TC97-038

CH/DJ

TC97-038

DOCKET NO.

In the Matter of IN THE MATTER OF THE APPLICATION OF LDM SYSTEMS, INC. FOR A CERTIFICATE OF AUTHORITY TO PROVIDE LOCAL EXCHANGE SERVICES IN SOUTH DAKOTA

Public Utilities Commission of the State of South Dakota

DATE		MEMORANDA
4/14	97	Filed and Docketed;
4/17	97	TC Fax Filing;
4/29	97	Petition to Intervene by SDITC;
5/12	97	Withdrawal of Petition to Intervene by SDITC;
9/17	97	Order Granting Amended COA;
9/17	97	Docket Closed.

TC97-038

EARLY, LENNON, PETERS & CROCKER, P.C.

ATTORNEYS AT LAW

900 COMERICA BUILDING
KALAMAZOO, MICHIGAN 49007-4752
TELEPHONE (616) 381-8844
FAX (616) 349-8525

GEORGE H. LENNON
JOHN T. PETERS, JR.
DAVID G. CROCKER
HAROLD E. FISCHER, JR.
LAWRENCE M. BRENTON
GORDON C. MILLER

BLAKE C. CROCKER
ROBERT M. TAYLOR
CORENNE L. WRIGHT
PATRICK D. CROCKER
ANDREW J. VORBRICH

OF COUNSEL
VINCENT T. EARLY
HON. C.H. MULLEN
THOMPSON BENNETT

JOSEPH J. BURGIE
(1926-1992)

April 11, 1997

Mr. Marshall Damgaard
Executive Director
South Dakota Public Utilities Commission
State Capitol
Pierre, South Dakota 57501-5070

RECEIVED
APR 14 1997
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

Re: LDM SYSTEMS, INC.

Dear Mr. Damgaard:

Enclosed for filing with the Commission please find an original and ten (10) copies of the above captioned corporation's APPLICATION FOR AUTHORITY TO PROVIDE LOCAL EXCHANGE RESALE SERVICES WITHIN THE STATE OF SOUTH DAKOTA, along with a check in the amount of $250.00 to cover filing fees relating to same.

Also enclosed is an exact duplicate of this letter. Please date-stamp the duplicate and return same to me in the enclosed postage pre-paid, addressed envelope.

Should you have any questions concerning this filing, please contact me.

Very truly yours,

EARLY, LENNON, PETERS & CROCKER, P.C.

Patrick D. Crocker

PDC/ldt

TC97-038

BEFORE THE
PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

RECEIVED

APR 14 1997

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

In the of the Application of	)	
	)	
LDM Systems Inc.	)	
	)	Docket No.
For a Certificate of Authority to Provide	)	
Resold Local Exchange Services	)	

APPLICATION FOR AUTHORITY TO PROVIDE
LOCAL EXCHANGE RESALE SERVICES

I. INTRODUCTION

Pursuant to S.D.C.L. § 49-31.3 and the Federal Telecommunications Act of 1996 ("Federal Act" or "Act"), Pub.L. No. 104-104, 100 Stat. 56 (1996) LDM Systems Inc. ("Applicant") respectfully seeks to amend its Certificate of Public Convenience and Necessity to permit it to provide resold local exchange services in the State of South Dakota.

The recently enacted Telecommunication Act of 1996 presents this Commission with the unique opportunity to expand upon existing pro-competitive telecommunications policies to ensure that all consumers--residential and business--will have access to high quality, low-cost, and innovative telecommunications services. The Federal Act was adopted to promote competition and reduce regulation in order to secure lower prices and higher quality telecommunications services for the American populace.

In accordance with these goals, Congress included provisions in the Federal Act designed to facilitate increased competition in all aspects of the local exchange market. Section 253 of the Act prohibits states from imposing any requirements that would constitute any barriers to entry into the local exchange market. The Federal Act also imposes several requirements on the incumbent local exchange carriers ("LECs") to assist new entrants in the market. Specifically, the Federal Act prohibits all LECs from imposing unreasonable or discriminatory conditions or limitations on the resale of telecommunications services. 47 U.S.C. § 251(b)(1). Incumbent LECs also must enter reciprocal compensation arrangements for the origination and termination of telecommunications services. 47 U.S.C. §§ 251, 252. Finally, incumbent LECs are required to offer for resale at wholesale rates (based on retail prices minus avoided costs), any telecommunications services that the carrier provides to subscribers who are not telecommunications carriers. Id. Applicant seeks authority from the Commission to provide local exchange services as soon as these rates are available.

The Federal Act's prohibition against barriers to entry clearly contemplates that the State will not impose any requirement that are more burdensome than necessary. In light of Applicant's extensive experience in providing telecommunications services in the State and its intent to provide nonfacilities-based services only, Applicant requests that a Certificate be granted without hearing or any other formal proceeding that would delay its expansion into the local resale market.

The approval of this Application will further the purposes of the Federal Telecommunications Act of 1996 as well as S.D.C.L. § 49-31.3. Accordingly, Applicant requests that the Commission amend its Certificate of Authority to provide resold local exchange services.

In support thereof, Applicant provides the following information:

II. QUALIFICATIONS

1. Applicant's legal name is LDM Systems Inc. Applicant maintains its principal place of business at:

LDM Systems Inc.
254 S. Main Street
New City, New York 10956
(Tel) 800-547-0090
(Fax) 914-638-0430

2. Correspondence or communications pertaining to this application should be directed to Applicant's attorney:

Patrick D. Crocker
Early, Lennon, Peters & Crocker P.C.
900 Commercia Building
Kalamazoo, MI 49007
(Tel) 616-381-8844
(Fax) 616-349-8525

3. Questions concerning the ongoing operations of Applicant following certification should be directed to:

Stephen Steiner
Treasurer
254 S. Main Street
New City, New York 10956

4. Applicant is a New York corporation. Applicant is qualified to do business in the State of South Dakota. Applicant is currently registered to provide resold long distance services within the State. See Docket No. TC 95-121. A copy of Applicant's Articles of Incorporation and Certificate of Authority to Transact Business within the State are attached hereto as Exhibit A.

