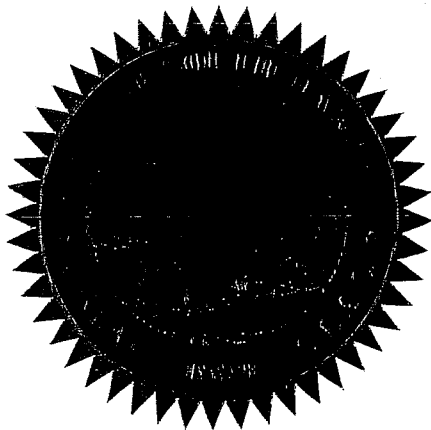
## OFFICE OF THE SECRETARY OF STATE

### Certificate Of Good Standing Foreign Limited Liability Company

ORGANIZATIONAL ID #: FL001723

I, Chris Nelson, Secretary of State of the State of South Dakota, do hereby certify that **FRANCE TELECOM CORPORATE SOLUTIONS, L.L.C.** was authorized to transact business in this state on **September 15, 2003.**

I, further certify that said Limited Liability Company has complied with the South Dakota law governing Foreign Limited Liability Companies transacting business in this state, and so far as the records of this office show, said Limited Liability Company is in good standing in this State at the date hereof and duly authorized to transact business in the State of South Dakota. This certificate is not to be construed as an endorsement, recommendation or notice of approval of the Limited Liability Companies financial condition or business activities and practices. Such information is not available from this office.



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 October 15, 2003.

*Chris Nelson*

Chris Nelson  
Secretary of State

## **EXHIBIT D**



## Background in Telecommunications Industry

Applicant is a new telecommunications carrier which only commenced operations in the United States in 2002. Applicant's parent company, France Télécom S.A. ("France Telecom"), however, has a history dating back to the 19<sup>th</sup> century.

With more than 111.7 million customers in 220 countries/territories, it is one of the largest telecommunications companies in the world. Through its major brands, including Orange, Wanadoo, Equant and Globecast, France Telecom provides businesses, consumers and other carriers with a complete portfolio of solutions that spans local, long-distance, and international telephony, wireless, Internet, multimedia, data, broadcast and cable TV services.

France telecom is the second largest wireless operator and the number three Internet service provider in Europe. It is also a world leader in telecommunications solutions for multinational corporations. France Telecom is listed on the Paris and New York stock exchanges (NYSE: FTE).



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Ambition FT 2005

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Networks and Operators

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**Milestones**

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## Milestones

**1878** : creation of the Postal and Telegraph ministry.

**1970** : the 6th Plan highlights the role of telecommunications in the French economic development.

**1974** : The general direction of the postal and telecommunications services becomes the biggest public investor and one year later, the telephone "catching up" Plan is adopted.

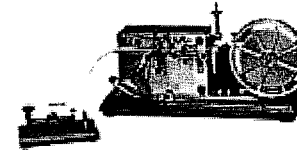
**1988** : creation of France Telecom.

**1991** : France Telecom becomes an autonomous provider of a public service.

**1996** : France Telecom becomes a public limited company.

**1997** : France Telecom opens its capital and its shares are traded on the stock markets in Paris and New York.

**2000** : France Telecom launches its Internet subsidiary, Wanadoo, on the Paris stock market and also acquires the British mobile telephone operator Orange and becomes the 2nd largest European player in the mobile industry.



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## The Beginning of France Telecom

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Setting up the **Chappe network** created more than an organised telecommunications network...it founded an administration as well. In 1837, a new law ensured the government's monopoly of the signalling networks and served as a base for the elaboration of legal statutes of later communication systems. In those days, telecommunication services were part of the Ministry of the Interior.



Following the creation of the Postal and Telegraph Ministry in 1878, the administration of telegraphs is absorbed by the postal services. Up to the beginning of the 1970's, telecommunication services occupy a lesser role within the administrative global administration.

When the telephone appears in France in 1878, it is conceded to a private company. In 1889, the telephone is nationalised, but joined with the telegraph within the "equipment and electric services." In 1909 two managements clearly covering telecommunication activities are created : one for **telegraphs** and another for **telephone services**.

It is not until World War II that the government realizes the importance of telecommunications research and development. In 1941, the Department of Telecommunications is created within the ministry of PTT-the latter taking a second T for "telephone" in 1923. **The National Centre for Telecommunication Research (CNET)** is set up in 1944. At last, the specificity of telecommunication services is recognized, even though they remain under the grip of the postal services.



In the 1970's, restructuring gets underway after demand for telephone equipment increases. The role of **the Head of Telecommunications (DGT)** is appointed and a personnel service, distinct from the Postal Services, establishes the specifications of the trades and careers in

telecommunications. The autonomy of Telecommunications is coming about.  
In 1988, the **DGT becomes France Telecom**. But it is only on January 1, 1991 that France Telecom becomes an autonomous provider of a public service.

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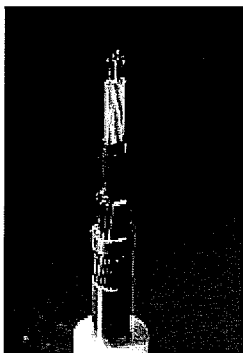
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## A thirst for innovation

In the 1980's, telecoms now have a well structured and technically performing network. They begin a development phase and propose a line of new products and services centred around the telephone.

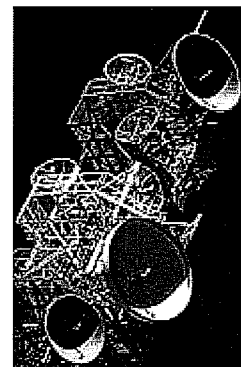


From telematics to cable to satellites, all communication routes are explored. In 1978, telecoms take advantage of their mastery of transmission techniques and open Transpac, the first network to transmit data in waves.



In a step to join telecommunications with computers, they set off on a telematic adventure which results in a new offer in 1983, the **Minitel**. Their efforts are also turned to two cutting edge sectors. In 1981 in Biarritz, they experiment with the optical fiber as a means of transmission. In 1984, with the success of Pleumeur Bodou, the first French telecommunications satellite **Télécom 1A** is launched.

The beginning of radio telecommunications takes place in 1986 with the launch of the "**Radiocom 2000**" service which makes communication with people in automobiles possible. And in 1991, the launch of the **experimental GSM network** provides for the development of the European digital mobile telephone, **Orange**.



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## The technique, the workforce

If France Telecom is officially created on January 1, 1991, its history dates back more than two centuries. The Chappe network created a group of "telegraphers" who quickly adopt the public service spirit.

The main strength of France Telecom is characterised by the know-how at the heart of the company. The appearance of the telephone and wireless telegraphy give birth to a communication network that will progressively cover the entire planet.




These techniques and networks bring new skills to light as well as new jobs which are constantly adapted to innovations. The "telephone operators" are confronted with the automation of telephone switchboard in the 1920's. New jobs that are increasingly more technical, such as radio technicians and telephone line servicemen, are created.

Later, it is the digitalisation of the network that complicates one more time the telecom industry. At every level, an intense training effort is developed. The new 8-digit dialling code on October 25, 1985 reveals a strong mobilisation of the workforce and once again, the challenge is taken up successfully.

The last decade, the deregulation born across the Atlantic and the expansion of new products and services like the Minitel, mobile telephones and the Internet give way to a new dimension : Business.



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## Today & Tomorrow

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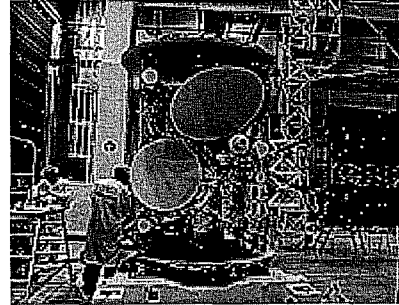
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At the dawn of the 21st century, telecommunications are reinforcing their link with the **computer world** that began in the 1970's and are beginning to approach the **audiovisual** sector with the mindset of becoming a **multimedia company**.



With cable, satellite and hertz ground diffusion, France Telecom is already positioned as an essential partner of the French audiovisual system. Today, the company is expanding its activities and is gradually becoming a global player. France Telecom provides a complete line of audiovisual and multimedia services, offering new products and services such as videoconferencing, the **Numéris network** and **Internet access with Wanadoo**. The enrichment of services that focuses on the flow of information, its content and its treatment is the principal objective.

Preparing for the future means communicating on a global scale. In this perspective, in 2001, France Telecom acquired **Equant, worldwide operator** for major companies, and the British mobile telephone operator Orange, building the second largest European mobile network.

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# **EXHIBIT E**



**List of Jurisdictions in which  
France Telecom Corporate Solutions L.L.C.  
Is Providing Telephone Service**

<b>Jurisdiction</b>	<b>Description of Services</b>	<b>Effective Date</b>	<b>Status</b>
State of California	Resold Local and Long Distance Services	April 17, 2003 & January 24, 2003	Active
State of Colorado	Resold Local and Long Distance Services	December 23, 2002	Active
State of Delaware	Resold Local and Long Distance Services	April 15, 2003	Inactive
State of Florida	Resold Local and Long Distance Services	February 11, 2003	Active
State of Georgia	Resold Local and Long Distance Services	April 15, 2003 & February 4, 2003	Active
State of Illinois	Resold Local and Long Distance Services	May 7, 2003	Active
State of Indiana	Resold Local and Long Distance Services	January 22, 2003 & January 27, 2003	Active
State of Kentucky	Resold Local and Long Distance Services	February 20, 2003	Active
State of Maryland	Resold Local and Long Distance Services	February 19, 2003	Active
Commonwealth of Massachusetts	Resold Local and Long Distance Services	December 22, 2002	Active
State of Michigan	Resold Local and Long Distance Service	July 8, 2003	Active
State of New Jersey	Resold Local and Long Distance Services	February 21, 2003	Active
State of New York	Resold Local and Long Distance Services	April 16, 2003	Active
State of North Carolina	Resold Long Distance Services	January 31, 2003	Active
State of Ohio	Resold Local and Long Distance Services	March 26, 2003 & April 4, 2003	Active
State of Oregon	Resold Local and Long Distance Services	March 19, 2003	Active
State of Pennsylvania	Resold Local and Long Distance Services	January 30, 2003	Active
State of Texas	Resold Long Distance Services	February 5, 2003	Active
State of Utah	Resold Local and Long Distance Services	October 7, 2003 & April 16, 2003	Active

<b>Jurisdiction</b>	<b>Description of Services</b>	<b>Effective Date</b>	<b>Status</b>
State of Virginia	Resold Long Distance Services		Active
State of Washington	Resold Local and Long Distance Services	February 22, 2003	Active

**EXHIBIT F**

**LIST OF APPLICANT'S AFFILIATES  
OPERATING IN THE UNITED STATES**

Equant U.S., Inc.<sup>1</sup>  
400 Galleria Parkway  
Atlanta, GA 30339  
Telephone: (678) 346-3000

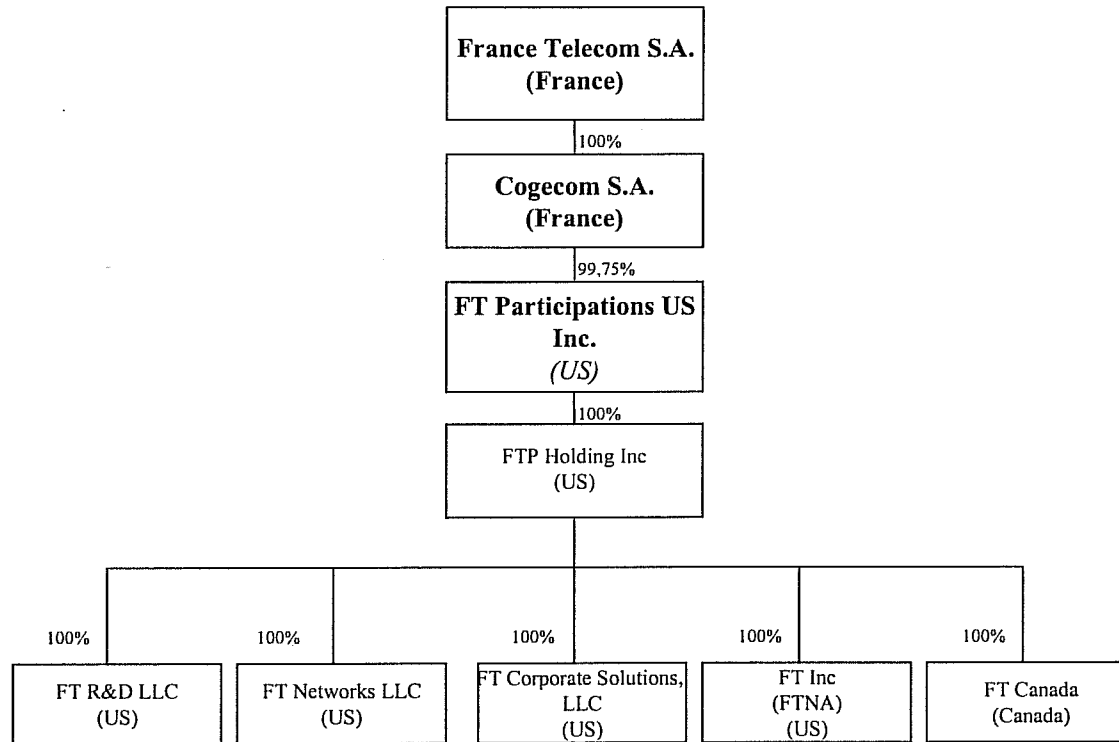
France Telecom Long Distance USA<sup>1</sup>  
2300 Corporate Park Drive  
Suite 600  
Herndon, VA 20171  
Telephone: (703) 375-8227

GlobeCast Incorporated<sup>2</sup>  
7291 NW 74th Street  
Miami, FL 33166  
Telephone: (888) 988-5288

<sup>1</sup> Both of these companies currently hold Section 214 authorizations from the Federal Communications Commission to provide interstate and international resold and facilities based telecommunications services. Neither of these companies have authority to provide intrastate telecommunications services in any state, and do not offer intrastate common carrier telecommunications services in any state.

<sup>2</sup> GlobeCast is a private carrier which provides interstate and international services using earth stations licensed by the Federal Communications Commission.

# FTP US organization chart - Q1 2002



## **EXHIBIT G**

**DESCRIPTION OF APPLICANT'S  
PROPOSED INTRAEXCHANGE SERVICE OFFERINGS**

The Applicant plans to offer all forms of intraexchange telecommunications services on a resale basis within the state. Initially, Applicant will provide Local Exchange Service, Virtual Private Network Service, Local Dedicated Service, Integrated Services Digital Network Primary Rate Interface (ISDN-PRI).

**DESCRIPTION OF APPLICANT'S  
PROPOSED INTEREXCHANGE SERVICE OFFERINGS**

The Applicant plans to offer all forms of interexchange telecommunications services on a resale basis within the state. Initially, Applicant will provide Switched Interexchange Service, Dedicated Interexchange Service, Virtual Private Network Service, Frame Relay Service, Carrier 800 Service, Private Line Service and Travel Calling Card Service.

**EXHIBIT H**



# Resume

**Jean NIVOIX**

## **Vice President Integration Services & Outsourcing**

### **Education :**

1967 : Ing. ENST (Telecom) Paris

### **Complementary Education :**

- People management/motivation (Krauthammer)
- Enterprise Strategy (INSEAD)
- Bull's Offer Strategy

### **Main professional responsibilities :**

*Since 2001*

#### **General Manager of France Telecom Corporate Solutions**

*Since end 2000*

#### **Vice President of DISO (Integration Services & Outsourcing)**

In charge of complex integration and outsourcing offers (presales) and project management (post sales)

*From April 1998  
to end 2000*

#### **Executive Vice President Expertel FM (Groupe France Telecom)**

In charge of Outsourcing Development for voice, data and end user services (PBX and LAN)

*From Sept. 1993  
to April 1998*

#### **Director of IBT**

International Bull Telecommunications

Worldwide management entity responsible for the internal telecommunications of Groupe Bull : "Provide the best telecoms services at the lowest cost".

(Operational responsibility over 250 people (France, US, UK, Italy, Germany), about 500 MFF yearly expenses budget and 50 MFF of yearly investments.)

Additional missions on Facilities Management business.

*From Dec. 1990  
to Sept. 1993*

#### **Director of Telecommunications and Office Automation for Groupe Bull (DTBG)**

Functional responsibility over internal Telecommunications and Office Automation. (architecture, coordination, budget consolidation ~ 600 MFF)

Direct operational responsibility on central structure and part of Telecoms/Office Automation resources in France (100 people, 100 MFF).

*From 1985  
to Dec. 1990*

#### **Responsible for Validation/Qualification of low range products in Bull's Offer = micros, terminals, servers and UNIX systems**

*Before 1985*

#### **Responsible for Mini6 Support (R&D support for Europe)**

#### **Development of Software Products and Systems**

(mainly in telecoms domains)

#### **Project Management for Bull's Customers**

(development of specific softwares/applications in telecoms domains)

(Chu Hanovre, DGT/DRT, CISI, EDF, Banques Populaires, Bibliothèque Nationale, Univ. Brême, ...)

### **Miscellaneous :**


- Bilingual French/German
- English - WW permanent usage


**NICOLAS Frédéric**


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Indianapolis, IN 46240

U.S.A.

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 +1 317 587 4836 (office)

 +1 317 828 0943 (mobile)

38 years old, single, without children

French Nationality

❑ **Formation and diplomas**

1980	“Baccalauréat C”
1981 - 1982	“Mathématiques supérieures et spéciales”.
1983 - 1985	Engineer school : <b>Ecole Centrale de Lyon (ECL)</b> University degree: DEA Electronique
1986	Specialisation at “Sup Telecom (ENST)” in Telecommunication and Networks

❑ **Professional Experience (13 years)**

*Eunetcom/Global One/Equant (1996-2002)*

Started in **1996** at Eunetcom as Service Manager for one of the biggest Eunetcom multinational customer (JTI) which is still a customer from Equant.

In **2001**, director of a worldwide team of 30 customer service managers spread over various countries in Europe and Asia Pacific region This team ensured the service management of 100 multinational customer networks for Voice, IP, Frame Relay or ATM products.

The responsibility of the director was particularly:

- To lead the organisation in defining role, staffing, structure, as well as improving processes and tools for Service Management for Global One customers in relation with Customer Care, Product Management and GCSC.
- To ensure chargeback of service management activities to selling entities (\$250,000 monthly)
- To define and set-up of homogeneous Service Management Reporting tools and processes for all customers

As of 2002, program and service manager of the outsourcing TINOS project for the Americas region. The Tinos Program & Service Manager Americas is responsible at the region level for the following, including services in and out of Equant port-folio:

- Manage the day-to-day relationship with the customer
- Supporting the Tinos Regional Manager during the different project phases (process implementation, local contract transfers, ...)
- Management and relationship of the local/regional sub-contractors for non-standard services, including ordering of services/equipment, validation of invoices.

- Ensuring good operation of implemented local processes (charge-back, ordering, payment of sub-contractors, maintenance,...)
- Ensuring compliance with Quality and Service Level Agreement Targets,.
- Interventions on major troubles or major customer service issues
- Consolidate Service Management Reports
- Launching & leading of regional project reviews.
- Responsible for receiving, processing and implementing all customer changes (new orders, moves, etc..), including standard and non-standard services.
- Ensuring customer invoices are accurate and timely issued. Reviewing with the customer any billing issues.

### **Bull Ingenierie (1988-1996)**

*(Subsidiary of Bull computer company specialised in system integration)*

**1988 to 1996**

Several activities as **Manager of the network and data exchange department**

- Project Manager
- Realisation of internet security studies.  
(architecture and communication protocols, networks, electronic mail and directory solutions, internet)
- Management and follow-up of Research and Development activities.
- Participation in human resource allocation to projects (training and management of the fifteen engineers of the department)
- Pre-sales activities and consulting in product or project implementation phase.

#### **❑ Languages**

Fluent in English  
Some German and Spanish

#### **❑ Technical Expertise**

Systems	UNIX, WINDOWS
Computer Languages	C, Visual Basic,
Network	ISO, TCP/IP, X25, Ethernet, Lan Manager, Novell
Mail	X400, X500, SMTP, Ms-Mail, cc:Mail, gateways
Others	Word, Excel, Access, PPR (Nortel Performance Reporting tool)

#### **❑ Other experience or activities**

Sport and hobbies	<ul style="list-style-type: none"> <li>• Tennis, Ski, Bridge</li> </ul>
Teaching	<ul style="list-style-type: none"> <li>• Teacher in Gabon for undergraduate students during two scholar years (1986 to 1988)</li> </ul>

# **EXHIBIT I**

**France Telecom Corporate Solutions L.L.C.  
Demonstration of Financial Capability**

As a newly-formed company, Applicant does not have any audited financial statements. Applicant is majority owned and controlled by France Télécom S.A. ("France Telecom"), one of the largest communications companies in the world. Applicant's financial information will be fully consolidated in the financial statements of its parent company.<sup>1</sup> Exerpts of France Telecom's financial filings with the Securities and Exchange Commission are attached, including a Management Report (for the six months ended June 30, 2002 and 2003), and consolidated audited financial statements for the last three years.

France Telecom is a leading integrated communications company which is publicly-traded on both the Paris Stock Exchange and the New York Stock Exchange.

The attached financial documents demonstrate that France Telecom Corporate Solutions L.L.C. clearly possesses the requisite financial capability to provide intrastate telecommunications services in this State.

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<sup>1</sup> See Consolidated Financial Statements – France Telecom, 2002, 2001 and 2000 at p. F-9 ("companies which are wholly owned or which France Telecom controls, either directly or indirectly, are fully consolidated").

SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934**

September 12, 2003

Commission File No. 1-14712

**FRANCE TELECOM**

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(Translation of registrant's name into English)

**6, place d'Alleray, 75505 Paris Cedex 15, France**

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(Address of principal executive offices)

Indicate by check mark whether the Registrant files or will file  
annual reports under cover of Form 20-F or Form 40-F

Form 20-F  Form 40-F

Indicate by check mark whether the Registrant is submitting the  
Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes  No

Indicate by check mark whether the Registrant is submitting the  
Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes  No

Indicate by check mark whether the Registrant, by furnishing the  
information contained in this Form, is also thereby furnishing the information to the  
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934

Yes  No

(If "Yes" is marked, indicate below the file number assigned to the  
Registrant in connection with Rule 12g3-2(b): 82- )

Enclosure: France Telecom Management Report for the six months ended June 30, 2002 and 2003

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**france telecom**

**MANAGEMENT REPORT**

**For the six months ended  
June 30, 2002 and 2003**

**[EXCERPTS ONLY]**

**August 31, 2003**

## 1. OVERVIEW

### 1.1. ACTIVITY AND OPERATING RESULTS

#### 1.1.1. Principal Operating Results

The changes in the France Telecom group's ("France Telecom" or the "Group") revenues, operating income before depreciation and amortization and amortization of actuarial adjustments in the early retirement plan ("operating income before depreciation and amortization", formerly known as EBITDA), operating income, and the balance of operating income before depreciation and amortization less CAPEX (investments in tangible and intangible assets excluding licenses) are presented in the following sections, on both a historical and on a comparable basis.

France Telecom's management uses operating income before depreciation and amortization and operating income before depreciation and amortization less CAPEX to evaluate France Telecom's and its divisions' operating performance, on which it bases the performance reviews of the executives who manage its divisions. The measure of operating income before depreciation and amortization less CAPEX is calculated to permit better evaluation of the efforts of operating divisions on the basis of investments in tangible and intangible assets excluding non-recurring investments (acquisition of licenses).

	Six months ended June 30,				
	2003	2002	2002	03/02	03/02
		on a comparable basis (unaudited) (€ millions)	historical	on a comparable basis (unaudited) (% change)	historical (% change)
Revenues	22,852	22,002	22,472	3.9%	1.7%
Operating income before depreciation and amortization <sup>(1)</sup>	8,485	6,802	6,870	24.7%	23.5%
Operating income	4,645	3,180	3,182	46.1%	46.0%
Investments in tangible and intangible assets excluding UMTS/GSM licenses	2,162	3,073	3,221	(29.7)%	(32.9)%
UMTS/GSM licenses	0	61	61	ns	ns
Operating income before depreciation and amortization less CAPEX <sup>(2)</sup>	6,323	3,729	3,649	69.6%	73.3%
Average number of full-time employees	225,592	253,139	227,284	(10.9)%	(0.7)%

(1) Operating income before depreciation and amortization and before amortization of actuarial adjustments in the early retirement plan.

(2) Investments in tangible and intangible assets excluding licenses (see Note 4 to the Consolidated Financial Statements).

On a **historical basis**, France Telecom's revenues increased to € 22.9 billion during the first six months of 2003, an increase of 1.7% compared to the first six months of the preceding year. The growth in revenues on a historical basis was marked by (i) the negative effect of exchange rates, which amounted to a loss of € 1.117 billion between these two periods, and (ii) by the effects of changes in the scope of consolidation, principally due to the sales of TDF on December 13, 2002 and Casema on January 28, 2003, and the transfer of ownership of the FTM Lebanon network to the Lebanese Government as of August 31, 2002, partially offset by the consolidation of the Polish operator, TP Group (TP SA and its subsidiaries) as of April 1, 2002.

Operating income before depreciation and amortization grew 23.5% during the first six months of 2003 as compared to 2002, mainly as a result of the consolidation of the TP Group (the Polish operator TP SA and its subsidiaries), the strong growth in operating income before depreciation and amortization of high growth operations (wireless, Internet, worldwide data transmission services to companies) and the stability shown by fixed line services in France.



Operating income showed growth of almost 46% over the same period. The balance of operating income before depreciation and amortization less CAPEX grew 73.3% as a result of growth in operating income before depreciation and amortization and the significant decrease in investments in tangible and intangible assets excluding licenses (-32.9%), principally due to declines in the "Orange" and "Fixed Line, Distribution, Network, Major Accounts and Operators segments".

In order to provide a basis of comparison with the results as of June 30, 2003, **figures on a comparable basis at constant exchange rates** are set forth for the first six months of 2002. To this end, the actual results of the six months ended June 30, 2002 are retained, while the results for the corresponding period of the previous year have been adjusted to reflect changes in the scope of consolidation and eliminate exchange rate effects by applying the average exchange rate used in the income statement for the first six months of 2003 to the first six months of 2002.

Figures on a comparable basis permit a more meaningful economic comparison, by restating the results as of June 30, 2002 as the France Telecom group was configured as of June 30, 2003. They reflect mainly the events described in the following table and correspond, in part, to variations in the scope of consolidation and significant developments, including, among others:

- full consolidation of TP Group as of April 1, 2002,
- full consolidation of eresMas as from November 1, 2002,
- sale of TDF on December 13, 2002,
- transfer of ownership of FTM Lebanon network to the Lebanese government as from August 31, 2002,
- sale of Casema on January 28, 2003,
- sale of Wanadoo Belgique on February 6, 2003, retroactively to January 1, 2003.

In addition, reported results are also affected by variations in exchange rates, principally involving the following currencies:

- the pound sterling,
- the US dollar,
- the Polish zloty,
- the Egyptian pound.

June 30, 2002 on a comparable basis (unaudited)  
June 30, 2002 historical<sup>(1)</sup>

	June 30 2002 on a comparable basis	Date event occurred	Revenues	Operating income before depreciation and amortization (€ millions)	Operating Income
<b>June 30, 2002 Historical Data</b>			22,472	6,870	3,182
<b>Consolidation Date</b>					
TP Group (TP SA and its subsidiaries)	January 1, 2002	April 1, 2002	1,209	517	240
eresMas	January 1, 2002	November 1, 2002	34	(25)	(33)
<b>Withdrawal from Consolidation</b>					
TDF	January 1, 2002	January 1, 2003	(348)	(155)	(89)
FTM Lebanon: transfer of ownership of network to the Lebanese government	January 1, 2002	August 31, 2002	(190)	(79)	(51)
Casema	January 1, 2002	January 28, 2003	(83)	(33)	7
Wanadoo Belgique	January 1, 2002	January 1, 2003	(3)	4	4
<b>Other insignificant variations</b>					
			28	9	8
<b>June 30, 2002 on a comparable basis at historical exchange rates (June 30, 2002)</b>					
			23,119	7,108	3,268
<b>Translation adjustments</b>					
			(1,117)	(305)	(88)
<b>June 30, 2002 on a comparable basis at constant exchange rates (June 30, 2003)</b>					
			22,002	6,802	3,180

(1) Impact on the France Telecom Group's 2002 revenues, operating income before depreciation and amortization, and operating income (after inter-segment eliminations) presented on a comparable basis.

