

TC97-104

KC/TS

TC97-104

DOCKET NO.

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

## Public Utilities Commission of the State of South Dakota

| DATE     | MEMORANDA                 |
|----------|---------------------------|
| 6/19/97  | Filed and Docketed,       |
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| 4/6/98   | Order Granting COA,       |
| 4/6/98   | Docket Closed             |

TC97-104

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June 18, 1997

VIA FEDERAL EXPRESS

South Dakota Public Utilities Commission  
State Capitol Building,  
500 East Capitol Avenue  
Pierre, South Dakota 57501-5070

RECEIVED  
JUN 18 1997  
SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Re: Quintelco Inc.

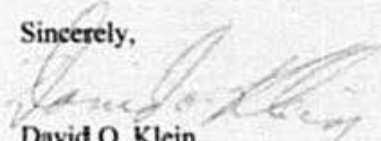
Dear: Sir or Madam (s),

Enclosed please find an original and ten (10) copies of Quintelco, Inc.'s Application for a Certificate of Service Authority to provide local and long distance telecommunications services. In addition, I have enclosed a check for the filing fee of \$250.00.

I have also enclosed an extra copy of this cover letter to be dated, stamped and returned to me in the postage prepaid envelope.

If you have any questions, or require any other additional information, please do not hesitate to contact me.

Sincerely,

  
David O. Klein

RECEIVED

JUN 19 1997

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSIONSTATE OF SOUTH DAKOTA  
PUBLIC UTILITIES COMMISSION

In the Matter of the Application of )  
 )  
Quintelco, Inc. )  
for a Certificate of Service )  
Authority to provide local exchange )  
Telecommunications services )

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

APPLICATION

In support of Quintelco, Inc. (hereinafter "Quintelco") for the issuance of a Certificate of Authority to provide local reals telecommunication services application before the the State of South Dakota Public Utilities, pursuant to South Dakota's Telecommunications Service Rule 20:10:24:02. Quintelco plans to provide non-facilities based private line and switched intercity service; and to provide intra-city switched and non-switched services as a non-facilities based carrier. In support thereof, the following information is provided:

**1. Name and Address of Applicant**

The full name of the Applicant and its business address is:  
Long Distance Direct Holding's Inc.  
1 Blue Hill Plaza, Suite 1430  
Pearl River, NY 10965  
914-620-0765

**2. N/A****3. Shareholders and Officers**

The Officers and Directors are as follows:

Jeffrey L. Schwartz - Chairman and Director  
Jay Greenwald - President and Director  
Claudia Newman Hirsch - Executive Vice President and Director  
Andrew Stollman - Senior Vice President, Secretary and Director  
Daniel Harvey - Treasurer  
Michael G. Miller - Director  
Murray L. Skala - Director  
Mark Gutterman - Director  
Edwin A. Levy - Director



Vincent Tese - Director

Each can be reached at Quintelco's primary place of business at 1 Blue Hill Plaza, Pearl River, NY 10965, 914-620-1212.

- a. Quintelco was incorporated in the State of Delaware on May 1, 1996. A copy of its Certificate of Incorporation is attached hereto as Exhibit 1. Quintelco is certified to do business as a foreign corporation in Florida. A copy of Quintelco's authorization is attached hereto as Exhibit 2.
- b. The Registered Agent in the State of South Dakota is:  
Corporation Service Company  
503 South Pierre Street  
Pierre, SD 57501
- c. Quintelco, Inc. is a wholly owned subsidiary of Quintel Entertainment, Inc. The largest stockholders of Quintel Entertainment are as follows:

| Name                                                          | Shares owned | Percentage of shares issued |
|---------------------------------------------------------------|--------------|-----------------------------|
| Jay Greewald                                                  | 3,126,282    | 16.9%                       |
| Steven L. Feder, Thomas H. Lindsey<br>& Peter Stolz ("Group") | 2,865,000    | 15.5%                       |
| Michael G. Miller                                             | 2,626,902    | 14.2%                       |
| Jeffrey L. Schwartz                                           | 2,609,402    | 11.3%                       |
| Claudia Newman Hirsch                                         | 2,092,521    | 11.3%                       |
| Mellon Bank Corporation                                       | 1,227,000    | 6.6%                        |
| Andrew Stollman                                               | 1,173,843    | 6.3%                        |

- d. N/A
4. N/A
5. Quintelco, Inc. intends to subscribe to and resell all forms of inter-exchange and intra-exchange telecommunication services in the State of South Dakota, including local dial tone services, Message Telephone Service, Wide Area Telephone Service, WATS-like services, foreign exchange service, private lines, tie lines, access service, cellular service, local switched service and other services and facilities of communications common carriers and other entities. Quintelco, Inc. intends to provide service to both residential and business class customers throughout the State of South Dakota.
6. Quintelco, Inc. submits this application to provide non facilities - based resale of telecommunications services that will be provided over the networks of incumbent long distance and local exchange carriers that it has contracted with. Quintelco, Inc. neither owns



nor leases equipment or facilities used for the transport of telecommunications services. Therefore, applicant is solely dependent on the technical capabilities of South Dakota's incumbent long distance and local exchange carriers.

7. Service will be provided in all business and residential areas.
8. Attached hereto as exhibit 3 is a copy of Quintelco's parent company's (Quintel Entertainment, Inc) financial information filed in SEC Form 10K for the fiscal year ending November 30, 1996. These financial reports demonstrate that Quintelco has the ability to provide the services that it proposes.

9. **Quintelco, Inc.'s Regulatory Contact:**

Joel R. Dichter  
Klein, Zelman, Rothermel & Dichter, L.L.P.  
485 Madison Avenue  
New York, NY 10022  
(212) 935-6020  
Fax (212) 753-8101

**Description of Quintelco, Inc.'s Customer Service Organization:**

Quintelco, Inc.'s customer service department is managed by Rosalie Klein, and is overseen by Claudia Newman Hirsch Executive Vice President of Quintelco, Inc. Customer service will be available 24 hours per day, 7 days per week. Customer service may be contacted via a toll - free number, 1-800-532-3940.

**Quintelco Inc.'s Customer Service contact:**

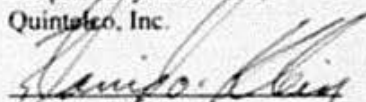
Rosalie Klein  
Quintelco, Inc.  
1 Blue Hill Plaza  
Pearl River, NY 10965  
1-800-532-3940

10. The states in which Quintelco, Inc. is registered to do business include: New York, New Jersey, Delaware, California, Georgia, Illinois, and Kansas. In addition Quintelco, Inc. Has never been denied registration in any state.
11. N/A
12. Quintelco, Inc.'s local and long distance tariffs are attached hereto as exhibit 4.

In view of the foregoing, Quintelco, Inc., respectfully submits that the Public Convenience and Necessity would be served by grant of its petition for certification to operate as a reseller of telephone services within the State of South Dakota.

Respectfully submitted,  
Quintelco, Inc.

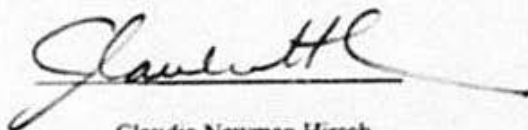
By:

  
David O. Klein  
Klein, Zelman, Rothermel & Dichter, L.L.P.  
485 Madison Avenue  
New York, NY 10022  
212-935-6020  
Attorney for Quintelco, Inc.

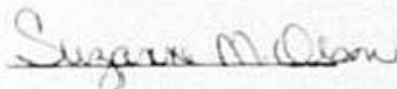
STATE OF NEW YORK

COUNTY OF RocklandVERIFICATION

I, Claudia Newman Hirsch, declare that I am the Executive Vice President of Quintelco, Inc., the Applicant. I verify that, based upon information and belief, I have knowledge of the statements in the foregoing Application and I declare that they are true and correct. In addition, I hereby assert my willingness to comply with all the rules and regulations that the Commission may lawfully impose upon Quintelco's provision of service.

  
Claudia Newman Hirsch

Sworn to me before, the undersigned Notary Public on this the 17<sup>th</sup> day of June, 1997



Notary Public

Suzanne M. Olson

Print or Type Name

SUZANNE M. OLSON  
Notary Public, State of New York  
No. 5010252  
Residing in Rockland County  
Term Expires March 29, 1997



**EXHIBIT 1**

**NEXT**

**DOCUMENT (S)**

**DISREGARD**

**BACKGROUND**

CERTIFICATE OF INCORPORATION

OF

QUINTELCO, INC.

---

FIRST. The name of this corporation shall be:

QUINTELCO, INC.

SECOND. Its registered office in the State of Delaware is to be located at 1013 Centre Road, in the City of Wilmington, County of New Castle and its registered agent at such address is CORPORATION SERVICE COMPANY.

THIRD. The purpose or purposes of the corporation shall be:

To engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH. The total number of shares of stock which this corporation is authorized to issue is:

One thousand five hundred shares without par value.

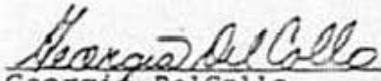
FIFTH. The name and address of the incorporator is as follows:

Georgia DelCollo  
Corporation Service Company  
1013 Centre Road  
Wilmington, DE 19805

SIXTH. The Board of Directors shall have the power to adopt, amend or repeal the by-laws.

SEVENTH. No director shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty by such director as a director. Notwithstanding the foregoing sentence, a director shall be liable to the extent provided by applicable law, (i) for breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the Delaware General Corporation Law or (iv) for any transaction from which the director derived an improper personal benefit. No amendment to or repeal of this Article Seventh shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment.

IN WITNESS WHEREOF, the undersigned, being the incorporator hereinbefore named, has executed, signed and acknowledged this certificate of incorporation this first day of May, A.D., 1996.

  
Georgia DelCollo  
Incorporator



**EXHIBIT 2**

# State of South Dakota



## OFFICE OF THE SECRETARY OF STATE

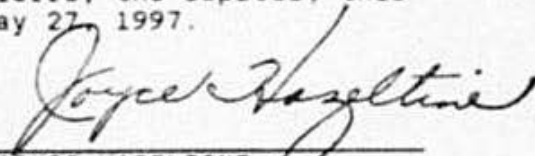
### CERTIFICATE OF AUTHORITY

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

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



IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of South Dakota, at Pierre, the Capital, this May 27, 1997.

  
JOYCE HAZELTINE  
Secretary of State

**EXHIBIT 3**

**NEXT**

**DOCUMENT (S)**

**DISREGARD**

**BACKGROUND**



SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended November 30, 1995

☐

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-27046

QUINTEL ENTERTAINMENT, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

22-3332277

(I.R.S. Employer  
Identification No.)

One Blue Hill Plaza  
Pearl River, New York

(Address of principal executive offices)

10965

(Zip Code)

Registrant's telephone number, including area code: (914) 620-1212

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$5.00 par value

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

The number of shares outstanding of the Registrant's common stock is 15,215,000 (as of 2/23/96).  
The aggregate market value of the voting stock held by nonaffiliates of the Registrant was approximately \$33,459,375 (as of 2/23/96).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Quintel Entertainment, Inc. 1996 Notice of Annual Meeting of Stockholders and Proxy Statement, to be filed with the Securities and Exchange Commission within 120 days after the close of the Registrant's fiscal year (incorporated into Part III).

QUINTEL ENTERTAINMENT, INC.  
 INDEX TO ANNUAL REPORT ON FORM 10-K  
 FILED WITH THE SECURITIES AND EXCHANGE COMMISSION  
 YEAR ENDED NOVEMBER 30, 1995

ITEMS IN FORM 10-K

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## PART I

### Item 1. Business

#### Introduction

The Company is engaged in developing and marketing telephone entertainment services, consisting primarily of live conversation and pre-recorded horoscopes and tarot card readings and live psychic consultations. The Company also offers enhanced voice-mail services which include various psychic, "personals" and other theme related entertainment services.

#### Market Overview

The premium billed telephone entertainment services industry emerged during the late 1980's as an information service designed to increase telephone usage. Early information services developed by regional carriers consisted primarily of weather and time announcements. Business enterprises known as "information providers" soon developed and commercialized additional information and entertainment services, which were marketed directly to consumers at premium rates. Entertainment services were initially transmitted exclusively by carriers in regional markets. By 1989, long distance carriers commenced providing such services, permitting information providers to expand their potential markets and customer base nationally and internationally.

Markets for telephone entertainment and information services have grown steadily in recent years. According to *Telemedia News and Views*, an industry publication, revenues from "900" number entertainment and information services in the United States increased from approximately \$890 million in 1993 to approximately \$670 million in 1994, and are expected to reach approximately \$1.4 billion by 2000. Since inception, the Company has sought to capitalize on opportunities arising from these expanding markets, focusing its efforts primarily on developing and expanding its psychic and astrology related entertainment services, a fast-growing segment of the industry. As a result of such efforts, the Company has achieved increasing levels of revenues and profitability.

#### Telephone Entertainment Services

The Company's telephone entertainment services are accessed by dialing "900" telephone numbers that are billed at premium per-minute rates. Entertainment services consist primarily of live conversation and pre-recorded horoscopes and tarot card readings and live psychic consultations designed to capitalize on the current popularity of "new age" themes. "New age" refers to astrological and psychic phenomena which can be explained through the use of horoscopes, tarot card and psychic readings and prognostications. The Company currently markets approximately twenty "900" number entertainment services, each offering programs with distinct features. For the years ended November 30, 1995 and 1994, the Company's telephone entertainment services accounted for approximately 57% and 99%, respectively, of the Company's net revenues.

The Company's live psychic entertainment services permit callers to engage in live one-on-one conversations with psychic operators and to receive personalized information responsive to the caller's requests. The Company also provides live tarot card entertainment services which permit callers to receive a live tarot card reading. The Company's live conversation "900" entertainment services are currently billed at a rate of either \$3.49 or \$3.99 per minute depending on the service provided; however, that the first two to three minutes of some calls to such live conversation lines are provided to the customer without charge. For the year ended November 30, 1995, the Company's live conversation "900" entertainment services accounted for approximately 45% of the Company's net revenues.

Psychic Readers Network, Inc. ("PRN"), an unaffiliated company which owns a 50% interest in New Lauderdale L.C. ("New Lauderdale"), a Florida limited liability company, of which the Company owns the remaining 50% interest, currently provides the Company with substantially all of its psychic operators and monitors and supervises the quality of independent psychic operators provided to the Company. The Company



pays PRN a per minute fee based on caller connection time. For the years ended November 30, 1995 and 1994, the Company paid aggregate fees of approximately \$3,993,000 and \$186,000, respectively, to PRN for such services.

The Company offers several pre-recorded entertainment services, including horoscopes, tarot card readings and numerology services. Some of such services contain interactive features which permit callers to access a variety of services by responding to pre-recorded messages, such as prompts for birthdates. The Company's pre-recorded "900" entertainment services are currently billed at rates up to \$3.99 per minute; provided, however, that the first two to three minutes of some calls to such pre-recorded programs are provided to the customer without charge. For the year ended November 30, 1995, the Company's pre-recorded entertainment services accounted for approximately 13% of the Company's net revenues.

The Company solicits consumers for its "900" number services by providing access to toll-free "800" numbers for subjects of general interest and as an introduction to the Company's "900" services. The Company's entertainment services are available by calling designated "900" numbers from any telephone, provided that "900 blocking" has not been ordered or imposed for such services from such telephone. The Company's per-minute rates on telephone services are subject to applicable limitations imposed by carriers, including the limitation currently imposed by AT&T, the Company's primary long distance carrier, of \$10 per minute.

#### Enhanced Voice Mail Network Services

The Company also currently offers enhanced voice mail services which provide customers with a network of theme related entertainment services. The Company currently offers two voice mail networks which include astrological and psychic related entertainment services. These services, which include a variety of live and pre-recorded programs, newsletters and gifts are made available to each subscriber with his or her subscription to the Company's enhanced voice mail network. For a monthly fee, subscribers are assigned personal voice mailboxes which can be used to communicate with other subscribers, friends and family, as well as receive information pertaining to network services. Voice mailboxes are accessed by dialing designated "500" numbers at an average price of \$1.00 per call. Fees are billed on a monthly basis by regional carriers on the subscribers' telephone statements. Approximately 300,000 persons are currently participating in the Company's voice mail networks. For the years ended November 30, 1995 and 1994, club membership and voice mail network fees accounted for approximately 43% and 1%, respectively, of the Company's net revenues.

From August 1994 until late 1995, the Company offered entertainment services similar to those provided with its voice mail services in a membership club format, pursuant to which members were enrolled in theme related membership clubs and billed monthly for the term of their membership. Enrollment in the Company's membership clubs increased significantly since their inception in August 1994. As a result of such increase, consumer complaints have also increased, causing certain regional and local telephone carriers to terminate billings under the membership club format. In response to actions by such carriers, the Company is repositioning the marketing of its membership club services and has replaced such membership clubs with voice mail networks. The Company also continues to explore new billing platforms for its entertainment services in order to assure continued acceptance by telephone carriers in the future. In addition, the Company has taken several steps to expand its customer service operations. The Company is currently increasing its customer service capacity from nine operators to thirty operators.

The Company's first membership club, the *Astrological Society of America* ("ASA"), which was introduced in August 1994, ceased marketing to new members in late 1995, and currently is being replaced by the *Psychic Enrichment Network* ("PEN"), a new voice mail network, which is an expanded and updated version of ASA. ASA members, which are now also provided with and billed for the Company's voice mail services, are billed at a monthly rate of \$9.95. For such monthly fee, members receive a kit consisting of tarot cards and a newsletter, upon enrollment, and a monthly three-minute live psychic reading. ASA members are also given access to designated "900" number entertainment services at special rates. Use of such "900" number entertainment services by members generates additional net revenues for the Company.



In October 1995, the Company introduced PEN, which provides approximately 130,000 current subscribers with voice mail services and astrological and psychic related entertainment services for a monthly fee of \$19.95. Subscribers receive unlimited access to pre-recorded and interactive programs, which are accessed by calling designated "500" and "800" numbers. PEN subscribers receive, upon joining the network, a personal stereo headset cassette player and inspirational tape, at no additional charge, and a monthly five-minute live psychic reading. Unlike ASA, PEN subscribers do not receive access to special "900" number entertainment services. PEN currently accepts approximately 40,000 new subscriptions per month and, based on historical experience, a significant attrition rate is anticipated.

The Company intends to continue its recent emphasis on the promotion of its voice mail services concept and/or similar concepts and expects that revenues from voice mail subscribers will account for an increasing portion of the Company's net revenues in the future.

#### New Lauderdale

In March 1995, the Company and PRN formed New Lauderdale L.C., a Florida limited liability company, the successor to a joint venture established in December 1994, for the purpose of creating, developing and marketing theme related membership clubs and related telephone entertainment services. Pursuant to the terms of the agreement governing the operations of New Lauderdale, each of PRN and the Company are entitled to share equally in profits and losses from New Lauderdale's telephone entertainment services and voice mail subscriber fees. The agreement provides for the Company and PRN to furnish their respective services to New Lauderdale at cost, and for New Lauderdale to pay to each of the Company and PRN a monthly management fee of \$50,000. Such monthly management fee was discontinued in February 1996, although such services currently continue to be rendered to New Lauderdale. Under the agreement, PRN is responsible for providing psychic operators, creating and producing commercials and purchasing television media time. The Company is responsible for developing, implementing and managing marketing strategies, pre-recorded program content and database operations, as well as creating and producing infomercials and commercials and managing billing and collections.

The Company and PRN each contributed \$25,000 to the capital of New Lauderdale upon its formation. The Company and PRN agreed that either party may elect at any time to cause a distribution in an amount up to 50% of New Lauderdale's net cash. The agreement provides that the Company and PRN and their respective affiliates may engage in other activities, whether or not such activities are competitive with New Lauderdale or each other. The Company and PRN have also agreed that in the event either party elects not to fund its portion of advertising for a particular service, membership club or voice mail network, the other party shall have the right to pursue such opportunity independently. PRN is also engaged in the business of providing live psychic and other telephone entertainment services and is a direct competitor of the Company. See "Competition."

To date, New Lauderdale has introduced two membership clubs and two voice mail networks. Both of such membership clubs were modified to voice mail networks in late 1995. The services provided pursuant to such networks are similar to those provided pursuant to the Company's voice mail services. New Lauderdale's first membership club, the *Philip Michael Thomas Membership Club* ("PMT"), which was introduced in January 1995, ceased marketing to new members in late 1995, and currently is being replaced by the *Joyce Jillson Psychic Astrology Network*, a new voice mail network, which is an expanded and updated version of PMT. In June 1995, New Lauderdale introduced *La Sociedad Astrologica de America*, a Spanish language version of ASA ("La Sociedad Astrologica") designed to appeal to the Hispanic population, which currently has approximately 12,000 subscribers. Although each of these services was initially offered for a monthly fee of \$9.95, new La Sociedad Astrologica subscribers are accepted pursuant to the new format (i.e., voice mail without special "900" number entertainment services) for a fee of \$19.95 per month.

In October 1995, New Lauderdale introduced the *Joyce Jillson Psychic Astrology Network*, featuring Joyce Jillson, a nationally syndicated columnist and author of books on the subject of astrology, which currently has approximately 235,000 subscribers. Such network is offered to subscribers at \$19.95 per month. New Lauderdale also introduced the *Perfect Match Network* in late 1995, a personals and dating network,

which currently has approximately 7,000 subscribers. Such network is offered to subscribers at \$19.95 per month. Subscribers are able to leave "personals ads" on the voice-mail network and to retrieve "personals ads" submitted by other subscribers. In addition, New Lauderdale is currently testing a diet network, to be offered for a monthly fee of \$19.95, which it intends to fully market in the second quarter of 1996.

Subscribers to all of New Lauderdale's voice mail networks receive unlimited access to several pre-recorded and interactive programs, which are accessed by calling designated "500" and "800" numbers, in addition to various gifts.

For the year ended November 30, 1995, income from New Lauderdale's operations accounted for approximately 21% of the Company's income before provision for income taxes, substantially all of which was derived from *Philip Michael Thomas Membership Club* fees and revenues from "900" numbers.

#### Purchase of Remaining Interest in New Lauderdale

In January 1996, the Company and PRN entered into a preliminary letter of agreement, pursuant to which the Company agreed to purchase PRN's 50% interest in New Lauderdale, and pursuant to which the Company will be entitled to 100% of New Lauderdale's income commencing on February 1, 1996. In consideration for the transfer of such interest, the Company has agreed to issue to PRN 3,200,000 shares of the Company's Common Stock (the "PRN Shares"), 1,200,000 of which are subject to forfeiture in the event that New Lauderdale does not achieve certain levels of pre-tax earnings, during the year ending November 30, 1996. In addition, the Company has agreed to use its best efforts to file a registration statement with the Securities and Exchange Commission, within nine months after the PRN Shares are issued, to register such shares for sale by PRN or its principal stockholders. The terms of the definitive agreement, which are still being negotiated by the Company and PRN, will also contain certain restrictions on the sale of the PRN shares. The Company has also agreed that if the closing bid quotation of the Common Stock on April 15, 1997 is less than \$7.12 per share, it will provide loans to the holders of the PRN Shares, upon request, bearing interest at the "prime rate," for the payment of federal income taxes by PRN or its principal stockholders, attributable to this transaction, the aggregate amount of which loans shall not exceed \$2,500,000. The issuance of the PRN Shares is subject to the approval of the Company's stockholders at the Annual Meeting of Stockholders to be held on or around April 22, 1996.

#### Advertising, Marketing and Promotion

##### *Strategy*

The Company intends to actively pursue a strategy of growth by expanding both its voice mail network base and its general consumer markets, primarily through the use of telemarketing, direct mail and infomercials and other television advertising. Consistent with its aggressive growth strategy, the Company intends to produce, in 1996, at least one 30-minute infomercial and up to ten commercials, expand its telemarketing activities, increase its levels of syndicated television advertising, and expand its direct mail marketing programs targeting existing and potential voice mail network subscribers.

##### *Media Advertising and Promotion*

The Company focuses its efforts on direct response marketing which is designed to capture the highest percentage of calls and maximize revenues. The Company's principal direct marketing methods include the use of television infomercials and commercials featuring celebrity endorsements designed to achieve a high level of consumer awareness and appeal. The Company believes that consumer awareness and demand for telephone entertainment services has been increasing due principally to the use of television commercials and infomercials. Infomercials typically feature in-depth interviews and information designed to motivate viewers to place telephone calls to access services or subscribe to the Company's voice mail networks. Infomercials generally take approximately six weeks to write and produce, and the Company's production costs generally range from approximately \$250,000 to \$300,000. The Company's ability to efficiently produce and air an infomercial is essential to its marketing strategy.

To date, the Company has produced three infomercials. New Lauderdale has produced one infomercial starring Philip Michael Thomas, first aired in June 1995, which was designed to promote the Company's club membership concept. These infomercials feature programs intended to encourage viewers to call the Company's "900" numbers to access live psychic operators or astrology-related information.

The Company has created and produced twenty commercials in connection with the promotion of "900" number services, its membership clubs and voice mail network services. New Lauderdale has created and produced 31 commercials principally in connection with the promotion of "900" number services, membership clubs and voice mail services. The Company and New Lauderdale have also jointly created and produced seventeen commercials. CTM, an affiliate of PRN, has created and produced a significant portion of the Company's commercials and provides such services to New Lauderdale. In connection with its production services, the Company has agreed to pay to CTM \$10,000 per month in consideration of such services and between \$4,000 and \$12,000 per month for media purchases related to the Company's voice mail services. In January 1996, pursuant to an agreement between the Company, PRN and CTM, all of CTM's creative and production personnel (approximately 35 persons) terminated their employment with CTM and commenced full-time employment with New Lauderdale. As a result, all production services previously provided to the Company by CTM are currently rendered by New Lauderdale. Such services are performed on terms and at costs no less favorable than those previously provided by CTM. New Lauderdale has also agreed to provide similar production services to PRN on the same terms applicable to the Company until terminated by mutual agreement of the parties.

The Company has increasingly emphasized the marketing and promotion of its "900" number services and voice mail networks through celebrity endorsements. The Company and New Lauderdale actively seek to engage celebrity hosts to promote and advertise new telephone entertainment and voice mail services. The Company has engaged the services of Dennis Rodman, a National Basketball Association star and Rhonda Shear, a television entertainer, to promote the Company's telephone entertainment and voice mail services. New Lauderdale has also entered into agreements with celebrities including Philip Michael Thomas, Joyce Jillson, Catherine Oxenberg, a model and star of the 1980s television series *Dynasty*, Billy Dee Williams, a television and film actor, and Fernando Allende, a Latin American television actor, to appear in commercials promoting New Lauderdale's various telephone entertainment and voice mail services. Agreements with celebrities are generally for a term of one year, which may be extended under certain circumstances, and grant worldwide rights to use an individual's name and likeness in connection with services promoted by commercials. Compensation varies by individual and generally consists of an advance payment and royalties for each minute of "900" number calls or a percentage of monthly voice mail subscription fees.

The Company believes that the quality of media time purchased by the Company is a critical element in a successful direct marketing effort. Accordingly, the Company seeks to purchase blocks of quality broadcast and cable television media in order to assure meaningful coverage of its infomercials and commercials in selected time slots and geographic markets, through media-purchasing agencies. The Company has an arrangement with DM Media Management ("DM") pursuant to which DM purchases syndicated advertising time for the Company nationally. For the year ended November 30, 1995, the Company incurred fees of approximately \$200,000 for DM's services. The Company has also entered into an agreement with CTM to purchase a portion of the Company's local media time in geographic regions throughout the United States. For the year ended November 30, 1995, the Company incurred fees of approximately \$84,000 for CTM's services. In January 1996, New Lauderdale acquired the media business operated by CTM, including all media contracts and other arrangements, as well as all of CTM's employees. Until the date the Company acquires PRN's 50% interest in New Lauderdale, if such acquisition is consummated, New Lauderdale has agreed to provide such media buying services to the Company on terms and at costs no less favorable than those previously provided by CTM to the Company. New Lauderdale has also agreed to furnish such services to PRN on the same terms applicable to the Company until terminated by the mutual agreement of the parties.

#### *Telemarketing*

The Company currently retains West Interactive, Inc. ("West"), PRN and Matrix Marketing, Inc. to perform inbound telemarketing activities. These agencies provide an aggregate of between 100 and 1,000



telephone operators on an ongoing basis, depending upon the Company's planned marketing efforts, to respond to incoming telephone calls from viewers of the Company's infomercials and commercials who are interested in subscribing to the Company's voice mail networks or are inquiring about such networks. The Company pays an average of \$4.50 per subscription for each operator in connection with such services. The Company believes that an integral part of inbound telemarketing is the opportunity to increase revenues by offering or introducing additional or selected services, such as "900" number services, with a voice mail subscription.

The Company currently engages West Telemarketing Outbound, Inc. ("West Outbound"), National Market Share, Inc., JDR Marketing ("JDR"), and Optima Direct, Inc. to perform substantially all outbound telemarketing activities. The Company has recently commenced outbound telemarketing on a regular basis to promote its telephone entertainment services and voice mail networks. These agencies provide an aggregate of between 50 and 200 telephone operators on an ongoing basis, depending upon the Company's current marketing efforts, to place telephone calls to prospective customers using consumer information and data obtained from the Company's inbound telemarketing activities and mailing lists. The Company pays such agencies an average of \$27 per hour for each operator. The Company also intends to establish its own in-house telemarketing capabilities. The Company believes that establishing such capabilities will allow it to increase call volume and reduce costs relating to telemarketing activities, thereby maximizing efficiency and revenues.

#### *Direct Mail and Print Advertising*

The Company also engages in direct mail and print advertising campaigns designed to promote entertainment services and voice mail services, consisting of notifications, promotions, periodicals and subscription kits. The Company has, in the past, engaged advertising agencies, principally Jami Direct, Inc., an affiliate of the Company, to create and design print ads, direct mailings, newsletters and other communications with subscribers. Since July 1995, the Company has performed such creative activities in-house.

#### *Other Marketing Activities*

The Company produces video cassettes relating to its telephone and other entertainment services, including *The Gift of Angels*. The Company distributed approximately 3,000 copies of such video as a premium gift. In May 1995, the Company entered into an agreement with Good Times Video ("Good Times") pursuant to which Good Times marketed and distributed a video relating to guardian angels. The Company intends to produce additional videos relating to "new age" themes. Sales of videos have not been material to date and are not expected to account for a meaningful portion of the Company's net revenues in the future.

The Company also rents its mailing lists to third parties through Jami Marketing Services, Inc. ("Jami Marketing"), an affiliate of the Company. Pursuant to a list management agreement, dated June 1, 1993, between the Company and Jami Marketing, Jami Marketing serves as exclusive manager in connection with renting the Company's mailing list. The Company pays to Jami Marketing a management fee equal to 10% of rental revenue to manage its list, plus fees in connection with processing the mailing list. Revenues from mailing list rentals have not been material to date.

#### *Service Bureaus*

The Company has engaged West and Enhanced Services Billing, Inc. ("ESBI") to provide billing and collection services and accounts receivable financing in connection with the Company's "900" number services and voice mail networks. In addition, West provides other services, including call processing, in-bound telemarketing and production of pre-recorded programs. The Company is dependent upon West and ESBI to provide quality services on a timely basis and on favorable terms. Failure by West or ESBI to provide such services could result in material interruptions in the Company's operations.



## Competition

The Company faces intense competition in the marketing of its telephone entertainment services and voice mail networks. The Company competes primarily on the basis of media placements on television and through direct mail solicitations for similar "new age" services and network themes. The Company's telephone entertainment services and voice mail networks compete for consumer recognition with services which have achieved significant, national, regional and local consumer loyalty. Many of these entertainment services are marketed by companies which are well-established, have reputations for success in the development and marketing of services, have extensive experience in creating and producing infomercials and commercials featuring high profile celebrities, and may have significantly greater financial, marketing, distribution, personnel and other resources than the Company. These financial and other capabilities permit such companies to implement extensive advertising and promotional campaigns, both generally and in response to efforts by additional competitors to enter into new markets and introduce new services.

Certain of the competitors, including Inphomation Inc. and Gold Coast Media, dominate the industry and have the financial resources to enable them to withstand substantial price competition, which is expected to increase. Inphomation Inc. is the operator of "Psychic Friends Network," a highly successful "900" telephone entertainment service marketed through frequently broadcast infomercials and commercials featuring Dionne Warwick, as well as other "900" number services. Gold Coast Media is also the operator of a highly successful "900" number psychic related telephone entertainment service marketed through infomercials and commercials featuring Kenny Kingston. Also, PRN is primarily engaged in the business of providing live psychic and other telephone entertainment services and is a direct competitor of the Company.

In addition, because the telephone entertainment services industry has no substantial barriers to entry, competition from smaller competitors in the Company's target markets and from direct response marketing companies not currently offering telephone entertainment services and services similar to the Company's voice mail network services are also expected to continue to increase significantly. The Company expects that direct marketing companies that have developed or are developing new marketing strategies, as well as other companies that have the expertise that would encourage them to seek to develop direct marketing capabilities, may attempt to enter the telephone entertainment services industry or develop voice mail services similar those provided by the Company's voice mail networks, which would compete with the Company's services. The Company is also aware of other companies that have developed and introduced or are developing "900" number programs with a concept similar to the Company's voice mail networks, certain of which are psychic related. It is also possible for a small company to introduce a service or program with limited financial and other resources through the use of third-party agencies. Any such company having the potential for success may achieve rapid and significant growth as a result of the success of a single infomercial.

The Company's services and networks also compete with numerous other services and products which provide similar entertainment value, such as in-person psychic consultation and tarot card readings, newspapers, magazines, books and audio and video cassettes featuring "new age" themes, on-line computer programs and various other forms of entertainment which may be less expensive or provide other advantages to consumers.

## Insurance

The Company may be subject to substantial liability as a result of claims made by consumers arising out of services provided by the Company's independent contractors and employees. The Company is aware that claims have been made against other companies engaged in providing telephone entertainment services on the basis of advice or prognostications disseminated through such services. The Company and New Lauderdale each currently maintain a general liability insurance policy that is subject to a per occurrence limit of \$1,000,000, with a \$2,000,000 aggregate limit and an umbrella policy covering an additional \$3,000,000 of liability. In addition, the Company and New Lauderdale each have errors and omissions insurance with limits of \$2,000,000. Such insurance may not be sufficient to cover all potential future claims and additional insurance may not be available in the future at reasonable costs. The Company seeks to limit any such potential liability by providing disclaimers in connection with its services and regards its "900" services and the services provided pursuant to its voice mail networks as "entertainment."