5. Applicant's registered agent in South Dakota is:

Corporation Guarantee and Trust Company
117 E. Capitol
P.O. Box 66
Pierre, South Dakota 57501-0066

6. Applicant intends to provide local exchange service on a resale basis. The specific manner in which Applicant will provide local exchange service depends upon the result of negotiations with the incumbent local exchange carriers currently operating within the State.

7. Applicant is financially qualified to provide resold telecommunications services in the State. In particular, Applicant has access to the financing and capital necessary to conduct

its telecommunications operations as specified in this Application. In support of Applicant's financial ability to provide the proposed service, Applicant attaches most recent statements as Exhibit B.

8. All complaints and billing inquires should be made to Applicant's headquarters in New City, New York. Applicant's customer service organization is available 24 hours per day, seven days per week to receive questions and billing inquires. Customers may contact a Customer Service Representative ("CSR") by calling Applicant's toll-free customer service number or by writing to Applicant. When an inquiry is received, a CSR will research the questions and obtain pertinent information about the customer's account. If needed, CSR will make adjustments to a customer's bill at the time of inquiry. In the event of a billing dispute, each CSR has the authority to make adjustments to a customer's bill up to a specified dollar amount. Any adjustments which exceed this amount are handled by a department supervisor. When an adjustment is made, the customer will see the credit on the subsequent invoice. The contact person responsible for customer complaints is Stephen Steiner. Mr. Steiner may be reached directly at (914) 638-0001. Applicant's toll-free number for customer complaints and inquires is 1-800-547-0090.

9. Applicant is technically qualified to provide resold telecommunications services within the State. Applicant is authorized by registration or certification to provide resold long distance service in every state, excluding Alaska, Hawaii, New Mexico and Maine. Applicant currently provides small business customers with high quality cost effective telecommunications services. The successful provision of resold interexchange service in South Dakota and throughout the country is proof of Applicant's technical qualifications. Descriptions of Applicant's key personnel are attached hereto as Exhibit C.

III. PROPOSED SERVICES

1. Applicant proposes to provide resold local exchange service to subscribers from all points within the State of South Dakota and, therefore, seeks statewide authorization. Specifically, Appiicant seeks authority to resell local exchange service in the existing service areas of US West and any other relevant carriers. Applicant intents to provide all forms of intrastate telecommunications services including: (1) Basic Residential Exchange Services (Local Exchange Falt Rate, Measured Rate Services, operator access, etc.); (2) Residential Custom and Class Features (call waiting, caller ID, call forwarding, etc.); (3) Basic Business Exchange Services; (4) Business Custom Calling and Class Features; (5) Adjunct Provided Features (voice messaging, etc.); and (6) Business and Residential Ancillary Services (911, directory listing, directory assistance,etc.)

2. The Federal Act establishes the framework for incumbent LECs to provide resellers of local exchange service with unbundled service at wholesale rates. 47 U.S.C. §§ 251, 252. These rates must be based on current retail rates minus the avoided costs as prescribed by the Federal Act until such time as commercially viable wholesale rates are available from the incumbent LECs, Applicant is unabie to file a proposed tariff. As soon as such rates are available, and prior to the commencement of service, Applicant shall file a proposed tariff (containing its rates, terms and conditions of service) with the Commission for its review.

IV. CONCLUSION

The telecommunications industry is growing and changing at an impressive pace. The entry of Applicant into the local exchange resale market will enhance competition in the provision of telecommunications services within the State of South Dakota as prescribed by the South Dakota Codified Laws and the Federal Act. Applicant will bring significant benefits to South Dakota State telecommunications users. Applicant's expertise in the telecommunications sector will permit it to select the most economic and efficient services, thereby providing customers with a better combination of price, quality, and customer service than other carries. Accordingly, Applicant anticipates its proposed service will provide subscribers with better quality services and will increase consumer choice of innovative, diversified, and reliable service offerings.

Wherefore, LDM Systems Inc. requests that the South Dakota Public Utilities Commission approve the requested authority to amend its certificate of public convenience and necessity to include resold local exchange services in South Dakota.

Respectfully Submitted,

LDM SYSTEMS INC

Dated: ______________ By ______________________
Patrick D. Crocker
EARLY, LENNON, PETERS
& CROCKER, P.C.
900 Comerica Building
Kalamazoo, MI 49007-4752
Its: Attorneys

VERIFICATION

Stephen Steiner, Treasurer of LDM SYSTEMS INC., first being duly sworn on oath, deposes and says that he has read the foregoing Application and verifies that the statements made therein are true and correct to the best of his knowledge, information, and belief.

LDM SYSTEMS INC.

By: ______________________
Stephen Steiner

The foregoing instrument was acknowledged before me this 5 day of ______ 1997 by Stephen Steiner.

____
Notary Public
For the County of ____________.
My Commission Expires:

ANTHONY R. DELLICARRI
Notary Public, State of New York
No. 4804129
Qualified in Rockland County
Commission Expires August 10, 19__

EXHIBIT A

State of New York } ss:
Department of State }

I hereby certify that I have compared the annexed copy with the original document filed by the Department of State and that the same is a correct transcript of said original.

Witness my hand and seal of the Department of State on OCT 2 6 1994

Secretary of State

DOS-200 (12/87)

NEXT

DOCUMENT (S)

BEST IMAGE

POSSIBLE

SENT BY:Xerox Telecopier 7021 : 6-10-92 : 9:10AM :BARR & ROSENBAUM, ESQ-EXCELSIOR LEGAL 8888:# 2

920611000401

CERTIFICATE OF AMENDMENT OF THE
CERTIFICATE OF INCORPORATION
OF
LDM SYSTEMS INC.

Under Section 805 of the Business Corporation Law

IT IS HEREBY CERTIFIED THAT:

1. The name of the corporation is:

LDM SYSTEMS INC.

2. The certificate of incorporation was filed by the Department of State on the 25th day of October, 1990.

3. The certificate of incorporation is hereby amended to effect the following change:

To amend Paragraph (5) which sets forth aggregate number of shares the corporation is authorized to issue. The corporation is currently authorized to issue 200 shares, no par value. The corporation will add an additional 4,800 shares, no par value. Paragraph (5) shall now read as follows:

(5) The aggregate number of shares the corporation is authorized to issue is 5,000 shares, no par value.