The principal exchange rate effects on information on a comparable basis are as follows:

**Translation adjustments impact on comparable basis figures<sup>(1)</sup>**

	Revenues	Operating income before depreciation and amortization (€ millions)	Operating Income
<b>Translation adjustment</b>	<b>(1 117)</b>	<b>(305)</b>	<b>(88)</b>
TP Group	(339)	(144)	(68)
Equant	(279)	45	97
Orange UK	(266)	(80)	(44)
Mobinil, ECMS (Egypt)	(73)	(38)	(20)
Other variations	(160)	(88)	(53)

(1) Impact of the change in exchange rates between the comparable basis figures at historical exchange rates (June 30, 2002) and the comparable basis figures at constant exchange rates (June 30, 2003). After inter-segment eliminations.

On this **comparable basis**, revenues increased 3.9% for the period ended June 30, 2003, mainly due to the increases in wireless and Internet activities, especially internationally.

Operating income before depreciation and amortization increased 24.7% and operating income increased 46.1%, highlighting the France Telecom Group's improved operating profitability. This growth was mainly due to increases in wireless, Internet, and international activities, as well as to savings realized in the main segments, especially fixed line services in France.

Thus, by focusing on growth sectors and continuing management improvements, the France Telecom Group's operating income before depreciation and amortization margin increased from 30.9% at June 30, 2002, on a comparable basis, to 37.1% at June 30, 2003. Operating income before depreciation and amortization less CAPEX rose 69.6%.

### 1.1.2. Principal Net Income and Debt Figures

Interest expense for the six months ended June 30, 2003 was € 2,052 million, as compared to € 1,754 million for the year-earlier period. In addition, interest expense for the perpetual bonds redeemable for shares ("*titres à durée indéterminée remboursables en actions*") issued in connection with the MobilCom settlement was € 140 million for the first six months of 2003.

Foreign exchange gains/(loss) net for the first six months of 2003 recorded a loss of € 83 million, as compared to a loss of € 87 million for the first six months of 2002.

Current income from integrated companies was € 2,270 million for the period ended June 30, 2003, as compared to € 1,215 million for the period ended June 30, 2002.

Other non-operating income/(expense) amounted to a total expense of € 370 million for the six months ended June 30, 2003, compared to an expense of € 9,339 million for the six months ended June 30, 2002. This item included gains on sales of € 92 million at June 30, 2003, mainly due to sales of holdings in Sprint PCS, Casema, and Eutelsat and real estate disposals. Non-operating expense for the six month period mainly involved restructuring costs at Orange and Equant, an adjustment of the provision for the Kulczyck put option (€ 256 million), losses on the repurchase of FT S.A. and Orange notes, and expenses in connection with sales of receivables, partially offset by reversals of provisions for Wind and Tesam.

For the period ended June 30, 2002, other non-operating income/(expense) reflected mainly exceptional provisions for MobilCom and NTL.

Income taxes for the period ended June 30, 2003, amounted to a benefit of € 3,231 million, as compared to an expense of € 2,296 million at June 30, 2002. The amount of income tax recorded for the first six months of 2003 mainly reflected the benefit of the

exceptional deferred tax asset resulting from the operational reorganization of Orange of € 2,590 million, as well as the reversal of a provision for the group tax consolidation of FT S.A. of € 1,100 million.

Net income from integrated companies was € 5,056 million for the six months ended June 30, 2003, compared to a loss of € 10,471 million for the six months ended June 30, 2002.

During the first six months of 2003 equity in net income from affiliates amounted to a loss of € 111 million, compared to a loss of € 163 million for the year-earlier period.

Provisions for goodwill amortizations (excluding exceptional amortization) amounted to an expense of € 850 million at June 30, 2003, as compared to an expense of € 1,466 million at June 30, 2002, the decrease being due to exceptional provisions for amortization of goodwill taken at December 31, 2002.

At December 31, 2002, exceptional provisions for amortization of goodwill involved Equant, OCH, and JTC, in the total amount of negative € 5,378 million. At June 30, 2003, following a review of the value of goodwill, exceptional provisions for amortization were recorded mainly for Freeserve, QDQ Media, Mauritius Telecom, and BITCO and amounted to a total expense of € 1,041 million.

Net income of the consolidated group was € 3,054 million for the six months ended June 30, 2003, compared to a loss of € 12,100 million for the six months ended June 30, 2002.

**Net income for the first six months of 2003 was € 2,522 million, compared to a loss of € 12,176 million for the first six months of 2002.**

**At June 30, 2003, France Telecom's net financial debt (gross financial debt less cash and cash equivalents and marketable securities) was € 49,329 million, compared to € 68,019 million at December 31, 2002 and € 69,696 million at June 30, 2002.** The amount of debt reduction therefore amounted to € 18,690 million compared with the level at December 31, 2002, largely due to the capital increase of € 14,852 million carried out in the first six months of 2003, the € 2,012 million in free cash flow (excluding asset disposals and increase in short-term marketable securities (*SICAV de trésorerie*) relating to the capital increase) generated in the first half, the € 1,199 million earned in sales of shareholdings, and the € 1,338 million due to the positive effect of exchange rate fluctuations on debt in foreign currency.

## **1.2. EVOLUTION OF THE GROUP**

### **1.2.1. "Ambition FT 2005" plan (summary)**

Immediately upon his arrival at the head of France Telecom on October 2, 2002, Thierry Breton commissioned a team of experts to carry out a complete review of France Telecom's businesses and financial situation (the "State of the Company" mission (*Etats des Lieux*)). The main conclusions of this study were presented to France Telecom's board of directors on December 4, 2002. Based on the results of this "State of the Company" mission, France Telecom launched the Ambition FT 2005 plan, based on four components:

- "TOP": a program to improve operational performance, which aims to be the motor for France Telecom to generate during the period from 2003 to 2005 more than € 15 billion in net cash provided by operating activities less net cash used in investing activities. Those cash flows will be allocated to debt reduction.
- "15+15+15": a plan to strengthen France Telecom's financial structure:
  - more than € 15 billion in net cash provided by operating activities less net cash used in investing activities, generated by the motor of the TOP program as described above and allocated to debt reduction;
  - € 15 billion in additional equity, with the participation of the French State in its capacity as shareholder pro rata to its shareholding interest, i.e., approximately € 9 billion;
  - € 15 billion from refinancing France Telecom's debt.

These three initiatives will be implemented in parallel, with the objective of gaining greater strategic and financial flexibility and achieving a ratio of net financial debt to operating income before depreciation and amortization of between 1.5 and 2 by the end of 2005.

- A strategy focused on customer satisfaction and integrated operational management of a portfolio of assets comprising businesses that are leaders in their principal markets, with strong brands such as France Telecom, Orange, Wanadoo and Equant. France Telecom will consider divesting itself of assets with weak strategic or financial positions, or those for which majority control is impossible. It will aim to develop strategic partnerships in areas that are not part of its core business and where it cannot attain critical size on its own.
- A significantly restructured management team with a simplified organization, clear distinctions between the operational divisions and the central functions with responsibility for the whole of France Telecom, and greater responsibility assigned to managers.

### 1.2.2. Results of the “TOP” Operational Improvements Program for the First Two Quarters of 2003

The following table shows the savings realized in operating expenses and investments in tangible and intangible assets through implementation of the TOP program, by quarter and by half-year, between 2002 on a comparable basis and 2003.

Variations 2003/2002 on a comparable basis (unaudited)

	First quarter	Second quarter (€ millions)	First half
CAPEX gains <sup>(1)</sup>	333	578	911
OPEX gains <sup>(2)</sup>	487	345	832

(1) CAPEX: Investments in tangible and intangible assets, excluding GSM and UMTS licenses.

(2) OPEX: Operating charges before depreciation and amortization of assets and before amortization of actuarial adjustments in the early retirement plan.

TOP projects crossed from the launch stage to the roll-out stage. Following immediate gains recorded in the first quarter of 2003, the gradual restructuring of principal procedures delivered its first results and is being integrated at all levels of the organization to improve operating performance in a continuing manner.

The results achieved from the TOP program during the first two quarters of 2003 exceeded targets. These results should permit an acceleration in debt reduction for the France Telecom Group, while reinforcing its growth.

Over the period 2003-2005, France Telecom’s goal is to generate € 15 billion of free cash flow<sup>(3)</sup> due to TOP. The objective for 2003 is to generate more than € 4 billion<sup>(4)</sup> in free cash flow (excluding asset disposals).

(3) Free cash flow: net cash generated by operating activities, less net cash used in investing activities.

(4) This amount does not take into account investment of cash received from the capital increase in short-term marketable securities (SICAV de trésorerie).

The improvement in operating income before depreciation and amortization less CAPEX was also demonstrated in the first half, reaching € 6.3 billion for the first six months of 2003, an increase of 69.6% on a comparable basis compared to the first six months of 2002 (73.3% on a historical basis).

- **First Quarter 2003:**

The 100 TOP projects launched in January 2003 have created the dynamic anticipated since the beginning of the first quarter of 2003. France Telecom's long-term goals for improving its operational performances are reflected throughout the group and are delivering the anticipated revenues.

France Telecom recorded € 3.1 billion in operating income before depreciation and amortization less CAPEX in the first quarter of 2003 compared to € 1.9 billion in the first quarter of 2002, on a comparable basis. This improvement of € 1.2 billion was generated by an increase in revenues of approximately € 350 million, OPEX gains of approximately € 500 million and CAPEX gains of approximately € 350 million.

The improvements recorded since the beginning of the first quarter of 2003 were due, in part, to short-term gains (Quick Wins) that surpassed expectations and were mainly made in purchasing, overhead costs and communications and marketing expenses.

Projects that aim to improve medium- and long-term operational performances were successfully launched. Their impact is less noticeable in the short term, but should gradually become more perceptible throughout the year and until 2005.

In the medium term, the impact of these projects should be realized:

- in the area of investments (CAPEX) mainly due to an improvement of synergies and a better pooling of resources among France Telecom's divisions; and
- in the area of OPEX, as a result of an internalization of certain activities and an improvement in certain operational processes.

These permanent sources for improving operational performance will progressively help France Telecom realize gains on a short-term basis.

**A selective reduction of investments in tangible and intangible assets in order to sustain growth: approximately € 350 million in gains**

Approximately € 350 million in gains were realized in the area of investments in tangible and intangible assets in the first quarter of 2003.

Contributions by segment to the reduction in investments in tangible and intangible assets broke down as follows: 47% from Fixed line, Distribution, Network, Large Customers and Operators, 32% from Orange, 10% from Wanadoo and 11% from the segments Equant, TP Group and Other International.

The largest gains were derived:

- one-third from Orange, mainly as a result of its withdrawal from Sweden and a better allocation of expenses in Switzerland, Denmark and The Netherlands.
- one-third from "Networks and Operators" due to the completion of the modernization program for switching in France and a decrease in expenses internationally.

The France Telecom Group continues to invest, especially in areas of growth and development. Orange's investments in tangible and intangible assets in the first quarter of 2003 remained at generally the same level overall as in 2002 in France and the United Kingdom. A 19% increase in investment expenditures in ADSL should allow for a better deployment of networks and a doubling in the number of ADSL lines in France in 2003. TP Group continues to modernize its network in Poland. WIFI was successfully launched and improvements within France Telecom's divisions are anticipated in order to modernize the distribution and business networks.

The decrease in investments in tangible and intangible assets was due, in large part, to:

- an improvement in process, with, for example, the creation of coordination efforts such as the investment committee. This committee oversees the consistency of investments and the investment decisions of the France Telecom group. The committee

enables France Telecom to better define its priorities in accordance with its business plan;

- an improved allocation of spending;
- an improved pooling of resources; and
- a better assessment of market needs.

**Gains related to operating expenses: approximately € 500 million**

Approximately € 500 million in gains were realized in operating expenses in the first quarter of 2003, representing a decrease of 6.3% compared to the first quarter of 2002 on a comparable basis.

The gains related to operating expenses were mainly due to short-term improvements (Quick Wins) linked to reductions in consulting, general and administrative expenses, communication and advertising. On a comparable basis, external purchases decreased by € 343 million between the first quarter of 2002 (€ 4,809 million) and the first quarter of 2003 (€ 4,466 million).

On a comparable basis, between the first quarter of 2002 and the first quarter of 2003:

- The "Fixed line, distribution, network, large customers and operator" segment contributed to the reduction in operating expenses by € 249 million through reductions in equipment purchases and the internalization of certain activities, such as Transpac.
- Orange's operating expenses decreased by € 107 million. The restructuring of Orange in Switzerland, Denmark and The Netherlands as well as the withdrawal from Sweden also contributed to the reduction in operating expenses in this segment for the first quarter of 2003. The operational restructuring of Orange Corporate generated a savings of € 15 million at the end of March 2003. Reductions were also realized as a result of an improved coordination of corporate communication campaigns and a decrease in sponsoring expenses.
- At Wanadoo, the optimization of customer services and an improvement in the sales and distribution strategy in France and the United Kingdom led to a slight increase in operating expenses of € 15 million, despite a 35.4% growth in activity on a comparable basis.
- Equant contributed to the decrease in operating expenses by implementing a cost reduction plan, allowing it to significantly reduce direct costs (access, circuits and maintenance) and to record an important reduction in commercial and administrative costs. TP Group successfully pursued its continued restructuring, particularly relating to distribution and customer service. OPEX decreased € 133 million overall for the Equant, TP Group and Other International segments.

As a result of the sourcing project, € 369 million out of the goal of € 720 million in cash savings to be realized in 2003 has already been contracted and is expected to produce the anticipated results. The first wave of this project was successfully introduced. A purchasing volume of approximately € 5.4 billion is involved in this first wave of the program for which 18 out of 30 categories had already been launched as of March 31, 2003.

• **Second Quarter 2003:**

TOP projects have crossed from the launch stage to the roll-out stage.

**Progression of operating income before depreciation and amortization less CAPEX:** an increase in the first half of approximately 70% on a comparable basis. Operating income before depreciation and amortization less CAPEX amounted to € 3.2 billion compared to € 1.8 billion for the second quarter 2002 on a comparable basis (approximately € 2 billion on a historical basis). This improvement of € 1.4 billion on a comparable basis was due to the increase of approximately € 485 million in revenues, approximately € 578 million for CAPEX gains and approximately € 345 million in OPEX gains. The positive trend in operating income before depreciation and amortization less CAPEX accelerated in the second quarter of 2003. Operating income before depreciation and amortization less CAPEX reached € 3.1 billion in the first quarter of 2003, representing an increase of € 1.2 billion on a comparable basis (€ 1.4 billion on a historical basis) compared to the first quarter 2002.

**Example of a major shared project on OPEX and CAPEX: TOP Sourcing.** With the TOP Sourcing program, the France Telecom Group becomes more efficient by improving the quality of its services and activities and by optimizing the prices of its purchases at both CAPEX and OPEX levels.

Under the TOP Sourcing Program, 100% of gains for 2003 have already been contractualized at mid-year.

The TOP Sourcing program is rolled out in three stages:

- January – July 2003: 45% of the France Telecom Group's total expenses are processed, representing € 8.3 billion, with an expected gain of more than € 700 million for the year 2003;
- July 2003 – January 2004: 25% of expenses, representing € 4.6 billion, will be processed;
- January 2004 – June 2004: 15% of expenses, representing € 2.7 billion, will be processed.

The remaining 15% will be processed at the local level.

The objective of the TOP Sourcing Program is to generate gains of € 4 billion over the period 2003-2005.

**Progression of CAPEX: a controlled CAPEX level that should ensure long-term growth.**

For the second quarter of 2003, CAPEX represented approximately € 1.1 billion, or 10% of quarterly revenues, compared to approximately € 1.7 billion for the second quarter 2002 on a comparable basis, representing a decrease of approximately 34%. CAPEX gains thus reached approximately € 578 million.

The CAPEX program is carried out through three series of initiatives:

- The first level concentrated on immediate gains, standardizing specifications for purchases and eliminating redundancies. 25 IT programs were decided upon and CAPEX with regards to wireless services was optimized.
- The second level focuses on putting in place corporate governance bodies such as investment committees and concentrates on prioritizing investments in programs focused on growth and productivity. These investment committees examine and prioritize the France Telecom Group's most important projects.
- The third level identifies convergent opportunities concerning infrastructure, services and billing systems. It focuses on pooling investments in information systems and implementing servicing platforms.

In the second quarter of 2003 and on a comparable basis, the most important gains came from Orange (approximately € 350 million) and fixed line telephony in France (approximately € 240 million).

CAPEX expenses in the second quarter of 2003 were mainly focused on growth sectors: approximately 80% of CAPEX during this period were allocated to growth sectors (compared to 20% in investments in maintenance, renewal and operations). CAPEX for the development of ADSL was on the rise compared to the second quarter 2002 in order to fulfill deployment goals (3 million broadband customers by the end of 2003 and a coverage rate of 90% by the end of 2005). As a result, the France Telecom Group's CAPEX level should ensure long-term growth in growth markets.

**Progression of OPEX: the second quarter benefited from process restructuring**

OPEX amounted to approximately € 7.1 billion on a comparable basis in the second quarter 2003, representing a decrease of € 345 million compared to the second quarter of 2002, or approximately 62% of revenues compared to approximately 68% in the second quarter of 2002, an improvement of approximately 6 points in one year.



OPEX gains are mainly drawn from:

- Immediate gains realized due to, for example, reductions in corporate lifestyle, such as streamlining business travel and reduction of expenses related to sponsorship.
- The launch of pilot stages in the operational restructuring such as the streamlining of Orange UK's international traffic, adopting new operating procedures, allowing, for example, the internalization of certain activities of fixed line telephony in France, and improved cost control, such as the streamlining of Equant's access costs.
- The deployment of operating procedures, with improved efficiency in expense committees and the complete alignment of the France Telecom Group's policies and the sharing of best practices. With this perspective, the organization of regional service centers in France has become more efficient. Certain sale teams were regrouped and pooled at the France Telecom Group level and information platforms were pooled as well.

Gains in OPEX realized in the second quarter of 2003 on a comparable basis were mainly derived from external purchases, which experienced the largest decrease in the second quarter of 2003, at € 4.2 billion compared to € 4.7 billion for the second quarter of 2002, representing a decrease of € 424 million. For example, savings in consulting/advisory related expenses amounted to approximately € 80 million for the second quarter of 2003 while communication and advertising gains amounted to € 50 million.

### 1.2.3. Subsequent events

- **Capital increase reserved to employees**

France Telecom granted to its employees, during June 2003, the possibility to subscribe to a capital increase reserved for employees. On July 28, 2003 the Chairman noted, based on subscription results, that 5,596,476 shares to be paid in cash were subscribed to, plus another 1,754,152 of free shares granted to the subscribers, representing a total number of new shares of 7,350,628.

- **Wind**

On March 20, 2003, France Telecom signed an agreement with Enel in order to sell its 26.58% stake in Wind to Enel. The operation, which became effective on July 1, 2003, depended, among other conditions, upon regulatory authorizations which were obtained on June 16, 2003 (see Note 11 to the Consolidated Financial Statements).

- **Early redemption of bonds**

On June 30, 2003, Orange Plc exercised its option to redeem in advance its bonds with a maturity date in August 2008 (see Note 18 to the Consolidated Financial Statements).

On July 22, 2003, France Telecom repurchased € 623 million of bonds convertible into Panafon shares (see Note 17 to the Consolidated Financial Statements).

On July 18, 2003, Orange plc launched a tender offer to repurchase for cash its notes due in 2006. This offer was completed on August 26, 2003 (see Note 18 to the Consolidated Financial Statements).

- **TDIRA**

On August 25, 2003, France Telecom and TDIRA holders agreed (i) to amend the TDIRA conditions for remuneration in order to become closer to market conditions following better conditions on interest rate spread granted to France Telecom since its capital increase completed on April 15, 2003 and (ii) to postpone the period during which bond holders cannot sell their TDIRA from October 15, 2003 (date initially planned) until June 30, 2004 (see Note 24 to the Consolidated Financial Statements).

On August 29, 2003, France Telecom launched an auction process with TDIRA holders in order to repurchase part of the TDIRA. The final result of this operation will be known in the beginning of September 2003.

- **Freeserve**

Freeserve has decided not to renew the distribution contract of low-speed Internet access offers for Dixons Group retail shops, which is due to expire in February 2004. The distribution contract related to high-speed Internet access offers is unchanged and will carry on until February 2005. Over the last few years, Freeserve has experienced a decrease in the number of new clients originating from the Dixons distribution network. At the same time, Freeserve has initiated new partnerships with Orange, Littlewood and MVC and has announced the signature of a new contract with Lloyds Pharmacy Group, representing 1,300 retail points in the United Kingdom. Freeserve is also developing its distribution channels through, among other things, online services, which have represented approximately one third of the total acquisitions of Freeserve in the first quarter of 2003.

- **TP SA**

On August 29, 2003, the Polish State announced its intention to sell its 15 % stake in TP SA by the end of 2003. France Telecom, in agreement with its partner in the consortium, reserves the right of exercising its call option through this offer (see note 28.2 to the Consolidated Financial Statements).

SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934**

For the month of March 2003

**FRANCE TELECOM**

(Translation of registrant's name into English)

**6, place d'Alleray, 75505 Paris Cedex 15, France**

(Address of principal executive offices)

(Indicate by check mark whether the Registrant files or will file  
annual reports under cover of Form 20-F or Form 40-F)

Form 20-F

Form 40-F

(Indicate by check mark whether the Registrant, by furnishing the  
information contained in this Form, is also thereby furnishing the information to the  
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934)

Yes

No

(If "Yes" is marked, indicate below the file number assigned to the  
Registrant in connection with Rule 12g3-2(b): 82- )

Enclosure: France Telecom's 2002 Consolidated Financial Statements

**FRANCE TELECOM**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**CONSOLIDATED STATEMENTS OF INCOME**

	Note	Year ended December 31,		
		2002	2001	2000
(Amounts in millions of euros, except per share data)				
Sales of services and products .....		46,630	43,026	33,674
Cost of services and products sold (excluding items shown separately below) .....		(18,558)	(17,619)	(12,733)
Selling, general and administrative expenses .....		(12,579)	(12,520)	(9,685)
Research and development expenses .....		(576)	(567)	(449)
<b>Operating result before depreciation and amortization .....</b>		<b>14,917</b>	<b>12,320</b>	<b>10,807</b>
Depreciation and amortization (excluding goodwill) .....		(7,910)	(6,910)	(5,726)
Amortization of actuarial adjustments in the early retirement plan .....	18	(199)	(210)	(225)
<b>Operating result .....</b>		<b>6,808</b>	<b>5,200</b>	<b>4,856</b>
Interest expenses, net .....	12	(4,041)	(3,847)	(2,006)
Foreign exchange gain (loss), net .....		136	(337)	(141)
Discounting of early retirement plan .....	18	(216)	(229)	(237)
Other non-operating income/(expense), net .....	25	(12,849)	(5,904)	3,957
Income taxes .....	26	(2,499)	2,932	(1,313)
Employees profit-sharing .....		(148)	(131)	(141)
Equity in net income of affiliates .....	7	(367)	(890)	(275)
<b>Income (loss) before goodwill amortization and minority interest .....</b>		<b>(13,176)</b>	<b>(3,206)</b>	<b>4,700</b>
Goodwill amortization .....	4-7	(2,352)	(2,531)	(1,092)
Exceptional goodwill amortization .....	4-7	(5,378)	(3,257)	—
Minority interest .....	20	170	714	52
<b>Net income (loss) .....</b>		<b>(20,736)</b>	<b>(8,280)</b>	<b>3,660</b>
<b>Earnings per share (in euros)</b>				
Earnings per share before goodwill amortization and minority interest				
—basic .....		(12.14)	(2.91)	4.41
—diluted .....		(12.14)	(2.91)	4.33
Earnings per share .....				
—net income (loss) .....		(19.11)	(7.51)	3.44
—fully diluted .....		(19.11)	(7.51)	3.38

See Notes to the Consolidated Financial Statements

**FRANCE TELECOM  
CONSOLIDATED FINANCIAL STATEMENTS**

**CONSOLIDATED BALANCE SHEETS**

(Amounts in millions of euros,  
except per share data)

	Note	At December 31,		
		2002	2001	2000
<b>ASSETS</b>				
Goodwill, net .....	4	27,675	34,963	36,049
Other intangible assets, net .....	5	18,411	18,189	16,289
Property, plant and equipment, net .....	6	36,268	31,728	34,623
Investments accounted for under the equity method .....	7	2,564	8,912	10,506
Non consolidated investments, net .....	8	1,418	3,240	10,218
Other long-term assets, net .....	9	2,501	1,936	722
Deferred income taxes, net .....	26	3,903	5,369	2,532
<b>Total long-term assets</b> .....		<b>92,740</b>	<b>104,337</b>	<b>110,939</b>
Inventories .....		696	900	1,216
Trade accounts receivable, less allowances (1,625 at December 31, 2002, 1,475 at December 31, 2001 and 1,406 at December 31, 2000) .....	9	5,474	7,596	8,783
Deferred income taxes, net .....	26	416	1,102	1,609
Prepaid expenses and other current assets .....	10	4,397	6,653	4,782
Receivable from divestment of real estate .....	6	—	2,689	—
Marketable securities .....	12	45	1,138	216
Cash and cash equivalents .....	12	2,819	2,943	2,040
<b>Total current assets</b> .....		<b>13,847</b>	<b>23,021</b>	<b>18,646</b>
<b>TOTAL ASSETS</b> .....		<b>106,587</b>	<b>127,358</b>	<b>129,585</b>

See Notes to the Consolidated Financial Statements

**FRANCE TELECOM  
CONSOLIDATED FINANCIAL STATEMENTS**

**CONSOLIDATED BALANCE SHEETS**

	Note	At December 31,		
		2002	2001	2000
(Amounts in millions of euros, except per share data)				
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Share capital—€4 par value—Authorized and issued: 1,190,158,724 shares effective year end .....		4,761	4,615	4,615
Additional paid-in capital .....		24,750	24,228	24,228
Retained earnings (loss) .....		(5,434)	4,682	2,748
Net income (loss) for the year .....		(20,736)	(8,280)	3,660
Foreign currency translation adjustment .....		(3,315)	844	59
Own shares .....		(9,977)	(5,002)	(2,153)
<b>Shareholders' equity</b> .....	<b>21</b>	<b>(9,951)</b>	<b>21,087</b>	<b>33,157</b>
<b>Minority interests</b> .....	<b>20</b>	<b>9,780</b>	<b>8,101</b>	<b>2,036</b>
Exchangeable or convertible notes .....	12	8,110	10,750	2,653
Other long- and medium-term debt, less current portion .....	12	38,788	43,793	27,894
Other long-term liabilities .....	18	14,978	8,663	5,220
<b>Total long-term liabilities</b> .....		<b>61,876</b>	<b>63,206</b>	<b>35,767</b>
Current portion of long- and medium-term debt .....	12	13,495	1,596	7,542
Bank overdrafts and other short-term borrowings .....	12	10,490	11,365	25,165
Trade accounts payable .....		8,503	8,631	7,618
Accrued expenses and other payables .....	18	7,395	7,259	7,729
Other current liabilities .....	18	1,712	2,481	8,113
Deferred income taxes .....	26	87	374	512
Deferred income .....	11	3,200	3,258	1,946
<b>Total current liabilities</b> .....		<b>44,882</b>	<b>34,964</b>	<b>58,625</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> .....		<b>106,587</b>	<b>127,358</b>	<b>129,585</b>