## Government Regulation

The telephone entertainment services industry is subject to extensive, stringent and frequently changing federal, state and local laws and substantial regulation under these laws by governmental agencies, including the Federal Communications Commission ("FCC"), the Federal Trade Commission ("FTC"), the Department of Justice, the United States Postal Service, various state Attorneys General and state and local consumer protection agencies. Regulations applicable to carriers and providers of telephone entertainment services are interpreted and enforced by regulatory authorities with broad discretion and impose significant compliance burdens and risks on the Company.

The FCC regulates carriers that transmit calls and bill and collect charges, as well as the broadcast and cable television industry, including networks and stations that carry the Company's infomercials and commercials. The FTC, which is the regulatory authority with primary jurisdiction over the advertising of "900" number services, is responsible for enforcing various federal laws intended to protect consumers against deceptive trade practices, including misleading advertising, and has promulgated regulations governing, among other things, program content and advertising and promotional disclosures for telephone entertainment services and infomercials. In response to substantial complaints by consumers regarding fraudulent telemarketing activities, the FTC has recently enacted additional regulations governing telemarketing activities which, among other things, enable the FTC to impose substantial penalties for fraudulent telemarketing activities and, require the telemarketer to disclose the product or service being offered, the cost of such product or service, any restrictions that may apply before asking for a credit card or bank information and, if there is a no refund policy, to disclose such policy. Such regulations also restrict telemarketing calls from being placed between 9:00 p.m. and 8:00 a.m. without the prior consent of the person being called. In addition, the FTC has empowered state Attorneys General to seek injunctions in federal courts for fraudulent telemarketing activities. The Department of Justice and the United States Postal Service also enforce various federal laws intended to prevent the use of wires or mail for fraudulent or deceptive purposes.

The principal federal regulation governing pay-per-call operations is the Telephone Disclosure and Dispute Resolution Act of 1992 ("TDDRA"). Among other things, TDDRA provides guidelines with respect to pricing and marketing of telephone entertainment services, including services offered through "800" and "900" numbers. The recently enacted Telecommunications Act of 1996 (the "TCA") amends TDDRA by requiring that billing authorization for pay-per-call "800" number services be in writing and specifically requires disclosure to consumers of pricing information, disclosure of information relating to the provider, a provider's agreement to notify the customer of changes in billing rates in advance, disclosure of customer payment options, and the customer's signature to create an obligation to pay for such "800" number services. The Company utilizes toll-free "800" numbers in connection with the marketing of voice mail services and consumer solicitation. Based on the advice of one of the Company's regulatory counsel, management believes that the new requirements set forth in the provisions of the TCA are not applicable to the Company's operations, based on its belief that its "800" number services are not pay-per-call services, as such term is defined under TDDRA, as amended by the TCA. According to said regulatory counsel, there can be no assurance that federal or state governmental agencies will not interpret the provisions of the TCA in a manner which would make it applicable to the Company's "800" number services, in which event, the Company may be required to materially change the method in which it markets certain of its entertainment services. Compliance with such requirements, if determined to be applicable, could have a material adverse effect on the Company's business. The TCA also provides the FCC with expanded rulemaking authority, which could result in legislation, in the future, applicable to the Company's "800" number and other services.

The Company's operations in Canada are also subject to Canadian regulations governing "900" number services and consumer protection regulations which govern advertising and other business activities.

All of the Company's entertainment services and advertisements are reviewed by the Company's regulatory counsel, and management believes that the Company is in substantial compliance with all material federal and state laws and regulations governing its provision of "500," "800" and "900" number entertainment services, all of its billing and collection practices and the advertising of its services and has obtained or is in the process of obtaining all licenses and permits necessary to engage in telemarketing activities. Although the Company from time to time receives requests for information from, or is forwarded consumer complaints

by, regulatory authorities, the Company has not been subject to any enforcement actions by any regulatory authority. Nevertheless, certain information relating to the Company has been subpoenaed by the Attorneys General of the States of Texas and Idaho from ESBI. Certain information relating to the Company's programs also has been subpoenaed by the Attorney General of the State of Texas from West Outbound. The Company believes that such subpoenas have been issued as part of pending investigations by such Attorneys General in connection with certain of the Company's telemarketing activities. While management believes that these investigations will not result in enforcement actions or claims which would have a material adverse effect on the Company, there can be no assurance that this will be the case. Amendments to or interpretations and enforcement of existing statutes and regulations, adoption of new statutes and regulations and the Company's expansion into new jurisdictions and "900" number services could require the Company to continually alter methods of operations, modify the content or use of its services or the manner in which it markets its services, which could result in material interruptions in its operations. Failure to comply with applicable laws and regulations could subject the Company to civil remedies, including substantial fines, penalties and injunctions, as well as possible criminal sanctions, which could have a material adverse effect on the Company.

#### **Employees**

The Company currently employs 35 full-time employees, including five executive officers and 27 part-time employees, primarily employed in customer service, all of which are located at the Company's principal executive offices in Pearl River, New York. The Company believes that its relations with its employees are satisfactory. None of the Company's employees are represented by a union.

#### **Item 2. Properties**

The Company leases approximately 6,000 square feet of space at One Blue Hill Plaza, Pearl River, New York, all of which is currently used for the Company's principal executive offices. The lease for such premises expires on April 30, 2005. The current monthly base rent is \$7,562.50, which amount will be increased to \$8,937.50 per month commencing on May 1, 1997, and further increased to \$9,854.17 per month commencing on May 1, 2000, for the remainder of the term of the lease. The Company is currently negotiating a new ten-year lease for 15,000 square feet of space in the same building to replace its existing lease. It is anticipated that such lease will provide for a monthly base rent of \$11,875 for the initial 18 months, which amount will be increased to \$21,875 per month for the next 45 months, and further increased to \$26,875 per month for the remainder of the term of such lease. The Company intends to move into the new space by the third quarter of 1996.

The Company also leases space in Hillsboro Beach, Florida, for use by the Company's employees when performing services on behalf of the Company and New Lauderdale in Florida. The term of the lease is from November 1, 1995 to May 5, 1996. The rent is \$10,000 per month.

#### **Item 3. Legal Proceedings**

In October 1995, ESBI was served with a notice of violation under California's Consumer Legal Remedies Act by an individual acting in her own right and for others similarly situated, relating to certain billing practices, including ESBI's alleged billing for one of the Company's "800" numbers which the Company allegedly advertised to consumers as a free call. Such notice demands that the class of claimants represented therein be compensated for violations of such consumer laws. Management believes that such claim is without merit and will not have a material impact on the Company.

The Company has been advised that a claim was asserted on or about February 7, 1996 against New Lauderdale and certain other defendants by Gold Coast Media, Inc. ("Gold Coast"), one of the Company's competitors. Gold Coast seeks to enforce an alleged non-competition agreement with a former employee, has asserted a claim for tortious interference against New Lauderdale and the other named corporate defendants, and seeks unspecified monetary damages. Although the Company is not a named defendant in this action, it is possible that Gold Coast could, in the future, amend its complaint to add the Company as a defendant. New Lauderdale has advised the Company that it believes such claim is without merit and will not have a material impact on New Lauderdale.

#### **Item 4. Submission of Matters to A Vote of Security Holders**

Not Applicable.



## PART II

### Item 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

#### (a) *Market Information.*

Since December 5, 1995, the Company's Common Stock has been traded on the Nasdaq National Market System under the symbol "QTEL."

#### (b) *Security Holders.*

To the best knowledge of the Company, at February 23, 1996, there were approximately 34 record holders of the Company's Common Stock. The Company believes there are numerous beneficial owners of the Company's Common Stock whose shares are held in "street name," and therefore it is likely that there are more record holders than indicated.

#### (c) *Dividends.*

Except for S corporation distributions made to the Company's stockholders prior to December 5, 1995 (the effective date of the initial public offering of its shares of Common Stock), the Company has not paid, and has no current plans to pay, dividends on its Common Stock. The Company intends to retain all earnings for use in its business.

# Item 6. SELECTED FINANCIAL DATA

The following table presents selected historical financial data of the Company for the period from August 1, 1992 (inception) to November 30, 1992 and for each of the three fiscal years through November 30, 1995. The following selected financial data for the years ended November 30, 1993, 1994 and 1995, are derived from the financial statements of the Company appearing elsewhere herein. The financial data set forth should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements of the Company.

## Statement of Operations Data:

|                                                                            | Year Ended November 30, |              |             | August 1, 1992<br>(inception) to<br>November 30<br>1992 |
|----------------------------------------------------------------------------|-------------------------|--------------|-------------|---------------------------------------------------------|
|                                                                            | 1995                    | 1994         | 1993        |                                                         |
| Net revenue                                                                | \$50,501,266            | \$22,771,465 | \$8,262,179 | \$1,700,322                                             |
| Costs of sales                                                             | 36,732,610              | 17,521,985   | 5,778,706   | 986,319                                                 |
| Gross profit                                                               | 13,768,656              | 5,249,480    | 2,483,473   | 714,003                                                 |
| Selling, general and administrative expenses                               | 3,457,003               | 3,012,588    | 1,801,330   | 448,036                                                 |
| Income from operations                                                     | 10,301,648              | 2,236,892    | 682,143     | 265,967                                                 |
| Interest expense                                                           | (334,318)               | (759,211)    | (117,460)   | (6,917)                                                 |
| Other income, net                                                          | 35,250                  | —            | —           | —                                                       |
| Management fee income                                                      | 450,000                 | —            | —           | —                                                       |
| Equity in earnings of joint venture                                        | 2,860,304               | —            | —           | —                                                       |
| Income before provision for income tax and minority interest               | 13,312,884              | 1,477,681    | 564,683     | 259,050                                                 |
| Provision (benefit) for income taxes                                       | 220,335                 | 54,842       | (76,690)    | 111,994                                                 |
| Income before minority interest                                            | 13,092,549              | 1,422,839    | 641,373     | 147,056                                                 |
| Minority interest in net (income) loss                                     | —                       | —            | 73,528      | (73,528)                                                |
| Net income                                                                 | \$13,092,549            | \$ 1,422,839 | \$ 714,901  | \$ 73,528                                               |
| Income before pro forma adjustments and minority interest                  | \$13,312,884            | \$ 1,477,681 | \$ 564,683  | \$ 259,050                                              |
| Pro forma income tax provision                                             | 5,633,116               | 835,144      | 257,761     | 111,994                                                 |
| Pro forma income before minority interest                                  | 7,679,768               | 642,537      | 306,922     | 147,056                                                 |
| Minority interest in net (income) loss                                     | —                       | —            | 73,528      | (73,528)                                                |
| Pro forma net income                                                       | \$ 7,679,768            | \$ 642,537   | \$ 380,450  | \$ 73,528                                               |
| Pro forma net income per share                                             | \$ .64                  | \$ .05       | \$ .08      | \$ .02                                                  |
| Weighted average number of common and common equivalent shares outstanding | 12,000,000              | 12,000,000   | 5,008,219   | 4,000,000                                               |

## Balance Sheet Data:

|                      | November 30, |            |            |           |
|----------------------|--------------|------------|------------|-----------|
|                      | 1995         | 1994       | 1993       | 1992      |
| Working Capital      | \$ 3,217,627 | \$ 494,738 | \$ 788,429 | \$147,056 |
| Total Assets         | 16,969,956   | 3,976,881  | 3,894,080  | 942,960   |
| Total Liabilities    | 10,938,881   | 3,432,355  | 3,105,651  | 869,432   |
| Stockholders' equity | 6,031,075    | 544,526    | 788,429    | 73,528    |

## Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Overview

The Company commenced operations in August 1992 by providing telephone entertainment services through the use of "900" numbers advertised by direct mail campaigns. In September 1993, the Company commenced providing such services through a billable "800" number platform. In February 1994, the Company expanded its marketing efforts to include the use of broadcast media and has increasingly emphasized such marketing method. From September 1993 to July 1994, the Company's "800" number billing arrangements accounted for substantially all of the Company's net revenues.

In light of carrier termination of certain "800" number billing platforms, in August 1994, the Company discontinued the use of billable "800" numbers and resumed providing all of its telephone entertainment services through "900" numbers. Billing for club membership services, which commenced in August 1994, were subsequently modified from July 1995 to September 1995, by offering club membership as part of enhanced voice-mail services. Currently, all of such services are marketed and billed as voice-mail network services.

In December 1994, the Company entered into a joint venture agreement with PRN for the purpose of expanding its original membership club concept and its "900" number services. The joint venture commenced operations in January 1995 and was subsequently reorganized as a limited liability company in March 1995 under the name New Lauderdale L.C. The Company accounts for New Lauderdale's operations under the equity method and, accordingly, reports its 50% share of New Lauderdale's income or loss. The Company's net revenue and expenses do not include net revenue and expenses of New Lauderdale. In the event that the Company acquires the remaining 50% interest in New Lauderdale, as is presently contemplated, the Company will no longer account for New Lauderdale's operations under the equity method of accounting, but instead will treat New Lauderdale as a subsidiary and include its results of operations on a consolidated basis in the Company's consolidated financial statements. See "Business — New Lauderdale" and Notes 9 and 10 to Notes to Consolidated Financial Statements.

Commencing the week of February 5, 1996, one of the regional telephone carriers suspended the billing of the Company's and New Lauderdale's voice mail network services in response to an alleged failure by the Company and ESBI to provide adequate customer services to voice mail subscribers in the region serviced by such carrier. ESBI has advised the Company that it believes this matter has been resolved in a manner acceptable to the carrier and the carrier will resume such billing by March 1, 1996 and bill all amounts not billed during the suspended period. Management does not expect this action to have any material effect on the Company's operations.

The Company recognizes revenues from "900" number services net of provision for chargebacks at the time service is accessed. Because of the substantial time until funds are collected (due to normal telephone billing and collection practices), the Company obtained a \$4,000,000 line of credit from West and a \$7,000,000 line of credit from ESBI to finance its receivables. The Company recognizes revenues from new subscriptions to voice mail networks at the time a prospective customer subscribes to the network, subject to a two week processing delay, and currently as fees are billed each month. The Company has also entered into an agreement with ESBI to finance its network receivables. See "Liquidity and Capital Resources."



## Results of Operations

The following table sets forth for the periods indicated the percentage of net revenue represented by certain items reflected in the Company's statement of income. The statements of income contained in the Company's financial statements and the following table include pro forma adjustments for income taxes.

|                                              | Year Ended November 30, |        |        |
|----------------------------------------------|-------------------------|--------|--------|
|                                              | 1995                    | 1994   | 1993   |
| Net revenue                                  | 100.0%                  | 100.0% | 100.0% |
| Cost of sales                                | 72.7                    | 76.9   | 69.9   |
| Gross Profit                                 | 27.3                    | 23.1   | 30.1   |
| Selling, general and administrative expenses | 6.9                     | 13.2   | 21.8   |
| Interest expense                             | 0.7                     | 3.3    | 1.4    |
| Management fee income                        | 0.9                     | —      | —      |
| Equity in earnings of joint venture          | 5.7                     | —      | —      |
| Net income                                   | 25.9                    | 6.2    | 8.6    |
| Pro forma net income                         | 15.2                    | 2.8    | 4.6    |

### *Year Ended November 30, 1995 Compared to Year Ended November 30, 1994*

Net revenue for the year ended November 30, 1995 was \$50,501,266, an increase of \$27,729,801, or 122%, as compared to \$22,771,465 for the year ended November 30, 1994. The increase in net revenue was attributable primarily to the introduction of the Company's original membership clubs commencing in late 1994, which accounted for \$21,803,903 of net revenue. Chargebacks for the year ended November 30, 1995 were \$19,065,077, an increase of \$8,223,503, or 76%, as compared to \$10,841,574 for the year ended November 30, 1994. This increase was primarily attributable to the increase in the amount of services provided by the Company and the corresponding increase in gross revenue between the comparable periods. Such increase in chargebacks was partially offset by the change of the Company's telephone entertainment services from billable "800" numbers to "900" numbers and the addition of the original membership clubs, both of which have historically lower chargeback rates, as well as the Company's more efficient utilization of database management systems designed to reduce the number of unbillable records.

Cost of sales for the year ended November 30, 1995 was \$36,732,610, an increase of \$19,210,625, or 110%, as compared to \$17,521,985 for the year ended November 30, 1994. The increase was primarily attributable to increased service bureau fees and increases in advertising expenditures for television commercials and infomercials and telemarketing. Cost of sales as a percentage of net revenue decreased to approximately 73% from approximately 77% for these periods, primarily as a result of the lower costs associated with the Company's original club membership services compared to its "900" number entertainment services. Such decrease was partially offset by increased service bureau and advertising costs.

Selling, general and administrative expenses for the year ended November 30, 1995 were \$3,467,008, an increase of \$454,420, or 15%, as compared to \$3,012,588 for the year ended November 30, 1994. This increase was primarily attributable to a substantial increase in the Company's personnel in 1995 and the Company's relocation to larger office space to accommodate the growth of its operations. Such increases were partially offset by decreases in officers' salaries of approximately \$540,000.

Interest expense decreased by \$424,893, or 56%, to \$334,318 for the year ended November 30, 1995, as compared to \$759,211 for the year ended November 30, 1994. The decrease was due to lower interest rates under financing arrangements.

For the year ended November 30, 1995, the Company, for the first time, received management fee income in an aggregate amount of \$450,000 from New Lauderdale. Such management fees were discontinued in February 1996, although such services currently continue to be rendered to New Lauderdale.

For the year ended November 30, 1995, the Company recognized equity in earnings of joint venture of \$2,860,304, \$1,540,000 of which was distributed to the Company during such year. This reflects the

Company's 50% interest in the income from New Lauderdale's operations for such period. In the event that the Company acquires the remaining 50% interest in New Lauderdale, as is presently contemplated, the Company will no longer account for New Lauderdale's operations under the equity method of accounting, but instead will treat New Lauderdale as a subsidiary and include its results of operations on a consolidated basis in the Company's consolidated financial statements.

Net income increased to \$13,092,549 for the year ended November 30, 1995 from \$1,422,839 for the prior comparable period, an increase of \$11,669,710, or 820%. This increase was primarily due to an increase of \$8,064,756 in the Company's income from operations directly attributable to the growth of the Company's business, an aggregate increase of \$2,860,304 of net income attributable to the Company's 50% equity interest in New Lauderdale, and a reduction in interest expense of \$424,893. Net income after giving effect to pro forma income tax provisions would have been \$7,679,768 and \$642,537 for the years ended November 30, 1995 and 1994, respectively.

#### *Year Ended November 30, 1994 Compared to Year Ended November 30, 1993*

Net revenue for the year ended November 30, 1994 was \$22,771,465, an increase of \$14,509,286, or 175.4%, as compared to \$8,262,179 for the year ended November 30, 1993. The increase was attributable to the growth of the Company's telephone entertainment services. Chargebacks for the year ended November 30, 1994 were \$10,841,574, an increase of \$8,021,172, or 184.4%, as compared to \$2,820,402 for the year ended November 30, 1993. This increase was primarily attributable to the growth of the Company's telephone entertainment services.

Cost of sales for the year ended November 30, 1994 were \$17,521,985 an increase of \$11,743,279 or 203.2%, as compared to \$5,778,706 for the year ended November 30, 1993. Cost of sales also increased as a percentage of net revenue from 69.9% to 76.9% during such periods. Such increases were attributable primarily to an increase in the Company's advertising expenses of approximately \$4,634,000, including \$912,000 resulting from the Company's commencement of television advertising in early 1994 and \$3,742,000 resulting from increases in direct mail expenses, as well as increases in service bureau and live operator costs of approximately \$6,500,000.

Selling, general and administrative expenses increased by \$1,211,258, or 67.2%, from 1993 to 1994. Such increase was primarily attributable to increased personnel and other costs resulting from the Company's increased levels of operations. Such increase was partially offset by a reduction of approximately \$1,190,000 in management fees paid to a related party.

Interest expense increased by \$641,751 in 1994 from 1993, as a result of increased levels of advances and higher interest rates under the Company's financing arrangements with service bureaus.

Net income increased to \$1,422,839 in 1994 from \$714,901 in 1993, an increase of \$707,938, or 99.0%. This increase was primarily attributable to the increase in net revenue in 1994. Net income after giving effect to pro forma income tax provisions would have been \$642,537 and \$380,450 for the years ended November 1994 and 1993, respectively.

#### **Liquidity and Capital Resources**

At November 30, 1995, the Company had working capital of \$3,217,627 as compared to working capital of \$494,738 at November 30, 1994. Such increase was attributable to an increase in accounts receivable and cash, offset in part, by increases in accounts payable, reserves for customer chargebacks and loans payable. The Company has historically financed its working capital requirements principally through cash flow from operations and receivable financing. In December 1995, the Company received net proceeds of approximately \$13,600,000 from an initial public offering of its shares of Common Stock, a portion of which may also be used for working capital purposes.

Net cash provided by operating activities was \$7,717,634 for the year ended November 30, 1995. The increase in cash provided by operating activities, during the year ended November 30, 1995, was attributable to net income and an increase in reserve for customer chargebacks, which was partially offset by equity interest

in earnings of joint venture, net of dividends received and an increase in accounts receivable. Net cash used in investing activities for the year ended November 30, 1995 was \$165,761 and reflects the Company's investment of \$25,000 in New Lauderdale and purchases of property and equipment. Net cash used in financing activities for the year ended November 30, 1995 was \$4,962,478 and reflects distributions to stockholders of \$7,606,000, which was partially offset by proceeds from accounts receivable financing arrangements of \$2,643,522. At November 30, 1995, the Company had cash and cash equivalents of \$3,570,468.

The Company is dependent upon its "900" number services and fees generated from its voice mail network services for substantially all of its revenues and is subject to the risk that "900" number charges and fees for voice mail network services may not be paid by consumers. Regulation in the United States provides that a consumer's telephone service may not be discontinued for failure to pay for "900" service or voice mail fees. In the event of nonpayment by consumers or the provision of refunds or credits by carriers, the Company is nevertheless obligated to pay the service bureau engaged for such service, which in turn is obligated to pay the carrier. The Company maintains a reserve for consumer chargebacks which was \$4,025,130 at November 30, 1995. Such reserve is estimated based on the amount of historical chargebacks which includes refunds, credits and uncollectible charges. Due to the Company's limited experience to date in new "900" markets and voice mail networks, there can be no assurance that the Company's reserves will be adequate to cover actual chargebacks. The Company recognizes revenues net of the provision for consumer chargebacks for "900" number services and voice mail network services at the time consumers access service, subscribe or continue to use such voice mail services. Since reserves are established prior to the periods in which chargebacks are ultimately determined, the Company's revenues may be reduced in later periods in the event that the Company's reserves prove to be insufficient. Any significant sustained increase in the level of consumer chargebacks would have a material adverse effect on the Company's financial condition and results of operations.

The Company has a financing arrangement with West which currently provides for a \$4,000,000 line of credit payable on demand. The line of credit provides for weekly advances in an amount equal to 50% of a borrowing base, which is approximately 70% of gross sales from "900" number services accessed during the prior week. The Company is entitled to receive the balance of amounts due within thirty days of the end of the month during which service is accessed. Amounts advanced under the line of credit bear interest at the prime rate plus 3% and are secured by accounts receivable relating to "900" number services. The financing arrangement with West terminates in May 1996. At November 30, 1995, \$600,000 was outstanding under the line of credit. All outstanding advances under this credit line were repaid in December 1995 and the Company is not currently utilizing said facility. West may terminate the line of credit at any time upon thirty days written notice. The Company intends to renew their credit line in May 1996 and to maintain the availability of such line for at least an additional year.

The Company also has a financing arrangement with ESBI which currently provides for a \$7,000,000 line of credit. Such arrangement provides for ESBI's purchase, with full recourse, of the Company's accounts receivable relating to fees payable for voice mail network services. Advances under the arrangement equal approximately 50% of approved accounts and are made within 30 days of approval by ESBI. The Company receives the balance of amounts due within 90 and 120 days, after deduction of charges, expenses and reserves. Amounts advanced under the financing arrangement bear interest at the prime rate plus 6% and are secured by accounts receivable relating to fees for voice mail network services. At November 30, 1995, \$2,643,522 was outstanding under this arrangement. The financing arrangement with ESBI may be terminated by the Company or ESBI on 30 days written notice.

The Company and its predecessor affiliated companies had elected to be taxed as S corporations and, accordingly, were not subject to federal income taxes. Net income, prior to December 5, 1995, had been taxed for federal income tax purposes directly to the Company's stockholders. For the year ended November 30, 1995, the Company made S corporation distributions to its stockholders in the aggregate amount of \$7,606,000. On December 4, 1995 the Company declared a final S corporation distribution in the approximate amount of \$5,000,000, representing all of its retained earnings in excess of \$575,000, \$3,000,000 of which was paid to the Company's stockholders on such date. Such stockholders were issued promissory notes (the



"Stockholder Notes") in the aggregate principal amount of the remaining portion of such S corporation distribution, which Stockholder Notes bear interest at the rate of 9% per annum, and are payable in aggregate minimum monthly payments of principal of \$500,000 plus 25% of monthly cash flow in excess of \$1,000,000. The Company paid the first two installments of the Stockholder Notes in January and February 1996, in the approximate amounts of \$585,000 and \$938,000, respectively. Approximately \$500,000 currently remains outstanding under the Stockholder Notes. Such amount will be retained by the Company until the actual amount of the final S corporation distribution has been determined by the Company.

The Company's primary cash requirements have been to fund the cost of advertising and promotion. Other than the purchase of equipment in connection with the establishment of in-house telemarketing operations and the expansion of its customer service department, the Company currently has no plans or material commitments for capital expenditures. The Company anticipates, based on currently proposed plans and assumptions relating to its operations (including the substantial costs associated with its proposed advertising and marketing activities), that projected cash flow from operations and available cash resources, including its financing arrangements with service bureaus, will be sufficient to satisfy its anticipated cash requirements for at least the next twelve months. The Company does not have any long-term obligations and does not currently intend to incur any such obligations in the future.

#### Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Reference is made to the Financial Statements referred to in the accompanying Index, setting forth the consolidated financial statements of Quintel Entertainment, Inc. and subsidiaries, together with the report of Coopers & Lybrand L.L.P. dated February 19, 1996.

#### Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

### PART III

#### Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required under this Item relating to members of the Board of Directors and Executive Officers of the Company will be included in the Company's 1996 Notice of Annual Meeting of Stockholders and Proxy Statement under the headings "Election of Directors," "Executive Officers," "Late Filings" and "Director and Officer Holdings," which will be filed within 120 days after the close of the Company's fiscal year, and is incorporated herein by reference.

#### Item 11. EXECUTIVE COMPENSATION

The information required under this Item relating to executive compensation will be included in the Company's 1996 Notice of Annual Meeting of Stockholders and Proxy Statement under the heading "Executive Compensation," which will be filed within 120 days after the close of the Company's fiscal year, and is incorporated herein by reference.

#### Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required under this Item relating to security ownership of certain beneficial owners and management will be included in the Company's 1996 Notice of Annual Meeting of Stockholders and Proxy Statement under the heading "Principal Shareholders," which will be filed within 120 days after the close of the Company's fiscal year, and is incorporated herein by reference.

#### Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

##### Organization of the Company

Creative Direct Marketing, Inc. ("Creative") was formed in February 1992 and commenced operations in August 1992. Creative issued to each of United Mail Corp. ("United Mail"), a corporation owned by an unrelated third party and 900 Direct Marketing, Inc. ("900 Direct"), a corporation owned by Jeffrey L. Schwartz and Michael G. Miller, 100 shares of Common Stock for an aggregate consideration of \$10,000. Creative was a party to certain agreements with C.J. Direct Marketing, Inc., a corporation owned by Jay Greenwald and Claudia Newman, and 900 Direct, from August 1, 1992 until such agreements were terminated in June 1994. These agreements provided for the payment of fees by Creative to each of the foregoing for management services rendered. During the term of these agreements, Creative paid an aggregate of \$1,619,576 to such parties for their services. On July 31, 1994, Messrs. Schwartz, Miller and Stollman purchased all of the shares of Creative owned by 900 Direct for an aggregate of \$29,700, the tax basis book value of such shares. Additionally, Mr. Greenwald, Ms. Newman and Mr. Stollman purchased all of the shares of Creative owned by United Mail for an aggregate of \$29,700. Calling Card Co., Inc. ("Calling Card") was formed in September 1993 and issued to Mr. Schwartz, Mr. Greenwald, Ms. Newman, Mr. Stollman and Mr. Miller, 45, 54, 36, 20 and 45 shares of Common Stock, respectively, for an aggregate consideration of \$400,000. With the growth of Calling Card's business, Creative's business was phased out, but it continued to act as an agent for Calling Card under its service agreements with West until Calling Card entered into its own agreement with West in December 1994. The Company was formed in November 1993, began operations in December 1993, and has acted as Calling Card's agent for the purpose of accounts receivable financing with ESBI. The Company issued to Mr. Schwartz, Mr. Greenwald, Ms. Newman, Mr. Stollman and Mr. Miller, 2,700,000, 3,240,000, 2,160,000, 1,200,000 and 2,700,000 shares of Common Stock, respectively, for an aggregate consideration of \$10,000.

##### Distribution of Retained Earnings

On December 4, 1995 the Company declared a final S corporation distribution in the approximate amount of \$5,000,000, representing all of its retained earnings in excess of \$575,000, \$3,000,000 of which was paid to the Company's stockholders on such date. Such stockholders were issued promissory notes (the "Stockholder Notes") in the aggregate principal amount of the remaining portion of such S corporation

distribution, which Stockholder Notes bear interest at the rate of 9% per annum, and are payable in aggregate minimum monthly payments of principal of \$500,000 plus 25% of monthly cash flow in excess of \$1,000,000. The Company paid the first two installments of the Stockholder Notes in January and February 1996, in the approximate amounts of \$555,000 and \$938,000, respectively. Approximately \$500,000 currently remains outstanding under the Stockholder Notes. Such amount will be retained by the Company until the actual amount of the final S corporation distribution has been determined by the Company.

#### Relationship with the Jami Companies

The Company has entered into transactions with Jami Marketing Services, Inc. ("Jami Marketing"), Jami Direct, Inc. ("Jami Direct") and Jami Data Services, Inc. (Jami Data and, together with Jami Marketing and Jami Direct, the "Jami Companies"), companies which are principally owned and controlled by Jeffrey L. Schwartz, Chief Executive Officer, director and a principal stockholder of the Company, and Michael G. Miller, a director and principal stockholder of the Company. Pursuant to a list management agreement, dated June 1, 1993, between the Company and Jami Marketing, Jami Marketing serves as exclusive manager in connection with the management of the Company's mailing list for rental to third parties for which Jami Marketing receives a management fee. Jami Marketing also from time to time provides list brokerage services to the Company, pursuant to an oral agreement, whereby Jami Marketing obtains mailing lists from third parties for use by the Company in connection with its telemarketing activities for which the Company pays Jami Marketing a brokerage fee. In addition, although the Company currently creates and designs substantially all of its print ads, direct mailings, newsletters and other communications with voice mail subscribers, the Company has in the recent past engaged Jami Direct to provide such services. The Company also engages Jami Data to assist with respect to its data base requirements. For the years ended November 30, 1995, 1994 and 1993, costs of approximately \$160,000, \$871,400 and \$1,900,000, respectively, were incurred by the Company for such services. The Company believes that all of such transactions and arrangements were advantageous to the Company and were on terms no less favorable to the Company than could have been obtained from unaffiliated third parties.

#### Other Relationships

The firm of Feldman, Gutterman, Meinberg & Co. ("FGM"), is one of the Company's accounting firms. Mr. Mark Gutterman, a director of the Company, is a partner of FGM. Burton Feldman, a partner in FGM, is the father-in-law of Jeffrey L. Schwartz, the Chairman and Chief Executive Officer of the Company. For the years ended November 30, 1995, 1994 and 1993, the Company incurred charges of approximately \$168,000, \$140,000 and \$24,000, respectively, for services rendered by FGM. The Company believes that its relationship with FGM is on terms no less or more favorable to the Company than could have been obtained from unaffiliated third parties.

Murray L. Skala, a director of the Company, is a partner in the law firm of Feder, Kaszovitz, Isaacson, Weber, Skala & Bass LLP, the Company's attorneys. The Company paid such firm approximately \$140,000, \$89,000 and \$4,000, respectively, during the years ended November 30, 1995, 1994 and 1993. In December 1995, the Company also issued to such firm 25,000 shares of the Company's Common Stock in consideration for legal services rendered in connection with the Company's initial public offering of its shares of Common Stock.

The Company has also entered into a consulting agreement, effective October 1, 1995, with Michael Miller, a principal stockholder of the Company, which expires on November 30, 1999. Under the terms of such consulting agreement, Mr. Miller provides services in connection with identification and engagement of celebrities to endorse the Company's services, the Company's engagement of independent producers to produce commercials and infomercials and the development of new entertainment services. The agreement provides that Mr. Miller's services are subject to his availability and recognizes his commitment to other non-competitive business activities. The Company has agreed to pay Mr. Miller consulting fees of \$10,416, \$11,458 and \$12,604 per month for the fiscal years ending November 30, 1996, 1997 and 1998, respectively. The agreement provides that Mr. Miller is precluded from involvement in any other business which competes with the Company during the term of the consulting agreement and for a period of two years thereafter. In



addition, Mr. Miller has the right to become a full-time employee of the Company, in the event of the sale of the Jami Companies, and to receive an initial base salary at the rate of \$200,000 per annum with 10% annual increases. Upon commencement of such full-time employment, Mr. Miller will also be entitled to bonuses along with the Company's other executive employees.

## PART IV

### Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

#### (2) Financial Statements and Financial Statement Schedules.

##### (i) Financial Statements:

See Index to Financial Statements.

##### (ii) Financial Statement Schedules

#### Schedule of Valuation and Qualifying Accounts and Reserves

All other financial statement schedules have been omitted since either (i) the schedule or condition requiring a schedule is not applicable or (ii) the information required by such schedule is contained in the Consolidated Financial Statements and Notes thereto or in Management's Discussion and Analysis of Financial Condition and Results of Operation.

#### (3) Reports on Form 8-K.

The Company filed no Current Reports on Form 8-K in 1995.