4. The amendment to the certificate of incorporation was authorized first by the Board of Directors and then by vote of a majority of all outstanding shares entitled to vote thereof.

IN WITNESS WHEREOF, the undersigned hereby affirms that the statements made herein are true under the penalties of perjury.

Dated: June 4, 1992

Louis A. Steiner
President

Irwin Schneider
Secretary

F 920611000401

X L

CERTIFICATE OF AMENDMENT OF THE CERTIFICATE OF INCORPORATION

OF

LDM SYSTEMS INC.

FILED BY: Barr & Rosenbaum, Esqs.
664 South Main Street
Spring Valley, New York 10977

Jun 10 11 10 AM '92

RECEIVED

$ 240.

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED JUN 11 1992
TAX $ 240
BY: bas

Rocal

920611000435

Jun 11 2 11 PM '92

FILED

2

State of New York
Department of State } ss:

I hereby certify that I have compared the annexed copy with the original document filed by the Department of State and that the same is a correct transcript of said original.

Witness my hand and seal of the Department of State on

OCT 26 1994

Gail S. Shaffer

Secretary of State

DOS-200 (12/87)

920611000401

CERTIFICATE OF AMENDMENT OF THE
CERTIFICATE OF INCORPORATION
OF
LDM SYSTEMS INC.

Under Section 805 of the Business Corporation Law

IT IS HEREBY CERTIFIED THAT:

1. The name of the corporation is:

LDM SYSTEMS INC.

2. The certificate of incorporation was filed by the Department of State on the 25th day of October, 1990.

3. The certificate of incorporation is hereby amended to effect the following change:

To amend Paragraph (5) which sets forth aggregate number of shares the corporation is authorized to issue. The corporation is currently authorized to issue 200 shares, no par value. The corporation will add an additional 4,800 shares, no par value. Paragraph (5) shall now read as follows:

(5) The aggregate number of shares the corporation is authorized to issue is 5,000 shares, no par value.

4. The amendment to the certificate of incorporation was authorized first by the Board of Directors and then by vote of a majority of all outstanding shares entitled to vote thereof.

IN WITNESS WHEREOF, the undersigned hereby affirms that the statements made herein are true under the penalties of perjury.

Dated: June 4, 1992

Louis A. Steiner
President

Irwin Schneider
Secretary

F 920611000401

XL

CERTIFICATE OF AMENDMENT OF THE CERTIFICATE OF INCORPORATION

OF

LDM SYSTEMS INC.

FILED BY: Barr & Rosenbaum, Esqs.
664 South Main Street
Spring Valley, New York 10977

RECEIVED

Jun 10 11 10 AM '92

STATE OF NEW YORK
DEPARTMENT OF STATE
FILED JUN 11 1992
TAX $ 240
BY: ___

S. 240.

920611000435

FILED

EXHIBIT B

December 31, 1996

LDM Systems, Inc
Balance Sheet
December 31, 1996

Assets	
Current assets	
Cash and cash equivalents	$ 420,223
Accounts receivable, net	6,949,258
Prepaid expenses and other current assets	47,524
Total current assets	7,417,005
Fixed assets, net of accumulated depreciation	127,809
Deposits and other assets	7,956
	$ 7,552,770
Liabilities and Stockholder's Equity	
Accounts payable	$ 1,257,871
Accrued expenses	4,315,932
Notes payable - current	257,500
Total current liabilities	5,831,303
Long term debt	242,500
Stockholder's equity	
Common stock	6,180
Treasury stock	(31,779)
Retained earnings	1,504,566
Total stockholder's equity	1,478,967
	$ 7,552,770

Unaudited - For Discussion Purposes Only

I attest that the above financial statement is accurate and correct to the best of my knowledge.

David S. Friedli
Chief Financial Officer

December 31, 1996

LDM Systems, Inc.
Income Statement
For the Year Ended
December 31, 1996

Sales	$ 28,521,325
Cost of sales	21,663,418
Gross profit	6,857,907
Selling, general and administrative expenses	5,161,949
Net income from operations	1,695,958
Interest income	194,791
Provision for income and excise taxes	(175,000)
Net income	1,715,749
Accumulated deficit - beginning of year	(11,183)
Shareholder distributions	(200,000)
Retained earnings - end of year	$ 1,504,566

Unaudited - For Discussion Purposes Only

I attest that the above financial statement is accurate and correct to the best of my knowledge.

David L Friedlin
Chief Financial Officer

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

LDM SYSTEMS, INC.

December 31, 1995

Grant Thornton

GRANT THORNTON LLP Accountants and
Management Consultants

The U.S. Member Firm of
Grant Thornton International

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

LDM SYSTEMS, INC.

December 31, 1995

CONTENTS

605 Third Avenue
New York, NY 10158-0142
212 599-0100
FAX 212 370-4520

Grant Thornton

GRANT THORNTON LLP Accountants and Management Consultants
The U.S. Member Firm of Grant Thornton International

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Shareholders
LDM Systems, Inc.

We have audited the accompanying balance sheet of LDM Systems, Inc. as of December 31, 1995. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of LDM Systems, Inc. as of December 31, 1995, in conformity with generally accepted accounting principles.

We did not audit the statements of operations and cash flows and therefore are unable to and do not express an opinion on the results of operations and cash flows for the year ended December 31, 1995.

Grant Thornton LLP

New York, New York
May 31, 1996, except for Notes E and H,
as to which the dates are December 30, 1996
and June 17, 1996, respectively

LDM Systems, Inc.

BALANCE SHEET

December 31, 1995

ASSETS

CURRENT ASSETS	
Cash	$ 402,643
Accounts receivable, net of allowance for doubtful accounts of $337,530	3,695,171
Salesman's advances and other current assets	20,004
Deferred tax asset	13,000
Total current assets	4,130,818
EQUIPMENT AND FIXTURES, net of accumulated depreciation of $98,726	79,109
Loans receivable from shareholders	47,863
Other assets	4,848
	$4,262,638

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES	
Accounts payable and accrued expenses	$3,173,888
Note payable - former shareholder	30,000
Due to National Communications Association, Inc.	610,532
Total current liabilities	3,814,420
LONG-TERM LIABILITY	
Due to National Communications Association, Inc.	485,000
STOCKHOLDER'S DEFICIENCY	
Common stock - no par value; authorized, 5,000 shares; 2,106 shares issued and outstanding	6,180
Retained deficit	(11,183)
Treasury stock	(31,779)
Total stockholder's deficiency	(36,782)
	$4,262,638

The accompanying notes are an integral part of this statement.