See Notes to the Consolidated Financial Statements

**FRANCE TELECOM  
CONSOLIDATED FINANCIAL STATEMENTS**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Amounts in millions of euros, except per share data)	Number of shares issued	Share capital	Additional paid-in capital	Reserves	Foreign currency translation adjustment	Own shares	Total
<b>At January 1, 2000</b> . . . . .	<b>1,024,615,901</b>	<b>4,098</b>	<b>6,629</b>	<b>8,023</b>	<b>153</b>	<b>0</b>	<b>18,903</b>
Net income for the year 2000 . . . . .				3,660			3,660
Increase in capital (note 21) . . . . .	129,216,042	517	17,599				18,116
Movements in holdings of own shares (note 21) . . . . .						(2,153)	(2,153)
Adjustment on Orange plc acquisition cost (note 3) . . . . .				(4,335)			(4,335)
Appropriation of earnings . . . . .				(1,025)			(1,025)
Translation adjustment . . . . .					(94)		(94)
Other movements . . . . .				85			85
<b>Balance at December 31, 2000</b> . . . . .	<b>1,153,831,943</b>	<b>4,615</b>	<b>24,228</b>	<b>6,408</b>	<b>59</b>	<b>(2,153)</b>	<b>33,157</b>
Net loss for the year 2001 . . . . .				(8,280)			(8,280)
Movements in holdings of own shares (note 21) . . . . .				(1,271)		(2,849)	(4,120)
Appropriation of earnings . . . . .				(1,075)			(1,075)
Translation adjustment . . . . .					785		785
Other movements (Note 7) . . . . .				620			620
<b>Balance at December 31, 2001</b> . . . . .	<b>1,153,831,943</b>	<b>4,615</b>	<b>24,228</b>	<b>(3,598)</b>	<b>844</b>	<b>(5,002)</b>	<b>21,087</b>
Net loss for the year 2002 . . . . .				(20,736)			(20,736)
Movements in capital (note 21) . . . . .	36,326,781	146	522				668
Movements in holdings of own shares (Note 21) . . . . .						(4,975)	(4,975)
Appropriation of earnings (Note 21) . . . . .				(1,056)			(1,056)
Translation adjustment (Note 21) . . . . .					(4,152)		(4,152)
Other movements (Note 21) . . . . .				(780)	(7)		(787)
<b>Balance at December 31, 2002</b> . . . . .	<b>1,190,158,724</b>	<b>4,761</b>	<b>24,750</b>	<b>(26,170)</b>	<b>(3,315)</b>	<b>(9,977)</b>	<b>(9,951)</b>

See Notes to the Consolidated Financial Statements

**FRANCE TELECOM  
CONSOLIDATED FINANCIAL STATEMENTS**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Note	Year ended December 31,		
		2002 €	2001 €	2000 €
(Amounts in millions of euros)				
<b>OPERATING ACTIVITIES</b>				
Net income/(loss) .....		(20,736)	(8,280)	3,660
<b>Adjustments to reconcile net income/(loss) to funds generated from operations</b>				
Depreciation & amortization of property, plant & equipment and intangible assets .....	4-5-6-7	15,639	12,698	6,818
Gain on divestment of real estate .....	25	—	(705)	—
Result on divestment of other tangible and intangible assets .....		(37)	(92)	(23)
Result on divestment of other assets .....	25	(960)	(2,093)	(7,677)
Changes in valuation allowances and other provisions .....	25	13,119	7,860	4,113
Undistributed earnings of affiliates .....		369	841	276
Deferred income taxes .....	26	1,586	(2,090)	(277)
Minority interests .....	20	(170)	(714)	(52)
Other items .....		(232)	(19)	25
<b>Funds generated from operations</b> .....		<b>8,578</b>	<b>7,406</b>	<b>6,863</b>
Decrease (increase) in inventories .....		193	341	(329)
Decrease (increase) in trade accounts receivable .....		1,219	(628)	(978)
Securitization of receivables .....	9	797	914	—
Impact of sales of future receivables .....	18	(82)	690	—
Decrease (increase) in other current assets .....		542	(1,974)	(1,372)
Impact of sale of carry back receivables .....	26	1,111	(1,111)	—
Increase (decrease) in trade accounts payable .....		(420)	(588)	936
Increase (decrease) in accrued expenses and other payables .....		(99)	2,026	1,493
<b>Other changes in operating assets and liabilities</b> .....		3,261	(330)	(250)
<b>Net cash provided by operating activities</b> .....		<b>11,839</b>	<b>7,076</b>	<b>6,613</b>



(Amounts in millions of euros)	Note	Year ended December 31,		
		2002	2001	2000
		€	€	€
<b>INVESTING ACTIVITIES</b>				
Purchase of property, plant, and equipment and intangible assets	5-6	(7,943)	(8,553)	(14,313)
Income from sale of real estate	6	2,550	—	—
Proceeds from sale of property, plant, and equipment and intangible assets		366	296	274
Cash paid for Orange plc	3	—	—	(21,693)
Purchase of own shares	3-21	(5,022)	(8,807)	—
Orange SA IPO proceeds	3	—	6,102	—
Repurchase of Orange SA shares: exercise of E.On put option	3	(950)	—	—
Exercise of the call option on NTL preferred shares	8	(1,092)	—	—
Change in net cash following the full consolidation of TP Group		144	—	—
Cash paid for investments securities and acquired businesses, net of cash acquired	3	(184)	(1,071)	(10,899)
Investments in affiliates	7	(146)	(3,284)	(7,969)
Sale of TDF sub-group and investment in Tower Participations	3	1,290	—	—
Proceeds from sale of investment securities and businesses, net of cash sold	3-8	146	4,524	7,930
Decrease (increase) in marketable securities and other long-term assets		(673)	(31)	(218)
<b>Net cash used in investing activities</b>		<b>(11,514)</b>	<b>(10,824)</b>	<b>(46,888)</b>
<b>FINANCING ACTIVITIES</b>				
Issuance of long-term debt	12	4,394	37,244	21,528
Repayment of long-term debt	12	(3,380)	(18,174)	(3,229)
Increase (decrease) in bank overdrafts and short-term borrowings	12	(1,077)	(13,556)	21,002
UMTS vendor financing	18	271	234	—
Minority interest shareholder contributions		70	181	1,847
Dividends paid to minority shareholders	20	(77)	(128)	(213)
Appropriation of earnings	21	(395)	(1,075)	(1,025)
<b>Net cash used in financing activities</b>		<b>(194)</b>	<b>4,726</b>	<b>39,910</b>
Net increase (decrease) in cash and cash equivalents		131	978	(365)
Effect of changes in exchange rates on cash and cash equivalents		(255)	(75)	(19)
Cash and cash equivalents at beginning of period		2,943	2,040	2,424
<b>Cash and cash equivalents at end of period</b>		<b>2,819</b>	<b>2,943</b>	<b>2,040</b>
<b>SUPPLEMENTARY DISCLOSURES</b>				
Cash paid during the period for:				
—Interest		(3,681)	(3,695)	(2,132)
—Income taxes		(959)	(610)	(1,771)

See notes to Consolidated Financial Statements

## 1. DESCRIPTION OF BUSINESS

The France Telecom group ("France Telecom") including in particular its publicly listed subsidiaries Orange, Wanadoo, TP Group (Polish telecommunications operator TP SA and its subsidiaries) and Equant, is one of the leading telecommunications operators in the world and is the principal telecommunications operator in France. France Telecom provides consumers, businesses and other telecommunications operators with a wide range of services including fixed line and mobile telecommunications, data transmission, Internet and multimedia, and other value added services.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of France Telecom are prepared in accordance with French generally accepted accounting principles under rule 99-02 of the *Comité de la Réglementation Comptable* (CRC).

### *2.1 First time application of new accounting texts Rule CRC 00-06 on liabilities*

This rule, applicable from January 1, 2002, covers the definition of liabilities and provides for specific recognition and measurement criteria. France Telecom reviewed its provisions at December 31, 2001 and, as anticipated, the first time application of this rule did not have any effect at January 1, 2002.

### *Rule CRC 02-10 on amortization and depreciation of assets*

This rule redefines the notions of amortization and depreciation and further addresses when an impairment test of tangible and intangible assets should be performed. This rule is applicable for accounting periods starting from January 1, 2005 and earlier application from January 1, 2002 is allowed. This rule also provides that, from 2003 onwards, assets must be accounted for on a component basis. France Telecom is currently reviewing the practical implications of this procedure.

In accordance with the recommendation of the *Commission des Opérations de Bourse* (COB) of December 27, 2002:

- France Telecom, in the description of its accounting policies, has adopted the new definition of amortization and depreciation and has set out the method of performing impairment tests on tangible and intangible assets,
- France Telecom has also set out the method followed for impairment of goodwill.

*COB and Commission Bancaire recommendation of November 15, 2002 relating to deconsolidation mechanisms and derecognition of assets and subsequent January 10, 2003 communication from the Compagnie Nationale des Commissaires aux Comptes (CNCC)*

Following this recommendation, France Telecom has reviewed outstanding transactions at December 31, 2002. This review has not given rise to any restatements to net income or shareholders' equity. In accordance with the position of the *Compagnie Nationale des Commissaires aux Comptes* defining the accounting treatment applicable to disposals of future receivables, the disposal of future receivables from the State, which was recorded as a liability in other long-term liabilities at December 31, 2001, has been reclassified in financial debts at December 31, 2002 (see Note 18).

*Statement of December 18, 2002 from the Comité d'urgence of the Conseil National de la Comptabilité (CNC) relating to the treatment of the tax effect of internal disposals and provisions for depreciation of consolidated investments*

This statement provides that no deferred tax asset or liability is to be recorded following the elimination in consolidation of the results of internal disposals of investments in consolidated entities or following tax deductible provisions for depreciation and risks on such shares, except to the extent that tax loss carry forwards of the related entities have given rise to net deferred tax assets. The application of this statement has not given rise to any restatements.

## 2.2 Presentation of the financial statements

The consolidated financial statements are prepared in euros.

- Operating income represents the difference between operating revenues and charges. Operating income before depreciation and amortization (previously entitled EBITDA) represents operating income before amortization and depreciation including impairment losses of long lived assets and before amortization of actuarial adjustments in the early retirement plan, (previously entitled "special items, net").
- The costs resulting from the discounting of the French early retirement plan and from the French legal employee profit sharing are presented as a separate line item in the consolidated statement of income after operating income.
- "Other non-operating income/(expense), net" relates mainly to gains and losses on the disposal of consolidated subsidiaries and investment securities including dilution results and the change in provisions against investment securities and marketable securities, dividends received, and movements in restructuring provisions. This heading also includes results on disposals where their relative size exceeds ordinary activity (real estate, commercial receivables, etc.).
- The goodwill amortization and depreciation and impairment charge relates to the goodwill of fully and proportionally consolidated companies as well as investments accounted for under the equity method.
- The balance sheet classifies assets and liabilities based on liquidity or maturity dates, and presents short-term balances (due within one year) separately from long-term balances.
- The statement of cash flows excludes from changes in cash bank overdrafts and those changes in marketable securities having maturities in excess of three months at the time of purchase, which are presented as financing and investing activities.

## 2.3 Principles of consolidation

The main consolidation principles are as follows:

- Companies which are wholly owned by France Telecom or which France Telecom controls, either directly or indirectly, are fully consolidated;
- Investments in which France Telecom and a limited number of other shareholders exercise joint control are accounted for using the proportionate consolidation method;
- Investments over which France Telecom exercises significant influence but does not control (generally a 20% to 50% controlling interest), are accounted for under the equity method;
- Material inter-company balances and transactions are eliminated.

### *Translation of financial statements of foreign subsidiaries*

The financial statements of foreign subsidiaries in a non-euro functional currency, except for those in countries with hyper-inflationary economies, are translated into Euros as follows:

- assets and liabilities are translated at the year-end rate;
- items in the statement of income are translated at the average rate for the year;
- the translation adjustment resulting from the use of these different rates is included as a separate component of shareholders' equity.

The local currency financial statements of foreign subsidiaries operating in countries with hyper-inflationary economies are re-measured into their functional currency, prior to converting to euros, using the following method:

- monetary elements of the balance sheet are translated at the closing rate;

- non-monetary elements are converted at the historical rate;
- items in the statement of income are translated at the average rate for the year except for depreciation and amortization charges which are translated at the historical rate;
- the translation adjustment resulting from the use of these different rates is recorded in the income statement as an exchange gain or loss.

The financial statements of subsidiaries re-measured as described above are then translated into Euros using the method applied to all foreign subsidiaries of France Telecom.

#### *Purchase accounting and goodwill*

Upon acquisition of a business, the purchase price is allocated on a fair value basis to the identifiable assets and liabilities of the business acquired. The fair value of identifiable intangible assets such as trademarks, licenses and customer relationship is determined using generally accepted methods such as the income approach, the cost approach, or the market value approach.

The excess of the purchase price over the fair value of the share of identifiable assets and liabilities of the business acquired is recorded in the consolidated balance sheet under the heading "Goodwill" for fully and proportionally consolidated entities and is included in the heading "Investments accounted for under the equity method" for entities over which France Telecom has a significant influence.

Goodwill related to foreign companies is recorded as an asset in their functional currency.

Where there is a partial disposal of shares in fully or proportionally consolidated companies, the cost of the assets sold includes the related portion of goodwill disposed of which is removed from the balance sheet at disposal, be it through a direct sale in exchange for another asset or through a dilution.

The amortization period for goodwill, usually ranging from 5 to 20 years, is determined after taking into consideration the specific nature of the business acquired and the strategic value of each acquisition.

The recoverable value of goodwill is subject to review annually and when events or circumstances occur indicating that an impairment may exist. Such events or circumstances include significant adverse changes, other than temporary, in the business environment, or in assumptions or expectations considered at the time of the acquisition.

The degree of analysis with which France Telecom assesses the recoverable value of goodwill relating to its principal sub-groups is as follows:

- the recoverable value of Orange is assessed at the level of the segment resulting from the regrouping of the acquired Mobile activities of Orange plc and those held previously by France Telecom;
- the recoverable value of Equant is assessed at the level of its sub group in which the previously held activities in Global One have been integrated;
- the recoverable value of Wanadoo is assessed at the level of each of its two activities: the Internet activities (present notably in France, England and Spain) and Directory activities (present notably in France and Spain);
- the recoverable value of TP Group is assessed at the level of its sub group.

France Telecom estimates that this level of analysis reflects:

- the business and market characteristics similar in each of the entities under review (technology, trademark, customers, marketing),
- the sharing by these entities of common resources (tools, R&D, management, financing),

- the strategic premiums accepted by France Telecom to acquire these activities in order to regroup them with those held previously within coherent sub groups benefiting from increased development potential.

For the other consolidated companies, including equity accounted companies, the recoverable value is assessed on an individual basis.

The need to record impairment is assessed by comparison of the consolidated carrying value of the activity with its recoverable value. The recoverable value is the higher of the realizable value and the value in use.

The realizable value is determined as the best estimate of the disposal value net of costs of exiting the activity within a transaction at normal market conditions. This estimate is valued on the basis of available market information taking into account particular circumstances.

Given the short-term volatility of stock market valuations and the strategic nature of its investments, France Telecom gives preference to the discounted cash flow method when assessing value in use. These are determined using economic assumptions and forecast operating conditions used by the management of France Telecom, as follows:

- the cash flows are those of business plans resulting from a process of strategic planning, over an appropriate timeframe between 5 and 10 years,
- beyond this timeframe, cash flows are extrapolated by applying a perpetual rate of growth specific to each activity,
- the discounting of these flows is performed using rates appropriate to the nature of these activities.

Where a disposal has been decided, the recoverable value is determined with reference to the realizable value.

#### *2.4 Other accounting methods*

##### *Transactions in foreign currencies*

Foreign currency denominated monetary balances, except for those hedged by currency swap contracts, are translated at closing exchange rates.

Unrealized gains and losses on foreign currency denominated balances, except for those hedged by currency swap agreements and for those arising on liabilities effectively hedged by assets in the same currency, are recognized in the statement of income for the period.

##### *Revenue recognition*

France Telecom's principal sources of revenue are recognized as follows:

- Revenues from telephone subscriptions or Internet access are recognized on a straight-line basis over the invoicing period;
- Revenues from incoming and outgoing traffic are recognized when the service is rendered;
- Revenues from sales of telecommunications equipment, net of point of sales discounts, and connection charges are recognized upon delivery to the customer or activation of the line, as appropriate;
- Revenues from Internet advertising are recognized over the period that services are provided, revenues from advertisements in printed and electronic directories are recognized when directories are published;
- Barter transactions performed are recorded only when their value can be determined, and in this case are recorded at the fair value of the goods or services provided or received, whichever is more readily determinable in the circumstances;

- Revenues from the sale of transmission capacity in terrestrial and submarine cables (indefeasible rights of use—IRU) are recorded in the income statement on a straight-line basis over the length of the contract.

#### *Customer acquisition costs and loyalty costs*

Customer acquisition costs and loyalty costs relating to mobile and Internet customers are expensed as incurred. These costs consist principally of commissions and rebates paid to distributors.

#### *Advertising and related costs*

Advertising, promotion, sponsoring and brand marketing costs are expensed as incurred. Advertising costs amounted to €1,232 million in 2002 (€1,124 million in 2001).

#### *Research and development*

Research and development costs are expensed as incurred.

#### *Web site development costs*

Costs relating to the development of web sites are capitalized or expensed depending on the phase of development of sites: costs relating to the planning and operating stages are expensed, costs related to development and creation of the design are capitalized.

#### *Earnings per share*

Two types of earnings per share are shown: basic earnings per share and diluted earnings per share. The number of shares used for the calculation of diluted earnings per share takes into account the conversion into ordinary shares of existing potentially dilutive instruments. Diluted earnings are calculated as the net result adjusted for the financial charges of dilutive instruments, net of their effect on tax and employee profit sharing. When the earnings per share are negative, the diluted earnings per share are identical to the basic earnings per share. Own shares held recorded as a reduction in consolidated shareholders' equity are not included in the calculation of earnings per share.

#### *Customer receivables*

France Telecom does not consider itself exposed to a concentration of credit risk with respect to trade accounts receivable due to its large and diverse customer base (residential, professional and large business customers). Allowances are recorded on the basis of an evaluation of the risk of non-recovery of receivables. The allowances are based on an individual or statistical assessment of this risk.

Customer receivables which are securitized are removed from the heading "Trade accounts receivable, less allowances" when the rights and obligations attached to such receivables are definitively transferred to third parties. Residual interests held in divested receivables under varying forms (subordinated shares, deferred consideration, etc.) are recorded under "Other long-term assets, net". Depreciation of such interests, determined based on the risk of non-recovery of the receivables divested, is presented as a reduction in "Other long-term assets, net" and movements in this are recorded as "selling, general and administrative expenses". Costs of divesting receivables are recorded in non operating expenses.

#### *Cash and cash equivalents*

Cash and cash equivalents consist of cash and highly liquid investments with maturities generally of three months or less at the time of purchase and are stated at cost, which approximates fair value.

#### *Marketable securities*

Marketable securities are valued at historical cost. When necessary, a provision is recorded on an investment-by-investment basis to adjust this value to the average market value over the month prior to period-end or their estimated trading value for securities not publicly traded.

### *Inventories*

Inventories are stated at the lower of cost or probable net realizable value taking into account notably future revenue expected from new subscriptions arising from mobile handset sales. Cost represents either acquisition or production costs and is generally determined using the weighted average method.

### *Other intangible assets*

Other intangible assets include trademarks, customer relationships, licenses, submarine cable link access rights and patents.

Trademarks and customer relationships are recorded at cost; this is usually determined at the time of the goodwill allocation using generally accepted methods, such as those based on revenues, costs or market value.

Trademarks and customer relationships are not amortized; they are subject to an impairment test (see below "*— Depreciation of other intangible assets and plant, property and equipment*").

Licenses to operate mobile networks are recorded at historical cost and amortized on a straight-line basis from the effective date of commercialization of services. The right to operate, in France, a third generation mobile network (UMTS) is recorded for the fixed portion payable at the granting of the license. According to the ruling of the urgent issues task force of the CNC, the variable portion (equal to 1% of the eligible sales generated by the third generation network) will be recorded as an expense in the period incurred. Interest charges related to financing of mobile telephone licenses such as UMTS licenses, are expensed when France Telecom is committed to them.

Purchases of capacity transmission on land and submarine cables (IRUs) are capitalized and amortized on a straight-line basis over the forecast useful life. Income from sale of IRUs is recorded on a straight-line basis in the statement of income over the duration of the contract.

### *Property, plant and equipment*

Assets transferred from the French State on January 1, 1991, upon the creation of France Telecom as a public sector operator, were recorded in the opening balance sheet at values jointly approved by the Telecommunications Ministry and the Ministry of Economy and Finance.

Since that date, property, plant and equipment are recorded at historical cost of acquisition or at production cost. Cost of networks includes planning and construction costs, as well as site installation and equipment upgrade costs.

Interest arising from debt incurred to finance construction and development of assets is, from January 1, 2000, capitalized as part of the cost of such assets during the construction period.

Repairs and maintenance costs, except to the extent that they increase productivity or extend the useful life of an asset, are expensed as incurred.

Leased assets are recorded as an acquisition of an asset and the incurrence of a financial debt when the lease terms effectively transfer the risks and rewards of ownership of the asset to France Telecom. Equally, where France Telecom transfers the risks and rewards of ownership to a third party through a lease contract, this is accounted for as a disposal.

Amortization of plant, property and equipment is calculated on the basis of the rhythm of consumption of the economic benefits expected from each element of asset. On this basis, the straight line method is in general used over the following lives:

Buildings and leasehold improvements .....	10 to 30 years
Switching, transmission equipment and other network equipment .....	5 to 10 years
Cables and public infrastructure .....	15 to 20 years
Computers and software (excluding network) .....	3 to 5 years
Other .....	3 to 14 years

#### *Investment subsidies*

France Telecom may receive non-repayable investment subsidies in the form of capital projects funded directly or indirectly by third parties, primarily local and regional authorities. Subsidies are recorded as a reduction of the cost of the assets financed and, consequently, are recognized in the income statement on the basis of the rhythm of consumption of the economic benefits expected from the corresponding assets.

#### *Depreciation of other intangible assets and plant, property and equipment*

Other intangible assets and plant, property and equipment are depreciated when, due to events and circumstances arising in the period (obsolescence, physical damage, significant changes in their usage, performance below forecast, decreasing revenues and other external indicators, etc.) their recoverable value appears durably lower than their carrying value; the recoverable value is the higher of the realizable value and the value in use.

Impairment tests are performed by group of assets by comparing the recoverable value and the carrying value (when a depreciation charge appears necessary, the amount recorded is equal to the difference between the carrying value and the recoverable value).

For assets destined to be kept and used, the recoverable value is most often determined on the basis of the value in use, representing the value of expected future economic advantages from its use and disposal. It is assessed notably by reference to discounted future cash flows determined using economic assumptions and forecast operating conditions used by the management of France Telecom or by reference to replacement cost for used equipment or cost of alternative technologies.

For assets destined to be divested, the recoverable value is determined on the basis of the realizable value, and this is assessed on the basis of the market value.

#### *Investment securities*

Investment securities are stated at cost, including any associated direct costs. An allowance is recorded when the value in use, based upon management's analysis, appears to be less than the carrying value, on the basis of different criteria such as market value, the outlook for development and profitability, and the level of shareholders' equity, and taking into account the specific nature of each investment.

#### *Deferred income taxes*

Deferred income taxes are recorded on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes, as well as those arising from loss carry forwards. Deferred tax assets are provided for to the extent that the recovery of these taxes is not considered probable.

France Telecom uses the liability method under which deferred taxes are measured applying the tax rates enacted at the end of the accounting period, as applicable at the time the temporary difference is expected to reverse. Where significant, deferred tax assets and liabilities are discounted when reversals can be reliably scheduled.

#### *Debt issuance costs*

Debt issuance costs are amortized over the term of the related debt instrument.

#### *Purchase of own shares*

Own shares held by France Telecom are reflected in the consolidated balance sheet at their acquisition cost as a reduction in shareholders' equity except for those held in share price stabilization transactions, which are recorded as marketable securities. Gains and losses on disposals of own shares recorded as a reduction in shareholders' equity, including related taxes, are recorded within shareholders'



equity. Allowances recorded against own shares held within investment securities in the single company financial statements of France Telecom SA, as well as provisions for risk relating to commitments to repurchase own shares, are eliminated on consolidation.

#### *Derivative financial instruments*

France Telecom manages interest rate and foreign currency risks using derivative financial instruments including interest rate swaps, interest rate cap and floor contracts, foreign exchange futures contracts on organized forward markets, currency swaps and currency options. All such instruments are entered into for hedging purposes.

Income and costs resulting from the use of these instruments are recorded in the consolidated statement of income on a symmetrical basis with the underlying transaction being hedged:

- Differences between interest receivable and interest payable on swaps, caps and floor contracts designated as hedges, as well as premiums paid for these operations or discounts, are recorded in the consolidated statement of income over the life of the contract as an adjustment to interest expense;
- Initial differences between the negotiated term rate and the fixing rate for the day on forward exchange contracts and currency swaps designated as hedging operations are recorded in income over the life of the contract as an adjustment to interest expense. Subsequent gains and losses generated on these contracts due to fluctuations in exchange rates are recorded as exchange rate corrections resulting from the item hedged;
- Gains and losses arising on contracts designated as hedges of identifiable firm commitments or identifiable future transactions are deferred and taken into account in the valuation of the transaction at maturity.

Certain operations which respect France Telecom's hedging policy have not been accounted as hedging operations. Such operations are evaluated as follows:

- For operations on organized markets, margin calls are recorded directly in the statement of income.
- Net unrealized losses, calculated on instruments negotiated over the counter, are fully provided for.
- Unrealized gains on instruments negotiated over the counter are recorded upon unwinding of the position.

#### *Provisions for risks and charges*

Provisions are recorded when, at the end of the period, there is an obligation for the group with respect to a third party for which it is probable or certain that this will create an outflow of resources to the third party, without at least an equivalent return expected from the third party.

This obligation may be legal, regulatory or contractual in nature. It may also be derived from the practices of the group or from public commitments having created a legitimate expectation on the part of such third parties that the group will assume certain responsibilities.

The estimate of the amount in provisions corresponds to the expenditure which it is likely that the group is to bear to settle its obligation. If no reliable estimate of the amount can be made, no provision is recorded; information is then presented in the notes to the financial statements.

Contingencies, representing an obligation which is neither probable nor certain at the time of drawing up the financial statements, or a probable obligation for which the cash outflow is not probable, are not recorded. Information about them is presented in the notes to the financial statements.

#### *Pension plan for French civil servants*

Civil servants employed by France Telecom are eligible to receive retirement benefits from the civil servant and military personnel defined benefit pension plan, which is administered by the French State.

The "France Telecom Law" (FT law) (French law n°96-660 of July 26, 1996) states that France Telecom's obligation is limited to a defined annual contribution. As a result, France Telecom has no additional liability either for shortfalls that might arise in the pension plan for its civil servant employees, or for plans of other civil servants.

#### *Early retirement plan for French civil servants*

In accordance with the "FT law", France Telecom has introduced an early retirement plan for civil servants and other employees. The plan provides that until December 31, 2006, civil servants and other employees working for France Telecom who attain the age of 55 with 25 years service, may elect for early retirement. Between the early retirement age of 55 and the normal retirement age of 60, participants will receive 70% of their salary. In addition, participants receive a lump sum indemnity, which amounts to one year of early retirement salary if they elect for early retirement at the age of 55, and which declines progressively to zero as the age at which they elect approaches normal retirement age.

A provision corresponding to an actuarial measurement of the liability under this plan has been recorded (see Note 18). Actuarial assumptions are monitored and modified based upon experience.

Changes in actuarial assumptions are accounted for from the anniversary of the plan, in the consolidated statement of income in the year of change, and on a pro rata basis over future service periods until the end of the plan as personnel opt for early retirement.

#### *Other retirement plans*

Where defined benefit plans exist, the actuarial cost of commitments is accounted for each year over the service life of the employees. The change in assumptions is reflected in the income statement over the average residual employee service life. The costs relating to defined benefit systems are recorded in the year incurred.

#### *Retirement indemnities and other pension plans*

In certain countries, legislation requires that lump sum retirement indemnities are paid to employees at certain periods based upon their years of service and compensation at retirement. The actuarial cost of this unfunded obligation is charged annually to income over the employees' service lives. The effect of changes in assumptions is accounted for in the consolidated statement of income over the average remaining service life of employees.

#### *Post-retirement benefits other than pensions*

France Telecom has commitments to provide certain additional post-retirement benefits such as telephone equipment, credit card fees and various other benefits to retirees.

France Telecom recognizes the expected actuarial cost of these post-retirement benefits in the consolidated statement of income over the service lives of the eligible employees.

The effect of changes in actuarial assumptions is accounted for in the consolidated statement of income over the average remaining service lives of employees.