#### (4) Exhibits.

##### Exhibit Number

- 2.1\* — Letter of Intent among the Company, Psychic Readers Network and Central Talk Management, Inc.
- 2.2\* — New Lauderdale L.C. Financial Statements for the period December 30, 1994 (inception) to November 30, 1995
- 3.1 — Articles of Incorporation of the Company, as amended(1)
- 3.2 — By-Laws of the Company(2)
- 3.3 — Articles of Organization of New Lauderdale L.C.(2)
- 3.4 — Regulations of New Lauderdale(2)
- 4.1 — Form of certificate evidencing shares of Common Stock(3)
- 10.1 — 1995 Stock Option Plan(3)
- 10.2 — Employment Agreement by and between the Company and Jeffrey L. Schwartz(3)
- 10.3 — Employment Agreement by and between the Company and Jay Greenwald(3)
- 10.4 — Employment Agreement by and between the Company and Claudia Newman(3)
- 10.5 — Employment Agreement by and between the Company and Andrew Stollman(3)
- 10.6 — Consulting Agreement by and between the Company and Michael G. Miller(3)
- 10.7 — Lease of the Company's offices at One Blue Hill Plaza, Pearl River, New York(2)
- 10.8+ — Servicing Agreement between West Interactive Corporation and the Company(2)
- 10.9+ — Servicing Agreement between West Interactive Corporation and New Lauderdale(2)
- 10.10 — Collateral Note and Security Agreement between West Interactive Corporation and the Company(2)
- 10.11 — Collateral Note and Security Agreement between West Interactive Corporation and New Lauderdale(2)
- 10.12 — Telemarketing Services Agreement between West Telemarketing Corporation Outbound and the Company(2)

Exhibit  
Number

- 10.13+ — Billing and Information Management Services Agreement and Advanced Payment Agreement between Enhanced Services Billing, Inc. and the Company(2)
- 10.14 — Media Buying Agreement between Central Talk Management and the Company(2)
- 10.15 — Psychic Readers Network Live Operator Service Agreement between Psychic Readers Network, Inc. and the Company(3)
- 10.16 — Management Agreement between New Lauderdale, Psychic Readers Network, Inc. and the Company(2)
- 10.17 — Commercial/Infomercial Performance Agreement between New Lauderdale and RMI Entertainment (on behalf of P.M.T. Productions) with Letter of Inducement executed by Philip Michael Thomas(3)
- 10.18 — Amended and Restated Consulting Agreement among New Lauderdale, RMI Entertainment, Kaye M. Porter Management and P.M.T. Productions, Inc.(3)
- 10.19 — Media Advertising Letter Agreement between New Lauderdale and the Company(2)
- 10.20 — Lease of Apartment at 1073 Hillsboro Mile, Hillsboro, Florida(3)
- 10.21 — Promotion and Endorsement Agreement between New Lauderdale and Joyce Jillson(3)
- 10.22 — Promotion and Endorsement Agreement between New Lauderdale and Catherine Oxenberg(3)
- 10.23 — Promotion and Endorsement Agreement between the Company and Dennis Rodman(3)
- 10.24\* — Promotion and Endorsement Agreement between the Company and Rhonda Shear
- 10.25\* — Promotion and Endorsement Agreement between Psychic Readers Network, Inc. and Billy Dee Williams (assigned to New Lauderdale pursuant to Letter of Intent)
- 10.26\* — Promotion and Endorsement Agreement between New Lauderdale and Fernando Allende
- 10.27\* — Letter of Agreement between the Company and Optima Direct, Inc.
- 21\* — Subsidiaries of the Company

\* Filed herewith.

+ Confidential treatment requested as to portions of this Exhibit.

- (1) Filed as an Exhibit to the Company's Registration Statement on Form 8-A, dated October 23, 1995, and incorporated herein by reference.
- (2) Filed as an Exhibit to the Company's Registration Statement on Form S-1 (the "S-1 Registration Statement"), dated September 6, 1995 (File No. 33-96632), and incorporated herein by reference.
- (3) Filed as an Exhibit to Amendment No. 1 to the S-1 Registration Statement, dated November 14, 1995, and incorporated herein by reference.



# SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: February 27, 1996

QUINTEL ENTERTAINMENT, INC.

By: /s/ Jeffrey L. Schwartz

Jeffrey L. Schwartz

Chairman and CEO

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

| <u>Signature</u>                                      | <u>Title</u>                                                         | <u>Date</u>       |
|-------------------------------------------------------|----------------------------------------------------------------------|-------------------|
| <u>/s/ Jeffrey L. Schwartz</u><br>Jeffrey L. Schwartz | Chairman and Chief Executive Officer (Principal Executive Officer)   | February 27, 1996 |
| <u>/s/ Jay Greenwald</u><br>Jay Greenwald             | President, Chief Operating Officer and Director                      | February 27, 1996 |
| <u>/s/ Raymond J. Richter</u><br>Raymond J. Richter   | Chief Financial Officer (Principal Financial and Accounting Officer) | February 27, 1996 |
| <u>/s/ Claudia Newman</u><br>Claudia Newman           | Executive Vice President and Director                                | February 27, 1996 |
| <u>/s/ Andrew Stollman</u><br>Andrew Stollman         | Senior Vice President and Director                                   | February 27, 1996 |
| <u>/s/ Michael G. Miller</u><br>Michael G. Miller     | Director                                                             | February 27, 1996 |
| <u>/s/ Murray L. Skala</u><br>Murray L. Skala         | Director                                                             | February 27, 1996 |
| <u>/s/ Edwin A. Levy</u><br>Edwin A. Levy             | Director                                                             | February 27, 1996 |
| <u>/s/ Mark Gutterman</u><br>Mark Gutterman           | Director                                                             | February 27, 1996 |

QUINTEL ENTERTAINMENT, INC.

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED NOVEMBER 30, 1995, 1994 AND 1993

QUINTEL ENTERTAINMENT, INC. AND SUBSIDIARIES  
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND  
FINANCIAL STATEMENT SCHEDULE

|                                                                                                               | <u>Page</u> |
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| Report of Independent Accountants .....                                                                       | F-1         |
| Consolidated Balance Sheets as of November 30, 1995 and 1994 .....                                            | F-2         |
| Consolidated Statements of Income for the years ended November 30, 1995, 1994 and 1993 ...                    | F-3         |
| Consolidated Statements of Shareholders' Equity for the years ended November 30, 1995,<br>1994 and 1993 ..... | F-4         |
| Consolidated Statements of Cash Flows for the years ended November 30, 1995,<br>1994 and 1993 .....           | F-5         |
| Notes to Consolidated Financial Statements .....                                                              | F-6 - F-14  |
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## REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of  
Quintel Entertainment, Inc.:

We have audited the accompanying consolidated balance sheets of Quintel Entertainment, Inc. and Subsidiaries (the "Company"), as more fully described in Note 1, as of November 30, 1995 and 1994 and the related consolidated statements of income, shareholders' equity and cash flows for each of the years in the three year period ended November 30, 1995. Our audits also included the financial statement schedule included in the index of Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits 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 statements. An audit also includes assessing the accounting principle used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Quintel Entertainment, Inc. and Subsidiaries as of November 30, 1995 and 1994 and the consolidated results of their operations and their cash flows for each of the years in the three year period ended November 30, 1995, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

COOPERS & LYBRAND L.L.P.

Melville, New York  
February 19, 1996.

QUINTEL ENTERTAINMENT, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

as of November 30, 1995 and 1994

|                                                                                                               | 1995                | 1994               |
|---------------------------------------------------------------------------------------------------------------|---------------------|--------------------|
| <b>ASSETS:</b>                                                                                                |                     |                    |
| Current assets:                                                                                               |                     |                    |
| Cash and cash equivalents .....                                                                               | \$ 3,570,468        | \$ 981,073         |
| Accounts receivable, trade .....                                                                              | 10,097,629          | 2,814,095          |
| Deferred tax asset .....                                                                                      | 39,957              | 9,281              |
| Due from related parties .....                                                                                | 67,162              |                    |
| Prepaid expenses and other current assets .....                                                               | 381,292             | 122,644            |
| Total current assets .....                                                                                    | 14,156,508          | 3,927,093          |
| Property and equipment, at cost, net of accumulated depreciation .....                                        | 142,369             | 16,530             |
| Investment in joint venture, at equity .....                                                                  | 1,345,304           |                    |
| Other assets .....                                                                                            | 1,325,775           | 33,258             |
|                                                                                                               | <u>\$16,969,956</u> | <u>\$3,976,881</u> |
| <b>LIABILITIES:</b>                                                                                           |                     |                    |
| Current liabilities:                                                                                          |                     |                    |
| Accounts payable .....                                                                                        | \$ 1,269,647        | \$ 442,458         |
| Accrued expenses .....                                                                                        | 2,351,644           | 1,506,356          |
| Reserve for customer chargebacks .....                                                                        | 4,025,130           | 1,176,902          |
| Loans payable .....                                                                                           | 2,643,522           |                    |
| Due to related parties .....                                                                                  | 354,751             | 205,691            |
| Income taxes payable .....                                                                                    | 294,187             | 68,568             |
| Other current liabilities .....                                                                               |                     | 32,560             |
| Total liabilities .....                                                                                       | <u>10,938,881</u>   | <u>3,432,355</u>   |
| Commitments and contingencies (Note 5)                                                                        |                     |                    |
| <b>SHAREHOLDERS' EQUITY:</b>                                                                                  |                     |                    |
| Preferred stock — \$.001 par value; 1,000,000 shares authorized; none issued and outstanding .....            |                     |                    |
| Common stock — \$.001 par value; authorized 50,000,000 shares; issued and outstanding 12,000,000 shares ..... | 12,000              | 12,000             |
| Additional paid-in capital .....                                                                              | 441,258             | 441,258            |
| Retained earnings .....                                                                                       | 5,597,817           | 111,268            |
| Less subscriptions receivable .....                                                                           | (20,000)            | (20,000)           |
| Total shareholders' equity .....                                                                              | <u>6,031,075</u>    | <u>544,526</u>     |
|                                                                                                               | <u>\$16,969,956</u> | <u>\$3,976,881</u> |

See accompanying notes to consolidated financial statements.

QUINTEL ENTERTAINMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

for the years ended November 30, 1995, 1994 and 1993

|                                                                | 1995         | 1994         | 1993        |
|----------------------------------------------------------------|--------------|--------------|-------------|
| Net revenue                                                    | \$50,501,266 | \$22,771,465 | \$8,262,179 |
| Cost of sales                                                  | 36,732,610   | 17,521,985   | 5,778,706   |
| Gross profit                                                   | 13,768,656   | 5,249,480    | 2,483,473   |
| Selling, general and administrative expenses                   | 3,467,008    | 3,012,588    | 1,801,330   |
| Income from operations                                         | 10,301,648   | 2,236,892    | 682,143     |
| Interest expense                                               | (334,318)    | (759,211)    | (117,460)   |
| Management fee income                                          | 450,000      |              |             |
| Other income, net                                              | 35,250       |              |             |
| Equity in earnings of joint venture                            | 2,860,304    |              |             |
| Income before provision for income taxes and minority interest | 13,312,884   | 1,477,681    | 564,683     |
| Provision (benefit) for income taxes                           | 220,335      | 54,842       | (76,690)    |
| Income before minority interest                                | 13,092,549   | 1,422,839    | 641,373     |
| Minority interest in net loss of subsidiary                    |              |              | 73,528      |
| Net income                                                     | \$13,092,549 | \$ 1,422,839 | \$ 714,901  |
| Pro Forma Data (Note 1):                                       |              |              |             |
| Income before pro forma adjustments and minority interest      | \$13,312,884 | \$ 1,477,681 | \$ 564,683  |
| Pro forma income tax provision                                 | 5,633,116    | 835,144      | 257,761     |
| Pro forma income before minority interest                      | 7,679,768    | 642,537      | 306,922     |
| Minority interest in net loss of subsidiary                    |              |              | 73,528      |
| Pro forma net income                                           | \$ 7,679,768 | \$ 642,537   | \$ 380,450  |
| Pro forma net income per share                                 | \$ .64       | \$ .05       | \$ .08      |
| Weighted average common shares outstanding                     | 12,000,000   | 12,000,000   | 5,008,219   |

See accompanying notes to consolidated financial statements.



QUINTEL ENTERTAINMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
for the years ended November 30, 1995, 1994 and 1993

|                                         | Common Stock |          | Additional<br>paid-in<br>capital | Retained<br>earnings | Subscriptions<br>receivable | Total<br>shareholders'<br>equity |
|-----------------------------------------|--------------|----------|----------------------------------|----------------------|-----------------------------|----------------------------------|
|                                         | Shares       | Amount   |                                  |                      |                             |                                  |
| Balance, November 30, 1992              | 4,000,000    | \$ 4,000 | \$ 6,000                         | \$ 73,528            | \$(10,000)                  | \$ 73,528                        |
| Net income for the year                 |              |          |                                  | 714,901              |                             | 714,901                          |
| Issuance of common stock                | 4,000,000    | 4,000    | 396,000                          |                      | (400,000)                   |                                  |
| Balance, November 30, 1993              | 8,000,000    | 8,000    | 402,000                          | 738,429              | (410,000)                   | 738,429                          |
| Net income for the year                 |              |          |                                  | 1,422,839            |                             | 1,422,839                        |
| Purchase of minority interest           |              |          | 33,258                           |                      |                             | 33,258                           |
| Distributions to shareholders           |              |          |                                  | (2,100,000)          |                             | (2,100,000)                      |
| Issuance of common stock                | 4,000,000    | 4,000    | 6,000                            |                      | (10,000)                    |                                  |
| Collections on subscriptions receivable |              |          |                                  |                      | 400,000                     | 400,000                          |
| Balance, November 30, 1994              | 12,000,000   | 12,000   | 441,258                          | 111,261              | (20,000)                    | 544,526                          |
| Net income for the year                 |              |          |                                  | 13,092,549           |                             | 13,092,549                       |
| Distributions to shareholders           |              |          |                                  | (7,606,000)          |                             | (7,606,000)                      |
| Balance, November 30, 1995              | 12,000,000   | \$12,000 | \$441,258                        | \$3,597,817          | \$(20,000)                  | \$6,031,075                      |

See accompanying notes to consolidated financial statements

QUINTEL ENTERTAINMENT, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the years ended November 30, 1995, 1994 and 1993

|                                                                    | 1995         | 1994        | 1993        |
|--------------------------------------------------------------------|--------------|-------------|-------------|
| Cash flows from operating activities:                              |              |             |             |
| Net income                                                         | \$13,092,549 | \$1,422,839 | \$ 714,901  |
| Items not affecting cash:                                          |              |             |             |
| Depreciation and amortization                                      | 21,574       | 1,480       |             |
| Reserve for customer chargebacks                                   | 2,848,228    | 78,767      | 946,975     |
| Deferred income taxes                                              | (30,676)     | (9,281)     | 44,167      |
| Equity in net earnings of joint venture, net of dividends received | (1,320,304)  |             |             |
| Minority interest                                                  |              |             | (73,528)    |
| Changes in assets and liabilities:                                 |              |             |             |
| Accounts receivable                                                | (7,282,524)  | 797,466     | (3,087,409) |
| Due from related parties                                           | (67,162)     |             |             |
| Prepaid expenses and other current assets                          | (258,648)    | (39,599)    | (38,915)    |
| Other assets                                                       | (521,135)    |             |             |
| Accounts payable                                                   | 827,189      | 264,263     | 178,195     |
| Income tax payable                                                 | 225,819      | 68,368      | (156,161)   |
| Accrued expenses                                                   | 67,254       | 1,000,214   | 506,142     |
| Due to related parties                                             | 149,060      | 31,944      | (172,593)   |
| Other current liabilities                                          | (32,550)     | 32,580      |             |
| Net cash provided by (used in) operating activities                | 7,717,624    | 3,649,041   | (1,133,226) |
| Cash flows from investing activities:                              |              |             |             |
| Investment in joint venture                                        | (25,000)     |             |             |
| Capital expenditures                                               | (140,761)    | (18,010)    |             |
| Net cash used in investing activities                              | (165,761)    | (18,010)    |             |
| Cash flows from financing activities:                              |              |             |             |
| Loans payable, net                                                 | 2,643,522    | (1,149,432) | 1,007,189   |
| Proceeds from collections on common stock subscriptions            |              | 400,000     |             |
| Distributions to shareholders                                      | (7,606,000)  | (2,100,000) |             |
| Net cash provided by (used in) financing activities                | (4,962,478)  | (2,849,432) | 1,007,189   |
| Net increase (decrease) in cash and cash equivalents               | 2,589,395    | 781,599     | (131,037)   |
| Cash and cash equivalents, beginning of year                       | 931,073      | 199,474     | 330,511     |
| Cash and cash equivalents, end of year                             | \$ 3,570,468 | \$ 981,073  | \$ 199,474  |
| Supplemental disclosures:                                          |              |             |             |
| Cash paid during the year for:                                     |              |             |             |
| Interest                                                           | \$ 334,318   | \$ 785,093  | \$ 117,673  |
| Income taxes                                                       | 50,010       | 2,902       | 26,737      |
| Noncash investing activities:                                      |              |             |             |
| Repurchase of minority interest                                    |              | \$ 33,258   |             |

See accompanying notes to consolidated financial statements.

## QUINTEL ENTERTAINMENT, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Significant Accounting Policies:

##### *Principles of consolidation*

The consolidated financial statements of Quintel Entertainment, Inc. (the "Company") include the accounts of its wholly-owned subsidiaries, Creative Direct Marketing, Inc. ("CDM") and Calling Card Co., Inc. ("CCC"), which, prior to the reorganization, were predecessor entities under common control. All intercompany transactions and balances have been eliminated in consolidation.

##### *Reorganization and basis of presentation*

The Company was organized under the laws of the State of Delaware in November 1993, under the name U.S. Teleconnect, Inc. Pursuant to a plan of reorganization, as of December 5, 1995, the effective date of a public offering (see Note 10) the accompanying financial statements have been prepared to retroactively reflect the foregoing reorganization on a consolidated basis to present more meaningfully the ongoing organization and equity capitalization as follows: (i) the stockholders of CDM and CCC contributed their respective shares of common stock to the Company and the companies became wholly-owned subsidiaries of the Company, (ii) the Company effected a 60,000-for-one stock split, and (iii) the Company changed its name to Quintel Entertainment, Inc. and Subsidiaries.

##### *Pro forma presentation*

As a result of the historical presentation and change in tax status in connection with the public offering (see Note 10), historical results of operations, including income taxes, may not in all cases be comparable to or indicative of current and future results. Therefore, pro forma information, which presents results as if the Company had always been C corporations, is presented on the face of the accompanying statements of income.

##### *Nature of business*

The Company is primarily engaged in providing a variety of telephone entertainment services to the general public. These services are provided using several billing platforms (billing and collection vehicles) over the telephone lines of various local telephone companies and long distance carriers. These services include various programs such as live psychic readings, tarot card readings and daily horoscope and astrology readings. A major program provided by the Company is an entertainment membership club, the Astrological Society of America. This club enables all members to enjoy certain monthly club services for a flat monthly rate and have access to other Company services at preferred rates.

All consumers are solicited by the Company through a variety of marketing techniques including television commercials and infomercials, print advertising, direct mail, telemarketing, and premium gift offerings. The Company has contracts with service bureaus for the purpose of call processing, billing and collection. Under these contracts, the bureaus process and accumulate call data, summarize the information, and forward the data to the local telephone companies and/or long distance carriers for the ultimate billing to and collection from the Company's customers.

The Company also contracts with numerous organizations, including Psychic Readers Network, Inc. (see Note 9), and with individuals to provide live psychics, live operator services, computer services, media purchasing, telemarketing and other services necessary to establish and maintain the Company's programs.

##### *Revenue recognition*

Revenues from all billable platforms are recorded at the time the customer initiates a billable transaction, except for club membership fees. New club membership fees are recognized upon approved enrollment.



QUINTEL ENTERTAINMENT, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Continuing club member fees are recognized as members automatically renew each month. All revenues are recognized net of provision for customer chargebacks, which include refunds, credits, and uncollectible amounts. The Company estimates the reserve for customer chargebacks monthly based on updated chargeback history. New platforms without a history are reserved based on experience with similar platforms and adjusted as experience dictates. Accordingly, it is reasonably possible that these estimates will change in the near term. Since reserves are established prior to the periods in which chargebacks are actually incurred, the Company's revenues may be reduced in later periods in the event that the Company's reserves prove to be insufficient. For the years ended November 30, 1995, 1994 and 1993 provision for chargebacks were \$19,065,077, \$10,841,574 and \$2,820,402, respectively.

Included in chargebacks for the year ended November 30, 1995 were approximately \$1.4 million of refunds and credits issued relating to a billing platform that was terminated by the Company in late fiscal 1994. This write-off was the direct result of published third party public awareness reports issued primarily during 1995 as to the availability of refunds and credits for telephone charges billed under this discontinued platform.

*Accounts receivable*

The Company has agreements with two service bureaus that provide advances against accounts receivable collections at interest rates calculated primarily at prime plus increments up to 6%. Amounts advanced under the agreements are on a revolving basis and are limited to 50% of a defined borrowing base, net of related service fees and costs, as applicable. Certain advances under the agreements are due on demand and all are collateralized by the accounts receivable collected by the service bureaus. During fiscal 1995 and 1994, the gross advances and weighted average interest rate on the borrowings received were approximately \$13,029,599 and \$15,837,400, respectively, and 14.75% and 14.50%, respectively.

*Concentration of credit risk*

Financial instruments which potentially subject the Company to concentration of credit risk consist of accounts receivable and cash deposits.

All of the Company's collections are received through two service bureaus which process and collect all of the Company's billings. In conjunction with servicing the accounts receivable, the service bureaus advance amounts based on eligible accounts receivable and withhold certain cash receipts as a reserve. As a result, the Company's exposure to the concentration of credit risk primarily relates to all collections on behalf of the Company by the service bureaus.

Cash balances are held principally at one financial institution and may, at times, exceed insurable amounts. The Company believes it mitigates its risks by investing in or through major financial institutions. Recoverability is dependent upon the performance of the institution.

*Cash and cash equivalents*

All short-term investments with an original maturity of three months or less are considered to be cash equivalents.

*Minority interest*

Through July 30, 1994, an unrelated party held a minority interest in CDM. The financial statements reflect the proportionate share of such interest in CDM's income and losses to the extent of its basis.

QUINTEL ENTERTAINMENT, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

On July 31, 1994, certain shareholders of the Company repurchased such minority interest. The excess of the cost over the minority interest at July 31, 1994 of \$33,258 has been included in other assets as "goodwill" and is being amortized over a five-year period.

*Property, plant and equipment*

Property, plant and equipment are stated at cost. Expenditures for maintenance and repairs are expensed as incurred while renewals and betterments are capitalized. Depreciation and amortization have been provided using the straight-line method over a five to seven year useful life depending on the nature of the asset.

Upon retirement or disposal, the asset cost and related accumulated depreciation and amortization are eliminated from the respective accounts and the resulting gain or loss, if any, is included in the results of operations for the period.

*Deferred offering costs*

At November 30, 1995, the Company has incurred costs aggregating \$1,224,962 in connection with the public offering of its equity securities (see Note 10). These costs are being deferred, and are included in other assets and will be charged against paid-in capital as of the effective date of the offering.

*Income taxes*

Prior to the reorganization described above, the Company and CDM had elected treatment as S corporations for Federal and state income taxation as of November 1, 1994 and August 1, 1994, respectively. CCCI elected treatment as an S corporation for federal and state income taxation since inception. S corporation taxable income, whether distributed or not, is passed through and taxed at the shareholder level. Accordingly, no provision for Federal income taxes is included in the accompanying statements of operations. For New York and New Jersey income tax purposes, a corporate level surcharge is imposed on the Company's allocable income, calculated using an effective rate primarily representing the difference between the subchapter C corporation level tax and the highest state personal income tax rate.

On or prior to the closing of the public offering, the Company's income tax status as an S corporation will terminate. The Company will convert to a C corporation, adopt the accrual basis of accounting which will be effective as of the beginning of the fiscal year and will be subject to both federal and state income taxes. Any income tax adjustment required as a result of the conversion will be reflected in the period it becomes effective.

Effective December 1, 1993, the Company adopted statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109). Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

*Earnings per share*

Net earnings per share has been computed by dividing pro forma net earnings by the weighted average number of common and common equivalent shares outstanding during the period, computed in accordance with the treasury stock method. Retroactive restatement has been made to all share and per share amounts for the reorganization discussed in Note 1.

*Advertising expenses*

The Company presently expenses all advertising costs during the year in which they are incurred. Total advertising expenses incurred for fiscal 1995, 1994, and 1993 were approximately \$15,325,600, \$7,282,000 and

**QUINTEL ENTERTAINMENT, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)**

\$2,628,000, respectively. Included in prepaid expenses and other current assets is approximately \$259,000 relating to prepaid advertising at November 30, 1995.

*Newly Issued Accounting Standards*

In October, 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," ("SFAS No. 123"). The Statement, which becomes effective in fiscal 1996, allows companies to measure compensation cost in connection with employee stock compensation plans using a fair value based method or to continue to use an intrinsic value based method, which generally does not result in compensation cost. The Company has not yet decided which method it will utilize relating to its stock-based employee plans.

*Other*

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

*Reclassifications*

Certain prior year amounts have been reclassified to conform with the current period presentation.

**2. Accounts Receivable:**

Accounts receivable for the years ended November 30, 1995 and 1994 consists of the following:

|                                                        | 1995                | 1994               |
|--------------------------------------------------------|---------------------|--------------------|
| Receivable from billing and collection companies ..... | \$10,097,629        | \$ 637,653         |
| Receivable from local exchange carriers .....          |                     | 2,084,197          |
| Receivable from list rentals .....                     |                     | 42,213             |
|                                                        | <u>\$10,097,629</u> | <u>\$2,814,095</u> |

**3. Related Party Transactions:**

The Company purchased various mailing lists and design, copyrighting and artistic development services from related entities owned by the Company's shareholders. The agreements require the Company to pay fees equal to 20% of rental revenues and a management fee of 10%, plus any fees in connection with processing and mailing lists. During fiscal 1995, 1994 and 1993, costs of approximately \$160,000, \$871,400 and \$1,900,000, respectively, were incurred by the Company for such services.

The Company incurred approximately \$168,000, \$140,000 and \$24,000, respectively, during fiscal 1995, 1994 and 1993, in accounting fees to a firm having a member who is also a director of the Company. In addition, the Company incurred approximately \$140,000, \$89,000 and \$4,000, respectively, during fiscal 1995, 1994 and 1993, in legal fees to a firm having a member who is also a director of the Company.

The Company received \$450,000 in management fee income from a joint venture it entered into during fiscal 1995 (see Note 9) and for the years ended November 30, 1995 and 1994, paid aggregate fees of approximately \$3,993,000 and \$186,000, respectively, to the other joint venture for psychic operator services.



QUINTEL ENTERTAINMENT, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

4. Property and Equipment:

Property and equipment for the years ended November 30, 1995 and 1994 consists of the following:

|                                      | 1995             | 1994            |
|--------------------------------------|------------------|-----------------|
| Furniture and fixtures .....         | \$ 55,329        | \$11,235        |
| Machinery and equipment .....        | 73,527           | 6,775           |
| Telephone and facsimile .....        | 29,915           |                 |
|                                      | 158,771          | 18,010          |
| Less, accumulated depreciation ..... | 16,402           | 1,480           |
|                                      | <u>\$142,369</u> | <u>\$16,530</u> |

5. Accrued Expenses:

Accrued expenses for the years ended November 30, 1995 and 1994 consist of the following:

|                                      | 1995               | 1994               |
|--------------------------------------|--------------------|--------------------|
| Service fees and related costs ..... | \$ 885,308         | \$ 808,284         |
| Compensation .....                   | 24,386             | 566,514            |
| Professional fees .....              | 314,035            | 131,558            |
| Underwriter fees .....               | 522,000            |                    |
| Advertising .....                    | 506,038            |                    |
| Other .....                          | 99,877             |                    |
|                                      | <u>\$2,351,644</u> | <u>\$1,506,356</u> |

6. Income Taxes:

The provision (credit) for Federal and state income taxes for the years ended November 30, 1995, 1994 and 1993 consists of the following:

|               | 1995             | 1994             | 1993               |
|---------------|------------------|------------------|--------------------|
| Current:      |                  |                  |                    |
| Federal ..... |                  |                  | \$(111,611)        |
| State .....   | \$283,829        | \$ 87,566        | (32,689)           |
|               | <u>283,829</u>   | <u>87,566</u>    | <u>(144,300)</u>   |
| Deferred:     |                  |                  |                    |
| Federal ..... |                  |                  | 35,033             |
| State .....   | (63,494)         | (32,724)         | 32,577             |
|               | <u>(63,494)</u>  | <u>(32,724)</u>  | <u>67,610</u>      |
|               | <u>\$220,335</u> | <u>\$ 54,842</u> | <u>\$ (76,690)</u> |

Deferred taxes primarily consist of reserves for chargebacks not recognized for tax purposes.

7. Regulatory Issues and Other Risk Considerations:

The Company's primary contact with its customers is over the telephone lines and services of numerous local telephone companies and long distance carriers. The Company cannot predict the impact, if any, of changes in various regulations affecting the Company, directly, or through one of the telephone companies. There can be no assurance that the Company will be able, for financial or other reasons, to comply with

QUENTEL ENTERTAINMENT, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

applicable laws and regulations or that regulatory authorities will not take action to limit or prevent the Company from advertising, marketing or promoting its services and membership clubs or otherwise require the Company to discontinue or substantially modify the content of its services.

If the financial condition of a service bureau should change adversely, the Company has identified alternative service bureaus. If required, Company management does not believe that a change herein would have a material adverse effect on the Company's results of operations or its financial position.

8. Commitments and Contingencies:

*Leases*

The Company is obligated under noncancelable real property operating lease agreements that expire at various times through fiscal 2005. Future minimum rents, by the year and in the aggregate, consist of the following at November 30, 1995:

|                  |                    |
|------------------|--------------------|
| 1996 .....       | \$ 107,750         |
| 1997 .....       | 86,625             |
| 1998 .....       | 115,500            |
| 1999 .....       | 115,500            |
| 2000 .....       | 121,000            |
| Thereafter ..... | 558,709            |
|                  | <u>\$1,105,084</u> |

The long-term lease contains escalation clauses with respect to real estate taxes and related operating costs. The short-term lease commenced November 1, 1995 and expires May 5, 1996. The accompanying financial statements reflect rent expense on a straight-line basis over the terms of the lease as required by generally accepted accounting principles. The Company is presently negotiating a lease on a new facility. Rent expense was \$96,834, \$28,800 and \$29,040 for fiscal 1995, 1994 and 1993, respectively.

*Employment Agreements and Consulting*

The Company has executed employment agreements, expiring November 30, 1998, with certain executive officers of the Company. Minimum future payments under such agreements are as follows:

|            |                    |
|------------|--------------------|
| 1996 ..... | \$1,225,000        |
| 1997 ..... | 1,347,500          |
| 1998 ..... | 1,482,250          |
|            | <u>\$4,054,750</u> |

Commencing with fiscal year ending November 30, 1996, in the event the Company achieves pre-tax earnings of \$10,000,000 or more for any such fiscal year, the Company may grant bonuses to such persons, subject to approval of the Compensation Committee of the Board of Directors, in an aggregate amount not to exceed 5% of pre-tax earnings for such year.

The Company has also entered into a consulting agreement with a shareholder, expiring on November 30, 1998. Under the terms of such agreement, the shareholder is to provide services in connection with identification and engagement of celebrities to endorse the Company's services, engagement of independent producers to produce commercials and infomercials and the development of new entertainment services. In addition, he has the right to become a full-time employee of the Company under certain circumstances, and to receive an initial base salary at the rate of \$200,000 per annum with 10% annual increases. Upon

**NEXT**

**DOCUMENT (S)**

**DISREGARD**

**BACKGROUND**



QUINTEL ENTERTAINMENT, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

commencement of such full-time employment he is entitled to share in the 5% bonus with the other executive officers described above. Minimum future payments under the consulting arrangement are as follows:

|            |                  |
|------------|------------------|
| 1996 ..... | \$124,992        |
| 1997 ..... | 137,496          |
| 1998 ..... | <u>151,248</u>   |
|            | <u>\$413,736</u> |

Had these employment and consulting agreements been in effect for the fiscal years ending November 30, 1995 and 1994, selling, general and administrative expense would have increased (decreased) by approximately \$140,000 and (\$575,000) for the years ended November 30, 1995 and 1994, respectively.

*Other*

The indebtedness of New Lauderdale to two service bureaus of \$1,770,000 as of November 30, 1995 (see Note 9) is guaranteed by both parties to the joint venture. The Company is of the opinion that the joint venture will be able to perform under its respective payment obligations in connection with such guaranteed indebtedness and that no payments will be required and no losses will be incurred by the Company under such guarantees.

There are pending claims and litigations against the Company arising in the ordinary course of business. Management believes, on the basis of its understanding and consideration of these matters, that these actions will not result in payment of amounts, if any, which would have a material adverse effect on the Company's financial statements.

**9. Formation of Joint Venture:**

In December 1994, the Company entered into an agreement with Psychic Readers Network, Inc. ("PRN"), an unrelated entity, that established a joint venture known as New Lauderdale, L.C. ("N.L.") which engages in telephone entertainment service dealing in membership clubs and other programs. Under the terms of the agreement, the Company has invested \$25,000 for a 50% membership in N.L. The joint venture commenced operations in January 1995 and was reorganized as a Florida Limited Liability Company in March 1995.

The parties also entered into an agreement which requires each party to the joint venture to provide management, consulting and financial services for a monthly fee of \$50,000. Such services include, but are not necessarily limited to, advice and assistance concerning any and all aspects of the operations, planning and financing all aspects of the venture's operations. The fee provision of the agreement was terminated effective February 1, 1996. Services by the parties joint venture will continue to be rendered.

The Company has recognized income from N.L. of \$2,860,304 and received distributions of \$1,540,000 for the year ended November 30, 1995. Income includes 50% of the N.L.'s earnings which are net of normal costs of its operations and the fees referred to above.

Following is condensed financial data for the joint venture:

|                                                                          | As of<br>November 30,<br>1995 |
|--------------------------------------------------------------------------|-------------------------------|
| Current assets (principally accounts receivable) .....                   | \$11,205,559                  |
| Current liabilities (principally reserve for customer chargebacks) ..... | 8,514,951                     |
| Members' equity .....                                                    | 2,690,608                     |

QUINTEL ENTERTAINMENT, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

|                   | Year ended<br>November 30,<br>1995 |
|-------------------|------------------------------------|
| Net revenues..... | \$28,248,093                       |
| Gross profit..... | 8,054,330                          |
| Net income.....   | 5,720,608                          |

10. Subsequent Events:

On December 5, 1995, the Company completed an initial public offering (the "Offering") of 3,225,000 shares of common stock with net proceeds received of approximately \$13,640,000. If the offering had occurred as of the beginning of the fiscal year, pro forma net income per share would have been \$.50.

In connection with the terms of the offering, the Company has declared a final S corporation distribution to its shareholders in the amount of its aggregate undistributed taxable income, determined on the GAAP basis, except for \$575,000. The distribution will be funded through a series of shareholder notes, bearing interest at 9% and will provide for aggregate minimum monthly payments of principal of \$500,000, plus 25% of cash flow in excess of \$1,000,000, commencing one month after the effective date.