LDM Systems, Inc.

STATEMENT OF OPERATIONS AND RETAINED EARNINGS (DEFICIT)

Year ended December 31, 1995
(unaudited)

Sales, net	$15,290,216
Cost of sales	8,793,964
	6,496,252
Operating expenses	
Salaries	1,296,695
Commissions	2,286,526
Entertainment and promotion	78,476
Bad debts	1,340,538
Rent expense	146,555
Office and administrative expenses	436,909
Professional fees	107,074
Pension expense	47,925
Depreciation	22,420
Franchise and utility taxes	(29,306)
Payroll taxes	89,405
Employee benefits	36,530
Telephone expense	52,766
Repairs and maintenance	(6,622)
Seminars and shows	9,649
Advertising	2,750
Business travel and auto expense	20,347
Insurance	11,309
Sales and use taxes	8,286
Miscellaneous expense	3,596
	5,961,828
Net income from operations	534,424
Other income (expense)	
Other income	211,058
Interest expense, net	(4,687)
Settlement expense - National Communications Association, Inc.	(1,024,398)
Net loss before provision for income taxes	(283,603)
Provision for income and excise taxes	82,000
NET LOSS	(365,603)
Retained earnings at beginning of year	592,997
Shareholder distributions	(238,577)
Retained deficit at end of year	$ (11,183)

The accompanying notes are an integral part of this statement.

LDM Systems, Inc.

STATEMENT OF CASH FLOWS

Year ended December 31, 1995
(unaudited)

Cash flows from operating activities	
Net loss	$ (365,603)
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	22,420
Increase (decrease) in cash from changes in operating assets and liabilities	
Accounts receivable	(1,748,116)
Salesmen's advances and other current assets	50,939
Deferred taxes	(13,000)
Accounts payable and accrued expenses	1,475,422
Due to National Communications Association, Inc.	1,095,532
Net cash provided by operating activities	517,594
Cash flows from investing activities	
Acquisition of fixed assets	(60,228)
Net cash used in investing activities	(60,228)
Cash flows from financing activities	
Loans from shareholders	74,305
Payment of loans payable to former shareholder	(15,000)
Issuance of common stock	3,180
Shareholder distributions	(238,577)
Net cash used in financing activities	(176,092)
NET INCREASE IN CASH	281,274
Cash at beginning of year	121,369
Cash at end of year	$ 402,643

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

December 31, 1995

NOTE A - BUSINESS AND REGULATIONS

1 Business

LDM Systems, Inc. (the "Company") was incorporated on October 25, 1990 in the State of New York. The Company operates as a non-facilities reseller of long-distance telephone service to commercial and residential customers throughout the United States.

2 Regulations

The Company operates under contracts with several telecommunications providers whereby the Company provides long-distance telephone service to its customers using long-distance telephone lines available from the communications providers under the terms of the contracts.

The Federal Communications Commission has regulatory jurisdiction over telecommunications services offered by all common carriers, including the Company. However, prior FCC rate approval is not required since the Company is a nondominant common carrier. The FCC does require certification and tariff requirements for international services and tariff filings for domestic interstate service for common carriers.

Intrastate long-distance services are generally subject to various state laws and regulations, including certification requirements. For intrastate service, the state regulatory authorities regulate access charges between local telephone companies and all long-distance carriers and regulate entry and competition by requiring all carriers to obtain and maintain certificates of public convenience and necessity.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statement follows:

1 Revenue, Collections and Cost Recognition

Revenues are recognized from long-distance service usage by the Company's customers. The Company bills customers and collects remittances either directly or through one of two

NOTE B (continued)

agencies that provide billing and collection services on the Company's behalf under the terms of the respective billing service agreements (Note D). Those customers billed directly by the Company remit payments directly to the Company. Customers billed by the service agencies remit payments to the agencies, who in turn remit to the Company after deducting applicable fees. The cost of the long-distance telephone time is recognized based on the monthly network usage billings received from the various telecommunications carriers under the terms of the respective contracts.

2 *Cash Equivalents*

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

3 *Fixtures and Equipment*

Fixtures and equipment are stated at cost. Depreciation of fixtures is provided using the straight-line method based upon five-year estimated useful lives. Depreciation on equipment, consisting primarily of computers and related peripherals, is provided using the straight-line method based upon three-year estimated useful lives.

4 *Income Taxes*

The Company has elected to be treated as an S Corporation for Federal and certain state income tax purposes, whereby the earnings or losses of the Company are attributed and taxed to the respective shareholders of the Company. Income tax expense represents certain state and local income taxes for which the Company has not elected S-Corporation status and New York State excise taxes.

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109 ("SFAS No. 109"), "Accounting for Income Taxes." Deferred state and local income tax assets and liabilities result from the use of the cash method of accounting for income tax purposes which gives rise to temporary differences between financial statement and tax return recognition of receivables and payables and depreciation and amortization.

NOTE B (continued)

5. *Use of Estimates*

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

6. *Fair Value of Financial Instruments*

The carrying value of financial instruments potentially subject to valuation risk, principally cash and cash equivalents, accounts and loans receivable and accounts payable, approximates fair value.

7. *Investment in Joint Venture*

The Company accounts for its investment in a joint venture by the equity method (Note E).