#### *Share subscription or share purchase plans*

Issuances of share subscription options or share purchase options are not recorded in the consolidated income statement.

**EXHIBIT J**

**TITLE PAGE**

**FRANCE TELECOM CORPORATE SOLUTIONS L.L.C.**

REGULATIONS AND SCHEDULE OF INTRASTATE CHARGES  
APPLYING TO LOCAL EXCHANGE COMMUNICATIONS SERVICES  
WITHIN THE STATE OF SOUTH DAKOTA

Applicable in South Dakota State

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CHECK SHEET

The Title Page and pages listed below of this Price List are effective as of the date shown. Revised pages contain all changes from the original Price List that are in effect as of the date indicated.

<u>Page</u> <u>No.</u>	<u>Number of</u> <u>Revision</u>	<u>Page</u> <u>No.</u>	<u>Number of</u> <u>Revision</u>	<u>Page</u> <u>No.</u>	<u>Number of</u> <u>Revision</u>	<u>Page</u> <u>No.</u>	<u>Number of</u> <u>Revision</u>
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ALL PAGES ARE ORIGINAL.

\* New or Revised Page.

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EXPLANATION OF NOTES

- (C) To signify a changed regulation.
- (D) To signify discontinued material, including listing, rate, rule or condition.
- (I) To signify an increase in a rate.
- (M) To signify material relocated from or to another part of Price List schedule with no change in text, rate, rule, or condition.
- (N) To signify new material including listing, rate, rule or condition.
- (R) To signify reduction.
- (T) To signify change in wording of text but no change in rate, rule or condition.

PRICE LIST FORMAT

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 Price List. When a new Page is added between Pages already in effect, a decimal point is added. For example, a new Page added between Pages 14 and 15 would be 14.1.

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 4<sup>th</sup> revised Page 14 cancels the 3<sup>rd</sup> revised Page 14. Because of various suspension periods, deferrals, etc. the Commission follows in their Price List approval process, the most current Page number on file with the Commission is not always the Price List page in effect.

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PRICE LIST FORMAT (CONT'D)

Paragraph Numbering Sequence – There are six levels of paragraph coding. Each level is subservient to its next higher level:

- 1.
- 1.1
- 1.1.1
- 1.1.1(a)
- 1.1.1(a)1.
- 1.1.1(a)1.(a)
- 1.1.1(a)1.(a)(i)

Check Sheets – When a Price List filing is made with the Commission, an updated check page accompanies the Price List filing. The check sheet lists the pages contained in the Price List, with a cross reference to the current revision number. When new pages are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (\*). The Price List user should refer to the latest check sheet to find out if a particular page is the most current on file with the Commission.

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**SECTION 1 - PRELIMINARY STATEMENT, APPLICABILITY AND AVAILABILITY****1.1 PRELIMINARY STATEMENT**

This Price List sets forth rates and rules of France Telecom Corporate Solutions L.L.C. ("FTCS" or the "Company") applicable to its provision of resold competitive local exchange service, including within the State of South Dakota.

This Price List sets forth the service offerings, rates, terms and conditions that apply to resold local exchange telecommunications service provided by Company to business customers within the State of South Dakota. The Company does not provide residential local exchange services at this time. This Price List applies only for use of services provided by Company for communications between points within the State of South Dakota, including use of Company's services to complete an end-to-end intrastate communication.

The rates and rules contained herein are subject to change pursuant to the rules and regulations of the Commission.

**1.2 APPLICABILITY**

This Price List applies to resold local exchange telephone service between points in South Dakota. Such service is provided 24 hours per day, seven days per week. Service is offered using the facilities of the LEC and may be offered in combination with resold services provided by other certificated carriers. Service is provided subject to the availability and economic feasibility of necessary service, equipment and facilities.

**1.3 AVAILABILITY**

The Company offers this service in the service areas in which it has been certified by the South Dakota Public Utilities Commission and in which the Company has available required network facilities or is able to lease required network facilities to enable the offering of local service. Only Customers which have subscribed to Company's interstate and international services pursuant to an agreement with the Company may apply for the service offerings contained in this Price List. Interstate and international services are subject to the jurisdiction of the Federal Communications Commission ("FCC").

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**SECTION 2 - GENERAL RULES AND REGULATIONS****2.1 USE OF FACILITIES AND SERVICE****2.1.1 Limitation of Service, Equipment or Facilities**

- a. Service is offered subject to the availability of the necessary facilities and/or equipment and subject to the provisions of this Price List. The Company may decline applications for Service to or from a location where the necessary facilities or equipment are not available. The Company may discontinue furnishing Service in accordance with the terms of this Price List.
- b. The Company reserves the right to discontinue or limit Service when necessitated by conditions beyond its control. Examples of these conditions are more fully set forth elsewhere in this Price List or when Service is used in violation of the provisions of this Price List or the law.
- c. The Company does not undertake to generate content messages, but offers the use of its Service when available. As more fully set forth elsewhere in this Price List, the Company shall not be liable for errors in transmission or for failure to establish connections.
- d. The Company reserves the right to discontinue Service, limit Service, or to impose requirements as required to meet changing regulatory or statutory rules and standards, or when such rules and standards have an adverse material affect on the business or economic feasibility of providing Service, as determined by the Company in its reasonable judgment.
- e. The furnishing of Service under this Price List is subject to the availability on a continuing basis of all the necessary facilities and/or equipment. FTCS may decline applications for service to or from a location where the necessary facilities or equipment are not available. FTCS also reserves the right to make changes to equipment, service components, and/or network configurations as may be required. FTCS may discontinue furnishing Service in accordance with the terms of this Price List.

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SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)

2.1 USE OF FACILITIES AND SERVICE (CONT'D)

2.1.1 Limitation of Service, Equipment or Facilities (Cont'd)

- f. FTCS reserves the right to deny service to any person or entity: (A) who, in FTCS's judgment, presents an undue risk of nonpayment, refuses to comply with the deposit requirements set forth in this Price List, or does not pass a credit check; or (B) if FTCS believes that the person's or entity's use of the Service would violate the provisions of this Price List or any applicable law or regulation, or if any applicable law or regulation restricts or prohibits provision of the Service to that person or entity; or (C) if FTCS determines in its sole discretion that facilities are not available to provide the Service; or (D) if FTCS determines in its sole discretion that any order for Service, letter of authorization and/or third party verification is not in conformance with any applicable law or regulation; or (E) the Service requested has been discontinued; or (F) if an order for the Service may be denied under the terms of any carrier, switched or independent sales representative agreement.
  
- g. Service may be discontinued by FTCS, at any time and without notice to its Customers, by blocking traffic to or from certain cities, NXX exchanges, or individual telephone stations, by blocking call origination for FTCS's services, or by blocking calls using certain Customer authorization codes and/or access codes, when FTCS deems it necessary to take such action to prevent unlawful and/or unauthorized use of its services. In addition, FTCS may take any of the foregoing actions in the case of actual or anticipated non-payment for its service. In order to control fraud, FTCS may refuse to accept Calling Card, Collect Calling, and/or Third Party calls which it reasonably believes to be unauthorized or invalid and/or may limit the use of these billing options to or from certain areas within the State of South Dakota.

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SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)

2.1 USE OF FACILITIES AND SERVICE (CONT'D)

2.1.1 Limitation of Service, Equipment or Facilities (Cont'd)

- h. FTCS reserves the right to refuse to provide service to or from any location where it has not ordered access facilities, installed network interconnections, or the necessary facilities and/or equipment are not available, acceptable, or justifiable. FTCS also reserves the right to make changes to equipment, service components, and/or network configurations as may be required.
- i. The provision of service will not create a partnership or joint venture between FTCS and the Customer nor result in joint service offerings to their respective authorized users.
- j. Use of Service Mark
  - 1. No Customer shall use any service mark or trademark of the Company or refer to Company in connection with any product, equipment promotion, or publication of the Customer without the prior written consent of the Company.

2.1.2 Limitations on Liability

- a. The liability of FTCS for damages of any nature arising from errors, mistakes, omissions, interruptions, or delays of FTCS, its agents, servants, or employees, in the course of establishing, furnishing, rearranging, moving, terminating, maintaining, restoring, or changing the service or facilities or equipment shall not exceed an amount equal to the charges applicable under this Price List (calculated on a proportionate basis where appropriate) to the period during which such error, mistake, omission, interruption or delay occurs.

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**SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)****2.1 USE OF FACILITIES AND SERVICE (CONT'D)****2.1.2 Limitations on Liability (Cont'd)**

- b. In no event shall FTCS or any of its affiliates be liable to Customer, its customers or any of their affiliates under this Price List for any loss of profit or revenue or for any incidental, consequential, indirect, punitive or similar or additional damages incurred or suffered as a result of incorrect or defective transmissions, or any direct or indirect consequences thereof, while using the Services, performance, non-performance, termination, breach, or other action or inaction, on the part of FTCS, under this Price List, even if Customer advises FTCS of the foreseeability, possibility, likelihood, probability or certainty of such loss or damage.
- c. When the services or facilities of other entities are used separately or in conjunction with FTCS's facilities or equipment in establishing connection to points not reached by FTCS's facilities or equipment, FTCS shall not be liable for any act or omission of such other entities or their agents, servants or employees. FTCS shall not be liable for any act or omission of vendors supplying equipment to Customer nor for claims regarding the performance of such vendor supplied equipment.
- d. FTCS shall not be liable for any failure of performance hereunder if such failure is due to any cause or causes beyond its reasonable control as determined by FTCS. Such causes shall include, without limitation, acts of God, fire, explosion, vandalism, cable cut, storm or other similar occurrence, any law, order, regulation, direction, action or request of the United States government or of any other government or of any civil or military authority, national emergencies, insurrections, riots, wars, strikes, lockouts or work stoppages or other labor difficulties, supplier failures, shortages, breaches or delays, unavailability of rights-of-way or materials, or preemption of existing service to restore service in compliance with the decisions, rules, regulations and orders of the Commission or any other federal, international, state, or local governmental agency or authority.

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**SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)****2.1 USE OF FACILITIES AND SERVICE (CONT'D)****2.1.2 Limitations on Liability (Cont'd)**

- e. FTCS shall not be liable for interruptions, delays, errors, or defects in transmission, or for any injury whatsoever, caused by the Customer, the Customer's agents, or Authorized Users, or by facilities or equipment provided by the Customer. FTCS shall not be liable for any act or omission by any entity furnishing to the Company or to the customer facilities or equipment used for or with the services the Company offers. The Company shall not be liable for the claims of vendors supplying equipment to Customers of the Company which may be installed at the premises of the Company. The Company shall not be liable for the performance of said vendor or vendor's equipment.
- f. FTCS does not guarantee or make any warranty with respect to any equipment provided by it where such equipment is used in locations containing an atmosphere which is explosive, prone to fire, dangerous, or otherwise unsuitable for such equipment. Customers and Authorized Users indemnify and hold FTCS harmless from any and all loss, claims, demands, suits or other action, or any liability whatsoever, whether suffered, made, instituted, or asserted by any 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, Authorized User, or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, presence, condition, location, or use of such equipment so used.
- g. The Company is not liable for any defacement of or damage to the premises of a Customer or end-user (or authorized or joint user) resulting from the furnishing of services or equipment on such premises or the installation or removal thereof, when such defacement or damage is not the result of the gross negligence or willful misconduct on the part of the agents or employees of the Company.

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SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)

2.1 USE OF FACILITIES AND SERVICE (CONT'D)

2.1.2 Limitations on Liability (Cont'd)

- h. The Company shall not be liable for any damages resulting from delays in meeting any service dates due to delays resulting from normal construction procedures. Such delays shall include, but not be limited to, delays in obtaining necessary regulatory approvals for construction, delays in obtaining right-of-way approvals and delays in actual construction work.
- i. The Company shall not be liable for any damages whatsoever to property resulting from the installation, maintenance, repair or removal of equipment and associated wiring unless the damage is caused by the Company's willful misconduct or negligence.
- j. The Company shall not be liable for any damages whatsoever associated with service, facilities, or equipment which the Company does not furnish or for any act or omission of Customer or any other entity furnishing services, facilities or equipment used for or in conjunction with service.
- k. THE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

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**SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)****2.1 USE OF FACILITIES AND SERVICE (CONT'D)****2.1.2 Limitations on Liability (Cont'd)**

1. The Customer and any authorized or joint users, jointly and severally, shall indemnify and hold the Company harmless from claims, loss, damage, expense (including attorney's fees and court costs), or liability for patent infringement arising from (1) combining with, or using in connection with facilities the Company furnished, facilities the Customer, Authorized User, or joint user furnished, or (2) use of facilities the Company furnished in a manner the Company did not contemplate and over which the Company exercises no control and from all other claims, loss, damage, expense (including attorneys' fees and court costs), or (3) liability arising out of any commission or omission by the Customer, Authorized User, or joint user in connection with the Service. In the event that any such infringing use is enjoined, the Customer, Authorized User, or joint user, at its option and expense, shall obtain immediately a dismissal or stay of such injunction, obtain a license or other agreement so as to extinguish the claim of infringement, terminate the claimed infringing use, or modify such combination so as to avoid any such infringement. In addition and without limitation, the Customer, Authorized User, or joint user, shall defend, on behalf of the Company and upon request by the Company, any suit brought or claim asserted against the Company for any such slander, libel, infringement, or other claims.
  
- m. The Company shall not incur any liability, direct or indirect, to any person who dials or attempts to dial the digits "9-1-1" or to any other person who may be affected by the dialing of the digits "9-1-1". Customer agrees to advise its users that as to Company's data services, the "9-1-1" emergency dialing does not connect to the local public safety answering point.

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**SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)****2.1 USE OF FACILITIES AND SERVICE (CONT'D)****2.1.3 Service Connections and Facilities on Customer's Premises**

- a. All Service along the facilities between the point identified as the Company's origination point and the point identified as the Company's termination point will be furnished by the Company, its agents or contractors.
- b. Customer shall allow Company continuous access and right-of-way to Customer's premises to the extent reasonably determined by the Company to be appropriate to the provision and maintenance of services, equipment, facilities and systems relating to this Price List.
- c. 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 Price List. The Company does not guarantee availability by any such date and shall not be liable for any delays in commencing Service to any Customer.
- d. The Company undertakes to use reasonable efforts to maintain only the facilities and equipment that it furnishes to the Customer. The Customer, joint user, or authorized user may not, nor may the Customer permit others to, rearrange, disconnect, remove, attempt to repair, or otherwise tamper with any of the facilities or equipment installed by the Company, except upon the written consent of the Company.
- e. Title to all facilities provided by Company, including Terminal Equipment, shall remain with the Company. The operating personnel and the electric power consumed by such equipment on the premises of the Customer shall be provided by and maintained at the expense of the Customer.
- f. Equipment the Company provides or installs at the Customer's premises for use in connection with the Services the Company offers shall not be used for any purpose other than that for which the Company provided it.

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SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)

2.1 USE OF FACILITIES AND SERVICE (CONT'D)

2.1.3 Service Connections and Facilities on Customer's Premises (Cont'd)

- g. Customer is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltages and currents imposed on Company-provided equipment and wiring by connection shall be such as not to cause damage to the Company-provided equipment and wiring or injury to the Company's employees or other persons.
  
- h. The Company shall not be responsible for the installation, operation, or maintenance of any Customer-provided communications equipment. Where such equipment is connected to the facilities furnished pursuant to this Price List, the responsibility of the Company shall be limited to the furnishing of facilities offered under this Price List and to the maintenance and operation of such facilities; subject to this responsibility, the Company shall not be responsible for:
  - 1. the transmission of signals by Customer-provided equipment or for the quality of, or defects in, such transmission of; or
  - 2. the reception of signals by Customer-provided equipment.

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**SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)****2.1 USE OF FACILITIES AND SERVICE (CONT'D)****2.1.3 Service Connections and Facilities on Customer's Premises (Cont'd)**

- i. Company is solely responsible for operating Company-provided equipment. In the event that Customer attempts to operate any Company-provided equipment without first obtaining Company's written approval, in addition to any other remedies of Company for a breach by Customer of Customer's obligations hereunder, Customer shall pay Company for any damage to Company-provided equipment caused or related to Customer's improper operation of Company-provided equipment upon receipt by Customer of a Company invoice therefor. In no event shall Company be liable to Customer or any other person for interruption of the Service or for any other loss, cost or damage caused or related to Customer's improper use of Company-provided equipment.
- j. Customer agrees to allow Company to remove all Company-provided equipment from Customer's premises:
  1. upon termination, interruption or suspension of the Service in connection with which the equipment was used; and
  2. for repair, replacement or otherwise as Company may determine is necessary or desirable.

At the time of such removal, such equipment shall be in the same condition as when delivered to Customer or installed on Customer's premises, normal wear and tear only excepted. Customer shall reimburse Company for the unamortized cost of any such equipment in the event the foregoing conditions are not met.

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**SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)****2.1 USE OF FACILITIES AND SERVICE (CONT'D)****2.1.3 Service Connections and Facilities on Customer's Premises (Cont'd)**

- k. The Customer, Authorized User, or joint user is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such Company equipment and facilities. The magnitude and character of the voltages and currents impressed on Company-provided equipment and wiring by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to the Company provided equipment and wiring or injury to the Company's employees or to other persons. In advance, Customer will submit to Company a complete manufacturer's specification sheet for each item of equipment that is not provided by the Company and which shall be attached to the Company's facilities. The Company shall approve the use of such item(s) of equipment unless such item is technically compatible with Company's facilities. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense.
- l. Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the Company used for furnishing Service, and the channels, facilities, or equipment of others shall be provided at the Customer's expense.

**2.1.4 Assignment or Transfer**

- a. All service provided under this Price List is directly or indirectly controlled by FTCS and neither the Customer nor its Authorized Users may transfer or assign the use of service without the express prior written consent of FTCS. Such transfer or assignment shall only apply where there is no interruption of the use or location of service. All terms and conditions contained in this Price List shall apply to all such permitted transferees or assignees.

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**SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)**

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**2.2 MINIMUM PERIOD OF SERVICE**

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

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

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

**2.3 PAYMENT FOR SERVICE RENDERED****2.3.1 Application for Service**

- a. Customers desiring to obtain Service must complete service application forms provided by Company. Company may require Customers or potential customers to provide information pertaining to their ability to pay for Service. Company may deny Service to Customers or potential customers which do not provide the requested information or who fail to meet Company's financial criteria. Only Customers which have subscribed to Company's interstate and international services pursuant to an agreement with the Company are eligible to apply for the service offerings contained in this Price List.

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**SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)****2.3 PAYMENT FOR SERVICE RENDERED (CONT'D)****2.3.1 Application for Service (Cont'd)****b. Cancellation of Application for Service:**

Where installation of Service has been started prior to the cancellation of an application for Service, a cancellation charge equal to the costs incurred by the Company may apply.

**c. Cancellation of Service:**

The Customer may have service discontinued upon thirty (30) days written notice to the Company. The Company shall hold the Customer responsible for payment of all bills for service furnished until the cancellation date specified by the Customer or until the date that the written cancellation notice is received, whichever is later. Upon early cancellation of a term agreement, the Customer agrees to pay Company for the balance due under the contract for the entire term of the agreement. If Service was discontinued for non-payment of charges, Company may request additional information from the Customer and reserves the right to collect an advance payment and/or deposit prior to re-establishing Service. Unless the Customer notifies Company at least thirty (30) days prior to the end of the initial term of the agreement, the agreement shall be automatically extended for a term equivalent to the initial term.

**d. Applicants for Residential Service provided by Company must be given information on the Universal Lifeline program and its availability. Residential Service is not offered by Company at this time.****2.3.2 Deposits****a. Company does not collect Deposits or advanced payments from Customers at this time.**

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**SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)****2.3 PAYMENT FOR SERVICE RENDERED (CONT'D)****2.3.3 Payment of Charges**

- a. The Company shall bill on a current basis all charges incurred by and credits due to the Customer. The Customer may receive its bill in: (1) a paper format, or (2) via electronic transmission. Such bills are due upon receipt regardless of the media utilized. The Company shall bill in advance charges for all services to be provided during the ensuing billing period except for charges associated with service usage. Adjustments for the quantities of Service established or discontinued in any billing period beyond the minimum period will be prorated to the number of days based on a 30-day month. The Company will, upon request and if available, furnish such detailed information as may reasonably be required for verification of the bill.
- b. The Company shall bill for all Services rendered within 90 days of the billing date.
- c. All bills for Service provided to the Customer by the Company are due 15 days from the bill date. The Customer shall be assessed a late payment penalty on any delinquent account balance, when that balance exceeds \$25.00. The late payment penalty shall be a portion of the payment not received by the payment due date times a late factor. The late factor shall be 1.5% per month or 18% annually, or the highest rate allowed by law, whichever is the lesser. The late factor will be applied for the number of days from the payment due date to and including the date that the Customer actually makes the payment to the Company.

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**SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)****2.3 PAYMENT FOR SERVICE RENDERED (CONT'D)****2.3.3 Payment of Charges (Cont'd)**

- d. Customer shall be responsible for payment of all sales, use, gross receipts, excise, access, bypass or other local, state and Federal taxes, charges or surcharges, however designated, imposed on or based upon the provision, sale or use of the services rendered by Company. Such taxes and surcharges shall be separately stated on the Customer's bill.
- e. When a check which has been presented to Company by a Customer in payment for charges is returned by the bank, the Customer shall be responsible for the payment of a Returned Check Charge of \$20.

**2.3.4 Non-Recurring Charges**

- a. Non-recurring charges are payable when the service for which they are specified has been ordered. If an entity other than FTCS (*e.g.*, another carrier or supplier) imposes or will impose charges on FTCS in connection with an ordered service, those costs will also be charged to the Customer.

**2.3.5 Customer Overpayments**

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

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SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)

2.3 PAYMENT FOR SERVICE RENDERED (CONT'D)

2.3.5 Customer Overpayments (Cont'd)

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

2.3.6 Disputed Bills

In the event that a billing dispute occurs concerning any charges billed to the Customer by the Company, the Customer must submit a written documented claim for the disputed amount. The Customer must submit all documentation as may reasonably be required to support the claim. All claims must be submitted to the Company within 90 days of receipt of billing for those services. If the Customer does not submit a claim as stated above, the Customer waives all rights to filing a claim thereafter.

Unless disputed, the invoice shall be deemed to be correct and payable in full by Customer. If the Customer is unable to resolve any dispute with the Company, then Customer may file a complaint with the South Dakota Public Utilities Commission, Capitol Building, 1st floor, 500 East Capitol Avenue, Pierre, SD 57501-5070, Tel: 800-332-1782.

If the dispute is resolved in favor of the Customer, no interest credits or penalties will apply.

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**SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)**

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**2.4 OBLIGATIONS OF THE CUSTOMER****2.4.1 The Customer shall be responsible for:**

- a. The payment of all applicable charges as set forth in this Price List.
- b. Damage or loss of the Company's facilities or equipment caused by the acts or omissions of the Customer, authorized user, or joint user or the non-compliance by the Customer, authorized user, or joint user with these regulations; or by fire or theft or other casualty on the premises of the Customer, authorized user, or joint user unless caused by the gross negligence or willful misconduct of the employees or agents of the Company.
- c. Providing as specified from time to time by the Company any needed personnel, equipment, space and power to operate Company facilities and equipment installed on the premises of the Customer, authorized user, or joint user and the level of power, heating and air conditioning necessary to maintain the proper environment on such premises.
- d. Obtaining, maintaining, and otherwise having full responsibility for rights-of-way and conduit necessary for installation of Fiber Optic Cable and associated equipment to provide Service to the Customer, authorized user or joint user from the cable building entrance or the property line of the land on which the structure wherein any termination point or origination point used by the Customer, authorized user or joint user is placed or located, whichever is applicable, through the point of entry into the structure, throughout the structure, to the location of the equipment space. Any and all costs associated with the obtaining and maintaining of the rights of way described herein, including the costs of altering the structure to permit installation of the Company-provided facilities, shall be borne entirely by, or may be charged by the Company to the Customer. The Company may require the Customer to demonstrate its compliance with this section prior to accepting an order for Service.

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SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)

2.4 OBLIGATIONS OF THE CUSTOMER (CONT'D)

2.4.1 The Customer shall be responsible for: (Cont'd)

- e. Providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which Company employees and agents shall be installing or maintaining the Company's facilities and equipment. The Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company's opinion, injury to Company employees or property might result from installation or maintenance by the Company.
- f. Complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of Company facilities and equipment in any Customer Premises or the rights-of-way for which the Customer is responsible and obtaining permission for Company agents or employees to enter the premises of the Customer, authorized user, or joint user at any reasonable hour for the purpose of installing, inspecting, repairing, or upon termination of Service as stated herein, removing the facilities or equipment of the Company.
- g. Making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance will be made for the period during which Service is interrupted for such purposes.
- h. Keeping the Company's equipment and facilities located on the Customer's premises of rights-of-way obtained by the Customer free and clear of any liens or encumbrances relating to the Customer's use of the Company's services or from the locations of such equipment and facilities.

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SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)

2.4 OBLIGATIONS OF THE CUSTOMER (CONT'D)

2.4.1 The Customer shall be responsible for: (Cont'd)

- i. Customer Terminal Equipment on the premises of the Customer, authorized user, or joint user, the operating personnel there, and the electric power consumed by such equipment shall be provided by and maintained at the expense of the Customer, authorized user, or joint user. Conformance of Customer provided station equipment with Part 68 of the FCC Rules is the responsibility of the Customer.
  
- j. The Customer, authorized user, or joint user is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltages and currents impressed on Company-provided equipment and wiring by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to the Company-provided equipment and wiring or injury to the Company's employees or other persons.

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SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)

2.5 MAINTENANCE AND TESTING

Upon suitable notice, the Company may make such tests, adjustments and inspections as may be necessary to maintain the Company's facilities in satisfactory operating condition. No interruption allowance will be credited to the Customer for the period during which the Company makes such tests, adjustments, or inspections.

Upon suitable notification to the Customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the Customer, authorized user, or joint user is complying with the requirements set forth above for the installation, operation and maintenance of Customer-provided facilities, equipment, and wiring in the connection of Customer-provided facilities and equipment to Company-owned facilities and equipment. If the protective requirements for Customer-provided equipment are not being complied with, the Company may take such action as it deems necessary to protect its facilities, equipment, and personnel. The Company will notify the Customer promptly if there is any need for further corrective action. Within ten (10) days of receiving this notice, the Customer must take such action. If the Customer fails to do this, the Company may take whatever additional action is deemed necessary, including the suspension of Service, to protect its facilities, equipment, and personnel from harm.

2.6 DISCONTINUANCE BY THE COMPANY

2.6.1 The Company, by fifteen (15) days written notice to the Customer and in accordance with applicable law, may discontinue Service or cancel an application for Service without incurring any liability when there is an unpaid balance for Service that is overdue and not disputed.

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**SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)****2.6 DISCONTINUANCE BY THE COMPANY (CONT'D)**

- 2.6.2 The Customer whose check or draft is returned unpaid for any reason, after two attempts at collection, shall be subject to discontinuance of Service in the same manner as provided for nonpayment of overdue charges.
- 2.6.3 The Customer shall be subject to discontinuance of Service, without notice, for any violation of any law, rule, regulation or policy of any government authority having jurisdiction over Service, or by reason of any order or decision of a court or other government authority having jurisdiction which prohibits the Company from furnishing such Service, or for any violation of any of the provisions governing the furnishing of Service under this Price List.
- 2.6.4 The Company may immediately discontinue service to any Customer, without notice, in order to protect against fraud or to otherwise protect Company personnel, agents, facilities, or services.
- 2.6.5 The Customer shall be subject to discontinuance of Service, without notice, for the Company to comply with any order or request of any governmental authority having jurisdiction.
- 2.6.6 If any Customer files for bankruptcy or reorganization or fails to discharge an involuntary petition therefor within the time permitted by law, the Company may immediately discontinue or suspend Service under this Price List without incurring any liability.
- 2.6.7 Upon the Company's discontinuance of Services to the Customer, the Company, in addition to all other remedies that may be available to the Company at law or in equity or under any other provision of this Price List, may declare all future monthly and other charges which would have been payable by the Customer under this Price List during the remainder of the minimum term for which such Services would have otherwise been provided to the Customer to be immediately due and payable.