On January 17, 1996, the Company entered into a letter of intent to acquire the remaining 50% interest of New Lauderdale, L.C. from PRN. In payment for the interest being acquired, the Company has agreed to issue to PRN 3,200,000 shares of its common stock. Shares totalling up to 1,200,000 shall be subject to forfeiture in the event New Lauderdale's programs do not achieve certain agreed-upon pre-tax earning levels for 1995 or the first and second quarters of that year.

In addition, the Company may make available to PRN's shareholders interest-bearing loans not to exceed \$2,500,000, which will be collateralized by the shares issued to cover a portion of their tax liability attributable to the transaction in the event that the Company's stock trades below certain levels. The loan shall be due and payable no later than two years from the date it is made, or sooner if the Company's stock trades at certain levels.

Consummation of this transaction is subject to the parties completing due diligence, securing requisite corporate and other approvals and the execution of definitive acquisition agreements.

11. Stock Option Plan:

During fiscal 1995, the Company implemented the 1995 Stock Option Plan (the "Stock Option Plan") effective as of October 1995. The Stock Option Plan provides for the grant of options to purchase up to 750,000 shares of the Company's common stock that are intended to qualify either as incentive stock options ("Incentive Stock Options") within the meaning of Section 422 of the United States Internal Revenue Code or as options that are not intended to meet the requirements of such section ("Nonstatutory Stock Options"). Options to purchase shares may be granted under the Stock Option Plan to persons who, in the case of Incentive Stock Options, are employees (including officers) of the Company, or, in the case of Nonstatutory Stock Options, are employees (including officers), consultants or nonemployee directors of the Company to the Company.

The exercise price of options granted under the Stock Option Plan must be at least equal to the fair market value of such shares on the date of grant, or, in the case of Incentive Stock Options granted to the holder of 10% or more of the Company's Common Stock, at least 110% of the fair market value of such shares on the date of grant. The maximum exercise period for which Incentive Stock Options may be granted is ten years from the date of grant (five years in the case of an individual owning more than 10% of the Company's common stock). The aggregate fair market value (determined at the date the option is granted) of shares with respect to which Incentive Stock Options are exercisable for the first time by the holder of the option during

QUINTEL ENTERTAINMENT, INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

any calendar year shall not exceed \$100,000. If such amount exceeds \$100,000, the Board of Directors or the Committee may, when the Options are exercised and the shares transferred to an employee, designate those shares that will be treated as Incentive Stock Options and those that will be treated as Nonstatutory Stock Options.

In addition, the Company's Stock Option Plan provides for certain automatic grants of options to the Company's non-employee directors in consideration for their services performed as directors of the Company and for attendance at meetings. It provides for a one-time automatic grant of an option to purchase 25,000 shares of common stock at market value to those directors who were serving on the Board of Directors at the inception of the Stock Option Plan and also to those persons who become nonemployee directors of the Company in the future, upon their appointment or election as directors of the Company. In addition, the Stock Option Plan provides for an annual grant to each non-employee director of the Company of options to purchase 5,000 shares of common stock at the market value on the date of each grant.

**12. Fourth Quarter Adjustments:**

During the fourth quarter of 1995, the Company and New Lauderdale reflected adjustments based upon new information from their service bureaus of \$228,418 (\$109,927: N.L.) to its provision for chargebacks of which approximately \$182,000 (\$60,400: N.L.) relates to activity for previous quarters.



QUNTEL ENTERTAINMENT, INC. AND SUBSIDIARIES  
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

| Col. A                              | Col. B                         | Col. C                        |                                      | Col. D                    | Col. E                   |
|-------------------------------------|--------------------------------|-------------------------------|--------------------------------------|---------------------------|--------------------------|
| Description                         | Balance at beginning of period | Additions                     |                                      | Deductions - Describe (1) | Balance at end of period |
|                                     |                                | Charged to costs and expenses | Charged to other accounts receivable |                           |                          |
| Year ended November 30, 1995        |                                |                               |                                      |                           |                          |
| Reserve for customer chargebacks .. | <u>\$1,176,902</u>             | <u>\$19,065,077</u>           | <u>—</u>                             | <u>\$16,216,849</u>       | <u>\$4,025,130</u>       |
| Year ended November 30, 1994        |                                |                               |                                      |                           |                          |
| Reserve for customer chargebacks .. | <u>\$1,098,135</u>             | <u>\$10,841,574</u>           | <u>—</u>                             | <u>\$10,762,807</u>       | <u>\$1,176,902</u>       |
| Year ended November 30, 1993        |                                |                               |                                      |                           |                          |
| Reserve for customer chargebacks .. | <u>\$ 151,160</u>              | <u>\$ 2,820,403</u>           | <u>—</u>                             | <u>\$ 1,873,423</u>       | <u>\$1,098,135</u>       |

(1) Chargebacks refunded during the year.

**EXHIBIT 4**

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TITLE SHEET

**SOUTH DAKOTA TELECOMMUNICATIONS TARIFF**

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of service and facilities for telecommunications services provided by Quintelco, Inc. with principal offices at 1 Blue Hill Plaza, Pearl River, New York 10965. This tariff applies for services furnished within the State of South Dakota. This tariff is on file with the South Dakota Public Utilities Commission, and copies may be inspected, during normal business hours, at the Company's principal place of business.

RECEIVED

JUL 24 1997

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

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Effective: \_\_\_\_\_

By:

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Quintelco, Inc.  
1 Blue Hill Plaza  
Pearl River, NY 10965



**CHECK SHEET**

Sheet 1 through 23 inclusive of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this sheet.

| <b><u>SHEET</u></b> | <b><u>REVISION</u></b> |   |
|---------------------|------------------------|---|
| 1                   | Original               |   |
| 2                   | First Revised          | N |
| 3                   | Original               |   |
| 4                   | Original               |   |
| 5                   | Original               |   |
| 6                   | Original               |   |
| 7                   | Original               |   |
| 8                   | Original               |   |
| 9                   | Original               |   |
| 10                  | Original               |   |
| 11                  | Original               |   |
| 12                  | Original               |   |
| 13                  | Original               |   |
| 14                  | Original               |   |
| 15                  | Original               |   |
| 16                  | Original               |   |
| 17                  | Original               |   |
| 18                  | Original               |   |
| 19                  | First Revised          | N |
| 20                  | Original               |   |
| 21                  | First Revised          | N |
| 22                  | Original               |   |
| 23                  | Original               |   |

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**SYMBOLS**

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

- D - Delete or Discontinue
- I - Change Resulting in an Increase to a Customer's Bill
- M - Moved from Another Tariff Location
- N - New
- R - Change Resulting in a Reduction to a Customer's Bill
- T - Change in Text or Regulation But No Change in Rate or Charge

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# **TARIFF FORMAT**

- A. **Sheet Numbering** - Sheet numbers appear in the upper right corner of the sheet. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.
- B. **Sheet Revision Numbers** - Revision numbers also appear in the upper right corner of each sheet. These numbers are used to determine the most current sheet version on file with the SDPUC. For example, the 4th revised Sheet 14 cancels the 3rd revised Sheet 14. Because of various suspension periods, deferrals, etc. the SDPUC follows in their tariff approval process, the most current sheet number on file with the SDPUC is not always the tariff sheet in effect. Consult the Check Sheet for the sheet currently in effect.
- C. **Paragraph Number Sequence** - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:  
  
2.1.  
2.1.1.  
2.1.1.A.  
2.1.1.A.1.  
2.1.1.A.1.(a).  
2.1.1.A.1.(a).1.  
2.1.1.A.1.(a).1.(i).  
2.1.1.A.1.(a).1.(i).1.
- D. **Check Sheets** - When a tariff filing is made with the SDPUC, an updated check sheet accompanies the tariff filing. The check sheet lists the sheets contained in the tariff, with a cross reference to the current revision number. When new sheets are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (\*). There will be no other symbols used on this sheet if these

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**TARIFF FORMAT (contd.)**

**D. Check Sheets (contd.)**

are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some sheets). The tariff user should refer to the latest check sheet to find out if a particular sheet is the most current on file with the SDPUC.

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**SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS**

**Access Line** - An arrangement which connects the customer's location to a Quintelco, Inc. network switching center.

**Authorization Code** - A numerical code, one or more of which are available to a customer to enable the customer to access the carrier, and which are used by the carrier both to prevent unauthorized access to its facilities and to identify the customer for billing purposes.

**Calling Card** - A card issued by the Company, the customer's Local Exchange Company, authorized vendor, or other common carrier which allows the customer to make telephone calls and bill calls to the Calling Card by entering a PIN.

**Card Number** - A multi-digit identifying number which may be printed on each Prepaid Debit Card or Calling Card, which may also be referred to in this tariff as a PIN.

**Company or Carrier** - Quintelco, Inc.

**Credit Card Charges** - Prepaid Debit Card purchases, renewals, and other charges that may be billed to Major Credit Cards.

**Customer** - The person, firm, corporation or other entity which orders service and is responsible for both payment of charges due and compliance with the Company's tariff regulations.

**Day** - From 8:00 a.m. up to, but not including, 5:00 p.m. local time Monday through Friday.

**Evening** - From 5:00 p.m. up to, but not including 11:00 p.m. local time Sunday through Friday.

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**SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS (contd.)**

**Holidays** - Quintelco, Inc.'s recognized holidays are New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Veterans' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Thanksgiving Day, and Christmas Day.

**Local Exchange Company** - A company which furnishes local exchange telephone service.

**Major Credit Card** - A universally accepted charge card. MasterCard, VISA, Diner's Club International, American Express and Carte Blanche are examples of major credit cards which the Company may accept.

**Night/Weekend** - From 11:00 p.m. up to, but not including, 8:00 a.m. Sunday through Friday, and 8:00 a.m. Saturday up to, but not including 5:00 p.m. Sunday.

**PIN(s)** - One or more multi-digit (usually 8 or more) personal identification numbers which have been assigned to a customer to use with a designated 800 number, or other access number, to access the Company's network.

**Prepaid Debit Cards** - A plastic, paper or similar card issued by the Company and/or purchased by a customer which enables the customer to use a preprogrammed number of minutes of the Company's telecommunications service. Each Prepaid Debit Card which represents a customer account, has a PIN and instructions for using the Company's Prepaid Debit Card telecommunications service.

**Prepaid Debit Card Calls** - Calls for which charges are billed to a Prepaid Debit Card and not to the originating or terminating telephone number.

**Private Label Prepaid Debit Card** - A Prepaid Debit Card issued by the Company which carries the name or logo of an organization in addition to the Company's name.

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**SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS (contd.)**

**Renewable Prepaid Debit Card** - A Prepaid Debit Card issued by the Company and used by a customer which allows the customer to add additional minutes of telephone service to the card once the preprogrammed minutes have been used by charging additional preprogrammed minutes to a valid Major Credit Card acceptable to the Company.

**SDPUC** - The South Dakota Public Utilities Commission.

**Underlying Carriers** - Those SDPUC approved telecommunications service providers whose services the Company resells to its customers under the provisions of this tariff.

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**SECTION 2 - RULES AND REGULATIONS**

**2.1 Undertaking of Quintelco, Inc.**

Quintelco, Inc.'s facilities are furnished for communications originating at specified points within the State of South Dakota under terms of this tariff.

Quintelco, Inc. operates, and maintains the communication services provided hereunder in accordance with the terms and conditions set forth under this tariff. When authorized by the customer, the Company may act as the customer's agent for ordering access connection facilities provided by other carriers or entities to allow connection of a customer's location to the Quintelco, Inc. network. The customer shall be responsible for all charges due for such service arrangement.

The Company's services are provided on a monthly basis unless ordered on a longer time basis, and are available twenty-four hours per day, seven days per week.

**2.2 Limitations**

2.2.1 Service is offered subject to the availability of facilities and the provisions of this tariff.

2.2.2 Quintelco, Inc. reserves the right to discontinue furnishing service, or limit the use of service necessitated by conditions beyond its control, or when the customer is using service in violation of the law or the provisions of this tariff.

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**SECTION 2 - RULES AND REGULATIONS (contd.)**

**2.2 Limitations (contd.)**

- 2.2.3 All services provided under this tariff are directly controlled by Quintelco, Inc. and the customer may not transfer or assign the use of service, except with the express consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or facilities.
- 2.2.4 Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions for service.

**2.3 Liabilities of the Company**

- 2.3.1 Quintelco, Inc.'s liability for damages arising out of mistakes, interruptions, omissions, delays, errors, or defects in the transmission occurring due to the negligence of its employees or its agents, in no event shall exceed an amount equivalent to the proportionate charge to the customer for the period during which the aforementioned faults in transmission occur.
- 2.3.2 Quintelco, Inc. shall be indemnified and held harmless by the customer against:
- (A) Claims for libel, slander, or infringement of copyright arising out of the material, data, information, or other content transmitted over the Company's facilities.
  - (B) All other claims arising out of any act or omission of the customer in connection with any service or facility provided by Quintelco, Inc.

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**SECTION 2 - RULES AND REGULATIONS (contd.)****2.4 Interruption of Service**

- 2.4.1 Credit allowances for the interruption of service, which is not due to the Company's testing or adjusting, negligence of the customer, or to the failure of channels or equipment provided by the customer, are subject to the general liability provisions set forth in 2.3.1 herein. It shall be the obligation of the customer to notify the Company immediately of any interruption in service for which a credit allowance is desired.

Before giving such notice, the customer shall ascertain that the trouble is not being caused by an action or omission by the customer within the customer's control, or is not due to the wiring or equipment, if any, furnished by the customer and connected to the Company's facilities.

- 2.4.2 For the purposes of credit computation, every month shall be considered to have 720 hours.
- 2.4.3 No credit shall be allowed for an interruption of a continuous duration of less than two hours.
- 2.4.4 The customer shall be credited for an interruption of two hours or more at the rate of 1/720th of the fixed monthly charge for the facilities affected for each hour or major fraction thereof that the interruption continues.

Credit Formula:

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

"A" -- outage times in hours

"B" -- total fixed monthly charge for affected facility

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**SECTION 2 - RULES AND REGULATIONS (contd.)**

**2.5 Suspension-of-Service Guidelines**

Service will be suspended without notice in the following situations:

- 1) The customer obtained service fraudulently; or
- 2) A safety hazard is found on the customer's premises.

**2.6 Restoration of Service**

Restoration of service shall be done as quickly as practicable by patching, rerouting, substitution of component parts or pathways, and other means, as determined necessary by the Company.

**2.7 Billing Periods**

If the customer is being billed for service to the home or office, rather than via a Debit Card arrangement as set forth in section 2.12, the customer will receive an itemized statement of account after the 30-day cycle.

**2.8 Understanding Your Statement of Account**

Your statement will outline specific charges or adjustments for Quintelco, Inc.'s services incurred and paid for during the preceding 30-day period.

**2.9 Questions About Your Statement of Account**

If the customer has questions about Quintelco, Inc.'s charges that may appear on its statement of account, the customer may call the Quintelco, Inc. service representative toll free at 1 (800) 532-3940.

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**SECTION 2 - RULES AND REGULATIONS (contd.)**

**2.10 Special Promotions**

The Company offers no special promotions at this time and anticipates no such promotions in the future.

**2.11 Billing Dispute**

In the event the customer is not satisfied with the Company's resolution of a billing dispute, the customer may make application to the SDPUC for review and disposition of the matter.

**2.12 Form of Payment**

At the customer's request, the Company permits the use of approved credit cards to apply for and receive a Debit Card used to access and pay for the Company's telecommunications services. Instead of traditional monthly billing, customers will pay in cash for, or authorize direct billing to their credit cards for purchase of, Prepaid Debit Cards that register with up to \$50.00 in credit. Telephone charges will be debited by the Company against this card at the rates set forth in Section 4 herein.

**2.13 Advanced Payments**

The Company reserves the right to collect advanced payments as part of its Prepaid Debit Card service.

**2.14 Responsibility of the Company**

The Company endeavors to provide the best long distance service possible at a fair and competitive price.

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**SECTION 2 - RULES AND REGULATIONS (contd.)**

**2.15 Frequency Restrictions**

There are no frequency restrictions.

**2.16 Credit for Incomplete Calls**

There will be no charge assessed to the customer for incomplete calls.

**2.17 Minimum Call Completion Rate**

A customer can expect a call completion rate (number of calls completed / number of calls attempted) of not less than 90% during peak use periods for all Company services.

**2.18 Deposits**

The Company does not require a deposit from the customer.

**2.19 Taxes**

All State and local taxes (i.e., gross receipts tax, sales tax, municipal utilities tax) are listed as separate line items and are not included in the quoted rates.

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**SECTION 3 - DESCRIPTION OF SERVICES****3.1 Usage Based Services**

The Company's charges are based on the actual usage of the Company's services, in addition to any special features and/or service options, utilized by the customer. Charges begin when the called station is answered and two way communication is possible, as determined by standard industry methods generally in use for ascertaining answer, including hardware answer supervision in which the Local Exchange Company sends a signal to the switch. Charges cease when either party (called or calling) hangs up, unless chained calling is permitted and, in such case, the charges will cease when the calling party hangs up.

**3.2 Long Distance Network Service**

The Company's Long Distance Network Service provides for the non-facilities based, switchless resale of the tariffed Software Defined Network (SDN) Service offered by various Underlying Carriers. This service is a custom designed private telecommunication network that combines the efficiencies and benefits of both switched and private line service to meet the specific requirements of customers needing to communicate between geographic locations within the State. The method of mileage calculation utilized by the Company mirrors that of Bell Communications Research and NPA-NXX V & H Coordinates Tape and Bell's NECA Tariff No. 4.

Each service customer is charged individually for each call on a conversation minute basis. Each call is measured and charged at the applicable rate for the initial eighteen (18) second period or fraction thereof, and then at the applicable rate for each additional six (6) second period or fraction thereof. The minimum length of a call is eighteen (18) seconds. See Section 4, Rates, for the applicable rate schedule.

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**SECTION 3 - DESCRIPTION OF SERVICES (contd.)****3.2 Long Distance Network Service (contd.)**

Dedicated access circuits may be provided and billed by the local exchange company (LEC). Dedicated access channels may be purchased from carriers other than the LEC only in accordance with SDPUC rules or if the special access channel is jurisdictionally interstate. Charges for the dedicated access channel are determined by the access provider.

**3.3 Debit Card Service**

3.3.1 This service permits use of a Prepaid Debit Card to access and pay for the Company's telecommunications services. Customers may purchase Prepaid Debit Cards directly from the Company, from authorized vendors or at a variety of retail outlets. Prepaid Debit Cards may be issued in denominations ranging from \$1.00 to \$50.00. The Company may issue Private Label Prepaid Debit Cards, as well as Prepaid Debit Cards with a fixed number of preprogrammed minutes and Renewable Prepaid Debit Cards.

3.3.2 Customers obtain the service by dialing an 800 number or other Access Codes to access the Company's network. The customer is prompted by an automated voice response system to enter his/her PIN, and then to enter the terminating telephone number. The Company's processor tracks the call duration from when the call is answered by the Company's processor for rating purposes on a real time basis. Billing for all calls ends when the called party hangs-up. The total price of each call, including applicable taxes, is deducted from the prepaid amount on the Prepaid Debit Card. For some cards, when a customer obtains access to the Company's processor, the balance on the card will be announced. A warning tone

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**SECTION 3 - DESCRIPTION OF SERVICES (contd.)**

**3.3 Debit Card Service (contd.)**

3.3.2 (contd.)

or message shall be played when 60 seconds or less in program minute credit is left on the Prepaid Debit Card. The customer can then complete the call within the time remaining on the Prepaid Debit Card. The customer may also add preprogrammed minutes to a Renewable Prepaid Debit Card by arranging to charge a Major Credit Card on a regular basis.

**3.4 Calling Card Service**

3.4.1 This service permits use of a Calling Card to place calls subject to the terms and conditions of this Tariff. The provisions of Section 3.1, as supplemented or modified herein, are applicable to Calling Card calls. The rates for Debit Cards apply to all Calling Card calls. If a Calling Card is lost, stolen or its PIN is used without the customer's consent, then all calls charged to the Calling Card, prior to written notification by the customer of the Company, shall be the responsibility and obligation of the customer.

**3.5 Directory Assistance Service**

Directory Assistance Service is provided to assist subscribers in obtaining telephone numbers.

**3.6 Accessing Service**

The service provided by the Company is one way dial in - dial out, multi-point telecommunications services, allowing the customer to originate calls through the network facilities of the Underlying Carriers. Access to the Company may differ dependent upon the type of exchange access service provided by the local exchange telephone company to the Underlying Carriers.

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**SECTION 3 - DESCRIPTION OF SERVICES (contd.)**

---

**3.7 Availability of Service**

The services provided through the Company, are available where equal access and the Billing Systems of its Underlying Carriers are provided.

**3.8 Locations of Service**

The services offered by the Company are to be available statewide, where the long distance services of its Underlying Carriers are available. The services offered by the Company are not intended to be limited geographically.

**3.9 Timing of Calls**

3.9.1 Long distance usage charges are based on usage of Quintelco, Inc.'s service. Chargeable time begins when a connection is established between the calling station and the called station. Chargeable time ends when either party "hangs up" thereby releasing the network connections.

3.9.2 Minimum call duration and usage measurement and rounding for debiting purposes is specified on per-product basis in the rate section of this tariff.

3.9.3 There is no charge applied for incomplete calls.

**3.10 Call Forwarding**

3.10.1 Call Forwarding provides customers with a non-dedicated 800 number ("personal 800 number") to receive calls from any point within the continental U.S. for a monthly subscription fee of \$9.95 per 800 number. This monthly cost entitles the customer to twenty (20) minutes of use. The customer will be charged \$0.25 per minute for all use beyond twenty (20) minutes per month. The customer may have multiple personal 800 numbers per account. For each personal 800 number, the Company will provide to the customer an 800 number, a security code, and a Rerouting Code which allows the subscriber to use the call forwarding 800 feature, with which the customer can receive incoming calls. The Company has the exclusive right to determine the terminating locations for personal 800 numbers. Call Forwarding customers share access on the same 800 number based on PIN and, thus, may not retain use of the 800 number if service is terminated.

This feature allows Call Forwarding customers to temporarily change the telephone numbers to which the 800 calls terminate. After calling into a voice prompted system via a Company provided 800 number, the customer may specify new telephone numbers to which its personal 800 calls will terminate (including a voice mail location). There is no limit to the number of call forwarding transactions a customer may make.

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## **SECTION 4 - RATES**

### **4.1 Long Distance Network Usage Rates**

- 4.1.1 The calls placed through the Company are rated using one of the following schedules. If the total charge includes a fraction of a cent, the fraction is rounded to the next whole cent (e.g., \$4,101.345 would be rounded to \$4,101.35).
- 4.1.2 Day, Evening and Night rate periods apply to Long Distance Network usage. The rates apply for all days of the week including holidays. The Day rate period is 8:00 a.m. to, but not including, 5:00 p.m., Monday through Friday and 5:00 p.m. to, but not including, 11:00 p.m. Sunday. The Night/Weekend Rate period is 11:00 p.m. to, but not including, 8:00 a.m. Monday through Sunday, all day Saturday, and from 8:00 a.m. to, but not including, 5:00 p.m. Sunday. For New Year's Day (January 1), Independence Day (July 4), Labor Day, Thanksgiving Day and Christmas Day (December 25), the Evening Rate applies.

### **4.2 Prepaid Debit Cards**

- 4.2.1 Except to the extent modified in this section, the provisions of Section 4.1 are applicable to Prepaid Debit Card Service.
- 4.2.2 The Company may enter special agreements with certain customers who purchase Prepaid Debit Cards in volume directly from the Company. Discounts on direct purchases will apply to volume purchases.
- 4.2.3 If the Prepaid Debit Card is lost or stolen, the Company has no obligation to replace the Prepaid Debit Card or refund the charges to or remaining value represented by the Prepaid Debit Card. Any time charged or value added to a lost or stolen Prepaid Debit Card is the responsibility of the customer. The Company makes no refunds for unused balances on Prepaid Debit Cards.

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**SECTION 4 - RATES (contd.)**

**4.2 Pre paid Debit Cards (contd.)**

- 4.2.4 Prepaid Debit Cards may have a stated expiration date, and any access to the services available from the Prepaid Debit Card will be suspended when the expiration date occurs.

**4.3 Call Forwarding:**

As set forth in Section 3.10 hereinabove, the customer will be entitled to twenty (20) minutes of use as part of its monthly subscription fee of \$9.95. After using the twenty (20) minutes of airtime, the customer will be charged at a flat rate of \$0.25 per minute for all interlata calls, independent of distance, time or day.

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**SECTION 4 - RATES (contd.)****4.3 Long Distance Network And Card Usage Rates****4.3.1 South Dakota Intrastate Interlata Rates (Switched Access)****4.3.1.A**

|         | Day     |        | Eve     |        | Night   |        |
|---------|---------|--------|---------|--------|---------|--------|
|         | INITIAL | ADD'L  | INITIAL | ADD'L  | INITIAL | ADD'L  |
|         | 18 SEC. | 6 SEC. | 18 SEC. | 6 SEC. | 18 SEC. | 6 SEC. |
|         | \$      | \$     | \$      | \$     | \$      | \$     |
| Mileage |         |        |         |        |         |        |
| ALL     | 0.25    | 0.25   | 0.25    | 0.25   | 0.25    | 0.25   |

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**SECTION 4 - RATES (contd.)****4.4 Directory Assistance Service**

Quintelco, Inc.'s customers will be debited at the following per call charge for each directory assistance call. The directory assistance charge applies to each call regardless of whether the directory assistance bureau is able to furnish the requested telephone number.

|                 |        |
|-----------------|--------|
| Per Call Charge | \$0.80 |
|-----------------|--------|

**4.5 Exemptions and Special Rates****4.5.1 Directory Assistance for Handicapped Persons:**

There shall be no charge for up to fifty calls per billing cycle from lines or trunks serving handicapped individuals. The Company shall charge the prevailing tariff rates for every call in excess of fifty within a billing cycle.

**4.5.2 Hearing and Speech Impaired Persons:**

Intrastate toll message rates for TDD users shall be evening rates for daytime calls and night rates for evening and night calls.

**4.5.3 Telecommunications Relay Service:**

For intrastate toll calls received from the relay service, the Company will when billing relay calls discount relay service calls by 50 percent off of the otherwise applicable rate for a voice nonrelay call except that where either the calling or called party indicates that either party is either both hearing and visually impaired, the call shall be discounted 60 percent off of the otherwise applicable rate for a voice nonrelay call. The above discounts apply only to time-sensitive elements of a charge for the call and shall not apply to per call charges such as a credit card surcharge.

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**QUINTELCO, INC.**

**REGULATIONS AND SCHEDULE OF CHARGES APPLYING  
TO LOCAL RESALE COMMUNICATIONS SERVICES  
WITHIN THE STATE OF SOUTH DAKOTA**

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Section 1 - APPLICATION OF TARIFF

1.1 Application of Tariff

This Tariff sets forth the regulations and rates applicable to services provided by Quintelco, Inc., as follows:

The furnishing of intrastate communications services by virtue of one-way and/or two-way information transmission between points within the State of South Dakota.

1.1.1 Service Territory

Quintelco, Inc. will provide service in areas located in the State of South Dakota serviced by the Local Exchange Carriers whose services it will resell.

1.1.2 Availability

Service is available where facilities permit.

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Section 2 - GENERAL RULES AND REGULATIONS

2.1 USE OF FACILITIES AND SERVICE

2.1.1 Obligation of the Company

In furnishing service, the Company does not undertake to transmit messages, but furnishes the use of its facilities to its customers for communications.

The Company's obligation to furnish facilities and service is dependent upon its ability (a) to secure and retain, without unreasonable expense, suitable facilities and rights for the construction and maintenance of the necessary circuits and equipment; (b) to secure and retain, without unreasonable expense, suitable space for its plant and facilities in the building where service is or will be provided to the customer; or (c) to secure reimbursement of all costs where the owner or operator of a building demands relocation or rearrangement of plant and facilities used in providing service therein.

The Company shall not be required to furnish, or continue to furnish, facilities or service where the circumstances are such that the proposed use of the facilities or service would tend to adversely affect the Company's plant, property or service.

The Company reserves the right to refuse an application for service made by a present or former customer who is indebted to the Company for service previously rendered pursuant to this Tariff until the indebtedness is satisfied.

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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

a. Indemnification by Customer

The customer and any authorized or joint users, jointly and severally shall indemnify, defend and hold the Company harmless against claims, loss, damage, expense (including attorneys' fees and court costs) for libel, slander, or infringement of copyright arising from the material transmitted over its facilities; against claims for infringement of patents arising from combining with, or using in connection with, facilities of the Company, equipment and systems of the customer; and against all other claims arising out of any act or omission of the customer in connection with facilities provided by the Company or the customer. In the event 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 any claim of infringement, or terminate the claimed infringing use or modify such infringement.

b. Customer-Provided Equipment

The service and facilities furnished by the Company are subject to the following limitations: the Company shall not be liable for damage arising out of mistakes, omissions, interruptions, delays, errors or defects in transmission or other injury, including but not limited to injuries to persons or property from voltages or currents transmitted over the facilities of the Company caused by customer-provided equipment or premises wire.

c. Use of Facilities of Other Companies

When the facilities of other companies are used in establishing a connection, the Company is not liable for any act, error, omission, or interruption caused by the other company or their agents or employees. This includes the provision of a signaling system database by another company.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

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## 2.1 USE OF FACILITIES AND SERVICE (cont'd)

## 2.1.3 Use Of Service

Any service provided under this Tariff may be resold to or shared (jointly used) with other persons at the customer's option. The customer remains solely responsible for all use of service ordered by it or billed to its telephone number(s) pursuant to this Tariff, for determining who is authorized to use its service, and for promptly notifying the Company of any unauthorized use. The customer may advise its customers that a portion of its service is provided by the Company, but the customer shall not represent that the Company jointly participates with the customer in the provision of the service.

## 2.1.4 Use and Ownership of Equipment

The Company's equipment, apparatus, channels and lines shall be carefully used. Equipment furnished by the Company shall remain its property and shall be returned to the Company whenever requested, within a reasonable period following the request, in good condition, reasonable wear and tear accepted. The customer is required to reimburse the Company for any loss of, or damage to, the facilities or equipment on the customer's premises, including loss or damage caused by agents, employees or independent contractors of the customer through any negligence.

## 2.1.5 Directory Errors

In the absence of gross negligence or willful misconduct and except for the allowances stated below, no liability for damages arising from errors or mistakes in or omissions of directory listings, or errors or mistakes in or omissions of listings obtainable from the directory assistance operator, including errors in the reporting thereof, shall attach to the Company.

An allowance for errors or mistakes in or omissions of published directory listings or for errors or mistakes in or omissions of listings obtainable from the directory assistance operator shall be given as follows:

- a) Free Listings: For free or no-charge published directory listings, credit shall be given at the rate of two times the monthly tariff rate for an additional or charge listing for each individual, auxiliary or party line, PBX trunk or Centrex attendant loop affected, for the life of the directory or the charge period during which the error, mistake or omission occurs.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.1 USE OF FACILITIES AND SERVICE (cont'd)

2.1.5 Directory Errors

- b) Charge Listings: For additional or charge published directory listings, credit shall be given at the monthly tariff rate for each such listing for the life of the directory or the charge period during which the error, mistake or omission occurs.
- c) Operator records: For free or charge listings obtainable from records used by the directory assistance operator, upon notification to the Company of the error, mistake or omission in such records by the subscriber, the Company shall be allowed a period of three business days to make a correction. If the correction is not made in that time, credit shall be given at the rate of 2/30ths of the basic monthly rate for the line or lines in question for each day thereafter that the records remain uncorrected. (Where Centrex attendant loops are involved, credit shall be given at the rate of 2/30ths of the basic monthly rate for PBX trunks.)
- d) Credit limitation: The total amount of the credit provided for the preceding paragraphs 1, 2, and 3 shall not exceed, on a monthly basis, the total of the charges for each charge listing plus the basic monthly rate, as specified in paragraph 3, for the line or lines in question.
- e) Definitions: As used in Paragraphs 1, 2, 3, and 4 above, the terms "error," "mistake" or "omission" shall refer to a discrepancy in the directory listing or directory assistance records which the Company has failed to correct and where the error affects the ability to locate a particular subscriber's correct telephone number. The terms shall refer to addresses only to the extent that an error, mistake or omission of an address places the subscriber on an incorrect street or in an incorrect community.
- f) Notice: Such allowances or credits as specified in Paragraphs 1, 2, and 3 above, shall be given upon notice to the Company by the subscriber that such error, mistake or omission has occurred; provided, however, that when it is administratively feasible for the Company to have knowledge of such error, mistake or omission, the Company shall give credit without the requirement of notification by the subscribers.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.2 MINIMUM PERIOD OF SERVICE

The minimum period of service is one month except as otherwise provided in this Tariff. The customer must pay the regular tariffed 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.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.3 FLEXIBLE PRICING

2.3.1 General

Flexible Pricing sets minimum and maximum rates that can be charged for telephone service. The Company may change a specific rate within the range of the established minimum and maximum rates on one day's notice to customers and the Public Service Commission.

2.3.2 Conditions

- a. The Company reserves the right to change prices at any time subject to regulatory requirements by filing a revised Rate Attachment with the Commission.
- b. Individual written notice to Customers of rate changes shall be made in accordance with Commission regulations. Where there are no regulations, notification will be made in a manner appropriate to the circumstances involved.
- c. A rate shall not be changed unless it has been in effect for at least thirty (30) days.
- d. A customer can request that the Company disconnect service that is provided under the Flexible Pricing due to a price increase. The customer will be credited for the difference between the new price and the old price retroactive to the effective date of the price increase if the customer notifies the Company of its desire to disconnect service within 20 days of receiving notification of the price increase.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.4 PAYMENT FOR SERVICE RENDERED

2.4.1 Responsibility for All Charges

Any applicant for facilities or service may be required to sign an application form requesting the Company to furnish the facilities or service in accordance with the rates, charges, rules and regulations from time to time in force and effect. The customer is responsible for all local and toll calls originating from the customer's premises and for all calls charged to the customer's line where any person answering the customer's line agrees to accept such charge.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.4 PAYMENT FOR SERVICE RENDERED (cont'd)

(RESERVED FOR FUTURE USE)

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

## 2.4 PAYMENT FOR SERVICE RENDERED (cont'd)

## 2.4.2 Payment of Charges

Charges for facilities and service, other than usage charges, are payable upon request of the Company. Bills are due on the due date shown on the bill and are payable at any business office of the Company, by U.S. Mail, or at any location designated by the Company. If objection is not received by the Company within three months after the bill is rendered, the items and charges appearing thereon shall be determined to be correct and binding upon the customer. A bill will not be deemed correct and binding upon the customer if the Company has records on the basis of which an objection may be considered, or if the customer has in his or her possession such Company records. If objection results in a refund to the customer, such refund will be with interest at the greater of the unadjusted customer deposit rate or the applicable late payment rate, if any, for the service classification under which the customer was billed. Interest will be paid from the date when the customer overpayment was made, adjusted for any changes in the late payment rate, compounded monthly, until the overpayment is refunded. Notwithstanding the foregoing, no interest will be paid by the Company on customer overpayments that are refunded within 30 days after the overpayment is received by the Company.