NOTE C - FURNITURE, FIXTURES AND EQUIPMENT

Fixtures and equipment as of December 31, 1995, consisted of the following:

Furniture and fixtures	$ 86,195
Equipment	91,640
	177,835
Less accumulated depreciation	(98,726)
	$ 79,109

NOTE D - COMMITMENTS AND CONTINGENCIES

1 Agreements With Telecommunications Carriers

The Company has agreements with several long-distance telecommunications carriers that provide long-distance telephone service to the Company's customers. Under the terms of the agreements, the Company purchases the long-distance time incurred by customers at the rates established by the agreements. The agreements also contain provisions that stipulate the Company meet minimum monthly and annual usage amounts in order to maintain its preferred rate structures. In the event that the Company does not meet the minimum amounts, they may be subject to certain rate adjustments. The following summarizes the minimum annual usage amounts to be incurred by the Company's customers with respect to the agreements:

	Amount
Year ending December 31,	
1996	$ 4,575,000
1997	7,650,000
1998	6,000,000
1999	1,500,000
	$19,725,000

2 Services and Marketing - GE/NEWS

The Company entered into an agreement with GE Capital Communication Services Corporation and New Enterprise Wholesale Services, L.P. ("GE/NEWS") whereby GE/NEWS serves as an intermediary between the Company and AT&T, which, in turn, bills and collects monthly long-distance telephone charges for customers on the Company's behalf, and the Company effectively acts as a sales agent for GE/NEWS in its role as a reseller of AT&T telecommunications products. The agreement provides for commissions to be paid to the Company based on the aggregate revenues collected from customers referred to GE/NEWS, less applicable long-distance usage costs, taxes and other allowances. Additionally, the agreement allows for GE/NEWS to charge back an account after 120 days, thus transferring the responsibility of collection to the Company.

NOTE D (continued)

Since August, 1995, there had been no cash remitted from GE/NEWS and GE/NEWS did not render invoices for costs and expenses relating to this agreement. As of December 31, 1995, the Company had an outstanding accounts receivable balance of approximately $1,226,000 relating to revenues generated by customers since August, 1995 and had accrued expenses related to the costs incurred during the period of approximately $1,164,000. Subsequent to December 31, 1995, the Company received a settlement report from GE/NEWS which indicated balances that were less than the amounts recorded by the Company as accrued expenses. This difference was reflected as income during 1996.

3. *Billing Services and Collection Agreement - OAN Services, Inc.*

Effective February 1, 1995, the Company entered into an agreement with OAN Services, Inc. ("OAN") whereby OAN bills and collects monthly long-distance telephone charges incurred by customers from local exchange carriers ("LEC"). The LEC in turn bill and collect monthly long-distance telephone charges from the Company's customers. The agreement provides for a service fee to be paid based on the "billable messages" processed monthly by OAN. The agreement has a term of three years, and may be extended in one-year intervals thereafter.

4. *Operating Lease*

The Company leases its premises under a noncancellable operating lease which extends through April, 1997. The minimum rental commitments under the operating lease are as follows:

Year ending December 31,	
1996	$ 85,100
1997	25,600
	$110,700

5. *Contingency - Legal Matters*

The Company and its principal shareholders are a defendant in a lawsuit brought by a 26% minority shareholder. The shareholder, in three separate actions, seeks the dissolution of the Company, compensation allegedly owed to a former employee, and an alleged breach of

NOTE D (continued)

fiduciary duties and wasting of corporate assets. The Company and its principal shareholders have moved to dismiss the actions on behalf of the Company on several bases including an agreement by the other shareholders to sell their interest in the Company for $1,500,000. As of the report date, the Company and its legal counsel were unable to ascertain the amount, if any, of any potential settlement related to this matter. Accordingly, no provision for any liability that may result from these matters has been made in the accompanying financial statements.

NOTE E - JOINT VENTURE AND RELATED ACTIVITY

The Company's principal shareholders, together with two other individuals who are associated with National Communications Association Inc. ("NCA"), formed Promark Telecommunications Inc. ("Promark"). One of these individuals is the principal stockholder of NCA.

In August, 1995, the Company and NCA formed a joint venture to conduct telemarketing activities. Under this agreement, Promark provides telemarketing capabilities to the Joint Venture. The Joint Venturers (the Company and NCA) reimburse Promark for expenses incurred in conducting its operations. The customers obtained from Promark's activities belong to the Joint Venture and are billed and managed by the Company.

Disputes arose between the two parties, and on December 30, 1996 the parties agreed to settle their disputes by terminating the joint venture and repaying NCA advances it had made to the joint venture. The total payment made by the Company to NCA in settlement was $984,500, of which $479,500 was paid in cash to NCA, $485,000 was paid to NCA by the Company's promissory note bearing interest at seven percent per annum and $20,000 was paid to a minority shareholder in the joint venture. In addition, the Company purchased the stock of these two other individuals for a total of $500. The settlement of the disputes, including amounts previously paid in 1996, net of accruals recorded as of December 31, 1995, has been recorded as settlement expense in the December 31, 1995 financial statements.

In addition, in January 1997, LDM acquired from its principal shareholders their stock in Promark for $500, the same purchase price paid by the two other individuals.

NOTE F - RELATED PARTY TRANSACTIONS

1. *Advances to Shareholders*

Advances to shareholders at December 31, 1995 represent expenses and other amounts incurred by the Company on the shareholders behalf.

2. *Note Payable - Former Shareholder*

The note payable to a former shareholder dated June 4, 1992 was issued in connection with the acquisition and retirement of the former shareholder's common stock. The agreement included cash paid to the former shareholder of $18,900 and a note payable in the amount of $75,000. The note is noninterest-bearing, and is payable in five installments of $15,000 through May 1, 1997.

NOTE G - EMPLOYEE BENEFIT PLAN

The Company has established a profit-sharing plan under Section 401(k) of the Internal Revenue Code covering substantially all eligible employees. The plan allows for employees to defer up to the lesser of 25% of their annual earnings or within limitations, as adjusted by Section 415(b)(1)(A) of the Code, on a pretax basis through voluntary contributions to the plan.

The plan provides that the Company can make optional contributions in an amount up to the maximum allowable by Section 404 of the Code. Employees are 20% vested with regard to the employer's contribution following two years of service, and vesting increases 20% per year until an employee is fully vested following six years of service.

NOTE H - SUBSEQUENT EVENT

On June 17, 1996, the Company entered into an agreement to form a limited liability corporation as an 80% shareholder of Claremont Billing Systems, LLC ("Claremont"). Claremont was established to provide certain administrative services related to the customer billing requirements of long-distance carriers and resellers.