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**SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)****2.6 DISCONTINUANCE BY THE COMPANY (CONT'D)**

- 2.6.8 If Service has been discontinued for nonpayment or as otherwise provided herein and the Customer wishes it continued, Service shall, at the Company's discretion, be restored when all past due amounts are paid or the event giving rise to the discontinuance (if other than nonpayment) is corrected. Non-recurring charges apply to restored Services.
- 2.6.9 Any notice the Company may give to a Customer shall be deemed properly given when delivered, if delivered in person, or when deposited with the U.S. Postal Service, addressed to the Customer's billing address or to such address as may be subsequently given by Customer to the Company.
- 2.6.10 Except for cancellation of Service or as otherwise provided by these rules, any notice from any Customer may be given by the Customer or any authorized representative to the Company's business office orally or by written notice mailed to the Company's business address. Cancellation of Service must be by written notice.

**2.7 RESTORATION OF SERVICE**

- 2.7.1 If service has been discontinued for nonpayment or as otherwise provided herein and the Customer wishes it continued, service shall, at FTCS's discretion, be restored when all past due amounts are paid or the event giving rise to the discontinuance (if other than nonpayment) is corrected.

**2.8 ALLOWANCES FOR INTERRUPTIONS IN SERVICE**

- 2.8.1 Credit allowances for interruptions of service which are not due to FTCS's inspection or testing, to the negligence of the Customer, or the failure of channels, equipment and/or communications systems provided by the Customer, are subject to the general liability provisions set forth in this Price List.

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**SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)****2.8 ALLOWANCES FOR INTERRUPTIONS IN SERVICE (CONT'D)**

2.8.2 It shall be the obligation of the Customer to notify FTCS immediately of any interruption in service for which the Customer desires a credit allowance. Before giving such notice, the Customer shall ascertain that the trouble is not within his or her control, or is not in wiring or equipment, if any, furnished by Customer.

2.8.3 For purposes of credit computation, every month shall be considered to have 30 days. The Customer shall be credited for an interruption of one day (24 hours) or more at the rate of 1/30<sup>th</sup> of the monthly charge for the services affected for each day that the interruption continues.

Credit Formula:

$$\text{Credit} = A/30 \times B$$

A = outage time in days

B = total monthly charge for affected service

2.8.4 No credit allowances shall be made for:

- a. Interruptions that are caused by the negligence of the Customer or others authorized by the Customer to use the Customer's service;
- b. Interruptions that are due to the failure of power, equipment, systems, or services not provided by FTCS;
- c. Interruptions during any period during which FTCS or its agents are not afforded access to the premises where Access Lines associated with the Customer's service are located;
- d. Interruptions during any period when the Customer or user has released the service to FTCS for maintenance, rearrangement, or the implementation of a Customer order;

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SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)

2.8 ALLOWANCES FOR INTERRUPTIONS IN SERVICE (CONT'D)

2.8.4 No credit allowances shall be made for: (Cont'd)

- e. Interruptions during any period when the Customer or user has refused to release the service for testing or repair;
- f. Interruptions during any period when the non-completion of calls is due to network busy conditions; or
- g. Interruptions not promptly reported to the FTCS.

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SECTION 3 - CONNECTION CHARGES

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**SECTION 4 - SERVICES AND RATE STRUCTURE****4.1 SERVICE OFFERINGS****4.1.1 Local Exchange Service****a. Nature of Service**

Local Exchange Service is a telephone service that allows customers to originate non-toll local calls at locations within the service areas in which the Company has been approved for certification and terminate calls within the local calling area and EAS area of those locations, and within the LATA in which the call originates.

Touch Tone service provides for the origination of calls by means of instrumentalities equipped for tone-type signaling.

Service connection charges are nonrecurring charges which apply for the connection, move or change of local telephone service. One or more Service Connection Charges may apply to each Customer order depending upon the work functions performed. All changes in the location of customer's service from one premises to another are treated as new service establishment with Service Connection Charges applying. Service Connection Charges are associated with, but not necessarily limited to:

1. Installation of Service - Applies for establishing each initial or additional line or trunk. The charge includes initial ordering, central office work and exchange access line work.
2. Primary Interexchange Carrier (PIC) Change Charge - This refers to an arrangement whereby a customer may select and designate an Interexchange Carrier to access, without an access code, for interLATA and intraLATA calls. Single line customers requesting a PIC to only one line will incur the per line charge. Multi-line customers requesting a PIC to more than one line in a single request will incur the per line charge for the first line and the additional line charge for each additional line.

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SECTION 4 - SERVICES AND RATE STRUCTURE (CONT'D)

4.1 SERVICE OFFERINGS (CONT'D)

4.1.1 Local Exchange Service (Cont'd)

a. Nature of Service (Cont'd)

- 3. Record Change - This refers to the changing of billing name responsibility subsequent to the initial installation of service.
- 4. Trouble Isolation - Applies for each repair visit made to a customer premise to test the central office line, up to the demarcation point, when the line test clear and the trouble is not found in the exchange providers facilities.

b. Recurring Rates

Local Access Line	\$66 per month
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c. Non-recurring Charge

Installation	\$112
PIC change charge-InterLATA	\$10
PIC change charge-IntraLATA	\$10
Record Change	\$17
Trouble Isolation	\$140

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**SECTION 4 - SERVICES AND RATE STRUCTURE (CONT'D)****4.1 SERVICE OFFERINGS (CONT'D)****4.1.2 Virtual Private Network Service**

The Virtual Private Network ("VPN") service provides the Customer the functionality and capabilities of a private network through the use of shared and/or dedicated transmission facilities. This service permits the Customer to establish a communications path between two Customer locations.

**a. On Net – On Net**

The following features are available:

1. Private numbering plan;
2. Call Line Identification ("CLID"), in order to get the appearance of an alphanumeric message including name of the calling Customer site and the last digits of the caller's extension;
3. User access code, in order to identify, monitor and authorize the use of tolled services;
4. Intrastate toll free and toll shared services, for inbound communications to Customer call centers; and
5. Call rerouting to an alternate Customer site.

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SECTION 4 - SERVICES AND RATE STRUCTURE (CONT'D)

4.1 SERVICE OFFERINGS (CONT'D)

4.1.2 Virtual Private Network Service (Cont'd)

b. Virtual On Net

The following features are available:

1. Private numbering plan;
2. Call Line Identification ("CLID"), in order to get the appearance of an alphanumeric message including name of the calling Customer site and the last digits of the caller's extension;
3. User access code, in order to identify, monitor and authorize the use of tolled services;
4. Intrastate toll free and toll shared services, for inbound communications to Customer call centers;
5. Call rerouting to an alternate Customer site;
6. On Net – Off Net;
7. Off Net – On Net; and
8. Off Net – Off Net.

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## SECTION 4 - SERVICES AND RATE STRUCTURE (CONT'D)

## 4.1 SERVICE OFFERINGS (CONT'D)

## 4.1.2 Virtual Private Network Service (Cont'd)

## c. Recurring Charges

The following per minute rates apply to all VPN switched and dedicated calls as specified below:

Service	InterLATA	IntraLATA
On-Net - On-Net	\$0.04	\$0.04
Virtual On Net	\$0.04	\$0.04
On Net – Off Net	\$0.10	\$0.10
Off Net – On Net	\$0.10	\$0.10
Off Net – Off Net	\$0.15	\$0.15

## Other Recurring Charges:

Remote Access	\$0.50 per call
Personal Codes (per account)	\$40 per month
Remote Access per 8XX	\$2 per month

## d. Non-recurring Charges

Set Up Charge	\$10,000
Switched Access Line Group charge (applies to each Company VPN location with switched access)	\$100 per location
Switched overflow	\$50

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 SECTION 4 - SERVICES AND RATE STRUCTURE (CONT'D)
 

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## 4.1 SERVICE OFFERINGS (CONT'D)

## 4.1.3 Local Dedicated Service

## a. Nature of Service

Local Dedicated Service provides a digital exchange service for PBX customers. Dedicated service includes a dedicated line facility, common equipment, local exchange switching for access to the local exchange and toll networks. Each dedicated line facility utilizes channels which may be configured as either basic or advanced trunks, as defined, or a combination of both types of trunks. Rates and charges include touch-tone. The rates depicted below are for month to month or a one (1) year term as well as thirty-six (36) month or sixty (60) month terms.

## b. Recurring and Non-recurring Charges

## 1. DS-1 Rate Elements (per circuit, per customer premises)

	<u>Monthly Rate</u>	<u>Nonrecurring Rate</u>
a. Channel Termination		
Month-to-Month	\$191.00	\$230.00
36 Months	153.00	130.00
60 Months	134.00	0.00
b. Interoffice Mileage		
1. Mileage, per Circuit		
<u>Fixed</u>		
Month-to-Month	62.30	
36 Months	49.80	
60 Months	43.60	
2. <u>Per Mile</u>		
Month-to-Month	18.70	
36 Months	14.90	
60 Months	13.10	

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 SECTION 4 - SERVICES AND RATE STRUCTURE (CONT'D)
 

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## 4.1 SERVICE OFFERINGS (CONT'D)

## 4.1.3 Local Dedicated Service (Cont'd)

## b. Recurring and Non-recurring Charges (Cont'd)

## 1. DS-1 Rate Elements (per circuit, per customer premises) (Cont'd)

## c. Extended Transport

Month-to-Month	53.00	120.00
36 Months	53.00	120.00
60 Months	53.00	120.00

## d. Extended Mileage

Month-to-Month	15.90
36 Months	15.90
60 Months	15.90

## 2. DS3 Rate Elements (per circuit, per customer premises)

## a. Channel Termination

Month-to-Month	\$1960.00	\$230.00
36 Months	1770.00	130.00
60 Months	1280.00	0.00

## b. Interoffice Mileage

## 1. Mileage, per Circuit

Fixed

Month-to-Month	843.00
36 Months	759.00
60 Months	548.00

2. Per Mile

Month-to-Month	124.00
36 Months	112.00
60 Months	80.80

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 SECTION 4 - SERVICES AND RATE STRUCTURE (CONT'D)

## 4.1 SERVICE OFFERINGS (CONT'D)

## 4.1.3 Local Dedicated Service (Cont'd)

## b. Recurring and Non-recurring Charges (Cont'd)

## 2. DS3 Rate Elements (per circuit, per customer premises) (Cont'd)

## c. Extended Transport

Month-to-Month	717.00	120.00
36 Months	717.00	120.00
60 Months	717.00	120.00

## d. Extended Mileage

Month-to-Month	105.00
36 Months	105.00
60 Months	105.00

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**SECTION 4 - SERVICES AND RATE STRUCTURE (CONT'D)****4.1 SERVICE OFFERINGS (CONT'D)****4.1.4 Integrated Services Digital Network-Primary Rate Interface (ISDN-PRI)****a. Nature of Service**

ISDN-PRI is a high speed end-to-end digital switched service that provides PBX and host computers access to switched services via an ISDN central office. The service can carry voice, data and video simultaneously. Traffic can be inward, outward or a combination of both. This is controlled by the Customer's CPE.

A standard service consists of up to twenty-three "B" bearer channels and one "D" delta channel at a total speed of 1.544 Mbps. The D channel is used for signaling and control the B channels. A D channel can be shared by multiple PRI services. The local channel may be a DS1 with clear channel capability.

**1. PRI Local Channel**

- a. Provides a digital multi-channel transmission path between the central office and the customer's premises. The PRI Local Channel can be provisioned on a DS-3. The following options are available for PRI Local Channel:

- (1) A DS-1 connection between the central office and the Customer's premises; and
- (2) PRI Local Channel Advanced-T3L: A DS-1 connection between the central office and the customer's premises which is provisioned on a DS-3.

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**SECTION 4 - SERVICES AND RATE STRUCTURE (CONT'D)****4.1 SERVICE OFFERINGS (CONT'D)****4.1.4 Integrated Services Digital Network-Primary Rate Interface (ISDN-PRI) (Cont'd)****a. Nature of Service (Cont'd)****1. PRI Local Channel (Cont'd)****b. PRI Local Channel Termination**

Provides Multiplexing to support up to 23 PRI B Channels at 64 Kbps and one PRI D Channel for signaling at 64 Kbps. One PRI Local Channel Term is required per PRI Local Channel. There is an optional PRI Local Channel Termination that has 23 PRI B Channels and one PRI Back Up D Channel.

**c. ISDN-PRI Optional Service Components/Features**

1. PRI Local Access Call by Call—This PRI Local Access option configures the B channels to support in-only and out only call flexibility predetermined by the customer's traffic flow.
2. PRI Local Access DID—This PRI Local Access option configures the B channels to support inward only traffic. Monthly recurring and non-recurring DID number charges per this Price List, will apply additionally.
3. PRI Local Access Outward—This PRI Local Access option configures the B channels to support outward only traffic.
4. PRI Local Access DID 2 Way—This PRI Local Access option configures the B channels to support 2 way traffic. Monthly recurring and non-recurring DID number charges per this Price List, will apply additionally.

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**SECTION 4 - SERVICES AND RATE STRUCTURE (CONT'D)****4.1 SERVICE OFFERINGS (CONT'D)****4.1.4 Integrated Services Digital Network-Primary Rate Interface (ISDN-PRI) (Cont'd)****a. Nature of Service (Cont'd)****1. PRI Local Channel (Cont'd)****c. ISDN-PRI Optional Service Components/Features (Cont'd)**

5. PRI Local Data Channel 23B—This PRI Local Access option configures 23B channels on the T-1 facility for 2 way data and video traffic only.
6. PRI Local Data Channel 24B—This PRI Local Access option configures 24 B channels on the T-1 facility for 2-way data and video traffic only.
7. PRI Local Data Channel-24B—This PRI Local Access option configures 24B channels on the T-1 facility for 2 way data and video traffic only.
8. PRI Local Channel Termination—This PRI Local Channel Terminations options provides 23 B channels and a D channel.
9. PRI Local Channel Termination 24B—This PRI Local Channel Terminations option provides 24 B channels.
10. PRI Local Channel Termination 23 B+D—This PRI Local Channel Terminations option provides 23 B channels and a Back Up D channel.

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 SECTION 4 - SERVICES AND RATE STRUCTURE (CONT'D)

## 4.1 SERVICE OFFERINGS (CONT'D)

## 4.1.4 Integrated Services Digital Network-Primary Rate Interface (ISDN-PRI) (Cont'd)

## b. Recurring &amp; Non-recurring Charges

Service	Non-recurring Charges	Monthly Recurring Charges
PRI Local Channel	\$1,800	\$300
PRI Local Channel Advanced-T3	\$1,800	N/C
PRI Local Channel Termination	\$2,050	\$800
Pri Local Access Call-By-Call	\$200	\$150
PRI Local Access DID	\$200	\$150
PRI Local Access Outward	\$80	\$60
PRI Local Access DID 2-Way	\$200	\$150
PRI Local Data Channel-23B	\$2,550	\$1,200
PRI Local Data Channel-24B	\$2,700	\$1,200
PRI Local Channel Termination-24B	\$2,050	\$800
PRI Local Channel Termination-24B + D	\$2,050	\$800
PRI Local Channel Termination w/Backup D	\$2,050	\$800
PRI Service Change, Per Facility	\$100	N/C

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SECTION 5 - SUPPLEMENTAL SERVICES

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SECTION 6 - RESIDENTIAL NETWORK SWITCHED SERVICES

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**SECTION 7 - SPECIAL SERVICES AND PROGRAMS****7.1 SCHOOLS AND LIBRARIES DISCOUNT PROGRAM****7.1.1 General**

The Schools and Libraries Discount Program permits eligible schools (public and private, grades Kindergarten through 12) and libraries to purchase the Company services offered in this Price List at a discounted rate, in accordance with the Rules adopted by the FCC in its Universal Service Order 97-157, issued May 8, 1997. The Rules are codified at 47 Code of Federal Regulation (C.F.R.) 54.500 et. seq.

As indicated in the Rules, the discounts will be between 20 and 90 percent of the pre-discount price, which is the price of services to schools and libraries prior to application of a discount. The level of discount will be based on an eligible school's or library's level of economic disadvantage and by its location in either an urban or rural area. A school's level of economic disadvantage will be determined by the percentage of its students eligible for participation in the national school lunch program, and a library's level of economic disadvantage will be calculated on the basis of school lunch eligibility in the public school district in which the library is located. A non-public school may use either eligibility for the national school lunch program or other federally approved alternative measures to determine its level of economic disadvantage. To be eligible for the discount, schools and libraries will be required to comply with the terms and conditions set forth in the Rules. Discounts are available only to the extent that they are funded by the federal universal service fund. Schools and libraries may aggregate demand with other eligible entities to create a consortium.

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SECTION 7 - SPECIAL SERVICES AND PROGRAMS (CONT'D)

7.1 SCHOOLS AND LIBRARIES DISCOUNT PROGRAM (CONT'D)

7.1.2 Regulations

a. Obligation of eligible schools and libraries

1. Requests for service

- a. Schools and libraries and consortia shall participate in a competitive bidding process for all services eligible for discounts, in accordance with any state and local procurement rules.
- b. Schools and libraries and consortia shall submit requests for services to the Schools and Libraries Division, as designated by the FCC, and follow established procedures.
- c. Services requested will be used for educational purposes.
- d. Services will not be sold, resold or transferred in consideration for money or any other thing of value.

b. Obligations of the Company

1. The Company will offer discounts to eligible schools and libraries on commercially available telecommunications services contained in this Price List. Those services contained in this Price List which are excluded from the discount program, in accordance with the Rules, are included as an attachment to this Price List.
2. The Company will offer services to eligible schools, libraries and consortia at prices no higher than the lowest price it charges to similarly situated non-residential customers for similar services (lowest corresponding price).

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SECTION 7 - SPECIAL SERVICES AND PROGRAMS (CONT'D)

7.1 SCHOOLS AND LIBRARIES DISCOUNT PROGRAM (CONT'D)

7.1.2 Regulations (Cont'd)

b. Obligations of the Company (Cont'd)

3. In competitive bidding situations, the Company may offer flexible pricing or rates other than in this Price List, where specific flexible pricing arrangements are allowed, subject to the South Dakota Public Utilities Commission approval.

7.1.3 Discounted Rates for Schools and Libraries

- a. Discounts for eligible schools and libraries and consortia shall be set as a percentage from the pre-discount price, which is the price of services to schools and libraries prior to application of a discount.
- b. The discount rate will be applied to eligible intrastate services purchased by eligible schools, libraries or consortia.
- c. The discount rate is based on each school's or library's level of economic disadvantage as determined in accordance with the FCC Order or other federally approved alternative measures (as permitted by the Rules) and by its location in either an urban or rural area.

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SECTION 7 - SPECIAL SERVICES AND PROGRAMS (CONT'D)

7.1.4 Services Ineligible for Schools and Libraries Discount

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7.1.5 Schools and Libraries Discount Matrix

HOW DISADVANTAGED	% DISCOUNT LEVEL	
	URBAN DISCOUNT	RURAL DISCOUNT
% of students eligible for national school lunch program		
<1	20	25
1-19	40	50
20-34	50	60
35-49	60	70
50-74	80	80
75-100	90	90

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**SECTION 8 - SPECIAL ARRANGEMENTS****8.1 CONTRACTS**

At FTCS's option, service may be offered on an Individual Case Basis to meet specialized requirements of the Customer not contemplated in this Price List. The terms of each contract shall be mutually agreed upon between the Customer and FTCS and may include discounts off of rates contained herein, waiver of recurring or nonrecurring charges, charges for specially designed and constructed services not contained in FTCS's general service offerings, or other customized features. The terms of the contract may be based partially or completely on the term and volume commitment, type of originating or terminating access, mixture of services or other distinguishing features. Service shall be available to all similarly situated Customers for a fixed period of time following the initial offering to the first contract Customer as specified in each individual contract.

**8.2 PROMOTIONAL OFFERINGS**

From time to time FTCS shall, at its option, promote subscription or stimulate network usage by offering to waive some or all of the nonrecurring or recurring charges for the Customer (if eligible) of target services for a limited duration. Such promotions shall be made available to all similarly situated Customers in the target market area(s).

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SECTION 9 - LOCAL CALLING AREAS

9.1 GENERAL

The Company offers Local Exchange Service within US West's territory and concurs with US West's exchange areas and exchange maps filed by US West with the South Dakota Public Utilities Commission.

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**SECTION 10 - EXPLANATION OF TERMS**

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Certain terms used throughout this Price List for telecommunications services of the Company are defined below.

**Access Line:** A communications path, provided by a person other than the Company, on the customer side of Demarcation Point, which connects a Demarcation Point to another point.

**Advance Payment:** Part or all of a payment required before the start of service to Customer.

**Authorized User:** A person, firm or corporation which is authorized by the Customer or joint user to be connected to the service of the Customer or joint user, respectively. An authorized user must be specifically named in the application for service.

**Bit:** The smallest unit of information in the binary system of notation.

**BPS:** Bits per second.

**Call:** Telephonic communication originated by a person or mechanical or electrical device from a number to another number that is answered by a person or mechanical or electrical device. The numbers may be located any distance apart within South Dakota. Communication may consist of voice, data, a combination of both, or other transmission, may be by wire or wireless medium and may be for any duration of time. An attempted or incomplete Call is an unsuccessful attempt by a Customer to place a Call.

**Circuit:** A communications path provided by Company between two or more Demarcation Points, at a transmission speed agreed to between Company and Customer.

**Channel:** A communications path between two or more points of termination. Such termination points may be located anywhere in South Dakota. Communication may consist of voice, data, a combination of both, or other transmission and may be by a wire or wireless medium. Channel capacity may be any size and is typically measured in bits per second, with 1.5 megabits per second equal to one voice channel. Duration is typically of unlimited duration.

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Herndon, VA 20171

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SECTION 10 - EXPLANATION OF TERMS (CONT'D)

**Company:** France Telecom Corporate Solutions L.L.C., the issuer of this Price List.

**Company Terminal Location:** Any Demarcation Point where the Company maintains its facilities.

**Commission:** South Dakota Public Utilities Commission, the regulatory agency within the State of South Dakota.

**Customer:** The person, firm or corporation which orders service and is responsible for the payment of charges, compliance with the terms and conditions of this Price List, and compliance with the laws of the State of South Dakota.

**Customer Premises:** A location occupied by Customer, or which Customer has the right to occupy, for the purposes of transmitting or receiving communications signals, and which is made available to Company for the maintenance and operation thereon or therein of a Company Terminal Location.

**Customer Terminal Equipment:** Terminal equipment provided by the Customer.

**Demarcation Point:** The point of interconnection of an Access Line or other connecting communications path or equipment provided by Customer or any person to company-provided equipment.

**Direct-Inward-Dialing (DID):** Special trunking arrangement which permits incoming calls from the exchange network to reach a specific PBX station directly without an attendant's assistance.

**Facilities:** Cables, wires, poles, conduits and other Company equipment that is used to provide service to Customers including wire center distribution frames and central office switching equipment.

**Fiber Optic Cable:** A thin filament of glass with a protective outer coating through which a light beam carrying communications signals may be transmitted by means of multiple internal reflections to a receiver, which translates the message.

**FTCS:** France Telecom Corporate Solutions L.L.C.

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**SECTION 10 - EXPLANATION OF TERMS (CONT'D)**

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**Individual Case Basis:** A service arrangement in which the regulations, rates and charges are developed based on the specific circumstances of the Customer and at the Company's sole discretion.

**LATA:** A Local Access and Transport Area established pursuant to the Modification of Final Judgment entered by the United States District Court for the District of Columbia in Civil Action No. 82-0192; or any other geographic area designated as a LATA in the National Exchange Carrier Association, Inc. Tariff F.C.C. No. 4.

**LEC:** Local Exchange Carrier refers to the dominant, incumbent local telephone company in the area also served by the Company, e.g., Bell Atlantic.

**Local Exchange, Local Exchange Area or Exchange Area:** A geographic area defined by the telephone industry through the use of maps or legal descriptions where one or more Local Exchange Carriers hold themselves out to provide communications services.

**Mbps:** Megabits per second, denotes millions of bits per second.

**Premises:** The space occupied by a Customer or authorized user in a building or buildings or contiguous property not separated by a public or quasi-public right of way.

**Recurring Charges:** The monthly charges to the Customer for services, facilities and equipment, which continues for the agreed upon duration of the service.

**Residential Service:** Telecommunications services used primarily as non-business service. Residential Service is not offered by the Company at this time.

**Service:** Any means of services offered herein by the Company or any combination thereof.

**Service Order:** The written request for Company services executed by the Customer and the Company in the format devised by the Company. The signing of a Service Order Form by the Customer and acceptance by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this Price List.

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SECTION 10 - EXPLANATION OF TERMS (CONT'D)

**Shared:** A facility or equipment system or subsystem which can be used simultaneously by several Customers.

**Signaling:** Represents the type of signaling format utilized to maintain a T1 level digital transmission from the Central Office to the customer premise. Signaling options include: AMI, ESF, SF, B8ZF.

**Switch:** An electronic device that is used to provide circuit routing and control.

**Terminal Equipment:** Any telecommunications equipment other than the transmission or receiving equipment installed at a Company Terminal Location.

**Transmission Speed:** Transmission speed or rate, in bits per second (bps), as agreed to by Company and Customer for each circuit.

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SECTION 11 - BILLING AND COLLECTION

[Reserved for Future Use.]

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**TITLE PAGE**

**FRANCE TELECOM CORPORATE SOLUTIONS L.L.C.**

REGULATIONS AND SCHEDULE OF INTRASTATE CHARGES  
APPLYING TO INTEREXCHANGE COMMUNICATIONS SERVICES WITHIN  
THE STATE OF SOUTH DAKOTA

Applicable in South Dakota State

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**CHECK SHEET**

The Title Page and pages listed below of this Tariff are effective as of the date shown. Revised pages contain all changes from the original Tariff that are in effect as of the date indicated.

<u>Page</u> <u>No.</u>	<u>Number of</u> <u>Revision</u>	<u>Page</u> <u>No.</u>	<u>Number of</u> <u>Revision</u>	<u>Page</u> <u>No.</u>	<u>Number of</u> <u>Revision</u>	<u>Page</u> <u>No.</u>	<u>Number of</u> <u>Revision</u>
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ALL PAGES ARE ORIGINAL.

\* New or Revised Page.

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**PRELIMINARY STATEMENT**

This Tariff sets forth rates and rules of France Telecom Corporate Solutions L.L.C. (the "Company") applicable to its provision of resold interexchange service within the State of South Dakota.

This Tariff sets forth the service offerings, rates, terms and conditions that apply to long distance telecommunications service provided by Company to business customers within the State of South Dakota. The Company does not provide residential long distance services at this time. This Tariff applies only for use of services provided by Company for communications between points within the State of South Dakota.

The rates and rules contained herein are subject to change pursuant to the rules and regulations of the Commission.

**APPLICABILITY**

This Tariff applies to interexchange telephone service between points in South Dakota. Such service is provided 24 hours per day, seven days per week. Service is offered using the facilities of the Company's underlying facilities-based carriers and may be offered in combination with resold services provided by other certificated carriers. Service is provided subject to the availability and economic feasibility of necessary service, equipment and facilities.

**AVAILABILITY**

The Company offers this service in the service areas in which it has been certified by the South Dakota Public Utilities Commission and in which the Company has available required network facilities or is able to lease required network facilities to enable the offering of local service. Only Customers which have also subscribed to Company's interstate and international services pursuant to an agreement with the Company are eligible to apply for the service offerings contained in this Tariff. Interstate and international services are subject to the jurisdiction of the Federal Communications Commission ("FCC").

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**EXPLANATION OF SYMBOLS**

- (C) To signify a changed regulation.
- (D) To signify discontinued material, including listing, rate, rule or condition.
- (I) To signify an increase in a rate.
- (M) To signify material relocated from or to another part of Tariff schedule with no change in text, rate, rule, or condition.
- (N) To signify new material including listing, rate, rule or condition.
- (R) To signify reduction.
- (T) To signify change in wording of text but no change in rate, rule or condition.

**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 point 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 4<sup>th</sup> revised Page 14 cancels the 3<sup>rd</sup> revised Page 14. Because of various suspension periods, deferrals, etc. the Commission follows in their Tariff approval process, the most current Page number on file with the Commission is not always the Tariff page in effect.