Where an objection to the bill involves a superseded service order, the items and charges appearing on the bill shall be deemed to be correct and binding upon the customer if objection is not received by the Company within two months after the bill is rendered.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.4 PAYMENT FOR SERVICE RENDERED (cont'd)

2.4.3 Return Check Charge

When a check which has been presented to the 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 \$10.00.

2.4.4 Late Payment Charges

- a. Customer bills for telephone service are due on the due date specified on the bill. A customer is in default unless payment is made on or before the due date specified on the bill. If payment is not received by the customer's next billing date, a late payment charge of 1.5% will be applied to all amounts previously billed under this Tariff, excluding one month's local service charge, but including arrears and unpaid late payment charges.
- b. Late payment charges do not apply to those portions (and only those portions) of unpaid balances that are associated with disputed amounts. Undisputed amounts on the same bill are subject to late payment charges if unpaid and carried forward to the next bill.
- c. Late payment charges do not apply to final accounts.
- d. Late payment charges do not apply to government agencies of the State of South Dakota. These agencies are required to make payment in accordance with the provisions of the State Finance Law.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.4 PAYMENT FOR SERVICE RENDERED (cont'd)

2.4.5 Customer Overpayments

The Company will provide interest on customer overpayments that are not refunded within 30 days of the date the 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 the Company's applicable Late Payment Charge.

Interest shall be paid from the date when overpayment was made, adjusted for any changes in the 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 the Company.

2.5 INSTALLATION SERVICE

The Company provides a Half-Day Installation Plan, which offers customers half-day appointments (i.e., morning/afternoon or a rolling interval) for connection of Commission regulated service involving a customer premise visit.

2.6 ACCESS TO CUSTOMER'S PREMISES

The customer shall be responsible for making arrangements or obtaining permission for safe and reasonable access for Company employees or agents of the Company to enter the premises of the customer or any joint user or customer of the customer at any reasonable hour for the purpose of inspecting, repairing, testing or removing any part of the Company's facilities.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

## 2.7 TELEPHONE SURCHARGES

## 2.7.1 General

In addition to the rates and charges applicable according to the rules and regulations of this Tariff, various surcharges apply to the customer's monthly bill statement as outlined in 2.7.2 and 2.7.3 below. If there are surcharge rates applicable to a particular city, village, town or county tax district or other jurisdictional taxing entity, the rate will be listed on Statement 1 which is at the end of this section.

## 2.7.2 Surcharge For State Gross Income and Gross Earnings Taxes

A monthly surcharge to recover the additional expense related to the State Gross Income and Gross Earnings Taxes applies to the recurring and nonrecurring rates and charges for all intrastate service except returned check charges, late payment charges and rates for local coin calls. The applicable Gross Revenue Surcharge rates are shown on Statement 2 which is at the end of this section. Any changes to these rates will be filed on 15 days' notice to customers and the Commission, and as directed by the Commission. Whenever the state levies a new tax on the Company's gross revenues, repeals such a tax, or changes the rate of such a tax, the Commission may approve new surcharge factors, and the Company will file a revised statement as directed or approved by the Commission.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.7 TEI EPHONE SURCHARGES (cont'd)

2.7.3 Village or Municipal Surcharge On Local Utility Gross Revenue Taxes

In certain cities and villages a municipal surcharge related to the Local Utility Gross Revenue Taxes applies to the recurring and nonrecurring rates and charges for all intrastate service except returned check charges, late payment charges and rates for local coin calls. The percentage rate of the surcharge in each locality where such a surcharge applies is listed on Statement 3 which is at the end of this section.

The surcharge statement shall be filed at least fifteen business days before the effective date. The effective date of the statement shall not be prior to the effective date of the surcharge and no sooner than the date when the tax enactment is filed with the Secretary of State. The surcharge shall be applicable to bills subject to the tax enactment that are rendered on or after the effective date of the statement. If the tax enactment either ceases to be effective or is modified so as to reduce the tax rate, the surcharge will be changed accordingly within 5 business days.

Introduction, cancellation, or modification of a surcharge will be effective on the date of the customer's first bill rendered after the effective date of the change.

2.8 [RESERVED FOR FUTURE USE]

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.9 SUSPENSION OR TERMINATION OF SERVICE

2.9.1 Suspension or Termination for Nonpayment

In the event that any bill rendered or any deposit required is not paid, the Company may suspend service or terminate service until the bill or the required deposit has been paid. If service is suspended or terminated for nonpayment, the customer will be billed a Connection Charge as well as any payment due and any applicable deposits upon reconnection.

- A. Termination shall not be made until at least 20 days after written notification has been mailed to the billing address of the customer.
- B. Suspension will not be made until at least 8 days after written notification has been mailed to the customer and 20 days before the termination notice.

Telephone service shall only be suspended during the hours between 8:00 AM and 4:00 PM, Monday through Thursday. It shall not be suspended or terminated for nonpayment on weekends, public holidays, other federal and state holidays proclaimed by the President or the Governor, or on days when the main business office of the Company is not open for business, or during the periods from December 23rd through December 26th or December 30th through January 1st.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.9 SUSPENSION OR TERMINATION OF SERVICE (cont'd)

2.9.2 Exceptions to Suspension and Termination

Telephone service shall not be suspended or terminated for:

- a. Nonpayment of bills rendered for charges other than telephone service;
- b. Nonpayment for service for which a bill has not been rendered;
- c. Nonpayment for service which have not been rendered;
- d. Nonpayment of any billed charge which is in dispute or for the nonpayment of a deposit which is in dispute during the period before a determination of the dispute is made by the Company in accordance with Company's complaint handling procedures.

Telephone service may be suspended or terminated for nonpayment of the undisputed portion of a disputed bill if the customer does not pay the undisputed portion after being asked to do so.

- e. Nonpayment of backbilled amounts as outlined in 2.11.12.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.9 SUSPENSION OR TERMINATION OF SERVICE (cont'd)

2.9.3 Verification of Nonpayment

Telephone service shall not be suspended or terminated for nonpayment of a bill rendered unless:

- a. The Company has verified, in a manner approved by the Public Service Commission, that payment has not been received at any office of the Company or at any office of an authorized collection agent through the end of the period indicated in the notice, and
- b. The Company has checked the customer's account on the day that suspension or termination is to occur to determine whether payment has been posted to the customer's account as of the opening of business on that day.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.9 SUSPENSION OR TERMINATION OF SERVICE (cont'd)

2.9.4 Termination For Cause Other Than Nonpayment

a. General

The Company, after notice in writing to the customer and after having given the customer an appropriate opportunity to respond to such notice, may terminate service and sever the connection(s) from the customer's premises under the following conditions:

1. in the event of prohibited, unlawful or improper use of the facilities or service, or any other violation by the customer of the rules and regulations governing the facilities and service furnished, or
2. if, in the judgment of the Company, any use of the facilities or service by the customer may adversely affect the Company's personnel, plant, property or service. The Company shall have the right to take immediate action, including termination of the service and severing of the connection, without notice to the customer when injury or damage to telephone personnel, plant, property or service is occurring, or is likely to occur, or
3. in the event of unauthorized use, where the customer fails to take reasonable steps to prevent the unauthorized use of the facilities or service received from the Company, or
4. in the event that service is connected for a customer who is indebted to the Company for service or facilities previously furnished, that service may be terminated by the Company unless the customer satisfies the indebtedness within 20 days after written notification. See Section 2.11.7 regarding Deferred Payment Agreements.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.9 SUSPENSION OR TERMINATION OF SERVICE (cont'd)

2.9.4 Termination For Cause Other Than Nonpayment (cont'd)

b. Prohibited, Unlawful or Improper Use of the Facilities or Service

Prohibited, unlawful or improper use of the facilities or service includes, but is not limited to:

1. The use of facilities or service of the Company without payment of tariff charges;
2. Calling or permitting others to call another person or persons so frequently or at such times of the day or in such manner as to harass, frighten, abuse or torment such other person or persons;
3. The use of profane or obscene language;
4. The use of the service in such a manner such that it interferes with the service of other customers or prevents them from making or receiving calls;
5. The use of a mechanical dialing device or recorded announcement equipment to seize a customer's line, thereby interfering with the customer's use of the service;
6. Permitting fraudulent use.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.9 SUSPENSION OR TERMINATION OF SERVICE (cont'd)

2.9.4 Termination For Cause Other Than Nonpayment (cont'd)

c. Abandonment or Unauthorized Use of Facilities

1. If it is determined that facilities have been abandoned, or are being used by unauthorized persons, or that the customer has failed to take reasonable steps to prevent unauthorized use, the Company may terminate telephone service.
2. In the event that telephone service is terminated for abandonment of facilities or unauthorized use and service is subsequently restored to the same customer at the same location:
  - a. No charge shall apply for the period during which service had been terminated, and
  - b. Reconnection charges will apply when service is restored. However, no charge shall be made for reconnection if the service was terminated due to an error on the part of the Company.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.9 SUSPENSION OR TERMINATION OF SERVICE (cont'd)

2.9.4 Termination For Cause Other Than Nonpayment (cont'd)

d. Change in the Company's Ability to Secure Access

Any change in the Company's ability (a) to secure and retain suitable facilities and rights for the construction and maintenance of the necessary circuits and equipment or (b) to secure and retain suitable space for its plant and facilities in the building where service is provided to the customer may require termination of a customer's service until such time as new arrangements can be made. No charges will be assessed the customer while service is terminated, and no connection charges will apply when the service is restored.

2.9.5 Emergency Termination of Service

The Company will immediately terminate the service of any customer, on request, when the customer has reasonable belief that the service is being used by an unauthorized person or persons. The Company may require that the request be submitted in writing as a follow-up to a request made by telephone.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.10 ADDITIONAL PROVISIONS APPLICABLE TO BUSINESS CUSTOMERS

2.10.1 Application of Rates

- a. Business rates as described in Section 7 and shown in Attachment B apply to service furnished:
  - 1. In office buildings, stores, factories and all other places of a business nature;
  - 2. In hotels, apartment houses, clubs and boarding and rooming houses except when service is within the customer's domestic establishment and no business listings are provided; colleges, hospitals and other institutions; and in churches except when service is provided to an individual of the clergy for personal use only and business service is already established for the church at the same location;
  - 3. At any location when the listing or public advertising indicates a business or a profession;
  - 4. At any location where the service includes an extension which is at a location where business rates apply unless the extension is restricted to incoming calls;
  - 5. At any location where the customer resells or shares exchange service;
- b. The use of business facilities and service is restricted to the customer, customers, agents and representatives of the customer, and joint users.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.10 ADDITIONAL PROVISIONS APPLICABLE TO BUSINESS CUSTOMERS (Cont'd)

2.10.2 Telephone Number Changes

When a business customer requests a telephone number change, the referral period for the disconnected number is 180 days.

The Company reserves all rights to the telephone numbers assigned to any customer. The customer may order a Customized Number where facilities permit for an additional charge as specified in Section 5.9 of this Tariff.

When service in an existing location is continued for a new customer, the existing telephone number may be retained by the new customer only if the former customer consents in writing, and if all charges against the account are paid or assumed by the new customer.

2.10.3 Dishonored Checks

If a business customer who has received a notice of discontinuance pays the bill with a check that is subsequently dishonored, the account remains unpaid and the Company is not required to issue any additional notice before disconnecting service.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.11 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS

2.11.1 Application of Rates

Residential rates as described in Section 6 and shown in Attachment B apply to service furnished in private homes or apartments (including all parts of the customer's domestic establishment) for domestic use. Residential rates also apply in college fraternity or sorority houses, convents and monasteries, and to the clergy for domestic use in residential quarters.

Residential rates do not apply to service in residential locations if the listing indicates a business or profession. Residential rates do not apply to service furnished in residential locations if there is an extension line from the residential location to a business location unless the extension line is limited to incoming calls.

The use of residential service and facilities is restricted to the customer, members of the customer's domestic establishment, and joint users.

2.11.2 Telephone Number Changes

When a residential customer requests a telephone number change, the referral period for the disconnected number is 90 days.

The Company reserves all rights to any telephone number assigned to a customer for local service. The customer may order a Customized Number where facilities permit for an additional charge as specified in Section 5.9 of this Tariff.

When service in an existing location is continued for a new customer, the existing number may be retained by the new customer only if the former customer consents in writing, and if all charges against the account are paid or assumed by the new customer.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.11 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (cont'd)

2.11.3 (RESERVED FOR FUTURE USE)

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.11 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (cont'd)

2.11.3 (RESERVED FOR FUTURE USE)

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.11 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (cont'd)

2.11.3 (RESERVED FOR FUTURE USE)

2.11.4 Installment Billing For Nonrecurring Charges

A residential customer may elect to pay service connection and other nonrecurring charges associated with a service order in monthly installments for up to a 12 month period. When installment billing is requested, all nonrecurring charges associated with a given service order will be included in the calculation of the monthly installment.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.11 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (cont'd)

2.11.4 Installment Billing For Nonrecurring Charges (cont'd)

Installment billing is subject to the following restrictions:

- a. Installment billing may be used only by residential customers;
- b. Charges will be billed in the number of installments of equal dollar amounts as requested by the customer up to a maximum of 12 installments over the course of 12 months;
- c. A customer may not pay a portion of the charges and then request installment billing for the remaining charges;
- d. More than one installment plan may be in effect for the same customer at the same time;
- e. If a customer disconnects service during the installment payment period, all unbilled charges will be included in the final bill rendered;
- f. A customer may elect to pay the unbilled charges before the expiration of the installment plan;
- g. Installment billing payments will continue even when an account is temporarily suspended;
- h. No interest or carrying charges will be applied to the outstanding balance during the installment period.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.11 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (cont'd)

2.11.5 Adjusted Payment Schedule

A customer on a fixed income (e.g., pension and public assistance) shall be offered the opportunity to pay his or her bills on a reasonable schedule that is adjusted for periodic receipt of income.

2.11.6 Suspension or Termination for Nonpayment

- a. Suspension/termination notices may not be issued until at least 25 days after the date of the bill. Bills must be mailed to the customer no later than 6 business days after the date of the bill.
- b. After issuing the written notification in accordance with 2.9.1, at least one attempt shall be made during non-working hours to contact the residential customer by telephone before the scheduled date of suspension/termination.
- c. Suspension/termination may occur only between the hours of 8 a.m. and 4 p.m. Monday through Thursday, provided that such day or the following day is not a public holiday or a day on which the main office is closed. In addition, service may not be disconnected during the periods of December 23 through the 26 and December 30 through January 2.
- d. Telephone service may be suspended or terminated for nonpayment of the undisputed portion of a disputed bill if the customer does not pay the undisputed portion after being asked to do so. Suspended or terminated residential service shall be reconnected within 24 hours following payment or within 24 hours of the end of circumstances beyond the Company's control which delay the reconnection. The Commission may direct that service be reconnected in less than 24 hours.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.11 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (cont'd)

2.11.7 Deferred Payment Agreements

Service will not be suspended or terminated unless the customer has been advised that a deferred payment plan can be arranged. An existing residential customer with three or more months service and for whom service has not been terminated for nonpayment is eligible for Deferred Payment Arrangements (DPA). Final notice of suspension/termination will advise the customer of deferred payment arrangements and will include, in bold print, a notice that assistance in reaching an agreement may be obtained from the Commission. The DPA notice will be mailed no less than six days before termination of total service.

A Deferred Payment Agreement will be for a period agreed to by both the customer and the Company.

If the Company believes that the customer has the resources to pay the bill, it shall notify both the customer and the Commission in writing of the reasons for its belief. The Commission shall make the final determination as to whether a DPA should be provided. A customer with medical emergencies and a customer who is elderly, blind or disabled shall be exempt from such eligibility criteria.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.11 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (cont'd)

2.11.8 Dishonored Checks

When a check received from a residential customer is dishonored, the company shall make two attempts, one outside of normal business hours, to contact the customer within 24 hours. The customer shall be given an additional 24 hours to pay before suspension/termination. The additional notice will be given provided that the customer has not submitted a dishonored check within the past 12 months.

2.11.9 Suspension or Termination - Abandonment

Suspension/termination of residential service for abandonment or unauthorized use may occur only after the Company makes a reasonable attempt to determine occupancy or authorized use, or the customer takes reasonable steps to prevent unauthorized use. A notice must be sent to the customer five days before such suspension or termination. The notification requirement is waived when previous mailings are returned by the Post Office or the company is advised that a new customer has moved into the location.

2.11.10 Suspension or Termination - Medical Emergencies

In the event of a medical emergency, an additional 30 days will be allowed for a residential customer before suspension or termination. A medical certificate, must be supplied. The medical emergency status may be extended beyond 30 days upon submission of specified documentation. During the emergency, the customer will be able to defer payment of monthly charges up to an amount specified by the Commission until the emergency ceases or it is determined that the customer has the ability to pay the charges. Charges in any month in excess of the amount specified are due by the due date of the bill.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.11 ADDITIONAL PROVISIONS APPLICABLE TO RESIDENTIAL CUSTOMERS (cont'd)

2.11.1. Suspension or Termination - Elderly, Blind or Disabled

An additional 20 days will be allowed before suspension or termination may occur when:

- a) the customer is known to or identified to the Company as being blind or disabled, or
- b) the customer is 62 years of age or older, and all other residents of the customer's household are: under 18 years of age, over 62 years of age, blind or disabled.

In cases where service has been suspended or terminated and the Company subsequently learns that the customer is entitled to the protection established herein, the Company shall within 24 hours of such notification restore service for an additional 20 days and make a diligent effort to contact in person an adult resident at the customer's premises for the purpose of devising a payment plan.

2.11.12 Backbilling for Residential Customers

The Company shall not charge a residential customer for previously unbilled service or adjust upward a bill previously rendered when the period for the unbilled service or billing adjustment is more than six months prior to the mailing of the bill or the upward adjustment unless the conduct of the customer caused or contributed to the failure of the Company to render timely accurate billing. Unless the customer causes the late billing, the Company shall explain the reason for the late billing and shall advise the customer that suspension/termination of service is not permitted for charges billed in excess of six months after the service was provided. The customer will be given the opportunity to pay the charges under an installment plan on a schedule equal in time to the length of the backbilling period.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

## 2.12 ALLOWANCES FOR INTERRUPTIONS IN SERVICE

Interruptions in service, which are not due to the negligence of, or non-compliance with the provisions of this Tariff by the Customer, or the operation or malfunction of the facilities, power, or equipment provided by the Customer, will be credited to the Customer as set forth below for the part of the service that the interruption affects. A credit allowance will be made when an interruption occurs because of a failure of any component furnished by the Company under this Tariff.

## 2.12.1 Credit for Interruptions

- a. An interruption period begins when the Customer reports a service, facility, or circuit to be interrupted and releases it for testing and repair. An interruption period ends when the service, facility, or circuit is operative. If the Customer reports a service, facility, or circuit to be inoperative but declines to release it for testing and repair, it is considered to be impaired, but not interrupted.
- b. For calculating credit allowances, every month is considered to have 30 days. A credit allowance is applied on a pro rata basis against the rates specified hereunder and is dependent upon the length of the interruption. Only those facilities on the interrupted portion of the circuit will receive a credit.
- c. A credit allowance will be given, upon request of the customer to the business office, for interruptions of 30 minutes or more. Credit allowances will be calculated as follows:
  - i. if interruption continues for less than 24 hours:
    - a) 1/30th of the monthly rate if it is the first interruption in the same billing period.
    - b) 2/30ths of the monthly rate if there was a previous interruption of at least 24 hours in the same billing period.
  - ii. if interruption continues for more than 24 hours:
    - a) if caused by storm, fire, flood or other condition out of Company's control, 1/30th of the monthly rate for each 24 hours of interruption.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.12 ALLOWANCES FOR INTERRUPTIONS IN SERVICE (cont'd)

2.12.1 Credit for Interruptions (cont'd)

c. (cont'd)

ii. (cont'd)

- b) for other interruption, 1/30 of the monthly rate for the first 24 hours and 2/30ths of such rate for each additional 24 hours (or fraction thereof); however, if service is interrupted for over 24 hours, more than once in the same billing period, the 2/30ths allowance applies to the first 24 hours of the second and subsequent interruptions

Two or more interruptions of 15 minutes or more during any one 24-hour period shall be considered as one interruption.

d. Credit to Customer

Credits attributable to any billing period for interruptions of service shall not exceed the total charges for that period for the service and facilities furnished by the Company rendered useless or substantially impaired.

e. "Interruption" Defined

For the purpose of applying this provision, the word "interruption" shall mean the inability to complete calls either incoming or outgoing or both due to equipment malfunction or human errors. "Interruption" does not include and no allowance shall be given for service difficulties such as slow dial tone, circuits busy or other network and/or switching capacity shortages. Nor shall the interruption allowance apply where service is interrupted by the negligence or willful act of the subscriber or where the Company, pursuant to the terms of the Tariff, suspends or terminates service because of nonpayment of bills due to the company, unlawful or improper use of the facilities or service, or any other reason covered by the Tariff. No allowance shall be made for interruptions due to electric power failure where, by the provisions of this Tariff, the subscriber is responsible for providing electric power. Allowance for interruptions of message rate service will not affect the subscriber's local call allowance during a given billing period.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.12 ALLOWANCES FOR INTERRUPTIONS IN SERVICE (cont'd)

2.12.2 Limitations on Credit Allowances

No credit allowance will be made for:

- a) interruptions due to the negligence of, or non-compliance with the provisions of this Tariff, by any party other than the Company, including but not limited to the customer, authorized user, or other common carriers connected to, or providing service connected to, the service of the Company or to the Company's facilities;
- b) interruptions due to the failure or malfunction of non-Company equipment, including service connected to customer provided electric power;
- c) interruptions of service during any period in which the Company is not given full and free access to its facilities and equipment for the purpose of investigating and correcting interruptions;
- d) interruptions of service during any period when the customer has released service to the Company for maintenance purposes or for implementation of a customer order for a change in service arrangements;
- e) interruptions of service due to circumstances or causes beyond the control of the Company.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.13 AUTOMATIC NUMBER IDENTIFICATION

2.13.1 Regulations

The Company will provide Automatic Number Identification (ANI) associated with an intrastate service, by tariff, to any entity (ANI recipient), only under the following terms and conditions:

- a) The ANI recipient or its designated billing agent may use or transmit ANI information to third parties for billing and collection, routing, screening, ensuring network performance, and completion of a telephone subscriber's call or transaction, or for performing a service directly related to the telephone subscriber's original call or transaction, or for performing a service directly related to the telephone subscriber's original call or transaction.
- b) The ANI recipient may offer to any telephone subscriber with whom the ANI recipient has an established customer relationship, a product or service that is directly related to products or service previously purchased by the telephone subscriber from the ANI recipient.
- c) The ANI recipient or its designated billing agent is prohibited from utilizing ANI information to establish marketing lists or to conduct outgoing marketing calls, except as permitted by the preceding paragraph, unless the ANI recipient obtains the prior written consent of the telephone subscriber permitting the use of ANI information for such purposes. The foregoing provisions notwithstanding, no ANI recipient or its designated billing agent may utilize ANI information if prohibited elsewhere by law.
- d) The ANI recipient or its designated billing agent is prohibited from reselling, or otherwise disclosing ANI information to any other third party for any use other than those listed in Provision 1, unless the ANI recipient obtains the prior written consent of the subscriber permitting such resale or disclosure.
- e) Violation of any of the foregoing terms and conditions by any ANI recipient other than a Telephone Corporation shall result, after a determination through the Commission's complaint process, in suspension of the transmission of ANI by the Telephone Corporation until such time as the Commission receives written confirmation from the ANI recipient that the violations have ceased or have been corrected. If the Commission determines that there have been three or more separate violations in a 24 month period, delivery of ANI to the offending party shall be terminated under terms and conditions determined by the Commission.

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Section 2 - GENERAL RULES AND REGULATIONS (cont'd)

2.13 AUTOMATIC NUMBER IDENTIFICATION (cont'd)

2.13.2 Terms and Conditions

Violation of any of the foregoing terms and conditions by a Telephone Corporation may result in Commission prosecution of penalty and enforcement proceedings.

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A. TELEPHONE SURCHARGES

Gross Revenue Tax Surcharge:

The Gross Revenue Tax Surcharge rates will be charged according to current tax levels.

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A. TELEPHONE SURCHARGES

Surcharge for State Gross Income and Gross Earnings Taxes

Local Utility Gross Revenue Taxes -- Billed according to current tax levels.

2.14 COMMISSION CONTACT

Customers may contact the Commission at:

South Dakota Public Utilities Commission  
State Capital Building  
500 East Capital Building  
Pierre, SD 57501-5070  
(800) 332-1782

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Section 3 - CONNECTION CHARGES

3.1 CONNECTION CHARGE

3.1.1 General

The Connection Charge is a nonrecurring charge which applies to the following: (a) the installation of a new service; (b) the transfer of an existing service to a different location; (c) a change from one class of service to another at the same or a different location; or (d) restoral of service after suspension or termination for nonpayment. Connection Charges are listed with each service to which they apply.

3.1.2 Exceptions to the Charge

- a. No charge applies for a change to a service for which a lower monthly rate applies, made within 90 days after any general rate increase, if a lower grade of service is offered in the customer's exchange.
- b. No charge applies for one change in the class of residence service, provided that the change is ordered within 90 days of the initial connection of the customer's exchange service.
- c. The Company may from time to time waive or reduce the charge as part of a promotion. See Section 5.2.

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Section 3 - CONNECTION CHARGES (cont'd)

## 3.2 RE TORAL CHARGE

A restoral charge applies each time a service is reconnected after suspension or termination for nonpayment but before cancellation of the service, as deemed in Section 1 of this Tariff.

|          | <u>Business</u> | <u>Residence</u> |
|----------|-----------------|------------------|
| Minimum: | \$ 5.00         | \$ 5.00          |
| Maximum: | \$ 40.00        | \$40.00          |

## 3.3 MOVES, ADDS AND CHANGES

The Company alone may make changes in the location of its lines and equipment. When it is found that a move or change of such lines or equipment has been made by others, the Connection Charge for the underlying service will app'y as if the work had been done by the Company.

The customer will be assessed a charge for any move, add or change of a Company service. Move, Add and Change are defined as follows:

|         |                                                                                                                                                                                        |  |  |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|
| Move:   | The disconnection of existing equipment at one location and reconnection of the same equipment at a new location in the same building or in a different building on the same premises. |  |  |
| Add:    | The addition of a vertical service to existing equipment and/or service at one location.                                                                                               |  |  |
| Change: | Change - including rearrangement or reclassification - of existing service at the same location.                                                                                       |  |  |

|                       |             |            |               |
|-----------------------|-------------|------------|---------------|
| Residence Charge per: | <u>Move</u> | <u>Add</u> | <u>Change</u> |
| Minimum:              | \$ 5.00     | \$ 5.00    | \$ 5.00       |
| Maximum:              | \$40.00     | \$40.00    | \$40.00       |

|                      |             |            |               |
|----------------------|-------------|------------|---------------|
| Business Charge per: | <u>Move</u> | <u>Add</u> | <u>Change</u> |
| Minimum:             | \$ 5.00     | \$ 5.00    | \$ 5.00       |
| Maximum:             | \$40.00     | \$40.00    | \$40.00       |

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Section 3 - CONNECTION CHARGES (cont'd)

## 3.4 CHARGES ASSOCIATED WITH PREMISES VISIT

## 3.4.1 Terms and Conditions

The customer may request an estimate or a firm bid before ordering wire installation work to be done. When an estimate is provided, the estimate is not binding on the Company and the charge to be billed will be based on the actual time and materials charges incurred. When a firm bid is provided at customer request, the charge to be billed is the amount quoted to the customer for the work requested.

Inside Wire charges apply per service call when billable premises work is performed on noncomplex premises wire and jacks. Residence and Business charges may differ. Such charges are due and payable when billed.

Noncomplex wire, jacks and materials include:

- ☐ 2 to 6 pair inside wire
- ☐ Faceplates
- ☐ RJ11C, RJ14C, RJ11W and RJ14W type station jacks
- ☐ Staples, screws, nail, tape, connectors, etc.

## 3.4.2 Trouble Isolation Charge

When a visit to the customer's premises is necessary to isolate a problem reported to the Company but identified by the Company's technician as attributable to customer-provided equipment or inside wire, a separate charge applies in addition to all other charges for the visit.

|                                | <u>Minimum</u> | <u>Maximum</u> |
|--------------------------------|----------------|----------------|
| Per Premises Visit, Residence: | \$10.00        | \$50.00        |
| Per Premises Visit, Business:  | \$10.00        | \$50.00        |

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Section 3 - CONNECTION CHARGES (cont'd)

## 3.4 CHARGES ASSOCIATED WITH PREMISES VISIT (cont'd)

## 3.4.3 Inside Wire Maintenance and Installation

The customer may provide inside wiring for single-line station equipment or may elect to have the Company's technicians install or maintain inside wire.

## a. Inside Wire Installation Charge

Flat Installation Charges apply when a customer requests new noncomplex wire and jack installation or requests existing noncomplex wire and jack moves, changes, removals, rearrangements, replacements or pre-wiring.

Material is included in each time increment charge.

|                                    | <u>Minimum</u> | <u>Maximum</u> |
|------------------------------------|----------------|----------------|
| Flat Jack Installation Charge      |                |                |
| Per order, per premises            |                |                |
| - 1st Jack                         | \$1.00         | \$75.00        |
| - Each Additional, Prewired        | \$1.00         | \$25.00        |
| - Each Additional, Unwired         | \$1.00         | \$75.00        |
| Flat Wire Installation Charge      |                |                |
| Per wall, per wire pull, Residence | \$10.00        | \$75.00        |
| Flat Wire Installation Charge      |                |                |
| Per wall, per wire pull, business  | \$10.00        | \$75.00        |

## b. Flat Inside Wire Maintenance Charge

The Flat Inside Wire Maintenance Charge applies when a customer requests noncomplex wire and jack maintenance and does not subscribe to the Inside Wire Maintenance Option. Material is included in the Flat Time and Materials Charge.

|                               | <u>Minimum</u> | <u>Maximum</u> |
|-------------------------------|----------------|----------------|
| Per Premises Visit, Residence | \$10.00        | \$50.00        |
| Per Premises Visit, Business  | \$10.00        | \$50.00        |

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Section 3 - CONNECTION CHARGES (cont'd)

## 3.4 CHARGES ASSOCIATED WITH PREMISES VISIT (cont'd)

## 3.4.3 Inside Wire Maintenance and Installation

The customer may provide inside wiring for single-line station equipment or may elect to have the Company's technicians install or maintain inside wire.

## a. Inside Wire Installation Charge

Flat Installation Charges apply when a customer requests new noncomplex wire and jack installation or requests existing noncomplex wire and jack moves, changes, removals, rearrangements, replacements or pre-wiring.

Material is included in each time increment charge.

|                               | <u>Minimum</u> | <u>Maximum</u> |
|-------------------------------|----------------|----------------|
| Flat Jack Installation Charge |                |                |
| Per order, per premises       |                |                |
| - 1st Jack                    | \$1.00         | \$50.00        |
| - Each Additional             | \$1.00         | \$25.00        |
| Flat Wire Installation Charge | \$10.00        | \$75.00        |
| Per wall, per wire pull       |                |                |

## b. Flat Inside Wire Maintenance Charge

The Flat Inside Wire Maintenance Charge applies when a customer requests noncomplex wire and jack maintenance and does not subscribe to the Inside Wire Maintenance Option. Material is included in the Flat Time and Materials Charge.

|                    | <u>Minimum</u> | <u>Maximum</u> |
|--------------------|----------------|----------------|
| Per Premises Visit | \$10.00        | \$50.00        |

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Section 3 - CONNECTION CHARGES (cont'd)

## 3.4 CHARGES ASSOCIATED WITH PREMISES VISIT (cont'd)

## 3.4.3 Inside Wire Maintenance and Installation (cont'd)

## c. Monthly Inside Wire Maintenance Option

The Monthly Inside Wire Maintenance Option provides subscribers paying a monthly fee with ongoing maintenance of noncomplex wire and jack. Premises Visit Charges and Time and Material Charges are waived for maintenance work provided under the terms of the Monthly Inside Wire Maintenance Option.

|                                                                      | <u>Minimum</u> | <u>Maximum</u> |
|----------------------------------------------------------------------|----------------|----------------|
| Inside Wire Monthly<br>Maintenance Option<br>(per residence account) | \$0.25         | \$2.00         |

## 3.5 PRIMARY INTEREXCHANGE CARRIER CHANGE CHARGE

The customer will incur a charge each time there is a change in the long distance carrier associated with the customer's line after the initial installation of service.

Minimum: \$ 0.00

Maximum: \$ 5.00

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Section 4 - INTRALATA TOLL USAGE AND MILEAGE CHARGES

4.1 GENERAL

4.1.1 Description

IntraLATA toll service is furnished for communication between telephones in different local calling areas within a particular LATA in accordance with the regulations and schedules of charges specified in this tariff. The toll service charges specified in this section are in payment for all service furnished between the calling and called telephone, except as otherwise provided in this Tariff.

IntraLATA toll calling includes the following types of calls: direct dialed, calling card, collect, 3rd number billed, special toll billing, requests to notify of time and charges, person to person calling and other station to station calls.

4.1.2 Classes of Calls

Service is offered as two classes: station to station calling and person to person calling.

- a. Station to Station Service is that service where the person originating the call dials the telephone number desired or gives the Company operator the telephone number of the desired telephone station or system.
- b. Person to Person Service is that service where the person originating the call specifies to the Company operator a particular person to be reached, a particular mobile unit to be reached, or a particular station, department or office to be reached. The call remains a person to person call when, after the telephone, mobile telephone, or PBX system has been reached and while the connection remains established, the person originating the call requests or agrees to talk to any person other than the person specified, or to any other agreed upon alternate.