EXHIBIT C

Louis Steiner- President

As President of LDM SYSTEMS INC. ("LDM"), Mr. Steiner oversees the direction of LDM, and negotiates contracts with underlying network service providers. Prior to founding LDM, Mr Steiner capitalized a small custom-made blind manufacturing company with $50,000.00, which by the end of the second full year of operation had sales in excess of $3 million. At the beginning of the third year, the company furnished employment for over fifty (50) people. Mr. Steiner's success in entrepreneurship and small business management has been the subject for an article appearing in the an Introduction to Modern Business (Ninth Edition). The Company utilizes Mr. Steiner's talents in guiding LDM through the competitive and changing telecommunications market.

Stephen Steiner - Treasurer

Mr. Steiner oversees the daily operations of the LDM. Prior to joining LDM, Mr. Steiner worked in accounting. LDM utilizes Mr. Steiner's background in finance to scrutinize the profitability of current products, and examine new products and opportunities available in the changing telecommunications industry.

Tom McCrosson- Vice President of Sales and Marketing

As Vice-President of Sales and Marketing, Mr. McCrosson oversees LDM's sales and marketing activities. A graduate of Bernard M. Baruch College, City University of New York, Mr. McCrosson's career in sales began with a position as Senior Account Executive with Olympic Airways. Subsequently, Mr. McCrosson gained experience in telecommunications as an employee of Allnet Communications (1987-1988), MCI Telecommunications (1988-1992), and RCI (1992-1993). Since joining LDM, Mr. McCrosson has developed and implemented sales and marketing programs which have generated considerable growth for LDM.

LDM SYSTEMS, INC.
254 S. MAIN ST.
NEW CITY, NY 10956

PNC BANK, N.A.
NEW JERSEY 060

55-760/312 406

CHECK NO. 5414

Memo: filing fees

DATE Mar 13, 1997

AMOUNT *******$250.00*

PAY TO THE ORDER OF Two Hundred Fifty and 0/100 Dollars

South Dakota PUC

AUTHORIZED SIGNATURE

⑈005414⑈ ⑆031207607⑆ 8103773205⑈

TC97-041	Application by One Step Billing, Inc. for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: TS/KC) "Applicant seeks authority to offer a full range of 1+ interexchange telecommunications services on a resale basis. Specifically, Applicant seeks authority to provide MTS, out-WATS, in-WATS, and calling card services. Applicant does not intend to provide operator services, 900 or 700 services."	04/15/97	05/02/97
TC97-043	Application by Association Administrators, Inc. for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: TS/KC) "Applicant is a switchless reseller which intends to offer 1+ direct dialing, 800 toll free, and travel card (no prepaid calling cards) service through resale of telephone services provided by facilities-based interexchange carriers."	04/17/97	05/02/97
LOCAL EXCHANGE COMPANY COMPLIANCE WITH FCC PAYPHONE ORDERS			
TC97-039	Petition of MCI and AT&T to Certify all LECs as to Compliance With FCC Payphone Orders. MCI and AT&T hereby file this petition to investigate compliance of all certificated local exchange companies (LECs) with the Federal Communications Commission (FCC) orders on payphone reclassification. Specifically, MCI and AT&T request that the Commission determine and certify whether all certificated LECs have met all state-specific requirements identified in the FCC's orders.	04/14/97	05/02/97
WAIVER OF SWITCHED ACCESS RULES			
TC97-042	Petition of the independent telephone companies that have purchased U S WEST exchange areas for an extension of the waiver of the switched access rules which the Commission granted as part of its final Order approving the sale of U S WEST exchanges. The Commission approved a composite switched access rate of 7 cents per minute of use. "The rate, which was stipulated to within the purchase agreements between U S WEST and [the purchasing] companies, was accepted by the Commission and approved as a reasonable interim rate in recognition of the fact that no rate could be established pursuant to the Commission's switched access rules (ARSD Chapters 20:10:27 to 20:10:29) until each of the purchasing companies had operated the transferred exchange areas for at least a one-year time period. Because [the purchasing] companies have not yet operated the acquired exchanges for one year, it is necessary to request from the Commission an extension of the waiver previously granted in the exchange sale dockets. Based on the following, the [purchasing] companies request an extension of the waiver until such time that cost studies based on 1997 calendar year operations can be provided."	04/15/97	05/02/97

Important Notice: The Commission is compiling a list of internet addresses. If you have an internet address please notify the Commission by E-mailing it to Terry [illegible] at terry@[illegible].state.sd.us [illegible] Faxing the address to the Commission at 605-773-3809

South Dakota
Public Utilities Commission
State Capitol 500 E. Capitol
Pierre, SD 57501-5070
Phone: (800) 332-1782
Fax: (605) 773-3809

TELECOMMUNICATIONS SERVICE FILINGS

These are the telecommunications service filings that the Commission has received for the period of:

04/11/97 through 04/17/97

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five days of this filing.

DOCKET NUMBER	TITLE/STAFF/SYNOPSIS	DATE FILED	INTERVENTION DEADLINE
REQUEST FOR CERTIFICATE OF AUTHORITY			
TC97-036	Application by IDT Corporation for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: TS/CH) "Applicant is a switchless reseller which intends to offer 1+ direct dialing, 800 toll free, travel card, and prepaid calling card service through the resale of telephone services provided by facilities-based interexchange carriers."	04/11/97	05/02/97
TC97-037	Application by America's Tele-Network Corp. for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: TS/KC) "Intrastate interLATA and, where permitted, intraLATA telecommunication services will be offered to the public on a resale basis. The Company provides service to commercial enterprises and residential customers. This application does not seek authority at this time to provide any form of operator services nor any service to pay phones."	04/11/97	05/02/97
TC97-038	Application by LDM Systems Inc. for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: DJ/CH) "Applicant respectfully seeks to amend its Certificate of [Authority] to permit it to provide resold local exchange services in the state of South Dakota. The specific manner in which Applicant will provide local exchange service depends upon the result of negotiations with the incumbent local exchange carriers currently operating within the State. Applicant seeks authority to resell local exchange service in the existing service areas of U S WEST and any other relevant carriers. Applicant is unable to file a proposed tariff. As soon as such rates are available, and prior to the commencement of service, Applicant shall file a proposed tariff (containing its rates, terms and conditions of service) with the Commission for its review."	04/14/97	05/02/97
TC97-040	Application by Tel-Save, Inc. d/b/a The Phone Company for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: DJ/CH) "Applicant is a reseller which intends to offer all local services provided by the incumbent LECs. Tel-Save seeks authority to resell local exchange services throughout the state of South Dakota in the areas served by any LECs in South Dakota that are not eligible for a small or rural carrier exemption pursuant to Section 251(f)(1) of the Federal Act. Tel-Save does not seek to provide resold services to customers in those small or rural territories at this time. Applicant will file a copy of its propoesed tariff upon completion of negotiations for interconnection."	04/15/97	05/02/97

SDITC

South Dakota Independent
Telephone Coalition, Inc.