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**TARIFF FORMAT (CONT'D)**

- C. Paragraph Numbering Sequence - There are six levels of paragraph coding. Each level is subservient to its next higher level:
- 1.
  - 1.1
  - 1.1.1
  - 1.1.1(a)
  - 1.1.1(a)1.
  - 1.1.1(a)1.(a)
  - 1.1.1(a)1.(a)(i)
- D. Check Sheets - When a Tariff filing is made with the Commission, an updated check Page accompanies the Tariff filing. The check sheet lists the pages contained in the Tariff, with a cross reference to the current revision number. When new pages are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (\*). The Tariff user should refer to the latest check sheet to find out if a particular page is the most current on file with the Commission.

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**SECTION 1 - DEFINITIONS**

**8XX Number** - A number beginning with 800, 888, 877 or 866.

**Access Line** - A communications path, provided by a person other than the Company on the customer side of the demarcation point, which connects a demarcation point to another point.

**Alternate Destination on Call Limiter** - Allows the Customer to specify the maximum number of simultaneous incoming calls allowed for a specific dialed number. As soon as the maximum number of simultaneous calls allowed is reached, calls are routed to the alternate destination predefined by the Customer. The Call Limiter can be defined per number or for a group of access numbers.

**Authorization** - The process of granting or denying access to a network resource.

**Authorization Code** - A pre-defined series of numbers to be dialed by the Customer or Authorized User upon access to the Carrier's Travel Service or Prepaid Calling Card network to identify the Caller and validate the Caller's authorization to use the services provided. The Customer is responsible for charges incurred through the use of his or her assigned Authorization Code.

**Authorized User** - A person, firm, corporation, or any other entity authorized by the Customer to utilize the Carrier's service under the terms and conditions of this Tariff. The Customer remains responsible for payment of services.

**Bit** - The smallest unit of information in the binary system of notation.

**BPS** - Bits per second.

**Call** - Telephonic communication originated by a person or mechanical or electrical device from a number to another number that is answered by a person or mechanical or electrical device. The numbers may be located any distance apart within South Dakota. Communication may consist of voice, data, a combination of both, or other transmission, may be by wire or wireless medium and may be for any duration of time. An attempted or incomplete Call is an unsuccessful attempt by a Customer to place a Call.

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**SECTION 1 - DEFINITIONS (CONT'D)**

**Calling Card Call** - A service whereby the Customer or Authorized User dials all of the digits necessary to route and bill a call placed from a location other than his/her residence or normal place of business. Service is accessed *via* a "1-800" or other access code dialing sequence.

**Circuit** - A communications path provided by Company between two or more demarcation points, at a transmission speed agreed to between Company and Customer.

**Channel** - A communications path between two or more points of termination. Such termination points may be located anywhere in South Dakota. Communication may consist of voice, data, a combination of both, or other transmission and may be by a wire or wireless medium. Channel capacity may be any size and is typically measured in bits per second, with 1.5 megabits per second equal to one voice channel. Duration is typically of unlimited duration.

**Commission** - South Dakota Public Utilities Commission, the regulatory agency within the State of South Dakota.

**Committed Information Rate** - The Committed Information Rate ("CIR") is the amount of bandwidth that the Company agrees to make available to the Customer's Frame Relay Data Terminal Equipment through the Network enabling the transfer of data between any given Frame Relay Permanent Virtual Circuit ingress and egress points during normal network operational conditions. CIRs are provided on a per individual Data Link Channel basis.

**Company or Carrier** - FTCS unless otherwise clearly indicated by the context.

**Customer** - The person, firm or corporation which orders service and is responsible for the payment of charges, compliance with the terms and conditions of this Tariff, and compliance with the laws of the State of South Dakota.

**Customer Premises** - A location occupied by Customer, or which Customer has the right to occupy, for the purposes of transmitting or receiving communications signals, and which is made available to Company for the maintenance and operation thereon or therein of a Company terminal location.

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**SECTION 1 - DEFINITIONS (CONT'D)**

**Customized Announcement** - Allows the Customer to play customized messages to callers according to pre-defined parameters such as time of day, day of week, or other routing features. The same message can be played in different languages. Once the customized announcement is read, the call is terminated.

**Dedicated** - A facility or equipment system or subsystem set aside for the sole use of a specific Customer.

**Demarcation Point** - The point of interconnection of an Access Line or other connecting communications path or equipment provided by Customer or any person to company-provided equipment.

**Dialed Number Identification** - Dialed Number Identification is translating each public number into a specific private number, with the global VPN enables the Customer to identify the dialed number and the originating location for each call and to route the call to the appropriate operator.

**Facilities** - Cables, wires, poles, conduits and other Company equipment that is used to provide service to Customers including wire center distribution frames and central office switching equipment.

**FTCS** - France Telecom Corporate Solutions L.L.C.

**Fiber Optic Cable** - A thin filament of glass with a protective outer coating through which a light beam carrying communications signals may be transmitted by means of multiple internal reflections to a receiver, which translates the message.

**Individual Case Basis** - A service arrangement in which the regulations, rates and charges are developed based on the specific circumstances of the Customer and at the Company's sole discretion.

**Initial** - The Initial Period denotes the interval of time allowed at the rate specified for a connection between given service points.

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**SECTION 1 - DEFINITIONS (CONT'D)**

**Integrated Services Digital Network** - The Integrated Services Digital Network ("ISDN") is a digital network that permits the switched interconnection of voice, data and video transmissions requiring differing capacities over common facilities.

**LATA** - A Local Access and Transport Area established pursuant to the Modification of Final Judgment entered by the United States District Court for the District of Columbia in Civil Action No. 82-0192; or any other geographic area designated as a LATA in the National Exchange Carrier Association, Inc. Tariff F.C.C. No. 4.

**Mbps** - Megabits per second, denotes millions of bits per second.

**MRC** - Monthly Recurring Charge.

**NXX** - The designation for the first three digits of a local telephone number where N represents 2-9 and X represents 0-9.

**Optimized Call Transfer** - Provides call re-direction upon customer request, with route optimization. It allows to transfer callers to other Customer sites in the most economical way, without occupying call center trunks throughout the duration of the transferred call.

**Permanent Virtual Circuit** - The Permanent Virtual Circuit ("PVC") is the logical connection from one port of a Frame Relay network to another port of the same Frame Relay network. The sizing of the PVC is determined by its CIR and its EIR.

**Port** - A facility or equipment system or subsystem set aside for the sole use of a specific Customer.

**Premises** - The space occupied by the Customer or Authorized User in a building or buildings or contiguous property not separated by a public or quasi-public right-of-way.

**QoS** - Quality of service levels.

**Recurring Charges** - The monthly charges to the Customer for services, facilities and equipment, which continues for the agreed upon duration of the service.

**Remote Queuing** - Allows the queuing of calls within the network in case of busy conditions at the call center. Limited Customer PBX/ACD resources are mobilized and the lowest price is charged for the time the calls have been queued.

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**SECTION 1 - DEFINITIONS (CONT'D)**

**Residential Service** - Telecommunications services used primarily as non-business service. Residential Service is not offered by the Company at this time.

**Routing on Menu Selection** - Routing on Menu Selection allows the Customer to screen calls within the network and route them according to the caller's needs. With this service, Customer call centers can implement call qualification at the network level or provide self-service for routine transactions, as a front-end application, or for overflow traffic.

**Service** - Any means of services offered herein by the Company or any combination thereof.

**Service Order** - The written request for Company services executed by the Customer and the Company in the format devised by the Company. The signing of a Service Order Form by the Customer and acceptance by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this Tariff.

**Shared** - A facility or equipment system or subsystem which can be used simultaneously by several Customers.

**Special Facilities** - Any facilities, goods, supplies, products, equipment, fixtures or other installation specifically installed or constructed for Customer by Company pursuant to a negotiated agreement between Company and Customer.

**Subscriber** - See Customer.

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**SECTION 1 - DEFINITIONS (CONT'D)**

**Tariff** - FTCS's S.D. P.U.C. Tariff No. 1.

**Terminal Equipment** - Any telecommunications equipment other than the transmission or receiving equipment installed at a Company Terminal Location.

**Time-Dependant Routing** - Allows the Customer to define a routing plan depending on date and time. The parameters are time of day, day of week, and day of year. The routing plan can be defined per dialed number or per terminating call center site.

**Transmission of Touch-Tone Signaling** - Transmission of Touch-Tone Signaling allows the Customer Interactive Voice Mail to accept touch-tone signaling from inbound callers to the Customer site.

**Transmission Speed** - Transmission speed or rate, in bits per second (bps), as agreed to by Company and Customer for each circuit.

**United States** - The forty-eight states contained within the mainland United States, the District of Columbia, Alaska, Hawaii, Puerto Rico, the U.S. Virgin Islands, Guam and the Commonwealth of the Northern Mariana Islands.

**Virtual Private Network** - A Virtual Private Network ("VPN") is a switched network with special services such as abbreviated dialing, which allows customers to call between offices in different area codes without dialing all digits.

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**SECTION 2 - RULES AND REGULATIONS**

**2.1 Undertaking of FTCS**

FTCS's services are furnished for interexchange communications originating and terminating within the State of South Dakota under the terms of this Tariff. FTCS's services are available twenty-four (24) hours per day, seven (7) days per week.

FTCS arranges for installation, operation and maintenance of the communications services provided in this Tariff for Customers in accordance with the terms and conditions set forth under this Tariff. FTCS may act as the Customer's agent for ordering access connection facilities provided by other carriers or entities, when authorized by the Customer, to allow connection of a Customer's location to FTCS's network.

**2.2 Use**

Services provided under this Tariff may be used by the Customer for any lawful telecommunications purpose for which the service is technically suited.

**2.2.1** Any entity which uses, appropriates or secures the use of services from FTCS other than under the terms and conditions of this Tariff shall be liable for an amount equal to the accrued and unpaid charges for services received pursuant to this Tariff, plus all applicable court costs and attorneys fees.

**2.3 Limitations of Service, Equipment or Facilities**

**2.3.1** Service is offered subject to the availability of the necessary facilities and/or equipment and subject to the provisions of this Tariff. The Company may decline applications for Service to or from a location where the necessary facilities or equipment are not available. The Company may discontinue furnishing Service in accordance with the terms of this Tariff.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.3 Limitations of Service, Equipment or Facilities (Cont'd)**

- 2.3.2** The Company reserves the right to discontinue or limit Service when necessitated by conditions beyond its control. Examples of these conditions are more fully set forth elsewhere in this Tariff or when Service is used in violation of the provisions of this Tariff or the law.
- 2.3.3** The Company does not undertake to generate content messages, but offers the use of its Service when available. As more fully set forth elsewhere in this Tariff, the Company shall not be liable for errors in transmission or for failure to establish connections.
- 2.3.4** The Company reserves the right to discontinue Service, limit Service, or to impose requirements as required to meet changing regulatory or statutory rules and standards, or when such rules and standards have an adverse material affect on the business or economic feasibility of providing Service, as determined by the Company in its reasonable judgment.
- 2.3.5** The furnishing of Service under this Tariff is subject to the availability on a continuing basis of all the necessary facilities and/or equipment are not available. FTCS may decline applications for service to or from a location where the necessary facilities or equipment are not available.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.3 Limitations of Service, Equipment or Facilities (Cont'd)**

- 2.3.6** FTCS reserves the right to deny service to any person or entity: (A) who, in FTCS's judgment, presents an undue risk of nonpayment, refuses to comply with the deposit requirements set forth in this Tariff, or does not pass a credit check; or (B) if FTCS believes that the person's or entity's use of the Service would violate the provisions of this Tariff or any applicable law or regulation, or if any applicable law or regulation restricts or prohibits provision of the Service to that person or entity; or (C) if FTCS determines in its sole discretion that facilities are not available to provide the Service; or (D) if FTCS determines in its sole discretion that any order for Service, letter of authorization and/or third party verification is not in conformance with any applicable law or regulation; or (E) the Service requested has been discontinued; or (F) if an order for the Service may be denied under the terms of any carrier, switched or independent sales representative agreement.
- 2.3.7** Service may be discontinued by FTCS, at any time and without notice to its Customers, by blocking traffic to or from certain cities, NXX exchanges, or individual telephone stations, by blocking call origination for FTCS's services, or by blocking calls using certain Customer Authorization Codes and/or access codes, when FTCS deems it necessary to take such action to prevent unlawful and/or unauthorized use of its services. In addition, FTCS may take any of the foregoing actions in the case of actual or anticipated non-payment for its service. In order to control fraud, FTCS may refuse to accept Calling Card, Collect Calling, and/or Third Party calls which it reasonably believes to be unauthorized or invalid and/or may limit the use of these billing options to or from certain areas within the State of South Dakota.
- 2.3.8** FTCS reserves the right to refuse to provide service to or from any location where it has not ordered access facilities, installed network interconnections, or the necessary facilities and/or equipment are not available, acceptable, or justifiable. FTCS also reserves the right to make changes to equipment, service components, and/or network configurations as may be required.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)**

**2.3 Limitations of Service, Equipment or Facilities (Cont'd)**

**2.3.9** The provision of service will not create a partnership or joint venture between FTCS and the Customer nor result in joint service offerings to their respective authorized users.

**2.3.10 Use of Service Mark**

(a) No Customer shall use any service mark or trademark of the Company or refer to Company in connection with any product, equipment promotion, or publication of the Customer without the prior written consent of the Company.

**2.4 Location of Service**

**2.4.1** Originating Areas - areas in this state where service has been established by the Carrier.

**2.4.2** Terminating Areas - all areas of South Dakota State.

**2.5 Assignment or Transfer**

All service provided under this Tariff is directly or indirectly controlled by FTCS and neither the Customer nor its Authorized Users may transfer or assign the use of service without the express prior written consent of FTCS. Such transfer or assignment shall only apply where there is no interruption of the use or location of service. All terms and conditions contained in this Tariff shall apply to all such permitted transferees or assignees.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.6 Liability**

- 2.6.1** The liability of FTCS for damages of any nature arising from errors, mistakes, omissions, interruptions, or delays of FTCS, its agents, servants, or employees, in the course of establishing, furnishing, rearranging, moving, terminating, maintaining, restoring, or changing the service or facilities or equipment shall not exceed an amount equal to the charges applicable under this Tariff (calculated on a proportionate basis where appropriate) to the period during which such error, mistake, omission, interruption or delay occurs.
- 2.6.2** In no event shall FTCS or any of its affiliates be liable to Customer, its customers or any of their affiliates under this Tariff for any loss of profit or revenue or for any incidental, consequential, indirect, punitive or similar or additional damages incurred or suffered as a result of incorrect or defective transmissions, or any direct or indirect consequences thereof, while using the Services, performance, non-performance, termination, breach, or other action or inaction, on the part of FTCS, under this Tariff, even if Customer advises FTCS of the foreseeability, possibility, likelihood, probability or certainty of such loss or damage.
- 2.6.3** When the services or facilities of other entities are used separately or in conjunction with FTCS's facilities or equipment in establishing connection to points not reached by FTCS's facilities or equipment, FTCS shall not be liable for any act or omission of such other entities or their agents, servants or employees. FTCS shall not be liable for any act or omission of vendors supplying equipment to Customer nor for claims regarding the performance of such vendor supplied equipment.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.6 Liability (Cont'd)**

**2.6.4** FTCS shall not be liable for any failure of performance hereunder if such failure is due to any cause or causes beyond its reasonable control as determined by FTCS. Such causes shall include, without limitation, acts of God, fire, explosion, vandalism, cable cut, storm or other similar occurrence, any law, order, regulation, direction, action or request of the United States government or of any other government or of any civil or military authority, national emergencies, insurrections, riots, wars, strikes, lockouts or work stoppages or other labor difficulties, supplier failures, shortages, breaches or delays, unavailability of rights-of-way or materials, or preemption of existing service to restore service in compliance with the decisions, rules, regulations and orders of the Commission or any other federal, international, state, or local governmental agency or authority.

**2.6.5** FTCS shall not be liable for interruptions, delays, errors, or defects in transmission, or for any injury whatsoever, caused by the Customer, the Customer's agents, or Authorized Users, or by facilities or equipment provided by the Customer. FTCS shall not be liable for any act or omission by any entity furnishing to the Company or to the customer facilities or equipment used for or with the services the Company offers. The Company shall not be liable for the claims of vendors supplying equipment to Customers of the Company which may be installed at the premises of the Company. The Company shall not be liable for the performance of said vendor or vendor's equipment.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.6 Liability (Cont'd)**

- 2.6.6** FTCS does not guarantee or make any warranty with respect to any equipment provided by it where such equipment is used in locations containing an atmosphere which is explosive, prone to fire, dangerous, or otherwise unsuitable for such equipment. Customers and Authorized Users indemnify and hold FTCS harmless from any and all loss, claims, demands, suits or other action, or any liability whatsoever, whether suffered, made, instituted, or asserted by any 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, Authorized User, or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, presence, condition, location, or use of such equipment so used.
- 2.6.7** The Company is not liable for any defacement of or damage to the premises of a Customer or end-user (or authorized or joint user) resulting from the furnishing of services or equipment on such premises or the installation or removal thereof, when such defacement or damage is not the result of the gross negligence or willful misconduct on the part of the agents or employees of the Company.
- 2.6.8** The Company shall not be liable for any damages resulting from delays in meeting any service dates due to delays resulting from normal construction procedures. Such delays shall include, but not be limited to, delays in obtaining necessary regulatory approvals for construction, delays in obtaining right-of-way approvals and delays in actual construction work.
- 2.6.9** The Company shall not be liable for any damages whatsoever to property resulting from the installation, maintenance, repair or removal of equipment and associated wiring unless the damage is caused by the Company's willful misconduct or gross negligence.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.6 Liability (Cont'd)**

- 2.6.10** The Company shall not be liable for any damages whatsoever associated with service, facilities, or equipment which the Company does not furnish or for any act or omission of Customer or any other entity furnishing services, facilities or equipment used for or in conjunction with service.
- 2.6.11** THE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.
- 2.6.12** The Customer and any authorized or joint users, jointly and severally, shall indemnify and hold the Company harmless from claims, loss, damage, expense (including attorney's fees and court costs), or liability for patent infringement arising from (1) combining with, or using in connection with facilities the Company furnished, facilities the Customer, authorized user, or joint user furnished, or (2) use of facilities the Company furnished in a manner the Company did not contemplate and over which the Company exercises no control and from all other claims, loss, damage, expense (including attorneys' fees and court costs), or (3) liability arising out of any commission or omission by the Customer, authorized user, or joint user in connection with the Service. In the event that any such infringing use is enjoined, the Customer, authorized user, or joint user, at its option and expense, shall obtain immediately a dismissal or stay of such injunction, obtain a license or other agreement so as to extinguish the claim of infringement, terminate the claimed infringing use, or modify such combination so as to avoid any such infringement. In addition and without limitation, the Customer, authorized user, or joint user, shall defend, on behalf of the Company and upon request by the Company, any suit brought or claim asserted against the Company for any such slander, libel, infringement, or other claims.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.6 Liability (Cont'd)**

**2.6.13** The Company shall not incur any liability, direct or indirect, to any person who dials or attempts to dial the digits "9-1-1" or to any other person who may be affected by the dialing of the digits "9-1-1". Customer agrees to advise its users that as to Company's data services, the "9-1-1" emergency dialing does not connect to the local public safety answering point.

**2.7 Billing and Payment for Service****2.7.1 Application for Service**

- (a) Customers desiring to obtain Service must complete service application forms provided by Company. Company may require Customers or potential customers to provide information pertaining to their ability to pay for Service. Company may deny Service to Customers or potential customers which do not provide the requested information or who fail to meet Company's financial criteria. Only Customers which have subscribed to Company's interstate and international services pursuant to an agreement with the Company are eligible to apply for the service offerings contained in this Tariff.

**2.7.2 Cancellation of Application for Service:**

- (a) Where installation of Service has been started prior to the cancellation of an application for Service, a cancellation charge equal to the costs incurred by the Company may apply.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)**

**2.7 Billing and Payment for Service (Cont'd)**

**2.7.3 Cancellation of Service:**

- (a) The Customer may have service discontinued upon thirty (30) days written notice to the Company. The Company shall hold the Customer responsible for payment of all bills for service furnished until the cancellation date specified by the Customer or until the date that the written cancellation notice is received, whichever is later. Upon early cancellation of a term agreement, the Customer agrees to pay Company for the balance due under the contract for the entire term of the agreement. Unless the Customer notifies Company at least thirty (30) days prior to the end of the initial term of the agreement, the agreement shall be automatically extended for a term equivalent to the initial term.

**2.7.4 Deposits**

The Company does not collect deposits or prepayments from Customers at this time.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.7.5 Payment of Charges**

- (a) The Company shall bill on a current basis all charges incurred by and credits due to the Customer. The Customer may receive its bill in: 1) a paper format, or 2) via electronic transmission. Such bills are due upon receipt regardless of the media utilized. The Company shall bill in advance charges for all services to be provided during the ensuing billing period except for charges associated with service usage. Adjustments for the quantities of Service established or discontinued in any billing period beyond the minimum period will be prorated to the number of days based on a 30-day month. The Company will, upon request and if available, furnish such detailed information as may reasonably be required for verification of the bill.
- (b) All bills for Service provided to the Customer by the Company are due 15 days from the bill date. The Customer shall be assessed a late payment penalty on any delinquent account balance, when that balance exceeds \$25.00. The late payment penalty shall be a portion of the payment not received by the payment due date times a late factor. The late factor shall be 1.5% per month or 18% annually, or the highest rate allowed by law, whichever is the lesser. The late factor will be applied for the number of days from the payment due date to and including the date that the Customer actually makes the payment to the Company.
- (c) Customer shall be responsible for payment of all sales, use, gross receipts, excise, access, bypass or other local, state and Federal taxes, charges or surcharges, however designated, imposed on or based upon the provision, sale or use of the services rendered by Company. Such taxes and surcharges shall be separately stated on the Customer's bill.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.7 Billing and Payment for Service (Cont'd)****2.7.5 Payment of Charges (Cont'd)**

- (d) When a check which has been presented to Company by a customer in payment for charges is returned by the bank, the customer shall be responsible for the payment of a Returned Check Charge of \$20.

**2.7.6 Non-Recurring Charges**

- (a) Non-recurring charges are payable when the service for which they are specified has been ordered. If an entity other than FTCS (*e.g.*, another carrier or supplier) imposes or will impose charges on FTCS in connection with an ordered service, those costs will also be charged to the Customer.

**2.7.7 Customer Overpayments**

- (a) Company will provide interest on customer overpayments that are not refunded within 30 days of the date Company receives the overpayment. An overpayment is considered to have occurred when payment in excess of the correct charges for service is made because of erroneous Company billing. The customer will be issued reimbursement for the overpayment, plus interest, or, if agreed to by the customer, credit for the amount will be provided on the next regular Company bill. The rate of interest shall be the greater of the customer deposit interest rate or Company's applicable late payment penalty.
- (b) Interest shall be paid from the date when overpayment was made, adjusted for any changes in the deposit rate or late payment rate, and compounded monthly, until the date when the overpayment is refunded. The date when overpayment is considered to have been made will be the date on which the customer's overpayment was originally recorded to the customer's account by Company.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.7 Billing and Payment for Service (Cont'd)****2.7.8 Disputed Bills**

- (a) In the event that a billing dispute occurs concerning any charges billed to the Customer by the Company, the Customer must submit a written documented claim for the disputed amount. The Customer must submit all documentation as may reasonably be required to support the claim. All claims must be submitted to the Company within thirty (30) days of receipt of billing for those services. If the Customer does not submit a claim as stated above, the Customer waives all rights to filing a claim thereafter.
- (b) Unless disputed, the invoice shall be deemed to be correct and payable in full by Customer. If the Customer is unable to resolve any dispute with the Company, then Customer may file a complaint with the South Dakota Public Utilities Commission, Capitol Building, 1st floor, 500 East Capitol Avenue, Pierre, SD 57501-5070, Tel: 800-332-1782.
- (c) If the dispute is resolved in favor of the Customer, no interest credits or penalties will apply.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.8 Service Connections and Facilities on Customer's Premises**

- 2.8.1** All Service along the facilities between the point identified as the Company's origination point and the point identified as the Company's termination point will be furnished by the Company, its agents or contractors.
- 2.8.2** Customer shall allow Company continuous access and right-of-way to Customer's premises to the extent reasonably determined by the Company to be appropriate to the provision and maintenance of services, equipment, facilities and systems relating to this Tariff.
- 2.8.3** 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 Service to any Customer.
- 2.8.4** The Company undertakes to use reasonable efforts to maintain only the facilities and equipment that it furnishes to the Customer. The Customer, joint user, or authorized user may not, nor may the Customer permit others to, rearrange, disconnect, remove, attempt to repair, or otherwise tamper with any of the facilities or equipment installed by the Company, except upon the written consent of the Company.
- 2.8.5** Title to all facilities provided by Company, including Terminal Equipment, shall remain with the Company. The operating personnel and the electric power consumed by such equipment on the premises of the Customer shall be provided by and maintained at the expense of the Customer.
- 2.8.6** Equipment the Company provides or installs at the Customer's premises for use in connection with the Services the Company offers shall not be used for any purpose other than that for which the Company provided it.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.8 Service Connections and Facilities on Customer's Premises (Cont'd)**

**2.8.7** Customer is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltages and currents imposed on Company-provided equipment and wiring by connection shall be such as not to cause damage to the Company-provided equipment and wiring or injury to the Company's employees or other persons.

**2.8.8** The Company shall not be responsible for the installation, operation, or maintenance of any Customer-provided communications equipment. Where such equipment is connected to the facilities furnished pursuant to this Tariff, the responsibility of the Company shall be limited to the furnishing of facilities offered under this Tariff and to the maintenance and operation of such facilities; subject to this responsibility, the Company shall not be responsible for:

- (a) the transmission of signals by Customer-provided equipment or for the quality of, or defects in, such transmission of; or
- (b) the reception of signals by Customer-provided equipment.

**2.8.9** Company is solely responsible for operating Company-provided equipment. In the event that Customer attempts to operate any Company-provided equipment without first obtaining Company's written approval, in addition to any other remedies of Company for a breach by Customer of Customer's obligations hereunder, Customer shall pay Company for any damage to Company-provided equipment caused or related to Customer's improper operation of Company-provided equipment upon receipt by Customer of a Company invoice therefore. In no event shall Company be liable to Customer or any other person for interruption of the Service or for any other loss, cost or damage caused or related to Customer's improper use of Company-provided equipment.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.8 Service Connections and Facilities on Customer's Premises (Cont'd)**

**2.8.10** Customer agrees to allow Company to remove all Company-provided equipment from Customer's premises:

- (a) upon termination, interruption or suspension of the Service in connection with which the equipment was used; and
- (b) for repair, replacement or otherwise as Company may determine is necessary or desirable.

**2.8.11** At the time of such removal, such equipment shall be in the same condition as when delivered to Customer or installed on Customer's premises, normal wear and tear only excepted. Customer shall reimburse Company for the unamortized cost of any such equipment in the event the foregoing conditions are not met.

**2.8.12** The Customer, authorized user, or joint user is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such Company equipment and facilities. The magnitude and character of the voltages and currents impressed on Company-provided equipment and wiring by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to the Company provided equipment and wiring or injury to the Company's employees or to other persons. In advance, Customer will submit to Company a complete manufacturer's specification sheet for each item of equipment that is not provided by the Company and which shall be attached to the Company's facilities. The Company shall approve the use of such item(s) of equipment unless such item is technically compatible with Company's facilities. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)**

**2.8 Service Connections and Facilities on Customer's Premises (Cont'd)**

**2.8.13** Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the Company used for furnishing Service, and the channels, facilities, or equipment of others shall be provided at the Customer's expense.

**2.9 Interconnection**

**2.9.1** Service furnished by FTCS may be interconnected with services or facilities of other authorized communications common carriers and with private systems, subject to technical limitations established by FTCS. Service furnished by FTCS is not part of a joint undertaking with such other common carriers or systems. FTCS does not undertake to provide any special facilities, equipment, or services to enable the Customer to interconnect the facilities or the equipment of FTCS with services or facilities of other common carriers or with private systems.

**2.9.2** Interconnection with the services or facilities of other common carriers shall be under the applicable terms and conditions of this Tariff and the other common carrier's Tariffs.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.10 Inspection, Testing and Adjustment**

FTCS may, upon reasonable notice, make such tests and inspections as may be necessary to determine whether the terms and conditions of this Tariff are being complied with in the installation, operation or maintenance of the Customer's facilities or equipment. FTCS may interrupt service at any time, without penalty or liability, due to the departure from or reasonable suspicion of the departure from any of these terms and conditions.