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Section 4 - INTRALATA TOLL USAGE AND MILEAGE CHARGES (cont'd)

4.2 TIMING OF CALLS

- 4.2.1 Unless otherwise indicated, all calls are timed in one minute increments and all calls which are fractions of a minute are rounded up to the next whole minute.
- 4.2.2 For station to station calls, call timing begins when a connection is established between the calling telephone and the called telephone station.
- 4.2.3 For person to person calls, call timing begins when connection is established between the calling person and the particular person, station or mobile unit specified or an agreed alternate.
- 4.2.4 Call timing ends when the calling station "hangs up," thereby releasing the network connection. If the called station "hangs up" but the calling station does not, chargeable time ends when the network connection is released either by automatic timing equipment in the telephone network or by the Company operator.
- 4.2.5 Calls originating in one time period as defined in Section 4.3 and terminating in another will be billed the rates in effect at the beginning of each minute.

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Section 4 - INTRALATA TOLL USAGE AND MILEAGE CHARGES (cont'd)

4.3 TIME PERIODS DEFINED

Unless otherwise indicated in this Tariff, the following time periods apply.

4.3.1 Peak: 7:00 a.m. to, but not including, 7:00 p.m. - Monday through Friday

4.3.2 Off-Peak: 7:00 p.m. to, but not including, 7:00 a.m. - Sunday through Friday  
All day Saturday and Sunday  
All Holidays

4.3.3 Holidays include Christmas, New Year's Day, Thanksgiving, Independence Day, and Labor Day.

4.3.4 All times refer to local time.

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Section 4 - INTRALATA TOLL USAGE AND MILEAGE CHARGES (cont'd)

4.4 REGULATIONS AND COMPUTATION OF MILEAGE

Calls for which rates are mileage sensitive are rated on the airline distance between the originating rate center and the terminating rate center.

4.4.1 Originating Rate Center

A customer's primary local exchange number includes an NXX code that is associated with a specific rate center. The originating point of all calls charged to that customer's account shall be the location of the customer's rate center.

4.4.2 Terminating Rate Center

The terminating point for all calls shall be the location of the local rate center associated with the called number.

4.4.3 Calculation of Mileage

Usage charges for all mileage sensitive products are based on the airline distance between serving wire centers associated with the originating and terminating points of the call. The serving wire centers of a call are determined by the area codes and exchanges of the origination and destination points.

The distance between any two rate centers is determined as follows:

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Section 4 - INTRALATA TOLL USAGE AND MILEAGE CHARGES (cont'd)

## 4.4 REGULATIONS AND COMPUTATION OF MILEAGE (cont'd)

## 4.4.3 Calculation of Mileage (cont'd)

Airline mileage, where mileage is the basis for rating calls, is obtained by using the "V" and "H" coordinates assigned to each rate center and contained in NECA FCC Tariff No. 4 or successor tariffs. To determine the airline distance between any two locations, proceed as follows:

- a. Obtain the "V" and "H" coordinates for each location. The "V" coordinate is the first four digits in the "VH" column. The "H" coordinate is the next four digits.
- b. Obtain the difference between the "V" coordinates of each of the locations. Obtain the difference between the "H" coordinates.
- c. Square each difference obtained in step b., above.
- d. Add the square of the "V" difference and the "H" difference obtained in step c., above.
- e. Divide the sum of the square by 10. Round to the next higher whole number if any fraction is obtained.
- f. Obtain the square root of the whole number result obtained above. Round to the next higher whole number if any fraction is obtained. This is the airline mileage.

Formula:

$$\sqrt{\frac{(V_1 - V_2)^2 + (H_1 - H_2)^2}{10}}$$

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Section 4 - INTRALATA TOLL USAGE AND MILEAGE CHARGES (cont'd)

4.5 CALL CHARGES

Rates are based on the duration of the call as measured according to Section 4.2 above, time of day rate period of the call as described in Section 4.3 and the airline mileage between points of the call as described in Section 4.4. In addition, where live or automated operator assistance is required for call completion or billing, a per call service applies.

Charges for all classes of calls may be to the calling station, to the called station when the called party agrees to accept the charges, to an authorized telephone number which is not the called station or the calling station (3rd number billing), or to an authorized calling card.

4.5.1 Usage Charges

Minimum:

Rates may be reduced selectively and in varying amounts, down to incremental cost, on one day's notice to customers and the Public Service Commission.

Maximum:

| Mileage | Peak         |                        | Off-Peak     |                        |
|---------|--------------|------------------------|--------------|------------------------|
|         | First Minute | Each Additional Minute | First Minute | Each Additional Minute |
| 0 - 8   | \$0.18       | \$0.18                 | \$0.18       | \$0.18                 |
| 9 - 13  | 0.18         | 0.18                   | 0.18         | 0.18                   |
| over 13 | 0.18         | 0.18                   | 0.18         | 0.18                   |

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Section 4 - INTRALATA TOLL USAGE AND MILEAGE CHARGES (cont'd)

## 4.5 CALL CHARGES (cont'd)

## 4.5.2 Per Call Service Charges

The following service charges apply to intraLATA toll calls for which live or automated operator assistance is provided for call completion and/or billing.

|                               | <u>Minimum</u> | <u>Maximum</u> |
|-------------------------------|----------------|----------------|
| Customer Dialed Calling Card  | \$0.01         | \$0.60         |
| Person to Person              | \$0.01         | \$3.75         |
| 3rd Number Billed             | \$0.01         | \$1.60         |
| All other Operator Assistance | \$0.01         | \$1.25         |

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SECTION 5 - SUPPLEMENTAL SERVICES

5.1 CUSTOM CALLING SERVICE

5.1.1 General

Subject to the availability of the service offerings of the Company's underlying carriers, the features in this section are made available on an individual basis or as part of multiple feature packages. All features are provided subject to availability; features may not be available with all classes of service. Transmission levels may not be sufficient in all cases.

5.1.2 Description of Features

a. Three Way Calling/Call Hold

The Three Way Calling feature allows a customer to add a third party to an existing two-way call and form a 3-way call. The call must have been originated from outside the station group and terminate to a station within the station group. The Call Hold feature allows a customer to put any in-progress call on hold by flashing the switchhook and dialing a code. This frees the line to allow the customer to make an outgoing call to another number. Only one call per line can be on hold at a time. The third party cannot be added to the original call.

b. Call Forwarding

Call Forwarding, when activated, redirects attempted terminating calls to another customer-specific line. The customer may have to activate and deactivate the forwarding function and specify the desired terminating telephone number during each activation procedure. Call originating ability is not affected by Call Forwarding. The customer is provided with a non-dedicated 800 number ("personal 800 number") to receive domestic calls from any point within the continental U.S. for a monthly subscription fee of \$9.95 per 800 number. This monthly cost entitles the customer to twenty (20) minutes of use. The customer will be charged \$0.25 per minute for all use beyond twenty (20) minutes per month. The customer may have multiple personal 800 numbers per account. For each personal 800 number, the Company will provide to the customer an 800 number, a security code, and a Rerouting Code which allows the subscriber to use the Call Forwarding feature, with which the Customer can receive incoming domestic calls. The Company has the exclusive right to determine the terminating locations for personal 800 numbers. Personal 800 customers share access on the same 800 number based on PIN and, thus, may not retain use of the 800 number if service is terminated.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

5.1 CUSTOM CALLING SERVICE (cont'd)

5.1.2 Description of Features (cont'd)

b. Call Forwarding (cont'd)

Call Forwarding - Busy automatically reroutes an incoming call to a customer predesignated number when the called number is busy.

Call Forwarding - Don't Answer automatically reroutes an incoming call to a customer predesignated number when the called number does not answer within the number of rings programmed by the Company or, after a designated number of rings, routes the call to the customer's voice mailbox.

Call Forwarding - Variable allows the customer to choose to reroute incoming calls to another specified telephone number. The customer must activate and deactivate this feature.

c. Call Waiting/Cancel Call Waiting

Call Waiting provides a tone signal to indicate to a customer already engaged in a telephone call that a second caller is attempting to dial in. It will also permit the customer to place the first call on hold, answer the second call and then alternate between both callers. Cancel Call Waiting (CCW) allows a Call Waiting (CW) customer to disable CW for the duration of an outgoing telephone call. CCW is activated (i.e., CW is disabled) by dialing a special code prior to placing a call, and is automatically deactivated when the customer disconnects from the call.

d. Distinctive Ringing

This feature enables a user to determine the source of an incoming call from a distinctive ring. The user is provided with up to two additional telephone numbers.

e. Regular Multiline Hunting

This feature is a line hunting arrangement that provides sequential search of available numbers within a multiline group.

f. Speed Calling

This feature allows a user to dial selected numbers using one or two digits. Up to eight numbers (single digit, or thirty numbers with two digits) can be selected.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

5.1 CUSTOM CALLING SERVICE (cont'd)

5.1.3 Rates and Charges

a. Monthly Rates

Maximum and minimum rates for services other than Call Forwarding are located in Section 6, Residential Network Switched Service, and Section 7, Business Network Switched Service.

b. Connection Charges

Connection charges may apply when a customer requests connection to one or more custom calling features. Orders requested for the same customer account made at the same time for the same premises will be considered one request. These charges may not apply if the features are ordered at the same time as other work for the same customer account at the same premises.

Minimum: \$00.00

Maximum: \$20.00

c. Trial Period

The Company may elect to offer a free or reduced rate trial of any new custom calling feature(s) to prospective customers within 90 days of the establishment of the new feature. See 5.4, Service and Promotional Trials, below.

d. As set forth in Section 5.1.2(b) hereinabove, the customer will be entitled to twenty (20) minutes of call forwarding use as part of its monthly subscription fee of \$9.95. After using the twenty (20) minutes of airtime, the customer will be charged at a flat rate of \$0.25 per minute for all local forwarding calls, independent of distance, time or day.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

5.2 CLASS SERVICES

5.2.1 General

The features in this section are made available on an individual basis or as part of multiple feature packages. All features are provided subject to availability; features may not be available with all CLASS services. Transmission levels may not be sufficient in all cases.

5.2.2 Description of Features

a. Call ID

The Call ID feature allows a customer to see a caller's name and number previewed on a display screen before the call is answered allowing a customer to prioritize and or screen incoming calls. Call ID records the name, number, date and time of each incoming call - including calls that aren't answered by the customer. Call ID service requires the use of specialized CPE not provided by the company. It is the responsibility of the customer to provide the necessary CPE.

b. Automatic Redial

The Automatic Redial feature allows a customer to automatically redial the last number dialed. This is accomplished by the customer activating a code. The network periodically tests the busy/free status of the called line for up to 30 minutes until both lines are found free and then redials the call for the customer.

The Automatic Redial feature also allows customers, having reached a busy number, to dial a code before hanging up. Automatic Redial feature then continues to try the busy number for up to 30 minutes until it becomes free. Once the busy line is free the call is automatically redialed and the customer is notified of the connected call via a distinctive ring.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

5.2 CLASS SERVICES (cont'd)

5.2.2 Description of Features (cont'd)

b. Automatic Redial (cont'd)

The following types of calls cannot be Automatically Redialed:

- ☐ Calls to 800 Service numbers
- ☐ Calls to 900 Service numbers
- ☐ Calls preceded by an interexchange carrier access code
- ☐ International Direct Distance Dialed calls
- ☐ Calls to Directory Assistance
- ☐ Calls to 911

c. Automatic Recall

The Automatic Recall stores the number of the most recent incoming call (including unanswered incoming calls) to a customer's number. This allows a customer to dial back any missed or unanswered telephone calls.

d. Customer Originated Trace

Customer Originated Trace allows customers to key in a code that alerts the network to trace the last call received. The traced telephone number is automatically sent to the company for storage for a limited amount of time and is retrievable by legally constituted authorities upon proper request by them. By contacting the company the customer can use this application to combat nuisance calls.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

5.2 CLASS SERVICES (cont'd)

5.2.3 Rates and Charges

a. Monthly Rates

Maximum and minimum rates for this service are located in Section 6, Residential Network Switched Service, and Section 7, Business Network Switched Service.

b. Connection Charges

Connection charges may apply when a customer requests connection to one or more features. Orders requested for the same customer account made at the same time for the same premises will be considered one request. These charges may not apply if the features are ordered at the same time as other work for the same customer account at the same premises.

Minimum: \$00.00

Maximum: \$20.00

c. Trial Period

The Company may elect to offer a free or reduced rate trial of any new CLASS feature(s) to prospective customers within 90 days of the establishment of the new feature. See 5.4, Service and Promotional Trials, below.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

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5.3 CENTREX SERVICE FEATURES

5.3.1 General

The features in this section are made available on an individual basis or as part of multiple feature packages. All features are provided subject to availability; features may not be available with all classes of service. Transmission levels may not be sufficient in all cases.

5.3.2 Description of Features

a. Camp On

This feature allows the switch to observe that a wanted line is busy, wait until it is free, then automatically and immediately connect the calling line that has been waiting.

b. Call Pickup

This feature allows a user to answer any call within an associated preset pickup group. If more than one line in the pickup group has an unanswered incoming call, the call to be answered is selected by the switching system. Call Pickup answers a call that has been directed to another station within the same preset Call Pickup group.

c. Call Transfer - All Calls

Call Transfer allows a station user to transfer an established call to another station. The station from which the call is transferred will be assessed any long distance charges incurred as a result of the transfer.

d. Directed Call Pickup with Barge-In

This feature answers calls directed to a specific line from any other telephone line in the user group.

e. Directed Call Pickup without Barge-In

This feature is identical to the Directed Call Pickup with Barge-In except, if the line being picked up has already been answered, the party dialing the pickup code is routed to reorder (i.e., fast busy) rather than permitted to barge in on the established connection and create a three-way call.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

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## 5.3 CENTREX SERVICE FEATURES (cont'd)

## 5.3.2 Description of Features (cont'd)

## e. Circular Hunting

This feature (similar to regular hunting) is a line hunting arrangement that allows all lines in a multi-line hunt group (MLHG) to be tested for busy, regardless of the point of entry into the group. When a call is to a line in a MLHG, a regular hunt is performed starting at the station associated with the dialed number. It continues to the last station in the MLHG, then proceeds to the first station in the group and continues to hunt sequentially through the remaining lines in the group. Busy tone is returned if the original called station is reached without finding a station that is idle.

## f. Series Completion

This feature is a form of hunting similar to the multiline hunt group hunting and the Call Forwarding Busy Line feature. It allows calls to be made to a busy directory number to be routed to another specified directory number. The series completion hunt begins with the originally dialed member of the series completion group, and searches for an idle directory number from the list of directory numbers.

## g. Account Codes

This feature adds an account number (code) to an Automatic Message Accounting (AMA) and/or Message Detail Recording (MDR) record for assigning customer charges. The number of digits in a customer's account code group will be defined by the Company.

## h. Terminal Group and Station Restriction

This feature defines a station's network access capability either individually within a Centrex group or for the group as a whole. It defines the Centrex group and what level of access a station will have; i.e., intragroup only, toll restriction, etc.

## i. Uniform Call Distribution

This feature is a hunting arrangement that assigns incoming calls uniformly among the stations in the group.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

5.3 CENTREX SERVICE FEATURES (cont'd)

5.3.3 Rates and Charges

a. Monthly Rates

Maximum and minimum rates for this service are located in Section 6, Residential Network Switched Service, and Section 7, Business Network Switched Service.

b. Connection Charges

Connection charges may apply when a customer requests connection to one or more features. Orders requested for the same customer account made at the same time for the same premises will be considered one request. These charges may not apply if the features are ordered at the same time as other work for the same customer account at the same premises.

Minimum: \$00.00

Maximum: \$20.00

c. Trial Period

The Company may elect to offer a free or reduced rate trial of any new Centrex feature(s) to prospective customers within 90 days of the establishment of the new feature. See 5.4, Service and Promotional Trials, below.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

5.4 SERVICE AND PROMOTIONAL TRIALS

5.4.1 General

The Company may establish temporary promotional programs wherein it may waive or reduce nonrecurring or recurring charges, to introduce a present or potential customer to a service not previously subscribed to by the customer.

5.4.2 Regulations

- a. Appropriate notification of the Trial will be made to all eligible customers and to the Commission. Appropriate notification may include direct mail, bill inserts, broadcast or print media, direct contact or other comparable means of notification.
- b. During a Service Trial, the service(s) is provided automatically to all eligible customers, except those customers who choose not to participate. Customers will be offered the opportunity to decline the trial service both in advance and during the trial. A customer can request that the designated service be removed at any time during the trial and not be billed a recurring charge for the period that the feature was in place. At the end of the trial, customers that do not contact the Company to indicate they wish to retain the service will be disconnected from the service at no charge.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

5.4 SERVICE AND PROMOTIONAL TRIALS (cont'd)

5.4.2 Regulations (cont'd)

- c. During a Promotional Trial, the service is provided to all eligible customers who ask to participate. Customers will be notified in advance of the opportunity to receive the service in the trial for free. A customer can request that the service be removed at any time during the trial and not be billed a recurring charge for the period that the service was in place. At the end of the trial, customers that do not contact the Company will be disconnected from the service.
- d. Customers can subscribe to any service listed as part of a Promotional Trial and not be billed the normal Connection Charge. The offering of this trial period option is limited in that a service may be tried only once per customer, per premises.
- e. The Company retains the right to limit the size and scope of a Promotional Trial.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

## 5.5 BUSY VERIFICATION AND INTERRUPT SERVICE

## 5.5.1 General

Upon request of a calling party, the Company will verify a busy condition on a called line. An operator will determine if the line is clear or in use and report to the calling party. In addition, the operator will intercept an existing call on the called line if the calling party indicates an emergency and requests interruption.

## 5.5.2 Rate Application

- a. A Verification Charge will apply when:
  1. The operator verifies that the line is busy with a call in progress, or
  2. The operator verifies that the line is available for incoming calls.
- b. Both a Verification Charge and an Interrupt Charge will apply when the operator verifies that a called number is busy with a call in progress and the customer requests interruption. The operator will interrupt the call advising the called party of the name of the calling party and the called party will determine whether to accept the interrupt call. Charges will apply whether or not the called party accepts the interruption.
- c. No charge will apply when the calling party advises that the call is from an official public emergency agency.

## 5.5.3 Rates

|                                   | <u>Minimum</u> | <u>Maximum</u> |
|-----------------------------------|----------------|----------------|
| Verification Charge, each request | \$ 0.01        | \$5.00         |
| Interrupt Charge, each request    | \$ 0.01        | \$5.00         |

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

## 5.6 TRAP CIRCUIT SERVICE

## 5.6.1 General

Trap Circuit Service is designed to allow the customer to control the release of an incoming call so that in situations involving emergency or nuisance calls, calls may be held and traced.

## 5.6.2 Regulations

- a. This service is provided when there is a continuing requirement for the identification of the calling party in cases involving nuisance calls or emergency situations or other situations involving law enforcement or public safety.
- b. The customer shall be required to sign a written request for this service. By signing the request the customer shall release the Company from any liability, and the customer agrees to indemnify and hold the Company harmless from any liability it may incur in providing this service. The Company may require the recommendation of an appropriate law enforcement agency prior to providing this service. Any information obtained by the Company in the tracing of a call will be provided only to the law enforcement agency designated. The only exception to this will be emergency situations such as fire, serious illness or other similar situations, in which case the appropriate agency will be notified.
- c. The equipment required to provide this service cannot be operated in all central offices. The service is restricted to locations where facilities permit.
- d. The Company makes no guarantee concerning the tracing and identification of any call when the service is provided. The Company will furnish the service only on the express condition that no liability shall attach to it for any reason arising out of the provision of the service.

## 5.6.3 Rates

Per request,

|          |         |
|----------|---------|
| Minimum: | \$ 0.01 |
| Maximum: | \$ 5.00 |

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

5.7 DIRECTORY ASSISTANCE SERVICE

5.7.1 General

A customer may obtain assistance, for a charge, in determining a telephone number by dialing Directory Assistance Service. A customer can also receive assistance by writing the Company with a list of names and addresses for which telephone numbers are desired.

5.7.2 Regulations

A Directory Assistance Charge applies for each telephone number, area code, and/or general information requested from the Directory Assistance operator except as follows:

- a. Calls from coin telephones, including COCOTS.
- b. Requests for telephone numbers of non-published service.
- c. Requests in which the Directory Assistance operator provides an incorrect number. The customer must inform the Company of the error in order to receive credit.
- d. Requests from individuals with certified visual or physical handicaps in which the handicap prevents the use of a local directory. Individuals must be certified in accordance with the terms outlined under "Handicapped Person" in Section 10 of this Tariff, up to a maximum of 50 requests per month.

5.7.3 Rates

Unless one of the exceptions listed above applies, the charges as shown below apply for each request made to the Directory Assistance operator:

Minimum: \$0.01

Maximum: \$0.50

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

## 5.8 LOCAL OPERATOR SERVICE

Local calls may be completed or billed with the live or mechanical assistance by the Company's operator center. Calls may be billed collect to the called party, to an authorized 3rd party number, to the originating line, or to a valid authorized calling card. Local calls may be placed on a station to station basis or to a specified party (see Person to Person), or designated alternate. Usage charges for local operator assisted calls are those usage charges that would normally apply to the calling party's service. Where no local charge applies (flat rate service), the usage charge is \$0.00. In addition to usage charges, an operator assistance charge applies to each call:

|                                      | <u>Minimum</u> | <u>Maximum</u> |
|--------------------------------------|----------------|----------------|
| Local Operator Assistance, per call: | \$0.00         | \$0.75         |

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

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5.9 BLOCKING SERVICE

5.9.1 General

Blocking service is a feature that permits customers to restrict access from their telephone line to various discretionary services. The following blocking options are available to residential and business customers:

- a. 900, 700 Blocking - allows the subscriber to block all calls beginning with the 900 and 700 prefixes (i.e. 900-XXX-XXXX) from being placed.
- b. 900, 971, 974, 540, 550, 396, 970, 976, 910, 920 & 700 Blocking - allows the subscriber to block all calls beginning with the above prefixes from being placed.
- c. Third Number Billed and Collect Call Restriction - provides the subscriber with a method of denying all third number billed and collect calls to a specific telephone number provided the transmitting operator checks their validation data base.
- d. Toll Restriction (1+ and 0+ Blocking) - provides the subscriber with local dialing capabilities but blocks any customer-dialed call that has a long distance charge associated with it.  
  
Toll Restriction will not block the following types of calls: 911 (Emergency), 1 + 800 (Toll Free), and operator assisted toll calls.
- e. Toll Restriction Plus - provides subscribers with Toll Restriction, as described in 1.d. of this Section, and blocking of 411 calls.
- f. Direct Inward Dialing Blocking (Third Party and Collect Call) - provides business customers who subscribe to DID service to have Third Party and Collect Call Blocking on the number ranges provided by the Company.

5.9.2 Regulations

- a. The Company will not be liable for any charge incurred when any long distance carrier or alternative operator service provider accepts third number billed or collect calls.
- b. Blocking Service is available where equipment and facilities permit.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

## 5.9 BLOCKING SERVICE, (cont'd)

## 5.9.3 Rates and Charges

## a. Recurring and Nonrecurring Charges

The following rates and charges are in addition to all other applicable rates and charges for the facilities furnished.

|                                 | Nonrecurring Charge |                |
|---------------------------------|---------------------|----------------|
|                                 | <u>Minimum</u>      | <u>Maximum</u> |
| 900 and 700 Blocking            |                     |                |
| - Residential                   | \$0.00              | \$0.00         |
| - Business (up to 200 lines)    | \$0.00              | \$10.00        |
| 900, 971, 974, and 700 Blocking |                     |                |
| - Residential                   | \$0.00              | \$0.00         |
| - Business (up to 200 lines)    | \$0.00              | \$10.00        |

The nonrecurring charge for initial request of one and two-line business customers is waived for 90 days from the customer's service establishment date.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

## 5.9 BLOCKING SERVICE, (cont'd)

## 5.9.3 Rates and Charges (cont'd)

## a. Recurring and Nonrecurring Charges (cont'd)

| Third Number Billed and<br>Collect Call Restriction              | Monthly Charges |                |
|------------------------------------------------------------------|-----------------|----------------|
|                                                                  | <u>Minimum</u>  | <u>Maximum</u> |
| - Residential                                                    | \$0.00          | \$5.00         |
| - Business (up to 200 lines)                                     | \$0.00          | \$5.00         |
| Toll Restriction                                                 |                 |                |
| - Residential                                                    | \$0.01          | \$5.00         |
| - Business (up to 200 lines)                                     | \$0.01          | \$5.00         |
| Toll Restriction Plus                                            |                 |                |
| - Residential                                                    | \$0.01          | \$5.00         |
| - Business (up to 200 lines)                                     | \$0.01          | \$5.00         |
| Direct Inward Dialing Blocking<br>(Third Party and Collect Call) |                 |                |
| - Initial Activation                                             | \$0.01          | \$50.00        |
| - Subsequent Activation<br>(per line)                            | \$0.01          | \$10.00        |

b. Pricing for Blocking Service for a business customer with more than 200 lines will be based on the costs incurred by Company to provide the service.

c. Connection charges apply as specified in Section 3 of this tariff.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

5.10 CUSTOMIZED NUMBER SERVICE

5.10.1 General

- a. Customized Number Service allows a customer to order a specified telephone number rather than the next available number.
- b. Customized Number Service is furnished subject to the availability of facilities and requested telephone numbers.
- c. The Company will not be responsible for the manner in which Customized Numbers are used for marketing purposes by the customer.
- d. When a new customer assumes an existing service which includes Customized Number Service, the new customer may keep the Customized Number, at the tariffed rate, with the written consent of the Company and the former customer.
- e. The Company reserves and retains the right:
  - 1. To reject any request for specialized telephone numbers and to refuse requests for specialized telephone numbers;
  - 2. Of custody and administration of all telephone numbers, and to prohibit the assignment of the use of a telephone number by or from any customer to another, except as otherwise provided in this Tariff;
  - 3. To assign or withdraw and reassign telephone numbers in any exchange area as it deems necessary or appropriate in the conduct of its business.
  - 4. The limitation of liability provisions of this tariff in Section 2.1.1 are applicable to Customized Number Service.

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

## 5.10 CUSTOMIZED NUMBER SERVICE (cont'd)

## 5.10.2 Conditions

- a. Charges for Customized Number Service apply when a customer:
1. Requests a telephone number other than the next available number from the assignment control list, and such requested number is placed into service within six months of the date of the request.
  2. Requests a number change from the customer's present number to a Customized Number.
- b. The Company shall not be liable to any customer for direct, indirect or consequential damages caused by a failure of service, change of number, or assignment of a requested number to another customer whether prior to or after the establishment of service. In no case shall the Company be liable to any person, firm or corporation for an amount greater than such person, firm or corporation has actually paid to the Company for Customized Number Service.

## 5.10.3 Rates

|                      | <u>Minimum</u> | <u>Maximum</u> |
|----------------------|----------------|----------------|
| Set-up Charges       |                |                |
| Residential Customer | \$0.00         | \$50.00        |
| Business Customer    | \$0.00         | \$100.00       |

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)5.11 CUSTOMER REQUESTED SERVICE SUSPENSIONS

5.11.1 At the request of the customer the Company will suspend incoming and outgoing service on the customer's access line for a period of time not to exceed one year. The equipment is left in place and directory listings are continued during the suspension period without change. At the customer's request the Company will provide the customer with an intercept recording referring callers to another number.

5.11.2 The company will assess a lower monthly rate for Customer Requested Service Suspension as noted below. However, any mileage charges, monthly cable charges or monthly construction charges are still due, without reduction during the period of suspension.

Period of SuspensionCharge

- First Month or Partial Month

Regular Monthly Rate (no reduction)

- Each Additional Month  
(up to the one year limit)

1/2 Regular Monthly Rate

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES

6.1 GENERAL

Residential Network Switched Service provides a residential customer with a connection to the Company's switching network which enables the customer to:

- a) place and receive calls from other stations on the public switched telephone network;
- b) access the Company's local calling service;
- c) access the Company's operators and business office for service related assistance; access toll-free telecommunications services such as 800 NPA; and access 911 service for emergency calling; and
- d) access the service of providers of interexchange service. A customer may presubscribe to such provider's service to originate calls on a direct dialed basis or to receive 800 service from such provider, or may access a provider on an ad hoc basis by dialing the provider's Carrier Identification Code (10XXX).

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

6.2 SERVICE DESCRIPTIONS AND RATES

The following Residential Network Switched Service Options are offered:

- Residential Flat Rate Service
- Residential Message Rate Service
- Key Residential Line Service

All Residential Network Switched Service may be connected to customer-provided terminal equipment such as station sets or facsimile machines. Service may be arranged for two-way calling, inward calling only or outward calling only.

Subject to the service offerings of the Company's underlying carriers, the following Custom Calling Service features are offered to Residential Network Switched Service Subscribers:

- Three Way Calling
- Call Forward Busy
- Call Forward Don't Answer
- Call Forward Variable
- Call Hold
- Call Waiting
- Cancel Call Waiting
- Distinctive Ringing
- Regular Multiline Hunting
- Speed Calling

Subject to the service offerings of the Company's underlying carriers, the following CLASS features are offered to Residential Network Switched Service Subscribers:

- Call ID
- Automatic Redial
- Automatic Call Back
- Automatic Recall
- Customer Originated Trace

Charges for Residential Network Switched Service include a nonrecurring service connection charge and a monthly recurring charge for each line. Monthly recurring charges apply to optional service features. Message charges apply to Message Rated Service, in addition to other rate elements described above.

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

6.2.1 Flat Rate Service

a. Description

Flat Rate Service provides the customer with a single, analog, voice-grade telephonic communications channel that can be used to place or receive one call at a time. Service to points within the local calling area is included in the charge for Flat Rate Service. Local calling areas are as specified in Section 10.

Each Flat Rate Service line corresponds to a single, analog, voice-grade channel that can be used to place or receive one call at a time. Flat Rate Service lines are provided for connection to a single, customer-provided station set or facsimile machine.

Each Flat Rate Service Line has the following characteristics:

|                     |                                                              |
|---------------------|--------------------------------------------------------------|
| Terminal Interface: | 2-wire                                                       |
| Signaling Type:     | Loop Start                                                   |
| Pulse Type:         | Dual Tone Multi-Frequency (DTMF)                             |
| Directionality:     | Two-way, In-Only, or Out-Only, as specified by the customer. |

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

## 6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 6.2.1 Flat Rate Service (cont'd)

## b. Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this tariff.

|                                                  | <u>Minimum</u> | <u>Maximum</u> |
|--------------------------------------------------|----------------|----------------|
| Nonrecurring Connection Charge:                  | \$1.00         | \$50.00        |
| Monthly Recurring Charges:                       |                |                |
| - Each Service Line                              | \$1.00         | \$25.00        |
| - Voice Mail Option, per line                    | \$1.00         | \$15.00        |
| Custom Calling Features<br>(per line, per month) |                |                |
| - Each feature                                   | \$0.25         | \$10.00        |
| - Package of 3 features                          | \$0.50         | \$15.00        |
| - Package of 6 features                          | \$0.75         | \$21.00        |
| - Package of 9 features                          | \$1.00         | \$24.00        |
| CLASS Features<br>(per line, per month)          |                |                |
| - Each feature                                   | \$1.00         | \$10.00        |
| - Package of 3 features                          | \$1.00         | \$15.00        |
| - Package of 6 features                          | \$1.00         | \$21.00        |
| - Package of 9 features                          | \$1.00         | \$24.00        |

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

6.2.2 Message Rate Service

Message Rate Service provides the customer with a single, analog, voice-grade telephonic communications channel that can be used to place or receive one call at a time. Calls to points within the local exchange area are charged on the basis of the number of completed calls during the billing period. Local calling areas are as specified in Section 10.

a. Description

Each Message Rate Service Line corresponds to a single, analog, voice-grade channel that can be used to place or receive one call at a time. Message Rate Service lines are provided for connection to a single, customer-provided station set or facsimile machine.

Each Measured Rate Port has the following characteristics:

|                     |                                                              |
|---------------------|--------------------------------------------------------------|
| Terminal Interface: | 2-wire                                                       |
| Signaling Type:     | Loop Start                                                   |
| Pulse Type:         | Dual Tone Multi-Frequency (DTMF)                             |
| Directionality:     | Two-way, In-Only, or Out-Only, as specified by the customer. |

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

## 6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 6.2.2 Message Rate Service (cont'd)

## b. Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this tariff.

Charges for each Message Rate Service line include a monthly recurring Base Service Charge and usage charges for completed calls originated from the customer's line based on the total number of calls during the billing period.

|                                                  | <u>Minimum</u> | <u>Maximum</u> |
|--------------------------------------------------|----------------|----------------|
| Nonrecurring Connection Charge:                  | \$1.00         | \$50.00        |
| Monthly Recurring Charges:                       |                |                |
| - Each Base Service Line                         | \$1.00         | \$25.00        |
| - Voice Mail Option, per line                    | \$1.00         | \$15.00        |
| Custom Calling Features<br>(per line, per month) |                |                |
| - Each feature                                   | \$0.25         | \$10.00        |
| - Package of 3 features                          | \$0.75         | \$15.00        |
| - Package of 6 features                          | \$0.75         | \$21.00        |
| - Package of 9 features                          | \$1.00         | \$24.00        |

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

## 6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 6.2.2 Message Rate Service (cont'd)

## b. Recurring and Nonrecurring Charges (cont'd)

| CLASS Features<br>(per line, per month) | <u>Minimum</u> | <u>Maximum</u> |
|-----------------------------------------|----------------|----------------|
| - Each feature                          | \$1.00         | \$10.00        |
| - Package of 3 features                 | \$1.00         | \$15.00        |
| - Package of 6 features                 | \$1.00         | \$21.00        |
| - Package of 9 features                 | \$1.00         | \$24.00        |

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

## 6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 6.2.2 Message Rate Service (cont'd)

## c. Message Usage Charges

|             | <u>Minimum</u> | <u>Maximum</u> |
|-------------|----------------|----------------|
| Per Message | \$ .01         | \$ .15         |

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

## 6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 6.2.3 Key Residential Line Service

## a. General

Key Residential Line Service provides the customer with a single, analog, voice-grade telephonic communications channel which can be used to place or receive one call at a time. The Key Residential Line is available as a flat rate or message rated service. Key Residential Line Service is provided for connection of customer-provided key system terminal equipment. All key system lines will be equipped with touchtone and multiline hunt.

Each Key Residential Line has the following characteristics:

|                     |                                                            |
|---------------------|------------------------------------------------------------|
| Terminal Interface: | 2-wire                                                     |
| Signaling Type:     | Loop start                                                 |
| Pulse Type:         | Dual-tone multifrequency (DTMF)                            |
| Directionality:     | Two-Way, In-Only or Out-Only, as specified by the customer |

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

## 6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 6.2.3 Key Residential Line Service (cont'd)

## b. Flat Rate Key Residential Line Service

## 1. Description

Service to points within the local calling area is included in the charge for Flat Rate Service. Local calling areas are as specified below.