Richard D. Coit
Executive Director

Bette Dozier
Administrative Assistant

April 28, 1997

RECEIVED
APR 29 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Mr. Bill Bullard, Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501

RE: TC97-038

Dear Bill:

Enclosed for filing you will find the original and ten copies of SDITC's Petition to Intervene in the above referenced docket. As indicated by the Certificate of Service, also provided, the applicant-company in this matter has also been mailed a copy via the United States Postal Service.

Thank you for your assistance in this matter.

Sincerely,

Richard D. Coit
Executive Director and General Counsel

cc: Patrick D. Crocker

207 East Capitol Ave. • Suite 206 • Pierre, SD 57501 • Phone (605) 224-7629 • Fax (605) 224-1637

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

RECEIVED
APR 24 1997
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF LDM SYSTEMS, INC. FOR A CERTIFICATE OF AUTHORITY TO PROVIDE RESOLD LOCAL EXCHANGE SERVICES))))) **DOCKET TC97-038**

Petition to Intervene

The South Dakota Independent Telephone Coalition ("SDITC") hereby petitions the Commission for intervention in the above captioned proceeding pursuant to SDCL 1-26-17.1 and ARSD §§ 20:10:01:15.02, 20:10:01:15.03 and 20:10:01:15.05. In support hereof, SDITC states as follows:

1. SDITC is an incorporated organization representing the interests of numerous cooperative, independent and municipal telephone companies operating throughout the State of South Dakota.

2. As expressly noted in the Bylaws of SDITC, duly adopted by the Coalition, "one of the primary purposes for the formation and existence of the South Dakota Independent Telephone Coalition is representation by the Coalition before the South Dakota Public Utilities Commission." The member companies of SDITC have delegated to the SDITC Board of Directors and its President the authority to intervene on their behalf in PUC proceedings which will or might potentially impact their common interests.

3. The application for certification filed by LDM Systems, Inc. indicates that the company is seeking statewide authorization to provide resold local exchange services. Paragraph 1 on page 5 of the filed application states that LDM Systems "proposes to provide resold local exchange service to subscribers from all points within the State of South Dakota . . . ."

START

OF

RETAKE

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF SOUTH DAKOTA

RECEIVED
APR 29 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF LDM SYSTEMS, INC. FOR A CERTIFICATE OF AUTHORITY TO PROVIDE RESOLD LOCAL EXCHANGE SERVICES))))) **DOCKET TC97-038**

Petition to Intervene

The South Dakota Independent Telephone Coalition ("SDITC") hereby petitions the Commission for intervention in the above captioned proceeding pursuant to SDCL 1-26-17.1 and ARSD §§ 20:10:01:15.02, 20:10:01:15.03 and 20:10:01:15.05. In support hereof, SDITC states as follows:

1. SDITC is an incorporated organization representing the interests of numerous cooperative, independent and municipal telephone companies operating throughout the State of South Dakota.

2. As expressly noted in the Bylaws of SDITC, duly adopted by the Coalition, "one of the primary purposes for the formation and existence of the South Dakota Independent Telephone Coalition is representation by the Coalition before the South Dakota Public Utilities Commission." The member companies of SDITC have delegated to the SDITC Board of Directors and its President the authority to intervene on their behalf in PUC proceedings which will or might potentially impact their common interests.

3. The application for certification filed by LDM Systems, Inc. indicates that the company is seeking statewide authorization to provide resold local exchange services. Paragraph 1 on page 5 of the filed application states that LDM Systems "proposes to provide resold local exchange service to subscribers from all points within the State of South Dakota. ..."

END

OF

RETAKE

4 SDITC member companies operate as incumbent LECs and "rural telephone companies" throughout South Dakota and, as such, the companies will be impacted by and have a pecuniary interest in this docket To the extent LDM Systems seeks local service authority in rural telephone company service areas or the Commission in this proceeding addresses issues relating to how LDM Systems will be regulated or what types of service obligations may be imposed on the company, SDITC member company interests will be affected

5 SDITC member companies are especially concerned that any action taken in this docket be consistent with and not hinder or otherwise affect the Commission's ability under the Federal Telecommunications Act to appropriately condition competitive entry into "service areas" operated by "rural telephone companies" (See 47 U S C Sections 251(f)(1), 253(b) and 253(f)) The Commission in ruling on other applications for certification to provide local exchange telecommunications services has included language in its final orders preserving its authority to rural safeguard issues in later proceedings prior to the time that competing providers actually begin to offer or provide their services in any exchange areas served by rural telephone companies It is SDITC's position that the same action should be taken in this case

6 Based on the foregoing, SDITC in its authorized representative capacity is an interested party to this proceeding and seeks intervention herein

SDITC respectfully requests permission to intervene on behalf of its member companies and an opportunity to be heard in this matter

Dated this 26 day of April, 1997

THE SOUTH DAKOTA INDEPENDENT
TELEPHONE COALITION

By: [signature]
Richard D. Coit
Executive Director and General Counsel

CERTIFICATE OF SERVICE

I hereby certify that an original and ten copies of SDITC's Petition to Intervene was delivered via the US Postal Service on the 28th day of April, 1997, to the following person

William Bullard Jr
Executive Director
South Dakota Public Utilities Commission
State of South Dakota
500 East Capitol
Pierre, SD 57501

And a true and correct copy was delivered via the US Postal Service addressed to the following person

Patrick D Crocker
Early, Lennon, Peters & Crocker P.C
900 Commercia Building
Kalamazoo, MI 49007

Richard D Coit
Executive Director
SDITC
207 East Capitol, Suite 206
Pierre, SD 57501

SDITC

South Dakota Independent
Telephone Coalition, Inc.