**2.11 Credit Allowances for Interruption of Service**

Credit allowances for interruptions of service which are not due to FTCS's inspection or testing, to the negligence of the Customer, or the failure of channels, equipment and/or communications systems provided by the Customer, are subject to the general liability provisions set forth in this Tariff.

It shall be the obligation of the Customer to notify FTCS immediately of any interruption in service for which the Customer desires a credit allowance. Before giving such notice, the Customer shall ascertain that the trouble is not within his or her control, or is not in wiring or equipment, if any, furnished by Customer.

For purposes of credit computation, every month shall be considered to have 30 days. The Customer shall be credited for an interruption of one day (24 hours) or more at the rate of 1/30<sup>th</sup> of the monthly charge for the services affected for each day that the interruption continues.

Credit Formula:

$$\text{Credit} = A/30 \times B$$

A = outage time in days

B = total monthly charge for affected service.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.11 Credit Allowances for Interruption of Service (Cont'd)**

No credit allowances shall be made for:

Interruptions that are caused by the negligence of the Customer or others authorized by the Customer to use the Customer's service;

Interruptions that are due to the failure of power, equipment, systems, or services not provided by FTCS;

Interruptions during any period during which FTCS or its agents are not afforded access to the premises where Access Lines associated with the Customer's service are located;

Interruptions during any period when the Customer or user has released the service to FTCS for maintenance, rearrangement, or the implementation of a Customer order;

Interruptions during any period when the Customer or user has refused to release the service for testing or repair;

Interruptions during any period when the non-completion of calls is due to network busy conditions; or

Interruptions not promptly reported to the FTCS.

**2.12 Obligations of the Customer**

**2.12.1** The Customer shall be responsible for:

- (a) The payment of all applicable charges as set forth in this Tariff.
- (b) Damage or loss of the Company's facilities or equipment caused by the acts or omissions of the Customer, authorized user, or joint user or the non-compliance by the Customer, authorized user, or joint user with these regulations; or by fire or theft or other casualty on the premises of the Customer, authorized user, or joint user unless caused by the negligence or willful misconduct of the employees or agents of the Company.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)**

**2.12 Obligations of the Customer (Cont'd)**

**2.12.1 The Customer shall be responsible for (Cont'd):**

- (c) Providing as specified from time to time by the Company any needed personnel, equipment, space and power to operate Company facilities and equipment installed on the premises of the Customer, authorized user, or joint user and the level of power, heating and air conditioning necessary to maintain the proper environment on such premises.
- (d) Obtaining, maintaining, and otherwise having full responsibility for rights of way and conduit necessary for installation of fiber optic cable and associated equipment to provide Service to the Customer, authorized user or joint user from the cable building entrance or the property line of the land on which the structure wherein any termination point or origination point used by the Customer, authorized user or joint user is placed or located, whichever is applicable, through the point of entry into the structure, throughout the structure, to the location of the equipment space. Any and all costs associated with the obtaining and maintaining of the rights of way described herein, including the costs of altering the structure to permit installation of the Company-provided facilities, shall be borne entirely by, or may be charged by the Company to the Customer. The Company may require the Customer to demonstrate its compliance with this section prior to accepting an order for Service.
- (e) Providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which Company employees and agents shall be installing or maintaining the Company's facilities and equipment. The Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company's opinion, injury to Company employees or property might result from installation or maintenance by the Company.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.12 Obligations of the Customer (Cont'd)****2.12.1 The Customer shall be responsible for (Cont'd):**

- (f) Complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of Company facilities and equipment in any Customer premises or the rights of way for which the Customer is responsible and obtaining permission for Company agents or employees to enter the premises of the Customer, authorized user, or joint user at any reasonable hour for the purpose of installing, inspecting, repairing, or upon termination of Service as stated herein, removing the facilities or equipment of the Company.
- (g) Making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance will be made for the period during which Service is interrupted for such purposes.
- (h) Keeping the Company's equipment and facilities located on the Customer's premises of rights of way obtained by the Customer free and clear of any liens or encumbrances relating to the Customer's use of the Company's services or from the locations of such equipment and facilities.
- (i) Customer provided terminal equipment on the premises of the Customer, authorized user, or joint user, the operating personnel there, and the electric power consumed by such equipment shall be provided by and maintained at the expense of the Customer, authorized user, or joint user. Conformance of Customer provided station equipment with Part 68 of the FCC Rules is the responsibility of the Customer.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)**

**2.12 Obligations of the Customer (Cont'd)**

**2.12.1 The Customer shall be responsible for (Cont'd):**

- (j) The Customer, authorized user, or joint user is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltages and currents impressed on Company-provided equipment and wiring by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to the Company-provided equipment and wiring or injury to the Company's employees or other persons.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)**

**2.13 Refusal or Discontinuance by the Company**

- 2.13.1** The Company, by written notice to the Customer and in accordance with applicable law, may discontinue Service or cancel an application for Service without incurring any liability when there is an unpaid balance for Service that is overdue and not disputed.
- 2.13.2** The Customer whose check or draft is returned unpaid for any reason, after two attempts at collection, shall be subject to discontinuance of Service in the same manner as provided for nonpayment of overdue charges.
- 2.13.3** The Customer shall be subject to discontinuance of Service, without notice, for any violation of any law, rule, regulation or policy of any government authority having jurisdiction over Service, or by reason of any order or decision of a court or other government authority having jurisdiction which prohibits the Company from furnishing such Service, or for any violation of any of the provisions governing the furnishing of Service under this Tariff.
- 2.13.4** The Company may immediately discontinue service to any Customer, without notice, in order to protect against fraud or to otherwise protect Company personnel, agents, facilities, or services.
- 2.13.5** The Customer shall be subject to discontinuance of Service, without notice, for the Company to comply with any order or request of any governmental authority having jurisdiction.
- 2.13.6** If any Customer files for bankruptcy or reorganization or fails to discharge an involuntary petition therefor within the time permitted by law, the Company may immediately discontinue or suspend Service under this Tariff without incurring any liability.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.13 Refusal or Discontinuance by the Company (Cont'd)**

- 2.13.7** Upon the Company's discontinuance of Services to the Customer, the Company, in addition to all other remedies that may be available to the Company at law or in equity or under any other provision of this Tariff, may declare all future monthly and other charges which would have been payable by the Customer under this Tariff during the remainder of the minimum term for which such Services would have otherwise been provided to the Customer to be immediately due and payable.
- 2.13.8** If Service has been discontinued for nonpayment or as otherwise provided herein and the Customer wishes it continued, Service shall, at the Company's discretion, be restored when all past due amounts are paid or the event giving rise to the discontinuance (if other than nonpayment) is corrected and the Customer pays a deposit in advance at Company's discretion. Non-recurring charges apply to restored Services.
- 2.13.9** Any notice the Company may give to a Customer shall be deemed properly given when delivered, if delivered in person, or when deposited with the U.S. Postal Service, addressed to the Customer's billing address or to such address as may be subsequently given by Customer to the Company.
- 2.13.10** Except for cancellation of Service or as otherwise provided by these rules, any notice from any Customer may be given by the Customer or any authorized representative to the Company's business office orally or by written notice mailed to the Company's business address. Cancellation of Service must be by written notice.

**2.14 Restoration of Service**

If service has been discontinued for nonpayment or as otherwise provided herein and the Customer wishes it continued, service shall, at FTCS's discretion, be restored when all past due amounts are paid or the event giving rise to the discontinuance (if other than nonpayment) is corrected.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)**

**2.15 Schools and Libraries Discount Program**

**2.15.1 General**

The Schools and Libraries Discount Program permits eligible schools (public and private, grades Kindergarten through 12) and libraries to purchase FTCS services offered in this Tariff at a discounted rate, in accordance with the Rules adopted by the FCC in its Universal Service Order 97-157, issued May 8, 1997. The Rules are codified at 47 Code of Federal Regulation (C.F.R.) 54.500 *et. seq.*

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.15 Schools and Libraries Discount Program (Cont'd)****2.15.1 General (Cont'd)**

As indicated in the Rules, the discounts will be between twenty (20) and ninety (90) percent of the pre-discount price, which is the price of services to schools and libraries prior to application of a discount. The level of discount will be based on an eligible school or library's level of economic disadvantage and by its location in either an urban or rural area. A school's level of economic disadvantage will be determined by the percentage of its students eligible for participation in the national school lunch program, and a library's level of economic disadvantage will be calculated on the basis of school lunch eligibility in the public school district in which the library is located. A non-public school may use either eligibility for the national school lunch program or other federally approved alternative measures to determine its level of economic disadvantage. To be eligible for the discount, schools and libraries will be required to comply with the terms and conditions set forth in the rules. Discounts are available only to the extent that they are funded by the federal universal service fund. Schools and libraries may aggregate demand with other eligible entities to create a consortium.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)**

**2.15 Schools and Libraries Discount Program (Cont'd)**

**2.15.2 Regulations**

- (a) Obligation of eligible schools and libraries:
  - 1. Requests for service:
    - (a) Schools and libraries and consortia shall participate in a competitive bidding process for all services eligible for discounts, in accordance with any state and local procurement rules.
      - (i) Schools and libraries and consortia shall submit requests for services to the Schools and Libraries Division, as designated by the FCC, and follow established procedures.
      - (ii) Services requested will be used for educational purposes.
      - (iii) Services will not be sold, resold or transferred in consideration for money or any other thing of value.
  - (b) Obligations of FTCS:
    - 1. FTCS will offer discounts to eligible schools and libraries on commercially available telecommunications services contained in this Tariff.
    - 2. FTCS will offer services to eligible schools, libraries and consortia at prices no higher than the lowest price it charges to similarly situated non-residential customers for similar services (lowest corresponding price).
    - 3. In competitive bidding situations, FTCS may offer flexible pricing or rates other than in this Tariff, where specific flexible pricing arrangements are allowed.

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)**

**2.15 Schools and Libraries Discount Program (Cont'd)**

**2.15.3 Discounted Rates for Schools and Libraries**

- (a) Discounts for eligible schools and libraries and consortia shall be set as a percentage from the pre-discount price, which is the price of services to schools and libraries prior to application of a discount.
- (b) The discount rate will be applied to all commercially available telecommunications services purchased by eligible schools, libraries or consortia.
- (c) The discount rate is based on each school or library's level of economic disadvantage as determined in accordance with the FCC's Rules and by its location in either urban or rural area.
- (d) The discount matrix for eligible schools, libraries and consortia are as follows:

% Of Students Eligible For National School Lunch Program	% Of U.S. Schools	Urban Discount	Rural Discount
< 1%	3%	20%	25%
1% - 19%	31%	40%	50%
20% - 34%	19%	50%	60%
35% - 49%	15%	60%	70%
50% - 74%	16%	80%	80%
75% - 100%	16%	90%	90%

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**SECTION 3 - SERVICE DESCRIPTIONS****3.1 General**

FTCS offers intrastate interexchange telecommunications services on a resold only basis for communications originating and terminating within the State of South Dakota under terms of this Tariff.

Customers are billed based on their use of FTCS's services. Charges may vary by service offering, mileage band, class of call, time of day, day of week, and/or call duration.

**3.2 Timing of Calls**

Billing for calls is based in part on the duration of the call as follows, unless otherwise specified in this Tariff:

- 3.2.1** Call timing 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 and software answer detection.
- 3.2.2** Chargeable time for calls ends when one of the parties disconnects from the call.
- 3.2.3** For billing purposes, the minimum call duration periods vary by service and are specific by product or option in subsequent sections of this Tariff.
- 3.2.4** For billing purposes, usage after the initial period varies by service and is specified by product or option in subsequent sections of this Tariff.
- 3.2.5** FTCS will not bill for unanswered calls. When a Customer indicates that he/she was billed for an incomplete call, FTCS will reasonably issue credit for the call.

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**SECTION 3 - SERVICE DESCRIPTIONS (CONT'D)****3.3 Rate Periods**

- 3.3.1** Unless otherwise specified, all usage charges are applicable twenty-four (24) hours per day, seven (7) days a week.
- 3.3.2** For services subject to holiday discounts, the following are Company-recognized national holidays, determined by the location of the calling station: New Year's Day, Memorial Day, Independence Day, Thanksgiving Day, and Christmas Day.
- 3.3.3** Calls are billed based on the rate in effect at the time the call begins. Calls that cross rate period boundaries are billed the rate in effect at the beginning of the call for the duration of the entire call.

**3.4 Long Distance Interexchange Services****3.4.1 Nature of Service**

Carrier offers resold long distance interexchange telephone services that allow customers to originate and terminate calls at locations within the State of South Dakota. Usage charges are generally based on the distance, duration, and time of day of each call, or may be based on monthly volume of usage. The service is offered in two variations depending upon the method employed to gain access to the Company's underlying carrier's network for use of the service:

- (a) Switched Interexchange Service is offered in Feature Group D (FGD) exchanges where the Customer's local telephone lines are presubscribed by the local exchange company to the Company's Interexchange Service, such that "1+" interLATA calls are automatically routed to the Company's underlying carrier's network.
- (b) Dedicated Interexchange Service is offered to the extent facilities are available in those cases where the Company and the Customer jointly arrange for the establishment of dedicated access facilities connecting the Customer's trunk-compatible PBX or other suitable equipment to the Company's underlying carrier's POP. The Customer shall be responsible for all costs and charges associated with the dedicated access facilities.

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**SECTION 3 - SERVICE DESCRIPTIONS (CONT'D)****3.5 Virtual Private Network Service****3.5.1 Nature of Services**

The Voice Virtual Private Network ("VPN") service provides the Customer the functionality and capabilities of a private network through the use of shared and/or dedicated transmission facilities. This service permits the Customer to establish a communications path between two Customer locations.

**(a) On Net - On Net**

The following features shall be available:

1. Private numbering plan;
2. Call Line Identification ("CLI"), in order to get the appearance of an alphanumeric message including name of the calling Customer site and the last digits of the caller's extension;
3. User access code, in order to identify, monitor and authorize the use of tolled services;
4. Intrastate toll free and toll shared services, for inbound communications to Customer call centers; and
5. Call rerouting to an alternate Customer site.

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**SECTION 3 - SERVICE DESCRIPTIONS (CONT'D)**

**3.5 Virtual Private Network Service (Cont'd)**

**3.5.1 Nature of Services (Cont'd)**

(b) Virtual On Net (VPN)

The following features shall be available:

1. Private numbering plan;
2. Call Line Identification ("CLID"), in order to get the appearance of an alphanumeric message including name of the calling Customer site and the last digits of the caller's extension;
3. User access code, in order to identify, monitor and authorize the use of tolled services;
4. Intrastate toll free and toll shared services, for inbound communications to Customer call centers;
5. Call rerouting to an alternate Customer site;
6. On Net - Off Net;
7. Off Net - On Net; and
8. Off Net - Off Net.

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**SECTION 3 - SERVICE DESCRIPTIONS (CONT'D)****3.6 800 Services****3.6.1 Nature of Services**

Carrier 800 services are inward WATS services that permit intrastate calls to a Customer call center in one location from stations in diverse geographical locations, and for which the customer is billed for the calls rather than the call's originator. In addition, Customers may also order Originating ANI Sorting, which provides the Customer with a detailed monthly analysis of the originating telephone numbers of those placing 800 calls.

**(a) Routing Features:**

1. Alternate Destination on Call Limiter;
2. Time-Dependent Routing;
3. Optimized Call Transfer;
4. NIVR Services;
5. Remote Queuing;
6. Customized Announcement; and
7. Routing on Menu Selection.

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**SECTION 3 - SERVICE DESCRIPTIONS (CONT'D)**

**3.6 800 Services (Cont'd)**

**3.6.1 Nature of Services (Cont'd)**

- (b) Termination features:
1. Call Line Identification;
  2. Dialed Number Identification; and
  3. Transmission of Touch-Tone Signaling.

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**SECTION 3 - SERVICE DESCRIPTIONS (CONT'D)****3.7 Frame Relay Services****3.7.1 Nature of Services**

Frame Relay is a public, fast-packet data network service offering which offers a cost-effective alternative to meshed private line networks. It employs a form of packet switching analogous to a streamlined version of X.25 networks. The packets are in the form of "frames," which are variable in length, with the payload being anywhere between 0 and 4,096 octets. Frame Relay supports a variety of simultaneous data applications over a single integrated facility (such as data, voice and video). Frame Relay adheres to established ITU-T frame relay standards.

Access to Frame Relay is available only over a dedicated, digital access circuit (that typically is 56/64 Kbps, DS-1 or DS-3).

Transmission of frames between the user sites is on the basis of Permanent Virtual Circuits (PVCs), which are pre-determined paths specifically defined in the Frame Relay routing logic.

The Company will provide a Frame Relay data transport service to Customer, in order to support the communications needs across customer sites. The service meets the following characteristics:

1. Compliance with international standards (ANSI Forum);
2. Access leased lines speed ranging from 64 Kbps to 2 Mbps (For higher speed, ATM can be used instead of Frame Relay (after a technical feasibility study));
3. Physical interfaces V35, X.21 and G703/704;
4. Committed Information Rate ("CIR");

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**SECTION 3 - SERVICE DESCRIPTIONS (CONT'D)**

**3.7 Frame Relay Services (Cont'd)**

**3.7.1 Nature of Services (Cont'd)**

5. Permanent availability of the CIR;
6. Use of the LMIs (Local Management Interface) on DLCIs 0 and 1023;
7. Detection and handling of congestion issues, in compliance with ANSI T1.606 standard;
8. Bi-directional Frame Relay PVCs, with the same CIR in both directions;
9. Asymmetric PVCs;
10. Switched Virtual Circuit; and
11. End-to-end ISDN backup, which shall be activated only in the event of local loop or PVC failure.

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**SECTION 3 - SERVICE DESCRIPTIONS (CONT'D)****3.8 Private Line Service****3.8.1 Nature of Services**

Private Line Service is provided via DS-1 or DS-3 facility. The DS-1 service is a digital transmission facility of 1.544 Mbps with a capacity of up to 24 analog or digital channels. This service supports voice, analog data, digital data and video. The DS-3 service is a digital transmission facility of 44.736 Mbps with a capacity of up to 28 DS-1 channels or 672 voice, analog data, or digital data channels.

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**SECTION 3 - SERVICE DESCRIPTIONS (CONT'D)****3.9 Calling Card Service****3.9.1 Nature of Services**

Calling Card Service is designed for Customers who travel or make long distance calls away from their primary service location. Access to the service is gained by dialing a toll free "800" number plus a seven or eleven digit access code plus the called number. In addition, the Company may pass through and bill Customer-initiated charges made to calling cards billed by local exchange carriers for Customers under the other carriers' names.

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**SECTION 4 - RATES**

**4.1 Long Distance Interexchange Services**

**4.1.1 Switched Interexchange Service**

(a) Recurring Charges

1. IntraLATA Per Minute Rates:

Volume Commitment	Term Commitment		
	Month to Month	One Year	Two Years
10,000 + Minutes of Use	\$0.15	\$0.10	\$0.095

2. InterLATA Per Minute Rates:

Volume Commitment	Term Commitment		
	Month to Month	One Year	Two Years
10,000 + Minutes of Use	\$0.15	\$0.10	\$0.095

(b) Non-Recurring Charges

1. Early Termination Charge

If a Customer terminates service prior to the expiration of the term of the contract, the Customer will be required to pay the early termination charge in accordance with the Customer's contract for service.

2. Third Party Vendor Charges

Customers may also be charged for certain charges incurred by Carrier (at the Customer's instruction) in obtaining services from third party vendors. At the earliest opportunity, the Customer will be advised of the nature of the charges and the estimated amount of the charges.

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**SECTION 4 - RATES (CONT'D)**

**4.1 Long Distance Interexchange Services (Cont'd)**

**4.1.1 Switched Interexchange Service (Cont'd)**

(b) Non-Recurring Charges (Cont'd)

3. Reconnect Fee: \$50 for first two lines.

This charge applies to reconnect service after dial tone has been suspended or service has been disconnected.

**4.1.2 Dedicated Interexchange Service**

(a) Recurring Charges

<b>Term</b>	<b>Per Minute Rates</b>
0-1 Year	\$0.11
2 Years	\$0.105
3 or more Years	\$0.100

(b) Non-recurring Charges

1. Early Termination Charge

If a Customer terminates service prior to the expiration of the term of the contract, the Customer will be required to pay the early termination charge in accordance with the Customer's contract for service.

2. Third Party Vendor Charges

Customers may also be charged for certain charges incurred by Carrier (at the Customer's instruction) in obtaining services from third party vendors. At the earliest opportunity, the Customer will be advised of the nature of the charges and the estimated amount of the charges.

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**SECTION 4 - RATES (CONT'D)**
**4.1 Long Distance Interexchange Services (Cont'd)****4.1.2 Dedicated Interexchange Service (Cont'd)**

## (b) Non-recurring Charges (Cont'd)

3. Reconnect Fee: \$50 for first two lines.

This charge applies to reconnect service after dial tone has been suspended or service has been disconnected.

**4.2 Virtual Private Network Service****4.2.1 Recurring Charges**

- (a) The following per minute rates apply to all virtual private network switched and dedicated calls as specified below:

Service	InterLATA	IntraLATA
On-Net - On-Net	\$0.04	\$0.04
Virtual On Net	\$0.04	\$0.04
On Net - Off Net	\$0.10	\$0.10
Off Net - On Net	\$0.10	\$0.10
Off Net - Off Net	\$0.15	\$0.15

## (b) Other Recurring Charges:

Remote Access	\$0.50 per call
Personal Codes (per account)	\$40 per month
Remote Access per 8XX	\$2 per month

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**SECTION 4 - RATES (CONT'D)**

**4.2 Virtual Private Network Service (Cont'd)**

**4.2.2 Non-recurring Charges**

Set Up Charge	\$10,000
Switched Access Line Group charge (applies to each Company VPN location with switched access)	\$100 per location
Switched overflow	\$50

**4.3 800 Services**

**4.3.1 Recurring Charges**

- (a) A monthly recurring charge applies per assigned toll-free number.  
Monthly Recurring Charge: \$12
- (b) Per Minute Usage Rates:

Volume Commitment	Term Commitment		
	Month to Month	One Year	Two Years
10,000 + Minutes of Use	\$0.15	\$0.10	\$0.095

**4.3.2 Non-recurring Charges**

- (a) Area Code Blocking: \$150

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**SECTION 4 - RATES (CONT'D)**
**4.4 Frame Relay Services****4.4.1 Recurring and Non-recurring Charges**

<u>Port Increment in Kbps</u>	<u>Monthly Recurring Charge/Port</u>	<u>Install Charge/Port</u>	<u>Change Charge/Port</u>
64	\$190	\$150	\$150
128	\$355	\$250	\$250
192	\$395	\$250	\$250
256	\$420	\$250	\$250
320	\$580	\$250	\$250
384	\$625	\$250	\$250
448	\$720	\$250	\$250
512	\$790	\$250	\$250
576	\$890	\$250	\$250
640	\$940	\$250	\$250
704	\$970	\$250	\$250
768	\$990	\$250	\$250
832	\$1,110	\$250	\$250
896	\$1,180	\$250	\$250
960	\$1,220	\$250	\$250
1020	\$1,265	\$250	\$250
1088	\$1,330	\$250	\$250
1152	\$1,370	\$250	\$250
1216	\$1,410	\$250	\$250
1280	\$1,450	\$250	\$250
1344	\$1,500	\$250	\$250
1408	\$1,530	\$250	\$250
1472	\$1,560	\$250	\$250
1536	\$1,595	\$250	\$250
45000	\$3,190	\$500	\$500

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**SECTION 4 - RATES (CONT'D)**

**4.4 Frame Relay Services (Cont'd)**

**4.4.1 Recurring and Non-recurring Charges (Cont'd)**

**Permanent Virtual Circuits\***

<u>QoS</u>	<u>MRC per 8K Simplex of CIR</u>	<u>Install/Change Fees/PVC</u>
VFR rt	\$8	\$25
VFR nrt	\$6	\$25
UFR	\$4	\$25

**Switched Virtual Circuits\*\***

<u>QoS</u>	<u>Per megabyte (MB) of traffic under CIR</u>	<u>Per megabyte (MB) of DE traffic</u>
VFR nrt	\$0.04	\$0.03

Gateway Connection

Customer's must subscribe to access to a particular Gateway Connection on a monthly basis in capacity increments (available in n x 64 or n x 56 increments up to DS-1 capacity) equal to or in excess of the sum of all simplex CIRs on all customer PVCs connecting to such Gateway Connection ("Total Gateway CIR"). PVC charges are additional as set forth below:

\* Charges apply to each PVC between: (1) two customer Ports; (2) Customer Port and Gateway Connection; and (3) two distinct Gateway Connections.

\*\* Metered charges are for MB of payload transmitted and accepted at ingress.

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**SECTION 4 - RATES (CONT'D)****4.4 Frame Relay Services (Cont'd)****4.4.1 Recurring and Non-recurring Charges (Cont'd)**

<u>Total Gateway CIR in Kbps</u>	<u>Recurring Charge/Port</u>	<u>Total Gateway CIR in Kbps</u>	<u>Recurring Charge/Port</u>
64	\$150	896	\$1,955
128	\$295	960	\$2,090
192	\$435	1020	\$2,220
256	\$570	1088	\$2,345
320	\$715	1152	\$2,465
384	\$855	1216	\$2,580
448	\$990	1280	\$2,725
512	\$1,120	1344	\$2,865
576	\$1,265	1408	\$3,000
640	\$1,405	1472	\$3,130
704	\$1,540	1536*	\$3,255
768	\$1,670	above 1536*	ICB
832	\$1,815		

	<u>Monthly Recurring</u>	<u>Install Fees</u>	<u>Change Fees</u>
Automatic Reconfiguration**	\$250	\$250	\$250
Authority	\$1,000	\$2,000	\$500

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\* Install Charge of \$500 applies for each DS-1 level (1536 Kbps) or fraction thereof of Total Gateway CIR.

\*\* Per disaster recovery site.

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**SECTION 4 - RATES (CONT'D)**

**4.5 Private Line Service**

**4.5.1 Recurring and Nonrecurring Charges**

(a) DS-1 Transport Rates

Minimum Monthly Revenue Commitment: \$500

1. Recurring

Channel Mileage - Monthly Recurring Charge per DS0 Mile: \$0.20

2. Non-Recurring

Installation: \$1,000

Cancellation prior to install: \$200

Cancellation during install, prior to acceptance: \$600

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**SECTION 4 - RATES (CONT'D)**

**4.5 Private Line Service (Cont'd)**

**4.5.1 Recurring and Nonrecurring Charges (Cont'd)**

(b) DS-2 Transport Rates

Minimum Monthly Revenue Commitment: \$4,000

1. Recurring

Channel Mileage - Monthly Recurring Charge per DS0 Mile: \$0.08

2. Non-Recurring

Installation: \$4,000

Cancellation prior to install: \$200

Cancellation during install, prior to acceptance: \$600

(c) OC-3 Transport Rates

Minimum Monthly Revenue Commitment: \$100,000

1. Recurring

Channel Mileage - Monthly Recurring Charge per DS0 Mile: \$0.014

2. Non-Recurring

Installation: \$10,000

Cancellation prior to install: \$300

Cancellation during install, prior to acceptance: \$1,200

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Issued: \_\_\_\_\_, 2003

Effective: \_\_\_\_\_, 2003

By: Jean-Sebastien Falisse  
Treasurer  
France Telecom Corporate Solutions L.L.C.  
2300 Corporate Park Drive  
Mailstop SPO606  
Herndon, VA 20171

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**SECTION 4 - RATES (CONT'D)**

**4.5 Private Line Service (Cont'd)**

**4.5.1 Recurring and Nonrecurring Charges (Cont'd)**

(d) OC-12 Transport Rates

Minimum Monthly Revenue Commitment: \$100,000

1. Recurring

Channel Mileage - Monthly Recurring Charge per DS0 Mile: \$0.018

2. Non-Recurring

Installation: \$20,000

Cancellation prior to install: \$300

Cancellation during install, prior to acceptance: \$1,200

(e) OC-48 Transport Rates

Minimum Monthly Revenue Commitment: \$100,000

1. Recurring

Channel Mileage - Monthly Recurring Charge per DS0 Mile: \$0.016

2. Non-Recurring

Installation: \$30,000

Cancellation prior to install: \$300

Cancellation during install, prior to acceptance: \$1,200

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Herndon, VA 20171

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**SECTION 4 - RATES (CONT'D)**

**4.6 Calling Card Services**

**4.6.1 Recurring Charges**

Per minute rate: \$0.25

Monthly advanced features charge: \$5 (per feature)

Surcharge: \$0.80 per call

Monthly Account Maintenance Charge: \$.50

**4.6.2 Non-recurring Charges**

Advanced features set up charge: \$10 (per feature)

Pay Telephone Surcharge: \$.30 per each call originated from a pay telephone.