## 2. Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this tariff.

|                                                  | <u>Minimum</u> | <u>Maximum</u> |
|--------------------------------------------------|----------------|----------------|
| Nonrecurring Connection Charge:                  | \$1.00         | \$50.00        |
| Monthly Recurring Charges:                       |                |                |
| - Each Service Line                              | \$1.00         | \$25.00        |
| - Voice Mail Option, per line                    | \$1.00         | \$15.00        |
| Custom Calling Features<br>(per line, per month) |                |                |
| - Each feature                                   | \$0.25         | \$10.00        |
| - Package of 3 features                          | \$0.50         | \$15.00        |
| - Package of 6 features                          | \$0.75         | \$21.00        |
| - Package of 9 features                          | \$1.00         | \$24.00        |

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

## 6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 6.2.3 Key Residential Line Service (cont'd)

## b. Flat Rate Key Residential Line Service (cont'd)

## 2. Recurring and Nonrecurring Charges (cont'd)

| CLASS Features<br>(per line, per month) | Minimum | Maximum |
|-----------------------------------------|---------|---------|
| - Each feature                          | \$1.00  | \$10.00 |
| - Package of 3 features                 | \$1.00  | \$15.00 |
| - Package of 6 features                 | \$1.00  | \$21.00 |
| - Package of 9 features                 | \$1.00  | \$24.00 |

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

## 6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 6.2.3 Key Residential Line Service (cont'd)

## c. Message Rate Key Residential Line Service

## 1. Description

Calls to points within the local exchange area are charged on the basis of the number of completed calls originating from the customer's service in addition to a base monthly charge. Local calling areas are as specified in Section 10.

## 2. Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this tariff. Charges for each Message Rate Service line include a monthly recurring Base Service Charge and usage charges for completed calls originated from the customer's line based on the total number of calls during the billing period.

|                                                   | <u>Minimum</u> | <u>Maximum</u> |
|---------------------------------------------------|----------------|----------------|
| Nonrecurring Connection Charge:                   | \$1.00         | \$50.00        |
| Monthly Recurring Charges:                        |                |                |
| - Each Base Service Line                          | \$1.00         | \$25.00        |
| - Voice Mail Option, per line                     | \$1.00         | \$15.00        |
| Custom Calling Features:<br>(per line, per month) |                |                |
| - Each feature                                    | \$0.25         | \$5.00         |
| - Package of 3 features                           | \$0.50         | \$15.00        |
| - Package of 6 features                           | \$0.75         | \$21.00        |
| - Package of 9 features                           | \$1.00         | \$24.00        |

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

## 6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 6.2.3 Key Residential Line Service (cont'd)

## c. Message Rate Key Residential Line Service (cont'd)

## 2. Recurring and Nonrecurring Charges (cont'd)

| CLASS Features<br>(per line, per month) | Minimum | Maximum |
|-----------------------------------------|---------|---------|
| - Each feature                          | \$1.00  | \$10.00 |
| - Package of 3 features                 | \$1.00  | \$15.00 |
| - Package of 6 features                 | \$1.00  | \$21.00 |
| - Package of 9 features                 | \$1.00  | \$24.00 |

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Section 6 - RESIDENTIAL NETWORK SWITCHED SERVICES (cont'd)

6.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

6.2.3 Key Residential Line Service (cont'd)

c. Message Rate Key Residential Line Service (cont'd)

3. Message Usage Charges

|             | <u>Minimum</u> | <u>Maximum</u> |
|-------------|----------------|----------------|
| Per Message | \$ .01         | \$ .15         |

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES

7.1 GENERAL

Business Network Switched Service provide a business customer with a connection to the Company's switching network which enables the customer to:

- a) receive calls from other stations on the public switched telephone network;
- b) access the Company's local calling service;
- c) access the Company's operators and business office for service related assistance; access toll-free telecommunications service such as 800 NPA; and access 911 service for emergency calling; and
- d) access the service of providers of interexchange service. A customer may presubscribe to such provider's service to originate calls on a direct dialed basis or to receive 800 service from such provider, or may access a provider on an ad hoc basis by dialing the provider's Carrier Identification Code (10XXX).

Business Network Switched Service is provided via one or more channels terminated at the customer's premises. Each Business Network Switched Service channel corresponds to one or more analog, voice-grade telephonic communications channels that can be used to place or receive one call at a time.

Connection charges as described in Section 2 apply to all service on a one-time basis unless waived pursuant to this Tariff.

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES

The following Business Access Service Options are offered subject to availability from the Company's underlying carriers:

- Basic Business Line Service
- Business Key System Line Service
- Shared Tenant Service
- Centrex Service

Basic Business Line Service, Key System Line Service and Shared Tenant Service are offered with flat rate or message rate local service, at the option of the customer.

All Business Network Switched Service may be connected to customer-provided terminal equipment such as station sets, key systems, or facsimile machines. Service may be arranged for two-way calling, inward calling only or outward calling only.

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.1 Basic Business Line Service

## a. General

Basic Business Line Service provides a customer with a one or more analog, voice-grade telephonic communications channel that can be used to place or receive one call at a time. Local calling service is available at a flat rate included in the line price, or on a message usage basis. Basic Business Lines are provided for connection of customer-provided single-line terminal equipment such as station sets or facsimile machines.

Each Basic Business Line has the following characteristics:

|                     |                                                              |
|---------------------|--------------------------------------------------------------|
| Terminal Interface: | 2-wire                                                       |
| Signaling Type:     | Loop start                                                   |
| Pulse Types:        | Dual Tone Multifrequency (DTMF)                              |
| Directionality:     | Two-Way, In-Only, or Out-Only, at the option of the customer |

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.1 Basic Business Line Service (cont'd)

## b. Flat Rate Basic Business Line Service

## 1. Description

Service to points within the local calling area is included in the charge for Flat Rate Service. Local calling areas are as specified in Section 10.

## 2. Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this tariff.

|                                                  | <u>Minimum</u> | <u>Maximum</u> |
|--------------------------------------------------|----------------|----------------|
| Nonrecurring Connection Charge:                  | \$1.00         | \$50.00        |
| Monthly Recurring Charges:                       |                |                |
| - Each Service Line                              | \$1.00         | \$50.00        |
| - Voice Mail Option, per line                    | \$1.00         | \$15.00        |
| Custom Calling Features<br>(per line, per month) |                |                |
| - Each feature                                   | \$0.25         | \$10.00        |
| - Package of 3 features                          | \$0.50         | \$15.00        |
| - Package of 6 features                          | \$0.75         | \$21.00        |
| - Package of 9 features                          | \$1.00         | \$24.00        |

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

7.2.1 Basic Business Line Service (cont'd)

b. Flat Rate Basic Business Line Service

2. Recurring and Nonrecurring Charges (cont'd)

| CLASS Features<br>(per line, per month) | <u>Minimum</u> | <u>Maximum</u> |
|-----------------------------------------|----------------|----------------|
| - Each feature                          | \$1.00         | \$10.00        |
| - Package of 3 features                 | \$1.00         | \$15.00        |
| - Package of 6 features                 | \$1.00         | \$21.00        |
| - Package of 9 features                 | \$1.00         | \$24.00        |

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

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## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.1 Basic Business Line Service (cont'd)

## c. Message Rate Basic Business Line Service

## 1. Description

Calls to points within the local exchange area are charged on the basis of the number of completed calls originating from the customer's service in addition to a base monthly charge. Local calling areas are as specified in Section 10.

## 2. Recurring and Nonrecurring Charges

Charges for each Message Rate Service line include a monthly recurring Base Service Charge and usage charges for completed calls originated from the customer's line based on the total number of calls during the billing period. In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this tariff.

|                                                   | <u>Minimum</u> | <u>Maximum</u> |
|---------------------------------------------------|----------------|----------------|
| Nonrecurring Connection Charge:                   | \$1.00         | \$50.00        |
| Monthly Recurring Charges:                        |                |                |
| - Each Base Service Line                          | \$1.00         | \$25.00        |
| Custom Calling Features:<br>(per line, per month) |                |                |
| - Each feature                                    | \$0.25         | \$10.00        |
| - Package of 3 features                           | \$0.50         | \$15.00        |
| - Package of 6 features                           | \$0.75         | \$21.00        |
| - Package of 9 features                           | \$1.00         | \$24.00        |

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.1 Basic Business Line Service (cont'd)

## c. Message Rate Basic Business Line Service (cont'd)

## 2. Recurring and Nonrecurring Charges (cont'd)

| CLASS Features<br>(per line, per month) | <u>Minimum</u> | <u>Maximum</u> |
|-----------------------------------------|----------------|----------------|
| - Each feature                          | \$1.00         | \$10.00        |
| - Package of 3 features                 | \$1.00         | \$15.00        |
| - Package of 6 features                 | \$1.00         | \$21.00        |
| - Package of 9 features                 | \$1.00         | \$24.00        |

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

7.2.1 Basic Business Line Service (cont'd)

c. Message Rate Basic Business Line Service (cont'd)

3. Message Usage Charges

|             | <u>Minimum</u> | <u>Maximum</u> |
|-------------|----------------|----------------|
| Per Message | \$ .01         | \$ .15         |

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.2 Business Key System Line Service

## a. Description

Business Key System Line Service provides the customer with a single, analog, voice-grade telephonic communications channel which can be used to place or receive one call at a time. The Business Key System Line is available as a message rated service. Business Key System Line Service is provided for connection of customer-provided key system terminal equipment. All key system lines will be equipped with touchtone and multiline hunt.

Calls to points within the local exchange area are charged on the basis of the number of completed calls originating from the customer's service in addition to a base monthly charge. Local calling areas are as specified in Section 10.

Each Business Key System Line has the following characteristics:

|                     |                                                              |
|---------------------|--------------------------------------------------------------|
| Terminal Interface: | 2-wire                                                       |
| Signaling Type:     | Loop start                                                   |
| Pulse Types:        | Dual Tone Multifrequency (DTMF)                              |
| Directionality:     | Two-Way, In-Only, or Out-Only, at the option of the customer |

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.2 Business Key System Line Service (cont'd)

## b. Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this tariff.

Charges for each Message Rate Service line include a monthly recurring Base Service Charge and usage charges for completed calls originated from the customer's line based on the total number of calls during the billing period.

|                                                  | <u>Minimum</u> | <u>Maximum</u> |
|--------------------------------------------------|----------------|----------------|
| Nonrecurring Connection Charge:                  | \$1.00         | \$10.00        |
| Monthly Recurring Charges:                       |                |                |
| - Flat Rate Business Key                         | \$1.00         | \$50.00        |
| - Message Rate Business Key                      | \$1.00         | \$25.00        |
| Custom Calling Features<br>(per line, per month) |                |                |
| - Each feature                                   | \$0.25         | \$10.00        |
| - Package of 3 features                          | \$0.50         | \$15.00        |
| - Package of 6 features                          | \$0.75         | \$21.00        |
| - Package of 9 features                          | \$1.00         | \$24.00        |

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.2 Business Key System Line Service (cont'd)

## b. Recurring and Nonrecurring Charges (cont'd)

| CLASS Features<br>(per line, per month) | <u>Minimum</u> | <u>Maximum</u> |
|-----------------------------------------|----------------|----------------|
| - Each feature                          | \$1.00         | \$10.00        |
| - Package of 3 features                 | \$1.00         | \$15.00        |
| - Package of 6 features                 | \$1.00         | \$21.00        |
| - Package of 9 features                 | \$1.00         | \$24.00        |

## c. Message Usage Charges

|             | <u>Minimum</u> | <u>Maximum</u> |
|-------------|----------------|----------------|
| Per Message | \$ .01         | \$ .15         |

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.3 Shared Tenant Service

## a. General

Shared Tenant Service is a multi-station system furnished in apartment and townhouse complexes for the use of the residents. The "customer" for shared tenant service is the owner of an apartment complex or reseller for shared tenant service. This service enables the customer or locations served by the customer to originate and receive calls within its system at no additional charge. The customer is responsible for payment of all charges, including local and toll charges and all nonrecurring monthly charges.

Each Shared Tenant Service Line has the following characteristics:

|                     |                                                              |
|---------------------|--------------------------------------------------------------|
| Terminal Interface: | 2-wire                                                       |
| Signaling Type:     | Loop start                                                   |
| Pulse Types:        | Dual Tone Multifrequency (DTMF)                              |
| Directionality:     | Two-Way, In-Only, or Out-Only, at the option of the customer |

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.3 Shared Tenant Service (cont'd)

## b. Flat Rate Shared Tenant Service

## 1. Description

Service to points within the local calling area is included in the charge for Flat Rate Shared Tenant Service. Local calling areas are as specified in Section 10.

## 2. Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this tariff.

Per Service Line:

|                                                  | <u>Minimum</u> | <u>Maximum</u> |
|--------------------------------------------------|----------------|----------------|
| Nonrecurring Connection Charge:                  | \$1.00         | \$25.00        |
| Monthly Recurring Charges:                       |                |                |
| - Each Service Line                              | \$1.00         | \$25.00        |
| Custom Calling Features<br>(per line, per month) |                |                |
| - Each feature                                   | \$0.25         | \$10.00        |
| - Package of 3 features                          | \$0.50         | \$15.00        |
| - Package of 6 features                          | \$0.75         | \$21.00        |
| - Package of 9 features                          | \$1.00         | \$24.00        |

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.3 Shared Tenant Service (cont'd)

## b. Flat Rate Shared Tenant Service (cont'd)

## 2. Recurring and Nonrecurring Charges (cont'd)

| CLASS Features<br>(per line, per month) | Minimum | Maximum |
|-----------------------------------------|---------|---------|
| - Each feature                          | \$1.00  | \$10.00 |
| - Package of 3 features                 | \$1.00  | \$15.00 |
| - Package of 6 features                 | \$1.00  | \$21.00 |
| - Package of 9 features                 | \$1.00  | \$24.00 |

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.3 Shared Tenant Service (cont'd)

## c. Message Rate Shared Tenant Service

## 1. Description

Calls to points within the local exchange area are charged on the basis of the number of completed calls originating from the customer's service in addition to a base monthly charge and usage charges for completed calls originated from the customer's line based on the total number of calls during the billing period. Local calling areas are as specified in Section 10.

## 2. Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this tariff.

|                                                   | <u>Minimum</u> | <u>Maximum</u> |
|---------------------------------------------------|----------------|----------------|
| Nonrecurring Connection Charge:                   | \$1.00         | \$10.00        |
| Monthly Recurring Charges:                        |                |                |
| - Each Base Service Line                          | \$1.00         | \$25.00        |
| Custom Calling Features:<br>(per line, per month) |                |                |
| - Each feature                                    | \$0.25         | \$10.00        |
| - Package of 3 features                           | \$0.50         | \$15.00        |
| - Package of 6 features                           | \$0.75         | \$21.00        |
| - Package of 9 features                           | \$1.00         | \$24.00        |

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.3 Shared Tenant Service (cont'd)

## c. Message Rate Shared Tenant Service (cont'd)

## 2. Recurring and Nonrecurring Charges (cont'd)

| CLASS Features<br>(per line, per month) | <u>Minimum</u> | <u>Maximum</u> |
|-----------------------------------------|----------------|----------------|
| - Each feature                          | \$1.00         | \$10.00        |
| - Package of 3 features                 | \$1.00         | \$15.00        |
| - Package of 6 features                 | \$1.00         | \$21.00        |
| - Package of 9 features                 | \$1.00         | \$24.00        |

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

7.2.3 Shared Tenant Service (cont'd)

c. Message Rate Shared Tenant Service (cont'd)

3. Message Usage Charges

|             | <u>Minimum</u> | <u>Maximum</u> |
|-------------|----------------|----------------|
| Per Message | \$ .01         | \$ .15         |

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.5 Centrex Service

## a. Description

Centrex Service is a multi-station system offered to the business customer with 2 or more lines or trunks. It consists of digital switching equipment in the Company's switches connected to station lines on the customer's premises. Centrex Service enables the customer to originate and receive local calls within its system at no additional charge. Service to points within the local calling area is included in the charge for Centrex Service. Local calling areas are as specified in Section 10.

Centrex Service is offered on a contracted basis with four terms: 24, 36, 60 and 84 months. Thirty days prior to the expiration of the contract term, the subscriber may cancel service or renew for a new term commitment. If the subscriber does not cancel or renew the service, service will continue on a month to month basis at the monthly rate associated with the twenty-four month term plan.

Each Centrex Station Line has the following characteristics:

|                     |                                                           |
|---------------------|-----------------------------------------------------------|
| Terminal Interface: | 2-Wire or 4-Wire as required for the provision of service |
| Signaling Type:     | Loop Start                                                |
| Pulse Type:         | Dual Tone Multi-Frequency (DTMF)                          |
| Directionality:     | Two-Way, In-Only or Out-Only                              |

## b. Features

The Centrex customer choose one of three feature packages: Basic, Enhanced and Premium. Basic Centrex includes all Centrex features except attendant features and Customer Management System. Enhanced Centrex includes attendant features. Premium Centrex offers all features, attendant features and Customer Management system.

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.5 Centrex Service (cont'd)

## b. Features (cont'd)

The following Centrex features are available to the customer of Centrex Service at no additional charge:

|                                    | Basic | Enhanced | Premium |
|------------------------------------|-------|----------|---------|
| Add-On Hold                        | X     | X        | X       |
| Attendant Camp On                  |       | X        | X       |
| Attendant Conference               |       | X        | X       |
| Attendant Direct Station Selection |       | X        | X       |
| Automatic Call Distribution        |       |          | X       |
| Automatic Route Selection (ARS)    | X     | X        | X       |
| Call Forward - Busy                | X     | X        | X       |
| Call Forward - No Answer           | X     | X        | X       |
| Call Pickup                        | X     | X        | X       |
| Call Transfer Internal             | X     | X        | X       |
| Call Transfer Outside              | X     | X        | X       |
| Call Waiting                       | X     | X        | X       |
| Call Waiting - Attendant Lamp      |       | X        | X       |
| Code Calling                       | X     | X        | X       |
| 6-Way Conference                   |       |          | X       |
| Directed Call Pickup               | X     | X        | X       |
| Group Numbering                    | X     | X        | X       |

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## Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.5 Centrex Service (cont'd)

## b. Features (cont'd)

|                               | Basic | Enhanced | Premium |
|-------------------------------|-------|----------|---------|
| Intercom Dialing              | X     | X        | X       |
| Loudspeaker Paging            | X     | X        | X       |
| Manual Control of<br>ARS      |       | X        | X       |
| Make Busy                     | X     | X        | X       |
| Multiline Hunt                | X     | X        | X       |
| Night Service                 | X     | X        | X       |
| Outward Call for PBX          | X     | X        | X       |
| Power Fail Transfer           | X     | X        | X       |
| Queuing                       | X     | X        | X       |
| Single Digit Dialing          | X     | X        | X       |
| Tandem Dialing                | X     | X        | X       |
| Toll Diversion -<br>Attendant |       | X        | X       |
| Uniform Call<br>Distribution  | X     | X        | X       |
| Customer<br>Management System |       |          | X       |
| Speed Calling                 | X     | X        | X       |
| Three Way Calling             | X     | X        | X       |

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.5 Centrex Service (cont'd)

## c. Recurring and Nonrecurring Charges

In addition to the nonrecurring charges listed below, service order charges apply as described in Section 3 of this tariff.

## 1. Basic Centrex (Flat Rated)

## Per Station Line:

|  | <u>Minimum</u> | <u>Maximum</u> |
|--|----------------|----------------|
|--|----------------|----------------|

|                                 |         |          |
|---------------------------------|---------|----------|
| Nonrecurring Connection Charge: | \$10.00 | \$200.00 |
|---------------------------------|---------|----------|

## Monthly Recurring Charges:

## Term

|           |         |          |
|-----------|---------|----------|
| 24 months | \$10.00 | \$100.00 |
|-----------|---------|----------|

|           |         |          |
|-----------|---------|----------|
| 36 months | \$10.00 | \$100.00 |
|-----------|---------|----------|

|           |         |          |
|-----------|---------|----------|
| 60 months | \$10.00 | \$100.00 |
|-----------|---------|----------|

|           |         |          |
|-----------|---------|----------|
| 84 months | \$10.00 | \$100.00 |
|-----------|---------|----------|

|                                                                          |         |          |
|--------------------------------------------------------------------------|---------|----------|
| DS1 Port Charges<br>for DS1 Interconnection<br>(per 24 Centrex Changes): | \$75.00 | \$500.00 |
|--------------------------------------------------------------------------|---------|----------|

Over 200 lines

Individual Case Basis

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.5 Centrex Service (cont'd)

## c. Recurring and Nonrecurring Charges (cont'd)

## 2. Enhanced Centrex (Flat Rate)

Per Station Line:

|  | <u>Minimum</u> | <u>Maximum</u> |
|--|----------------|----------------|
|--|----------------|----------------|

|                                 |         |          |
|---------------------------------|---------|----------|
| Nonrecurring Connection Charge: | \$10.00 | \$200.00 |
|---------------------------------|---------|----------|

Monthly Recurring Charges:

Term

|           |         |          |
|-----------|---------|----------|
| 24 months | \$10.00 | \$100.00 |
|-----------|---------|----------|

|           |         |          |
|-----------|---------|----------|
| 36 months | \$10.00 | \$100.00 |
|-----------|---------|----------|

|           |         |          |
|-----------|---------|----------|
| 60 months | \$10.00 | \$100.00 |
|-----------|---------|----------|

|           |         |          |
|-----------|---------|----------|
| 84 months | \$10.00 | \$100.00 |
|-----------|---------|----------|

|                                                                           |         |          |
|---------------------------------------------------------------------------|---------|----------|
| DS1 Port Charges<br>for DS1 Interconnection<br>(per 24 Centrex Channels): | \$75.00 | \$500.00 |
|---------------------------------------------------------------------------|---------|----------|

|                |                       |  |
|----------------|-----------------------|--|
| Over 200 lines | Individual Case Basis |  |
|----------------|-----------------------|--|

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.5 Centrex Service (cont'd)

## c. Recurring and Nonrecurring Charges (cont'd)

## 3. Premium Centrex (Flat Rate)

Per Station Line:

MinimumMaximum

Nonrecurring Connection Charge: \$25.00

\$500.00

Monthly Recurring Charges:

Term

24 months

\$10.00

\$100.00

36 months

\$10.00

\$100.00

60 months

\$10.00

\$100.00

84 months

\$10.00

\$100.00

DS1 Port Charges

for DS1 Interconnection

(per 24 Centrex Channels):

\$75.00

\$500.00

Over 200 lines

Individual Case Basis

## 4. Direct Inward Dialing

MinimumMaximum

Each Group of 20 Numbers

\$1.00

\$10.00

Each Group of 100 Numbers

\$10.00

\$30.00

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Section 7 - BUSINESS NETWORK SWITCHED SERVICES (cont'd)

## 7.2 SERVICE DESCRIPTIONS AND RATES (cont'd)

## 7.2.5 Centrex Service (cont'd)

## c. Recurring and Nonrecurring Charges (cont'd)

|                               | <u>Minimum</u> | <u>Maximum</u> |
|-------------------------------|----------------|----------------|
| Terminal Numbers:             |                |                |
| 1-10 lines in terminal group  | \$5.00         | \$15.00        |
| 11-20 lines in terminal group | \$10.00        | \$25.00        |
| 21 + lines in terminal group  | \$15.00        | \$40.00        |

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Section 8 - SPECIAL SERVICES AND PROGRAMS

8.1 LIFELINE TELEPHONE SERVICE

8.1.1 Lifeline Telephone Service Options

a. Flat Rate Life Line Service

This service provides a full waiver of the \$3.50 federal subscriber line charge for flat rate customers.

b. Basic Lifeline Service

This low priced individual message rate service provides a full waiver of the \$3.50 federal subscriber line charge. There is no monthly allowance for local calls. Primary area and Home Region calls are untimed. Extended area calls (where available) are timed.

8.1.2 Eligibility

This service is restricted to low income residential customers. To qualify for Lifeline service a customer must be income eligible for benefits from any one of the following Entitlement Programs administered by the South Dakota State Department of Social Services:

Aid to Families with Dependent Children (AFDC)  
Food Stamps  
Home Energy Assistance Program (HEAP)  
Home Relief  
Medicaid  
Supplemental Security Income (SSI)

The applicant must provide proof to the Company that he or she is certified as income eligible to receive one or more of the above benefits. After initial contact the customer is sent an application form to be completed by the customer or authorized representative of the customer, as designated by the South Dakota State Department of Social Services and identified as so authorized on the customer's card for any of the above benefits.

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Section 8 - SPECIAL SERVICES AND PROGRAMS (cont'd)

8.1 LIFELINE TELEPHONE SERVICE (cont'd)

8.1.2 Eligibility (cont'd)

In addition, applicants are eligible for discounted Life Line rates when approved to receive either a Veterans Disability Pension or a Veterans Surviving Spouse Pension. Applicants must provide proof to the Company that they are receiving one of these pensions.

Life Line services are effective upon receipt of a completed and signed form or an application form certified from an entity authorized by the Company. If the form is not returned, no further action is taken by the Company to establish eligibility. The Life Line discount is credited as of the service connection date.

An individual's eligibility may be documented by information obtained by the Company as a result of enrollment programs, including but not limited to confidential computerized matching programs, conducted by the Company in conjunction with the South Dakota State Department of Social Services (DSS) and/or the South Dakota City Community Development Agency (CDA).

The Company, in coordination with appropriate agencies, will periodically verify each Lifeline customer's eligibility. If a customer is identified as being ineligible, the customer will be notified that unless the information is shown to be in error, the Lifeline discount will be discontinued. The customer will be billed for discounts received for any period in which he or she is proven to be ineligible for the service.

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Section 8 - SPECIAL SERVICES AND PROGRAMS (cont'd)

8.1 LIFELINE TELEPHONE SERVICE (cont'd)

8.1.3 Charges

A qualified customer may choose one of the Lifeline services as described. For connection of new service, service connection charges apply unless the customer qualifies for connection assistance under the Link Up America plan as outlined in 8.2, following.

Service connection charges do not apply to change existing service from:

- a. Message Rate Service to Basic Lifeline service;
- b. Basic Lifeline service to Message Rate Service.

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Section 8 - SPECIAL SERVICES AND PROGRAMS (cont'd)

8.2 LINK UP AMERICA

The Link Up America program is a connection assistance plan which provides for the reduction of one-half of the charges associated with connection of telephone service, up to \$30.00, subject to the following eligibility criteria:

- a. The applicant must meet the requirements for qualification for Lifeline Telephone Service stipulated in 8.1.2, above;
- b. The assistance can only apply for a single telephone line at the principal place of residence of the applicant;
- c. The applicant must not be a dependent for federal income tax purposes, unless he or she is more than 60 years old.

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Section 8 - SPECIAL SERVICES AND PROGRAMS (cont'd)

8.3 SPECIAL EQUIPMENT FOR THE HEARING OR SPEECH IMPAIRED CUSTOMER

- 8.3.1 The Company will provide, upon request, specialized telecommunications equipment for a customer certified as hearing or speech impaired.
- 8.3.2 A customer can be certified as hearing or speech impaired by a licensed physician, otolaryngologist, speech-language pathologist, audiologist or an authorized representative of a social agency that conducts programs for persons with hearing or speech impairments in cooperation with an official agency of the State of South Dakota.
- 8.3.3 The Company will make every reasonable effort to locate and obtain equipment for a certified customer.
- 8.3.4 The customer may purchase equipment at a price not to exceed the actual purchase price (including any applicable shipping costs) the Company pays.
- 8.3.5 The Company will also advise the customer who requests this equipment of the applicable terms for purchase.

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Section 8 - SPECIAL SERVICES AND PROGRAMS (cont'd)

8.4 DISCOUNTED SERVICE FOR THE HEARING OR SPEECH IMPAIRED CUSTOMER

8.4.1 General

A handicapped person who has been certified to the Company as having a hearing or speech impairment which requires that he or she communicate over telephone facilities by means other than voice, and who either use non-voice equipment or make calls through an interpreter, will receive, upon application to the Company, a 50% discount on local message rate service.

8.4.2 Certification

Acceptable certifications are:

1. Those made by a licensed physician, otolaryngologist, speech-language pathologist or audiologist or an authorized representative of a social agency that conducts programs for persons with hearing or speech impairment in cooperation with an official agency of the State of South Dakota, or
2. A pre-existing certification establishing the impairment of hearing or speech such as those which qualify the handicapped person for social security benefits on the basis of total hearing impairment or for the use of facilities of an agency for a person with hearing or speech impairment.

8.4.3 Qualification

A customer qualifying for the discount is one whose impairment is such that competent authority would certify him or her as being unable to use a telephone for voice communication. See Section 11, "Handicapped Person," for a listing of the necessary qualifications.

8.4.4 Billing

The reduction in charges is applied only at one location, designated by the impaired person.

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Section 8 - SPECIAL SERVICES AND PROGRAMS (cont'd)

8.5 UNIVERSAL EMERGENCY TELEPHONE NUMBER SERVICE

Universal Emergency Telephone Number Service (911 Service) is an arrangement of Company central office and trunking facilities whereby any telephone user who dials the number 911 will reach the emergency report center for the telephone from which the number is dialed or will be routed to an operator if all lines to an emergency report center are busy. If no emergency report center customer exists for a central office entity, a telephone user who dials the number 911 will be routed to an operator. The telephone user who dials the 911 number will not be charged for the call.

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Section 8 - SPECIAL SERVICES AND PROGRAMS (cont'd)

## 8.6 SOUTH DAKOTA RELAY SERVICE

## 8.6.1 General

The Company will provide access to a telephone relay center for South Dakota Relay Service. The service permits telephone communications between hearing and/or speech impaired individuals who must use a Telecommunications Device for the Deaf (TDD) or a Teletypewriter (TTY) and individuals with normal hearing and speech. The Relay Service can be reached by dialing an 800 number. Specific 800 numbers have been designated for both impaired and non-impaired customers to use.

## 8.6.2 Regulations

- a. Only intrastate calls can be completed using the South Dakota Relay Service under the terms and conditions of this tariff.
- b. Charges for calls placed through the Relay Service will be billed as if direct distance dialed (DDD) from the point of origination to the point of termination. The actual routing of the call does not affect billing.
- c. Calls through the Relay Service may be billed to a third number only if that number is within South Dakota State. Calls may also be billed to calling cards issued by the Company or other carriers who may choose to participate in this service.

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Section 8 - SPECIAL SERVICES AND PROGRAMS (cont'd)

8.6 SOUTH DAKOTA RELAY SERVICE (cont'd)

8.6.2 Regulations (cont'd)

- d. The following calls may not be placed through the Relay Service:
1. calls to informational recordings and group bridging service;
  2. calls to time or weather recorded messages;
  3. station sent paid calls from coin telephones; and
  4. operator-handled conference service and other teleconference calls.

8.6.3 Liability

The Company contracts with an outside provider for the provision of this service. The outside provider has complete control over the provision of the service except for the facilities provided directly by the Company. In addition to other provisions of this Tariff dealing with liability, in the absence of gross negligence or willful misconduct on the part of the Company, the Company shall not be liable for and the customer, by using the service, agrees to release, defend and hold harmless for all damages, whether direct, incidental or consequential, whether suffered, made, instituted or asserted by the customer or by any other person, for any loss or destruction of any property, whatsoever whether covered by the customer or others, or for any personal injury to or death of, any person. Notwithstanding any provision to the contrary, in no event shall the Company be liable for any special, incidental, consequential, exemplary or punitive damages of any nature whatsoever.

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Section 8 - SPECIAL SERVICES AND PROGRAMS (cont'd)

8.7 (RESERVED FOR FUTURE USE)

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Section 8 - SPECIAL SERVICES AND PROGRAMS (cont'd)

8.7 (RESERVED FOR FUTURE USE)

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Section 8 - SPECIAL SERVICES AND PROGRAMS (conf'd)

## 8.8 SPECIAL CREDIT CARD FOR BLIND AND DISABLED PERSONS

## 8.8.1 General

Persons who are blind or whose disability causes difficult with hand and finger coordination and use of a telephone qualify for a Special Credit Card. The card may be used from any telephone within the Company's territory to place calls within and outside the State of South Dakota at a special rate or to place calls from a telephone outside of the Company's territory, but within the State of South Dakota at rates applicable to the territory from which the call is made.

## 8.8.2 Rates

Within the Company's Territory:

Station to station toll calls placed with operator assistance will be billed at the lower rate normally applicable to calls placed without operator assistance. Local calls cannot be charged to the card. Person-to-person calls charged to the card will be billed at the higher operator handled rate.

Outside the Company's Territory, but within South Dakota State:

All rates, charges, billing and restriction in effect in the territory from which the call is made will apply.

## 8.8.3 Qualification

The follow criteria will be used to determine eligibility for the Special Credit Card:

- a. "Legally Blind" - those whose visual acuity is 20/200 or less in the better eye with correcting glasses or whose widest diameter of visual field subtends an angular distance no greater than 20 degrees.
- b. "Physically Handicapped" - those who are certified by competent authority as unable to read or use ordinary printed materials as result of physical limitations.
- c. Persons whose disabling condition causes difficulty with hand and finger coordination and utilization of a coin or noncoin telephone. Acceptable certifications are those made by a licensed physician, ophthalmologist or optometrist.

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Section 8 - SPECIAL SERVICES AND PROGRAMS (cont'd)

8.8 SPECIAL CREDIT CARD FOR BLIND AND DISABLED PERSONS (cont'd)

8.8.4 Billing Authorization

Responsibility for payment of charges may be handled in one of two ways:

- a. The handicapped person (the applicant) may accept responsibility for payment of his or her own bill. In this case, the applicant must be 18 years of age or older and must reside within the Company's service territory, but he or she does not need to have other service from the Company.
- b. Another party may agree to accept responsibility for payment of charges incurred through use of the Special Credit Card by the applicant. When this option is chosen, the person accepting this responsibility must be 18 years of age or older, but does not need to reside within the Company's service territory.

In either case, the applicant is the only authorized user of the Special Credit Card. If the person accepting payment responsibility has service within the Company's service territory, charges will be billed on a regular monthly bill; otherwise a separate bill will be sent.

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SECTION 9 - SPECIAL ARRANGEMENTS

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## 9.1 SPECIAL CONSTRUCTION

## 9.1.1 Basis for Charges

Basis for Charges where the Company furnishes a facility or service for which a rate or charge is not specified in the Company's tariffs, charges will be based on the costs incurred by the Company (including return) and may include:

- a) nonrecurring charges;
- b) recurring charges;
- c) termination liabilities; or
- d) combinations of (a), (b), and (c).