Richard D. Coit
Executive Director

May 12, 1997

Bette Dozier
Administrative Assistant

RECEIVED
MAY 1 _ 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Mr. Bill Bullard
Executive Director
South Dakota Public Utilities Commission
State Capitol Building
Pierre, SD 57501

RE: Petitions to Intervene in Dockets TC97-034, TC97-035 and **TC97-038** (Applications for local service authority filed by LDDH, Comchoice, and LDM Systems, respectively)

Dear Bill:

Please accept this letter as notice that SDITC is withdrawing its Petitions to Intervene filed in the above referenced dockets. The Petitions were filed by SDITC merely to offer comment, if necessary, to ensure that Commission orders issued on the pending local service applications are consistent with how the Commission has addressed previous similar certifications – specifically, that language be included in the orders preserving rural safeguards provided for under the Federal Telecommunications Act.

I've discussed our filings for intervention with Tammy Stangor of Staff and she has indicated that Staff recommendations on the applications for certification will be consistent with the Commission's previous local service orders and will request inclusion of the necessary rural safeguard language. Accordingly, I am satisfied that our concerns will be properly addressed and I wish to withdraw the SDITC intervention requests.

A copy of this letter has been faxed this afternoon to the applicant companies.

If there are questions or anything further needs to be done, please advise.

Sincerely,

Richard D. Coit
Executive Director and General Counsel

cc: Patrick D. Crocker
Jon Winkel
David O. Klein

RDC/ms

207 East Capitol Ave. • Suite 206 • Pierre, SD 57501 • Phone (605) 224-7629 • Fax (605) 224-1637

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

AMENDED CERTIFICATE OF AUTHORITY

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

Authority was Granted September 9, 1997
Docket No. TC97-038

This is to certify that

LDM SYSTEMS, INC.

is authorized to provide telecommunications services in South Dakota.

This certificate is issued in accordance with SDCL 49-31-3 and ARSD 20.10.24.02, and is subject to all of the conditions and limitations contained in the rules and statutes governing its conduct of offering telecommunications services.

Dated at Pierre, South Dakota, this 17th day of September, 1997.

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE APPLICATION OF LDM SYSTEMS, INC. FOR AN AMENDED CERTIFICATE OF AUTHORITY TO PROVIDE LOCAL EXCHANGE SERVICES IN SOUTH DAKOTA	)))))	ORDER GRANTING AMENDED CERTIFICATE OF AUTHORITY TC97-038

On April 14, 1997, the Public Utilities Commission (Commission), in accordance with SDCL 49-31-3 and ARSD 20 10 24 02, received an application for an amended certificate of authority from LDM Systems, Inc (LDM)

LDM proposes to provide local exchange services within South Dakota, including basic residential exchange services, residential custom and class features, basic business exchange services, business custom and class features, features such as voice mail and ancillary service such as 911, directory listing and directory assistance A proposed tariff was filed by LDM

On April 17, 1997, the Commission electronically transmitted notice of the filing and the intervention deadline of May 2, 1997, to interested individuals and entities On April 29, 1997, South Dakota Independent Telephone Coalition (SDITC) filed a Petition to Intervene On May 12, 1997, SDITC withdrew its Petition to Intervene At its regularly scheduled September 9, 1997, meeting, the Commission considered LDM's request for an amended certificate of authority Commission Staff recommended granting an amended certificate of authority, subject to rural safeguards Commission Staff further recommended a waiver of 20 10 24 02(8) and (12)

The Commission finds that it has jurisdiction over this matter pursuant to Chapter 49-31, specifically 49-31-3 and ARSD 20 10 24 02 and 20 10 24 03 The Commission finds that LDM has met the legal requirements established for the granting of an amended certificate of authority LDM has, in accordance with SDCL 49-31-1, 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 subparagraphs (8) and (12) of ARSD 20 10 24 02

The Commission approves LDM's application for an amended certificate of authority, subject to rural safeguards The amended certificate of authority for LDM shall authorize it to offer local exchange services in those areas in South Dakota where U S WEST Communications, Inc is the incumbent local exchange carrier In the future, should LDM choose to provide local exchange services statewide, with respect to rural telephone companies LDM 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 LDM's application for an Amended Certificate of Authority to provide local exchange services, is granted, and it is

FURTHER ORDERED, that Applicant shall file informational copies of tariff changes with the Commission as the changes occur, and it is

FURTHER ORDERED, that the Commission shall authorize LDM to offer its services in those areas in South Dakota where U S WEST Communications, Inc. is the incumbent local exchange carrier, and it is

FURTHER ORDERED, that the Commission finds good cause to waive subparagraphs (8) and (12) of ARSD 20 10 24 02

Dated at Pierre, South Dakota, this 17th day of September, 1997.

CERTIFICATE OF SERVICE

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

By Delaine Kolbo

Date 9/18/97

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner

EARLY, LENNON, PETERS & CROCKER, P.C.
ATTORNEYS AT LAW
900 COMERICA BUILDING
KALAMAZOO, MICHIGAN 49007-4752
TELEPHONE (616) 381-8844
FAX (616) 349-8525

RECEIVED
APR 10 1998
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

GEORGE H. LENNON
JOHN T. PETERS, JR.
DAVID G. CROCKER
HAROLD E. FISCHER, JR.
LAWRENCE M. BRENTON
GORDON C. MILLER

BLAKE D. CROCKER
ROBERT M. TAYLOR
PATRICK D. CROCKER
ANDREW J. VORBRICH*
NICOLETTE G. HAHN**
ROBERT G. LENNON***

*Also admitted in Iowa
**Also admitted in California and North Carolina
***Also admitted in New York, Illinois and Washington, D.C.

OF COUNSEL
VINCENT T. EARLY
HON. C.H. MULLEN
THOMPSON BENNETT

JOSEPH J. BURGIE
(1926-1992)

April 9, 1998

Mr. Dave Jacobson
South Dakota Public Utilities Commission
State Capitol
Pierre, South Dakota 57501-5070

Re: LDM SYSTEMS INC.
Docket TC 97-038

Dear Mr. Jacobson:

In accordance with your request, we hereby state that the above captioned corporation's original certificate of authority has been misplaced and is not available.

Should you have any questions concerning this filing, please contact me.

Very truly yours,

EARLY, LENNON, PETERS & CROCKER, P.C.

Patrick D. Crocker

PDC/tms