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Herndon, VA 20171



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**SECTION 5 - SPECIAL PROMOTIONAL OFFERINGS**

**5.1 General**

From time to time FTCS shall, at its option, promote subscription or stimulate network usage by offering to waive some or all of the nonrecurring or recurring charges for the Customer (if eligible) of target services for a limited duration. Such promotions shall be made available to all similarly situated Customers in the target market area(s).

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Mailstop SPO606  
Herndon, VA 20171

# **EXHIBIT K**

## **APPLICANT MARKETING PLAN**

Applicant does not intend to directly solicit customers located in the state for intrastate telecommunications services only. Intrastate services are only available to those customers which have entered into interstate and international telecommunications services agreement with the Applicant. Where customers are interested in "one stop shopping," customers may also choose to have the Applicant provide intrastate services to the customer as well. Intrastate services, which will be done on a purely resale basis, is offered mainly for the convenience of the customer.

All customer agreements will be in writing, and no telemarketers will be used to solicit customers. Applicant does not intend to offer residential intraexchange or interexchange telecommunications services.

**EXHIBIT L**



**Invoice**

France Telecom Corporate Solutions, LLC  
 1717 K Street, N.W., Suite 507  
 Washington, DC 20036

Billing Information: Customer Number:

Customer:

Contact Name: (TBD)  
 Contact Phone: (TBD)

(Name)  
 (Street Address)  
 (City, State, Zipcode)

Invoice Number:  
 Invoice Date:

To be paid before: (TBD) (Amounts in USD)

- Fixed Voice Services
- Fixed Voice Services - Usage
- Mobile Voice Services
- Mobile Voice Services - Usage
- Paging Services
- Call Center Services
- Call Center Services - Usage
- Videoconference service
- Videoconference Services - Usage
- Audioconference services
- Audioconference Services - Usage
- Local telephony services
- Local mobile telephony services
- Local Videoconference services
- LAN services
- Frame Relay services
- Frame Relay services - shadow
- Frame Relay services - access
- Router services
- Internet services - access
- Internet services - security
- Web Hosting services
- Remote Access services
- (Other services as needed)

**Total Amount due in USD (Exclusive of Taxes) 0**

Tax detail

Total Taxes 0

**Amount to be paid 0**

**Please remit payment to:**

**France Telecom Corporate Solutions LLC** by wire transfer to its bank

Societe Generale, 1221 Avenue of the Americas, NY, NY 10020, Bank No. ABA 026004226, Account No. 182990

(Lockbox mailing information can be input here if required)

**EXHIBIT M**

## **Applicant Procedures to Prevent Slamming/Cramming**

With respect to any regulated telecommunications service to be provided by the Applicant, the company will comply with both Federal Communications Commission ("FCC") regulations, and state law regarding how carriers may change a customer's primary local exchange and/or interexchange carrier.

Applicant will work directly with customers to advise them of the service, the price of the service and any optional features that may be available. Applicant requires customers to sign a service agreement prior to the initiation of service. Applicant does not solicit customers using telemarketing representatives.

7504

CITIBANK S.B.  
P.O. BOX 19748  
WASHINGTON, D.C.

15-2011  
2540

**COUDERT BROTHERS LLP**  
ATTORNEY STAND COUNSEL OFS AT LAW  
1627 I STREET N.W., SUITE 1200  
WASHINGTON, D.C. 20006

SOUTH02

12/03/03

PAY TWO HUNDRED FIFTY AND 00/100 DOLLARS

\$ \*\*\*\*\*250.00

TO THE ORDER OF  
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION  
CAPITOL BUILDING, 1ST FLOOR  
500 EAST CAPITOL AVENUE  
PIERRE, SD 57501-5070

*David S. Coudert*  
AUTHORIZED SIGNATURE

(TWO SIGNATURES REQUIRED IF OVER \$2,000.00)

⑆ 250.00 ⑆ 2540 70 1188 ⑆ 1511 834 211



**South Dakota Public Utilities Commission**  
**WEEKLY FILINGS**

**For the Period of December 4 through December 10, 2003**

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 report. Phone: 605-773-3201

**CONSUMER COMPLAINTS**

**CT03-158**     **In the Matter of the Complaint filed by Perry and Candice Hoffman, Bowdle, South Dakota, against S&S Communications/Alterna-Cell Regarding Loss of Long Distance Services.**

Complainants presented documents indicating that they hold a seven-year prepaid long distance service plan that was signed on April 5, 1999. As service was terminated without notice in early June of 2003, Complainants seek to be reimbursed for the prepaid service not provided.

Staff Analyst: Jim Mehlhaff  
Staff Attorney: Kelly Frazier  
Date Docketed: 12/04/03  
Intervention deadline: N/A

**TELECOMMUNICATIONS**

**TC03-195**     **In the Matter of the Application of Touchtone Communications, Inc. for a Certificate of Authority to Provide Interexchange Telecommunications Services in South Dakota.**

Touchtone Communications, Inc. filed an application seeking a Certificate of Authority to provide interexchange telecommunications services in South Dakota. The Applicant is a reseller which intends to offer interexchange services, including 1+ and 101XXXX outbound dialing, 800/888 toll-free inbound dialing, directory assistance, data services and travel card services.

Staff Analyst: Keith Senger  
Staff Attorney: Kelly Frazier  
Date Docketed: 12/04/03  
Intervention Deadline: 12/26/03

**TC03-196**     **In the Matter of the Application of France Telecom Corporate Solutions L.L.C. for a Certificate of Authority to Provide Interexchange Telecommunications Services and Local Exchange Services in South Dakota.**

On December 5, 2003, France Telecom Corporate Solutions L.L.C. filed an application for a Certificate of Authority to provide resold local exchange and interexchange telecommunications services in South Dakota. The applicant intends to provide local exchange and interexchange services to business customers throughout South Dakota, except in those areas served by a rural telephone company.

Staff Analyst: Michele Farris  
Staff Attorney: Karen Cremer  
Date Docketed: 12/05/03  
Intervention Deadline: 12/26/03

**TC03-197 In the Matter of the Filing for Approval of an Amendment to a Paging Connection Agreement between Qwest Corporation and Arch Wireless Operating Company, Inc.**

On December 8, 2003, the Commission received a filing for approval of an Amendment to a Paging Connection Agreement between Qwest Corporation (Qwest) and Arch Wireless Operating Company, Inc. (Arch). According to the parties, the Agreement is amended to state (in Section 11.2) that the initial term of the Agreement shall expire on June 30, 2005. The original agreement was approved by the Commission in Docket TC00-108 on September 29, 2000. 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 December 29, 2003. 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: 12/08/03  
Initial Comments Due: 12/29/03

**You may receive this listing and other PUC publications via our website or via internet e-mail.  
You may subscribe or unsubscribe to the PUC mailing lists at <http://www.state.sd.us/puc>**

# COUDERT BROTHERS LLP

ATTORNEYS AT LAW

1627 I STREET, N.W.  
WASHINGTON, D.C. 20006-4007  
TEL: (202) 775-5100  
FAX: (202) 775-1168  
WWW.COUDERT.COM

## BY FEDERAL EXPRESS

February 13, 2004

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

Re: France Telecom Corporate Solutions L.L.C.; Amendment  
to Application for a Certificate of Authority; Docket No. TC03-196

Dear Ms. Farris:

On behalf of France Telecom Corporate Solutions L.L.C. ("FTCS"), enclosed for filing please find an original plus two (2) copies of its Amendment to Application for a Certificate of Authority in Docket No. TC03-196. For your convenience, the following Amendment refers to the numbers indicated in your letter of January 5, 2004 to William K. Coulter.

- (1) Please note that FTCS does not collect advanced payments or deposits for services. FTCS bills for services in arrears. FTCS hereby requests a waiver of ARSD 20:20:24:02(8) and 20:10:32:03(11). FTCS understands that the Commission may limit FTCS' authority to provide certain types of services, including prepaid services. Further, because FTCS does not collect any advance payments/deposits, the bond posting requirement does not apply to FTCS.
- (2) FTCS has removed the 30 days written notice requirement from both its CLEC price list and its IXC tariff. Attached as Exhibit A please find a revised proposed S.D. P.U.C. Price List No. 1, Original Page 19 and S.D. P.U.C. Tariff No. 1, Original Page 22.
- (3) FTCS has revised the "Disputed Bills" section of its Price List and Tariff. Attached as Exhibit B please find a revised proposed S.D. P.U.C. Price List No. 1, Original Page 22 and S.D. P.U.C. Tariff No. 1, Original Page 25.

**NORTH AMERICA**  
LOS ANGELES, NEW YORK, PALO ALTO,  
SAN FRANCISCO, WASHINGTON

**EUROPE**  
ANTWERP, BERLIN, BRUSSELS, FRANKFURT,  
GHENT, LONDON, MILAN, MOSCOW, MUNICH,  
PARIS, ROME, ST. PETERSBURG, STOCKHOLM

**ASIA/PACIFIC**  
ALMATY, BANGKOK, BEIJING, HONG KONG,  
JAKARTA, SINGAPORE, SYDNEY, TOKYO

**ASSOCIATED OFFICES**  
BUDAPEST, MEXICO CITY, PRAGUE, SHANGHAI

**RECEIVED**

**FEB 17 2004**

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

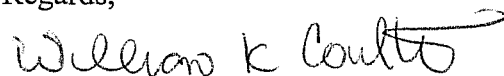
Page 2 of 2

- (4) FTCS has included the TTY number in both its proposed Price List No. 1 and Tariff No. 1. See Exhibit B.
- (5) FTCS revised Section 2.1.2.a of its proposed Price List No. 1 and 2.6.1 of its proposed Tariff No. 1 as requested. Attached as Exhibit C please find a revised proposed S.D. P.U.C. Price List No. 1, Original Page 9 and S.D. P.U.C. Tariff No. 1, Original Page 17.
- (6) FTCS revised Section 2.1.2.b of its proposed Price List No. 1 and 2.6.2 of its proposed Tariff No. 1 as requested. Attached as Exhibit D please find a revised proposed S.D. P.U.C. Price List No. 1, Original Page 10. See Exhibit C for S.D. P.U.C. Tariff No. 1, Original Page 17.
- (7) FTCS revised Section 2.1.2 m of its proposed Price List No. 1 and 2.6.13 of its proposed Tariff No. 1. Attached as Exhibit E please find a revised proposed S.D. P.U.C. Price List No. 1, Original Page 13 and S.D. P.U.C. Tariff No. 1, Original Page 21.

Please file-stamp and return the extra copy of each filing in the pre-addressed, stamped envelope provided for this purpose.

Kindly direct any questions concerning this filing to the undersigned.

Regards,



William K. Coulter  
Counsel for France Telecom  
Corporate Solutions, L.L.C.

Exhibits

# **EXHIBIT A**

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SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)

2.3 PAYMENT FOR SERVICE RENDERED (CONT'D)

2.3.1 Application for Service (Cont'd)

b. Cancellation of Application for Service:

Where installation of Service has been started prior to the cancellation of an application for Service, a cancellation charge equal to the costs incurred by the Company may apply.

c. Cancellation of Service:

The Customer may have service discontinued upon notice to the Company. The Company shall hold the Customer responsible for payment of all bills for service furnished until the cancellation date specified by the Customer or until the date that the cancellation notice is received, whichever is later.

d. Applicants for Residential Service provided by Company must be given information on the Universal Lifeline program and its availability. Residential Service is not offered by Company at this time.

2.3.2 Deposits

a. Company does not collect Deposits or advanced payments from Customers at this time.

---

Issued: \_\_\_\_\_, 2003

Effective: \_\_\_\_\_, 2003

Issued by: Jean-Sebastien Falisse, Treasurer  
France Telecom Corporate Solutions L.L.C.  
2300 Corporate Park Drive, Mailstop SPO606  
Herndon, VA 20171

---

**SECTION 2 - RULES AND REGULATIONS (CONT'D)**

**2.7 Billing and Payment for Service (Cont'd)**

**2.7.3 Cancellation of Service:**

- (a) The Customer may have service discontinued upon notice to the Company. The Company shall hold the Customer responsible for payment of all bills for service furnished until the cancellation date specified by the Customer or until the date that the cancellation notice is received, whichever is later.

**2.7.4 Deposits**

The Company does not collect deposits or prepayments from Customers at this time.

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Issued: \_\_\_\_\_, 2003

Effective: \_\_\_\_\_, 2003

By: Jean-Sebastien Falisse  
Treasurer  
France Telecom Corporate Solutions L.L.C.  
2300 Corporate Park Drive  
Mailstop SPO606  
Herndon, VA 20171

# **EXHIBIT B**



SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)

2.3 PAYMENT FOR SERVICE RENDERED (CONT'D)

2.3.5 Customer Overpayments (Cont'd)

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

2.3.6 Disputed Bills

In the event that a billing dispute occurs concerning any charges billed to the Customer by the Company, the Customer must submit a written documented claim for the disputed amount. The Customer must submit all documentation as may reasonably be required to support the claim. All claims must be submitted to the Company within 180 days of receipt of billing for those services. If the Customer does not submit a claim as stated above, the Customer waives all rights to filing a claim thereafter.

Unless disputed, the invoice shall be deemed to be correct and payable in full by Customer. If the Customer is unable to resolve any dispute with the Company, then Customer may file a complaint with the South Dakota Public Utilities Commission, Capitol Building, 1st floor, 500 East Capitol Avenue, Pierre, SD 57501-5070, Tel: 800-332-1782, TTY through Relay Service South Dakota (800) 877-1113.

If the dispute is resolved in favor of the Customer, no interest credits or penalties will apply.

Issued: \_\_\_\_\_, 2003

Effective: \_\_\_\_\_, 2003

Issued by: Jean-Sebastien Falisse, Treasurer  
France Telecom Corporate Solutions L.L.C.  
2300 Corporate Park Drive, Mailstop SPO606  
Herndon, VA 20171

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)**

**2.7 Billing and Payment for Service (Cont'd)**

**2.7.8 Disputed Bills**

- (a) In the event that a billing dispute occurs concerning any charges billed to the Customer by the Company, the Customer must submit a written documented claim for the disputed amount. The Customer must submit all documentation as may reasonably be required to support the claim. All claims must be submitted to the Company within 180 days of receipt of billing for those services. If the Customer does not submit a claim as stated above, the Customer waives all rights to filing a claim thereafter.
- (b) Unless disputed, the invoice shall be deemed to be correct and payable in full by Customer. If the Customer is unable to resolve any dispute with the Company, then Customer may file a complaint with the South Dakota Public Utilities Commission, Capitol Building, 1st floor, 500 East Capitol Avenue, Pierre, SD 57501-5070, Tel: 800-332-1782, TTY through Relay Service South Dakota (800) 877-1113.
- (c) If the dispute is resolved in favor of the Customer, no interest credits or penalties will apply.

---

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Effective: \_\_\_\_\_, 2003

By: Jean-Sebastien Falisse  
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Herndon, VA 20171

# **EXHIBIT C**

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SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)

2.1 USE OF FACILITIES AND SERVICE (CONT'D)

2.1.1 Limitation of Service, Equipment or Facilities (Cont'd)

- h. FTCS reserves the right to refuse to provide service to or from any location where it has not ordered access facilities, installed network interconnections, or the necessary facilities and/or equipment are not available, acceptable, or justifiable. FTCS also reserves the right to make changes to equipment, service components, and/or network configurations as may be required.
- i. The provision of service will not create a partnership or joint venture between FTCS and the Customer nor result in joint service offerings to their respective authorized users.
- j. Use of Service Mark
  - 1. No Customer shall use any service mark or trademark of the Company or refer to Company in connection with any product, equipment promotion, or publication of the Customer without the prior written consent of the Company.

2.1.2 Limitations on Liability

- a. The liability of FTCS for damages of any nature arising from errors, mistakes, omissions, interruptions, or delays of FTCS, its agents, servants, or employees, in the course of establishing, furnishing, rearranging, moving, terminating, maintaining, restoring, or changing the service or facilities shall be determined by the Commission or a court of competent jurisdiction in accordance with SDCL 49-13-1, 49-13-1.1.

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Issued: \_\_\_\_\_, 2003

Effective: \_\_\_\_\_, 2003

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France Telecom Corporate Solutions L.L.C.  
2300 Corporate Park Drive, Mailstop SPO606  
Herndon, VA 20171

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.6 Liability**

- 2.6.1** The liability of FTCS for damages of any nature arising from errors, mistakes, omissions, interruptions, or delays of FTCS, its agents, servants, or employees, in the course of establishing, furnishing, rearranging, moving, terminating, maintaining, restoring, or changing the service or facilities shall be determined by the Commission or a court of competent jurisdiction in accordance with SDCL 49-13-1, 49-13-1.1.
- 2.6.2** In no event shall FTCS or any of its affiliates be liable to Customer, its customers or any of their affiliates under this Tariff for any loss of profit or revenue or for any incidental, consequential, indirect, punitive or similar or additional damages incurred or suffered as a result of incorrect or defective transmissions, or any direct or indirect consequences thereof, while using the Services, performance, non-performance, termination, breach, or other action or inaction, on the part of FTCS, under this Tariff, even if Customer advises FTCS of the foreseeability, possibility, likelihood, probability or certainty of such loss or damage unless otherwise determined by the Commission or a court of competent jurisdiction in accordance with SDCL 49-13-1, 49-13-1.1.
- 2.6.3** When the services or facilities of other entities are used separately or in conjunction with FTCS's facilities or equipment in establishing connection to points not reached by FTCS's facilities or equipment, FTCS shall not be liable for any act or omission of such other entities or their agents, servants or employees. FTCS shall not be liable for any act or omission of vendors supplying equipment to Customer nor for claims regarding the performance of such vendor supplied equipment.

Issued: \_\_\_\_\_, 2003

Effective: \_\_\_\_\_, 2003

By: Jean-Sebastien Falisse  
Treasurer  
France Telecom Corporate Solutions L.L.C.  
2300 Corporate Park Drive  
Mailstop SPO606  
Herndon, VA 20171

## **EXHIBIT D**

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**SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)****2.1 USE OF FACILITIES AND SERVICE (CONT'D)****2.1.2 Limitations on Liability (Cont'd)**

- b. In no event shall FTCS or any of its affiliates be liable to Customer, its customers or any of their affiliates under this Price List for any loss of profit or revenue or for any incidental, consequential, indirect, punitive or similar or additional damages incurred or suffered as a result of incorrect or defective transmissions, or any direct or indirect consequences thereof, while using the Services, performance, non-performance, termination, breach, or other action or inaction, on the part of FTCS, under this Price List, even if Customer advises FTCS of the foreseeability, possibility, likelihood, probability or certainty of such loss or damage unless otherwise determined by the Commission or a court of competent jurisdiction in accordance with SDCL 49-13-1, 49-13-1.1.
- c. When the services or facilities of other entities are used separately or in conjunction with FTCS's facilities or equipment in establishing connection to points not reached by FTCS's facilities or equipment, FTCS shall not be liable for any act or omission of such other entities or their agents, servants or employees. FTCS shall not be liable for any act or omission of vendors supplying equipment to Customer nor for claims regarding the performance of such vendor supplied equipment.
- d. FTCS shall not be liable for any failure of performance hereunder if such failure is due to any cause or causes beyond its reasonable control as determined by FTCS. Such causes shall include, without limitation, acts of God, fire, explosion, vandalism, cable cut, storm or other similar occurrence, any law, order, regulation, direction, action or request of the United States government or of any other government or of any civil or military authority, national emergencies, insurrections, riots, wars, strikes, lockouts or work stoppages or other labor difficulties, supplier failures, shortages, breaches or delays, unavailability of rights-of-way or materials, or preemption of existing service to restore service in compliance with the decisions, rules, regulations and orders of the Commission or any other federal, international, state, or local governmental agency or authority.

Issued: \_\_\_\_\_, 2003

Effective: \_\_\_\_\_, 2003

Issued by: Jean-Sebastien Falisse, Treasurer  
France Telecom Corporate Solutions L.L.C.  
2300 Corporate Park Drive, Mailstop SPO606  
Herndon, VA 20171

# **EXHIBIT E**



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SECTION 2 - GENERAL RULES AND REGULATIONS (CONT'D)

2.1 USE OF FACILITIES AND SERVICE (CONT'D)

2.1.2 Limitations on Liability (Cont'd)

1. The Customer and any authorized or joint users, jointly and severally, shall indemnify and hold the Company harmless from claims, loss, damage, expense (including attorney's fees and court costs), or liability for patent infringement arising from (1) combining with, or using in connection with facilities the Company furnished, facilities the Customer, Authorized User, or joint user furnished, or (2) use of facilities the Company furnished in a manner the Company did not contemplate and over which the Company exercises no control and from all other claims, loss, damage, expense (including attorneys' fees and court costs), or (3) liability arising out of any commission or omission by the Customer, Authorized User, or joint user in connection with the Service. In the event that any such infringing use is enjoined, the Customer, Authorized User, or joint user, at its option and expense, shall obtain immediately a dismissal or stay of such injunction, obtain a license or other agreement so as to extinguish the claim of infringement, terminate the claimed infringing use, or modify such combination so as to avoid any such infringement. In addition and without limitation, the Customer, Authorized User, or joint user, shall defend, on behalf of the Company and upon request by the Company, any suit brought or claim asserted against the Company for any such slander, libel, infringement, or other claims.
  
- m. The Company provides customers with access to emergency services such as 911 or enhanced 911 through its underlying facilities-based carriers. Company shall not be liable for any act or omission committed by its underlying carriers to any person who may be affected by the dialing of the digits "9 1 1".

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Issued: \_\_\_\_\_, 2003

Effective: \_\_\_\_\_, 2003

Issued by: Jean-Sebastien Falisse, Treasurer  
France Telecom Corporate Solutions L.L.C.  
2300 Corporate Park Drive, Mailstop SPO606  
Herndon, VA 20171

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**SECTION 2 - RULES AND REGULATIONS (CONT'D)****2.6 Liability (Cont'd)**

- 2.6.13** The Company provides Customers with access to emergency services such as 911 or enhanced 911 through its underlying facilities-based carriers. Company shall not be liable for any act or omission committed by its underlying carriers to any person who may be affected by the dialing of the digits "9 1 1".

**2.7 Billing and Payment for Service****2.7.1 Application for Service**

- (a) Customers desiring to obtain Service must complete service application forms provided by Company. Company may require Customers or potential customers to provide information pertaining to their ability to pay for Service. Company may deny Service to Customers or potential customers which do not provide the requested information or who fail to meet Company's financial criteria. Only Customers which have subscribed to Company's interstate and international services pursuant to an agreement with the Company are eligible to apply for the service offerings contained in this Tariff.

**2.7.2 Cancellation of Application for Service:**

- (a) Where installation of Service has been started prior to the cancellation of an application for Service, a cancellation charge equal to the costs incurred by the Company may apply.

---

Issued: \_\_\_\_\_, 2003

Effective: \_\_\_\_\_, 2003

By: Jean-Sebastien Falisse  
Treasurer  
France Telecom Corporate Solutions L.L.C.  
2300 Corporate Park Drive  
Mailstop SPO606  
Herndon, VA 20171

**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>FRANCE TELECOM CORPORATE )</b>	<b>CERTIFICATE OF</b>
<b>SOLUTIONS, L.L.C. FOR A CERTIFICATE OF )</b>	<b>AUTHORITY</b>
<b>AUTHORITY TO PROVIDE INTEREXCHANGE )</b>	
<b>TELECOMMUNICATIONS SERVICES AND )</b>	<b>TC03-196</b>
<b>LOCAL EXCHANGE SERVICES IN SOUTH )</b>	
<b>DAKOTA</b>	

On December 5, 2003, the Public Utilities Commission (Commission) received an application for a certificate of authority from France Telecom Corporate Solutions, L.L.C. (FTCS).

FTCS proposes to offer resold local exchange and interexchange telecommunications services within and throughout South Dakota. A proposed tariff was filed by FTCS.

On December 11, 2003, the Commission electronically transmitted notice of the filing and the intervention deadline of December 26, 2003, to interested individuals and entities. No petitions to intervene or comments were filed and at its regularly scheduled March 23, 2004, meeting, the Commission considered FTCS' request for a certificate of authority. Commission Staff recommended granting a certificate of authority, subject to rural safeguards, and subject to the condition that FTCS not offer any prepaid services (including prepaid calling cards) and not accept or require any deposits or advance payments without prior approval of the Commission. Commission Staff further recommended a waiver of ARSD 20:10:24:02(8) and ARSD 20:10:32:03(11).

The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapter 49-31, specifically 49-31-3 and 49-31-69 and ARSD 20:10:24:02, 20:10:24:03 and 20:10:32:03. The Commission finds that FTCS has met the legal requirements established for the granting of a certificate of authority. FTCS has, in accordance with SDCL 49-31-3 and 49-31-71, demonstrated sufficient technical, financial and managerial capabilities to offer telecommunications services in South Dakota. Further, the Commission finds that there is good cause to waive subparagraph (8) of ARSD 20:10:24:02 and subparagraph (11) of ARSD 20:10:32:03.

The Commission approves FTCS' application for a certificate of authority, subject to rural safeguards, and subject to the condition that FTCS not offer any prepaid services (including prepaid calling cards) and not accept or require any deposits or advance payments without prior approval of the Commission. The certificate of authority for FTCS shall authorize it to offer local exchange services in South Dakota, except in those areas served by a rural telephone company. In the future, should FTCS choose to provide local exchange services statewide, with respect to rural telephone companies, FTCS will have to come before the Commission in another proceeding before being able to provide local

service in that rural service area pursuant to 47 U.S.C. § 253(f) which allows the Commission to require a company that seeks to provide service in a rural service area to meet the requirements in 47 U.S.C. § 214(e)(1) for designation as an eligible telecommunications carrier. In addition, the granting of statewide certification will not affect the exemptions, suspensions, and modifications for rural telephone companies found in 47 U.S.C. § 251(f). It is therefore

ORDERED, that FTCS' application for a certificate of authority to provide interexchange telecommunications services and local exchange services is granted, subject to the condition that FTCS not offer any prepaid services (including prepaid calling cards) and not accept or require any deposits or advance payments without prior approval of the Commission; and it is

FURTHER ORDERED, that FTCS shall file informational copies of tariff changes with the Commission as the changes occur; and it is

FURTHER ORDERED, that the Commission shall authorize FTCS to offer its local exchange services in South Dakota, except in those areas served by a rural telephone company; and it is

FURTHER ORDERED, that the Commission waives subparagraph (8) of ARSD 20:10:24:02 and subparagraph (11) of ARSD 20:10:32:03.

Dated at Pierre, South Dakota, this 5<sup>th</sup> day of April, 2004.

CERTIFICATE OF SERVICE	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By:	<u>Melaine Kolbo</u>
Date:	<u>4/6/04</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

Robert K. Sahr  
ROBERT K. SAHR, Chairman *RS*

Gary Hanson  
GARY HANSON, Commissioner

# SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

## *CERTIFICATE OF AUTHORITY*

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

Authority was Granted as of the date of the  
Order Granting Certificate of Authority  
Docket No. TC03-196

*This is to certify that*

**FRANCE TELECOM CORPORATE SOLUTIONS, L.L.C.**

is authorized to provide interexchange telecommunications services, including local exchange services in nonrural areas in South Dakota, subject to the condition that it not offer any prepaid services (including prepaid calling cards) and not accept or require any deposits or advance payments without prior approval of the Commission.

This certificate is issued in accordance with SDCL 49-31-3 and 49-31-69 and ARSD 20:10:24:02 and 20:10:32:03, and is subject to all of the conditions and limitations contained in the rules and statutes governing its conduct of offering telecommunications services.

Dated at Pierre, South Dakota, this 5<sup>th</sup> day of April, 2004.



**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION:**



ROBERT K. SAHR, Chairman



GARY HANSON, Commissioner