## 9.1.2 Basis for Cost Computation

The costs referred to in 9.1.1 preceding may include one or more of the following items to the extent they are applicable:

- I. Costs to install the facilities to be provided including estimated costs for the rearrangements of existing facilities. These costs include:
  - a) equipment and materials provided or used;
  - b) engineering, labor, and supervision;
  - c) transportation; and
  - d) rights of way and/or any required easements.
- II. Cost of maintenance.
- III. Depreciation on the estimated cost installed of any facilities provided, based on the anticipated useful service life of the facilities with an appropriate allowance for the estimated net salvage.

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SECTION 9 - SPECIAL ARRANGEMENTS (cont'd)

9.1 SPECIAL CONSTRUCTION (cont'd)

9.1.2 Basis for Cost Computation (cont'd)

- IV. Administration, taxes, and uncollectible revenue on the basis of reasonable average cost for these items.
- V. License preparation, processing, and related fees.
- VI. Tariff preparation, processing and related fees.
- VII. Any other identifiable costs related to the facilities provided; or
- VIII. An amount for return and contingencies.

9.1.3 Termination Liability

To the extent that there is no other requirement for use by the Company, a termination liability may apply for facilities specially constructed at the request of a customer.

- 9.1.3.1 The period on which the termination liability is based is the estimated service life of the facilities provided.
- 9.1.3.2 The amount of the maximum termination liability is equal to the estimated amounts (including return) for:

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SECTION 9 - SPECIAL ARRANGEMENTS (cont'd)

9.1 SPECIAL CONSTRUCTION (cont'd)

9.1.3 Termination Liability (cont'd)

9.1.3.2 (cont'd)

1. Costs to install the facilities to be provided including estimated costs for the rearrangements of existing facilities. These costs include:
  - a) equipment and materials provided or used;
  - b) engineering, labor, and supervision;
  - c) transportation; and
  - d) rights of way and/or any required easements;
2. license preparation, processing, and related fees;
3. tariff preparation, processing and related fees;
4. cost of removal and restoration, where appropriate; and
5. any other identifiable costs related to the specially constructed or rearranged facilities.

9.1.3.3 The termination liability method for calculating the unpaid balance of a term obligation is obtained by multiplying the sum of the amounts determined as set forth in Section 9.1.3.2 preceding by a factor related to the unexpired period of liability and the discount rate for return and contingencies. The amount determined in Section 9.1.3.2 preceding shall be adjusted to reflect the redetermined estimated net salvage, including any reuse of the facilities provided. This amount shall be adjusted to reflect applicable taxes.

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SECTION 9 - SPECIAL ARRANGEMENTS (cont'd)

## 9.2

## NON-ROUTINE INSTALLATION AND/OR MAINTENANCE

At the customer's request, installation and/or maintenance may be performed outside the Company's regular business hours, or (in the Company's sole discretion and subject to any conditions it may impose) in hazardous locations. In such cases, charges based on the cost of labor, material, and other costs incurred by or charged to the Company will apply. If installation is started during regular business hours but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

## 9.3

## INDIVIDUAL CASE BASIS (ICB) ARRANGEMENTS

Rates for ICB arrangements will be developed on a case-by-case basis in response to a bona fide request from a customer or prospective customer for service which vary from tariffed arrangements. Rates quoted in response to such requests may be different for tariffed service than those specified for such service in the Rate Attachment. ICB rates will be offered to customers in writing and will be made available to similarly situated customers. A summary of each ICB contract pricing arrangement offered pursuant to this paragraph will be filed as an addendum to this Tariff within 30 days after the contract is signed by both the Company and the customer. The following information will be included in the summary:

- 1) LATA and type of switch
- 2) The V&H distance from the central office to the customer's premises
- 3) Service description
- 4) Rates and charges
- 5) Quantity of circuits
- 5) Length of the agreement.

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CONTENTS

SECTION 10 -LOCAL CALLING AREAS

Exchange:

All exchanges serviced by incumbent local exchange carriers.

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A. WITHIN THE BASE RATE AREA COMPRISING:

The entire serviced exchange area.

The following services are offered at rates specified in the attached Rate Schedule.

BUSINESS

Measured Rate

RESIDENCE

Measured Rate  
Flat Rate

B. LOCAL CALLING AREA

Stations bearing the designation of Central Offices within the exchanges serviced by incumbent local exchange carrier.

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SECTION 11 - EXPLANATION OF TERMS

AGENCY

For 911 or E911 service, the government agency(s) designated as having responsibility for the control and staffing of the emergency report center.

ALTERNATE ROUTING ("AR")

Allows E911 calls to be routed to a designated alternate location if (1) all E911 exchange lines to the primary PSAP (see definition of PSAP below) are busy, or (2) the primary PSAP closes down for a period (night service).

ANALOG

A transmission method employing a continuous (rather than a pulsed or digital) electrical signal that varies in amplitude or frequency in response to changes of sound, light, position, etc., impressed on a transducer in the sending device.

APARTMENTS

A building or group of buildings used primarily to provide complete residential apartments but not lodging on a day-to-day basis.

ASCII

American Standard Code for Information Interchange. An eight-level code for data transfer adopted by the American Standards Association.

ASYNCHRONOUS

Transmission in which each information character is individually synchronized usually by the use of start-stop elements. The gap between each character is not of a fixed length.

AUTHORIZED USER

A person, corporation or other entity who is authorized by the Company's customer to utilize service provided by the Company to the customer. The customer is responsible for all charges incurred by an Authorized User.

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

ATTENDANT

An operator of a PBX console or telephone switchboard.

AUTOMATIC LOCATION IDENTIFICATION ("ALI")

The name and address associated with the calling party's telephone number (identified by ANI as defined below) is forwarded to the PSAP for display. Additional telephones with the same number as the calling party's (secondary locations, off premises, etc.) will be identified with the address of the telephone number at the main location.

AUTOMATIC NUMBER IDENTIFICATION ("ANI")

A system whereby the calling party's telephone number is identified and sent forward with the call record for routing and billing purposes. E911 Service makes use of this system.

BIT

The smallest unit of information in the binary system of notation.

BUILDING

A structure enclosed within exterior walls or fire walls, built, erected and framed of component structural parts and designed for permanent occupancy.

CALL INITIATION

The point in time when the exchange network facility are initially allocated for the establishment of a specific call.

CALL TERMINATION

The point in time when the exchange network facility allocated to a specific call is released for reuse by the network.

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

CENTRAL OFFICE

An operating office of the Company where connections are made between telephone exchange lines.

CENTRAL OFFICE LINE

A line providing direct or indirect access from a telephone or switchboard to a central office. Central office lines subject to PBX rate treatment are referred to as central office trunks.

CHANNEL

A point-to-point bi-directional path for digital transmission. A channel may be furnished in such a manner as the Company may elect, whether by wire, fiber optics, radio or a combination thereof and whether or not by means of single physical facility or route. One 1.544 Mbps Service is equivalent to 24 channels.

CHANNEL CONVERSION

The termination of 1.544 Mbps Service at a customer's location with conversion of the digital signal to 24 analog voice grade circuits. Channel Conversion can be furnished by the customer.

CHANNEL SERVICE UNIT ("CSU")

The equipment located at the customer's premises which terminates each 1.544 Mbps Digital Loop and performs such functions as proper termination of facilities, regeneration of signals, recognition and correction of signal format errors and provides remote loop-back capability.

COLLEGE

An establishment for higher education authorized to confer degrees where lodging for the students is maintained on the premises.

COMMISSION

The South Dakota Public Utility Commission

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

COMMUNICATIONS SYSTEMS

Channels and other facilities which are capable of two-way communications between subscriber -provided terminal equipment or Telephone Company stations, even when not connected to exchange and message toll communications service.

COMPANY

Quintelco, Inc.

CUSTOMER

The person, firm, corporation, or other entity which orders service pursuant to this Tariff and utilizes service provided under Tariff by the Company. A customer is responsible for the payment of charges and for compliance with all terms of the Company's Tariff.

CUSTOMER PREMISES EQUIPMENT (CPE)

Equipment provided by the customer for use with the Company's services. CPE can include a station set, facsimile machine, key system, PBX, or other communication system.

DEFAULT ROUTING ("DR")

When an incoming E911 call cannot be selectively routed due to an ANI failure, garbled digits or other causes, such incoming calls are routed from the E911 Control Office to a default PSAP. Each incoming E911 facility group to the Control Office is assigned to a designated default PSAP.

DEMARCATON POINT

The physical dividing point between the Company's network and the customer.

DIAL PULSE ("DP")

The pulse type employed by a rotary dial station set.

DIRECT INWARD DIAL ("DID")

A service attribute that routes incoming calls directly to stations, by-passing a central answer point.

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

DIRECT OUTWARD DIAL ("DOD")

A service attribute that allows individual station users to access and dial outside numbers directly.

DIGITAL

A method of storing, processing and transmitting information through the use of distinct electronic or optical pulses that represent the binary digits (bits) 0 and 1. Digital transmission/switching technologies employ a sequence of discrete, individually distinct pulses to represent information, as opposed to the continuously variable signal of analog technologies.

DUAL TONE MULTI-FREQUENCY ("DTMF")

The pulse type employed by tone dial station sets. (Touch tone)

EMERGENCY SERVICE NUMBER ("ESN")

A unique code, assigned by the Company, used to define specific combinations of police, fire and/or ambulance jurisdictions, or any other authorized agency, which are designated by the customer.

E911 SERVICE AREA

The geographic area in which the government agency will respond to all E911 calls and dispatch appropriate emergency assistance.

E911 CUSTOMER

A governmental agency that is the customer of record and is responsible for all negotiations, operations and payment of bills in connection with the provision of E911 service.

ERROR

A discrepancy or unintentional deviation by the Company from what is correct or true. An "error", can also be an omission in records.

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

EXCHANGE

An area, consisting of one or more central office districts, within which a call between any two points is a local call.

EXCHANGE ACCESS LINE

A central office line furnished for direct or indirect access to the exchange system.

EXCHANGE SERVICE

The provision to the subscriber of access to the exchange system for the purpose of sending and receiving calls. This access is achieved through the provision of a central office line (exchange access line) between the central office and the subscriber's premises.

FINAL ACCOUNT

A customer whose service has been disconnected who has outstanding charges still owed to the Company.

FLAT RATE SERVICE

The type of exchange service provided at a monthly rate with an unlimited number of calls within a specified primary calling area.

GROUND START

Describes the signaling method between the PBX/key system interface and the Company's switch. It is the signal requesting service.

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

**HANDICAPPED PERSON**

A person who is legally blind, visually handicapped or physically handicapped, under the following definitions from the Federal Register (Vol. 35 #126 dated June 30, 1970).

**Legally Blind** - a person whose visual acuity is 20/200 or less in the better eye with correcting glasses, or whose widest diameter of visual field subtends an angular distance no greater than 20 degrees.

**Visually Handicapped** - a person whose visual disability, with correction and regardless of optical measurement with respect to legal blindness, are certified as unable to read normal printed material.

**Physically Handicapped** - a person who is certified by competent authority as unable to read or use ordinary printed materials as a result of physical limitation, or a person whose disabling condition causes difficulty with hand and finger coordination and use of a coin telephone.

The term "Handicapped Person", when used in connection with a person having a speech or hearing impairment which requires that they communicate over telephone facilities by means other than voice is defined below:

**Hearing** - a person with binaural hearing impairment of 60% or higher on the basis of the procedure developed by the American Academy of Otolaryngology (A.A.O.) as set forth in "Guide for Conservation of Hearing in Noise" 38-43, A.A.O., 1973; "guides to the Evaluation of Permanent Impairment" 103-107, American Medical Association, 1971.

**Speech** - a person with 65% or higher of impairment on the basis of the procedure recommended by the American Medical Association's Committee on Rating of Mental and Physical Impairment to evaluate speech impairment as to three categories: audibility, intelligibility and functional efficiency, as set forth in "Guides to the Evaluation of Permanent Impairment" 109-III, American Medical Association, 1971.

**HOSPITAL**

An establishment for treatment of human patients by members of the medical profession where lodging for the patients is maintained on the premises.

**HOTEL**

An establishment offering lodging with or without meals to the general public on a day-to-day basis.

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

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**INCOMING SERVICE GROUP**

Two or more central office lines arranged so that a call to the First line is completed to a succeeding line in the group when the first line is in use.

**INTERFACE**

That point on the premises of the subscriber at which provision is made for connection of facilities provided by someone other than the Company to facilities provided by the Company.

**INTEROFFICE MILEAGE**

The segment of a line which extends between the central offices serving the originating and terminating points.

**INTERRUPTION**

The inability to complete calls, either incoming or outgoing or both, due to Company facilities malfunction or human errors.

**JOINT USER**

A person, firm, or corporation which uses the telephone service of a subscriber as provided in Section 1 of the Tariff.

**KILOBIT**

One thousand bits.

**LATA**

Local Access and Transport Area. The area within which the Company provides local and long distance ("intraLATA") service. For call to numbers outside this area ("interLATA") service is provided by the Company's long distance network.

**LINK**

The physical facility from the network interface on an end-user's or carrier's premises to the point of interconnection on the main distribution frame of the Company's central office.

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

LEASED CHANNEL

A non-switched electrical path used for connection of equipment furnished by the subscriber to equipment furnished by the subscriber or the Company for a specific purpose.

LOCAL CALL

A call which, if placed by a customer over the facilities of the Company, is not rated as a toll call.

LOCAL CALLING AREA

The area, consisting of one or more central office districts, within which a subscriber for exchange service may make telephone calls without a toll charge.

LOCAL SERVICE

Telephone exchange service within a local calling area.

LOOP START

Describes the signaling between the terminal equipment or PBX/key system interface and the Company's switch. It is the signal requesting service.

LOOPS

Segments of a line which extend from the serving central office to the originating and to the terminating point.

MEGABIT

One million bits.

MESSAGE RATE SERVICE

A type of exchange service provided at a monthly rate with an additional charge for local calling based on the usage of the local network. One completed call is equal to one message.

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

**MOVE**

The disconnection of existing equipment at one location and reconnection of the same equipment at a new location in the same building or in a different building on the same premises.

**MULTI-FREQUENCY ("MF")**

An inter-machine pulse-type used for signaling between telephone company switches, or between telephone company switches and PBX/key systems.

**MULTILINE HUNT**

A method of call signaling by which a call placed to one number is subsequently routed to one or more alternative numbers when the called number is busy.

**NETWORK CONTROL SIGNALING**

The transmission of signals used in the telecommunications system which perform functions such as supervision (control, status and charging signals), address signaling (e.g. dialing), calling and called number identification, audible tone signals (call progress signals indicating re-order or busy conditions, alerting) to control the operation of switching machines in the telecommunications system.

**NETWORK CONTROL SIGNALING UNIT**

The terminal equipment furnished, installed and maintained by the Telephone Company for the provision of network control signaling.

**NODE**

The location to which digital channels are routed and where access is provided to such lines and associated equipment for testing.

**PBX**

A private branch exchange.

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

**PORT**

A connection to the switching network with one or more voice grade communications channels, each with a unique network address (telephone number) dedicated to the customer. A port connects a link to the public switched network.

**PREMISES**

The space occupied by a customer or authorized user in a building or buildings or contiguous property not separated by a public right of way.

**PRIVATE BRANCH EXCHANGE SERVICE**

Service providing facilities for connecting central office trunks and tie lines to PBX stations, and for interconnecting PBX station lines by means of a switchboard or dial apparatus.

**PUBLIC ACCESS LINE SERVICE**

Service providing facilities for a customer owned coin operated telephone ("COCOT").

**PUBLIC SAFETY ANSWERING POINT ("PSAP")**

An answering location for E911 calls originating in a given area. A PSAP may be designated as primary or secondary, which refers to the order in which calls are directed for answering. Primary PSAPs respond first; secondary PSAPs receive calls on a transfer basis only and generally serve as a centralized answering location for a particular type of emergency call.

**RATE CENTER**

A geographic reference point with specific coordinates on a map used for determining mileage when calculating charges.

**REFERRAL PERIOD**

The time frame during which calls to a number which has been changed will be sent to a recording which will inform the caller of the new number.

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

RESALE OF SERVICE

The subscription to communications service and facilities by one entity and the reoffering of communications service to others (with or without 'adding value') for profit.

SAME PREMISES

All space in the same building in which one subscriber has the right of occupancy, and all space in different buildings on contiguous property when occupied solely by the same subscriber. Foyers, hallways and other space for the common use of all occupants of a building are considered the premises of the operator of the building.

SELECTIVE ROUTING ("SR")

A feature that routes an E911 call from a Central Office to the designated primary PSAP based upon the identified number of the calling party.

SERVING CENTRAL OFFICE

The central office from which local service is furnished.

SHARING

An arrangement in which several users collectively use communications service and facilities provided by a carrier, with each user paying a pro-rata share of the communication related costs.

STATION

Each telephone on a line and where no telephone associated with the line is provided on the same premises and in the same building, the first termination in station key equipment or a jack for use with a portable telephone.

SUSPENSION

Suspension of service for nonpayment is interruption of outgoing service only. Suspension of service at the subscriber's request is interruption of both incoming and outgoing service.

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

**SYNCHRONOUS**

Transmission in which there is a constant time interval between bits, characters or events.

**T-1 SYSTEM**

A type of digital carrier system transmitting voice or data at 1.544 Mbps. A T-1 carrier can handle up to 24 multiplexed 64 Kbps digital voice/data channels. A T-1 carrier system can use metallic cable, microwave radio or optical fiber as transmission media.

**TELEPHONE CALL**

A voice connection between two or more telephone stations through the public switched exchange system.

**TELEPHONE GRADE LINES**

Lines furnished for voice transmission or for certain signaling purposes.

**TERMINATION OF SERVICE**

Discontinuance of both incoming and outgoing service.

**TIE LINE**

A dedicated line connecting two switchboards or dial systems.

**TOLL CALL**

Any call extending beyond the local exchange of the originating caller which is rated on a toll schedule by the Company.

**TONE DIAL SIGNALING ("TD")**

An electronic signal emitted by the circuitry of Touch-Tone-type push-button dials to represent a dialed digit.

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SECTION 10 - EXPLANATION OF TERMS (cont'd)

TWO WAY

A service attribute that includes DOD for outbound calls and can also be used to carry inbound calls to a central point for processing.

USER

A customer, joint user, or any other person authorized by a customer to use service provided under this Tariff.

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Section 12 - BILLING AND COLLECTION

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Section 12 - BILLING AND COLLECTION SERVICES

12.1 Billing Name and Address Service

Billing Name and Address (BNA) Service is the provision of the complete billing name, street address, city or town, state and zip code for a telephone number assigned by the Telephone Company.

BNA Service is provided for the sole purpose of permitting the customer to bill its telephonic communications services to its end users and may not be resold or used for any other purpose, including marketing activity such as market surveys or direct marketing by mail or by telephone.

The customer may not use BNA information to bill for merchandise, gift certificates, catalogs or other services or products.

BNA Service is provided on both a manual and a mechanized basis. On a manual basis, the information will be provided by voice telecommunications or by mail, as appropriate. On a mechanized basis, the information will be entered on magnetic tape containing recorded customer messages.

BNA information is furnished for sent-paid, collect, bill to third number, 700 and 900 service messages and messages charged to a calling card that is resident in the Telephone Company's database. In addition, BNA information for messages originated from data terminal numbers (DTNs) for data communications services is furnished on a manual basis only.

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## 12.1 Billing Name and Address Service

### 17 1.1 Undertaking of the Telephone Company

- (A) A request for information on over 100 and up to 500 telephone numbers should be mailed to the Telephone Company. The Telephone Company will provide the response by first class U.S. Mail within ten (10) business days.
- (B) Upon receipt of a magnetic tape of recorded customer messages, the Telephone Company will, at the request of the customer, provide BNA service on a mechanized basis. The tape of messages may be provided by the customer or, where the customer subscribes to Recording Service, may be the output from that service. The Telephone Company will enter the BNA information on the recorded message tape and send the tape to the customer by first class U.S. Mail. Other methods of delivering the data may be negotiated, and charges based on cost will apply.  
  
The Telephone Company will provide a response to customer-provided tapes by mail within six (6) business days of receipt. The Telephone Company will process and mail tapes which are the output of Recording Service every fifth business day.
- (C) The Telephone Company will specify the format in which requests and tapes are to be submitted.
- (D) The BNA information will be provided for the calling number furnished to the extent a billing name and address exists in the Telephone Company records, including non-published and non-listed numbers. If the billing name and address information for a specific calling number is confidential due to legal, national security, end user or regulatory imposed requirements, the Telephone Company will provide an indicator on the confidential records.
- (E) The Telephone Company will provide the most current BNA information resident in its data base. Due to normal end user account activity, there may be instances where the BNA information provided is not the BNA that was applicable at the time the message originated.

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12.1 Billing Name and Address Service (Cont'd)

12.1.2 Obligations of the Customer

- (A) With each order for BNA Service, the customer shall identify the authorized individual and address to receive the BNA information.
- (B) A customer which orders BNA Service on a mechanized basis and which intends to submit tapes of record messages for processing must provide the Telephone Company with an acceptable test tape or transmission which includes all call types for which BNA information may be requested.
- (C) The customer shall institute adequate internal procedures to insure that BNA information, including that related to non-published and non-listed numbers, is used only for the purpose set forth in this tariff and that BNA information is available only to those customer personnel or agents with a need to know the information. The customer must handle all billing name and address information designated as confidential by the Telephone Company in accordance with Telephone Company's procedures concerning confidential information. The Telephone Company will provide to the customer a statement of its procedures concerning confidential information.
- (D) The customer shall not publicize or represent to others that the Telephone Company jointly participates with the customer in the development of the customer's end user records, accounts, data bases or market data, records, files and data bases or other systems it assembles through the use of BNA service.
- (E) When the customer orders BNA Service for both interstate and intrastate messages, the projected percentage of interstate use must be provided in a whole number to the Telephone Company. The Telephone Company will designate the number obtained by subtracting the projected interstate percentage from 100 ( $100 - \text{projected interstate percentage} = \text{intrastate percentage}$ ) as the projected intrastate percentage.

This whole number percentage will be used by the Telephone Company to apportion the rates and nonrecurring charges between interstate and intrastate in those circumstances where the recorded message detail is not sufficient to permit the Telephone Company to determine the appropriate jurisdiction. This percentage will remain in effect until a revised report is received as set forth following.

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12.1 Billing Name and Address Service (Cont'd)

## 12.1.2 Obligations of the Customer (Cont'd)

## (E) (Cont'd)

Effective on the first of January, April, July and October of each year, the customer may update the jurisdictional report. The customer shall forward to the Telephone Company, to be received no later than 20 calendar days after the first of each such month, a revised report showing the interstate percentage of use for the past three months ending the last day of December, March, June and September, respectively. Except where jurisdiction can be determined from the recorded message detail, the revised report will serve as the basis for the next three months billing and will be effective on the bill date in the following month (i.e., February, May, August and November). No prorating or back billing will be done based on the report. If the customer does not supply the report, the Telephone Company will assume the percentages to be the same as those provided in the last quarterly report. For those cases in which a quarterly report has never been received from the customer, the Telephone Company will assume the percentages to be the same as those provided in the order for service.

- (F) The Telephone Company shall use reasonable efforts to provide accurate and complete lists. The Telephone Company makes no warranties, expressed or implied, as to the accuracy or completeness of these lists.

## 12.1.3 Rate Regulations

- (A) Service Establishment Charges apply for the initial establishment of BNA service on a manual basis, for the initial establishment of BNA service on a mechanized basis and for establishment of a Master BNA List for a customer.
- (B) A charge applies for each request for BNA information for a telephone number or DTN number on a manual basis. A charge applies for each message processed to supply BNA information on a mechanized basis.

The Telephone Company will keep a count of the requests and of the messages processed. The Telephone Company will bill the customer in accordance with these counts whether or not the Telephone Company was able to provide BNA information for all requests and messages.

---

Issued: June 19, 1997

Effective: \_\_\_\_\_

Issued By:

Claudia Newman-Hirsch, Executive Vice President  
1 Blue Hill Plaza  
Pearl River, NY 10965

01475925

Quintelco, Inc.

S.D.P.U.C. Tariff No. 2

Section 12

Original Page 6

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12.1 Billing Name and Address Service (Cont'd)

12.1.3 Rate Regulations (Cont'd)

- (C) Where the recorded message detail is sufficient to determine a message is an intrastate message, the rates set forth in the rate section, following, apply to each such message.

Usage for which the recorded message detail is insufficient to determine jurisdiction will be prorated by the Telephone Company between interstate and intrastate.

The percentages provided in the reports as set forth in 12.1.2(E) preceding will serve as the basis for prorating the charges. The intrastate charges are determined as follows: For usage sensitive (i.e. requests or messages processed) chargeable rate elements, multiply the intrastate percent times actual use times the stated tariff rate.

- (D) When a customer cancels an order for BNA Service after the order date, the Service Establishment Charge applies.

---

Issued: June 19, 1997

Effective:

Issued By:

Claudia Newman-Hirsch, Executive Vice President  
1 Blue Hill Plaza  
Pearl River, NY 10965

0420 000 0140

**NEXT**

**DOCUMENT (S)**

**DISREGARD**

**BACKGROUND**



KLEIN, ZELMAN, ROTHERMEL & DICHTER, L.L.P.  
GENERAL ACCOUNT  
485 MADISON AVE.  
NEW YORK, N.Y. 10022

| REMITTANCE ADVICE |  |  |  |  |  |
|-------------------|--|--|--|--|--|
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G 1-777/260

3412

PAY *Two hundred fifty and 7/100*

DOLLARS

DATE

TO THE ORDER OF

CHECK AMOUNT

*6-18-97 Public Services Comm.*

*250.60*



STERLING NATIONAL BANK  
& TRUST COMPANY OF NEW YORK  
540 Madison Ave. at 58th St., New York, N.Y. 10022

*Peter Coster*

⑆003412⑆ ⑆026007773⑆ 03 149978⑆01



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:

06/13/97 through 06/19/97

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

| DOCKET<br>NUMBER                                              | TITLE/STAFF/SYNOPSIS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | DATE<br>FILED | INTERVENTION<br>DEADLINE |
|---------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|--------------------------|
| <b>REQUEST FOR CERTIFICATE OF AUTHORITY</b>                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |               |                          |
| TC97-076                                                      | Application by Journey Telecom International, Inc. for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: TS/TZ)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 06/13/97      | 07/07/97                 |
| TC97-091                                                      | Application by Calls for Less, Inc. d/b/a Cfl. for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: TS/TZ) Applicant seeks authority to originate and terminate "intrastate, intraLATA and interLATA calls of business and residential customers, to operate as a Travel and Debit (Prepaid Calling) Card reseller, and to provide COCOT/COPT service."                                                                                                                                                                                                                                                                                                                                                             | 06/17/97      | 07/07/97                 |
| TC97-103                                                      | Application by Crystal Communications, Inc. for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: TS/TZ) Applicant seeks authority to provide local telecommunications services and interexchange telecommunications services. The Applicant will not offer any local telecommunications services within a Rural Telephone Company service area without seeking separate Commission authority.                                                                                                                                                                                                                                                                                                                       | 06/19/97      | 07/07/97                 |
| TC97-104                                                      | Application by Quintelco, Inc. for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: TS/TZ) Applicant "intends to subscribe to and resell all forms of inter-exchange and intra-exchange telecommunications services in the state of South Dakota, including local dial tone services, Message Telephone Service, Wide Area Telephone Service, WATS-like services, foreign exchange service, private lines, tie lines, access service, cellular service, local switched service and other services and facilities of communications common carriers and other entities."                                                                                                                                             | 06/19/97      | 07/07/97                 |
| <b>REQUEST FOR ELIGIBLE TELECOMMUNICATIONS COMPANY STATUS</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |               |                          |
| TC97-077                                                      | Intrastate Telephone Company, Inc. pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area in South Dakota. Intrastate Telephone Company is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchanges in South Dakota: Bradley (784), Castlewood (793), Clark (532), Florence (758), Hayti (783), Lake Norden (785), Waubay (947), Webster (345), Willow Lake (625) and Bryant (628). Intrastate Telephone Company, to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/KC) | 06/13/97      | 07/07/97                 |

|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |          |          |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|
| TC97-078 | Interstate Telecommunications Cooperative, Inc. pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area in South Dakota. Interstate Telecommunications Cooperative is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchanges in South Dakota: Goodwin (795), Clear Lake (874), Gary (272), Estelline (873), Brandt (876), Astoria (832), Toronto (794), West Hendricks (479), Elkton (542), White (629), Brookings Rural (693), Sinai (826), Nunda/Rutland (586), Wentworth (483) and Chester (489). Interstate Telecommunications Cooperative, to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/KC) | 06/13/97 | 07/07/97 |
| TC97-080 | West River Cooperative Telephone Company pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area in South Dakota. West River Telephone is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchanges: Bison (244), Buffalo (375), Camp Crook (605-797) and (406-972), Meadow (788) and Sorum (866). West River Telephone, to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/KC)                                                                                                                                                                                                                           | 06/16/97 | 07/07/97 |
| TC97-081 | Stateline Telecommunications, Inc. pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area in South Dakota. Stateline is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchanges: Newell (456), Nisland (257) and Lemmon (605-374) and (701-376). Stateline, to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/KC)                                                                                                                                                                                                                                                                                     | 06/16/97 | 07/07/97 |
| TC97-083 | Accent Communications, Inc. pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area. Accent is the facilities-based exchange carrier presently providing local exchange telecommunications services in the following exchanges: Bristol (492), Doland (635), Frederick (329), Hecla (994), North Hecla (701-992) and Mellette (887). Accent, to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/CH)                                                                                                                                                                                                                                                                                   | 06/17/97 | 07/07/97 |
| TC97-084 | James Valley Cooperative Telephone Company pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area in South Dakota. James Valley Cooperative Telephone Company is the facilities-based exchange carrier presently providing local exchange telecommunications services in the following exchanges in South Dakota: Andover (298), Claremont (294), Columbia (396), Conde (382), Ferney (395), Groton (397), Houghton (885) and Turton (897). James Valley Cooperative Telephone Company, to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/CH)                                                                                                                                       | 06/17/97 | 07/07/97 |
| TC97-085 | Heartland Communications, Inc. pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area in South Dakota. Heartland Communications is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchanges in South Dakota: Platte/Geddes (337). Heartland Communications, to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/CH)                                                                                                                                                                                                                                                                                      | 06/17/97 | 07/07/97 |

|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |          |          |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|
| TC97-086 | Midstate Telephone Company, Inc. pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area in South Dakota. Midstate Telephone Company is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchanges in South Dakota: Academy (726), Delmont (779), Ft. Thompson (245), Gann Valley (293), Kimball (778), New Holland (243), Pukwana (894), Stickney (732) and White Lake (249). Midstate Telephone Company, to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/CH) | 06/17/97 | 07/07/97 |
| TC97-087 | Baltic Telecom Cooperative pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area. Baltic Telecom Cooperative is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchanges: Baltic (529) and Crooks (543). Baltic Telecom Cooperative, to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/KC)                                                                                                                                                                   | 06/17/97 | 07/07/97 |
| TC97-088 | East Plains Telecom, Inc. pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area. East Plains Telecom, Inc. is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchanges: Alcester (934), Hudson (984), and East Hudson (712-982). East Plains Telecom, Inc., to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/KC)                                                                                                                                            | 06/17/97 | 07/07/97 |
| TC97-089 | Western Telephone Company pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area in South Dakota. Western Telephone is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchanges: Cresbard (324), Faulkton (598) and Orient (392). Western Telephone, to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/KC)                                                                                                                                                    | 06/17/97 | 07/07/97 |
| TC97-090 | Stockholm-Strandburg Telephone Company pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area in South Dakota. Stockholm is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchanges in South Dakota: Stockholm-Strandburg (676), Revillo (623) and South Shore (756). Stockholm, to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/KC)                                                                                                                       | 06/17/97 | 07/07/97 |
| TC97-092 | Kennebec Telephone Co. pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area in South Dakota. Kennebec Telephone Co. is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchanges: Kennebec (869) and Presho (895). Kennebec Telephone Co., to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/CH)                                                                                                                                                             | 06/18/97 | 07/07/97 |
| TC97-093 | Jefferson Telephone Co., Inc. pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area in South Dakota. Jefferson Telephone Co., Inc. is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchange: Jefferson (966). Jefferson Telephone Co., Inc., to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/CH)                                                                                                                                                         | 06/18/97 | 07/07/97 |



|          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |          |          |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|
| TC97-094 | Sully Buttes Telephone Cooperative, Inc. pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area. Sully Buttes Telephone is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchanges: West Onida (264), Hitchcock (266), Seneca (436), Tolstoy (442), Onaka (447), Wessington (458), Langford (493), Rosholt (537), Tulare (596), Highmore (852), Harrold (875), Ree Heights (943), Hoven (948), Blunt (962) and East Onida (973). Sully Buttes Telephone, to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/CH) | 06/19/97 | 07/07/97 |
| TC97-095 | Venture Communications, Inc. pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area. Venture Communications is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchanges: Onida (258), Bowdle (285), Roscoe (287), Pierpont (325), Britton (448), Britton, ND (701-443), Roslyn (486), Wessington Springs (539), Selby (649), Gettysburg (765) and Lebanon (768). Venture Communications, to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/CH)                                                                  | 06/19/97 | 07/07/97 |
| TC97-096 | SANCOM, Inc. pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area in South Dakota. SANCOM is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchanges in South Dakota: Wolsey (883), Parkston (928) and Tripp (935). SANCOM, to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/CH)                                                                                                                                                                                                                            | 06/19/97 | 07/07/97 |
| TC97-097 | Sanborn Telephone Cooperative pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area in South Dakota. Sanborn Telephone is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchanges in South Dakota: Ethan (227), Mt Vernon (236), Letcher (248), Forestburg (495), Artesian (527), Woonsocket (796) and Alpena (849). Sanborn Telephone, to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/CH)                                                                                                                 | 06/19/97 | 07/07/97 |
| TC97-098 | Beresford Municipal Telephone Co. pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area in South Dakota. Beresford Tel. is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchange: Beresford (763). Beresford Tel., to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/KC)                                                                                                                                                                                                                                     | 06/19/97 | 07/07/97 |
| TC97-099 | Roberts County Telephone Cooperative Association pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area. Roberts County Telephone Cooperative Association is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchanges: North New Effington, ND (701-634), New Effington (637) and Claire City (652). Roberts County Telephone Cooperative Association, to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/KC)                                                                                                    | 06/19/97 | 07/07/97 |



|                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |          |          |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|
| TC97-100                                         | RC Communications, Inc. pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area. RC Communications is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchanges: North Veblen, ND (701-634), Wilmot (938), Peever (932), Veblen (738) and Summit (398). RC Communications, to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/KC)                                                                                                                                                                    | 06/19/97 | 07/07/97 |
| TC97-101                                         | Splitrock Properties, Inc. pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area in South Dakota. Splitrock Properties, Inc. is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchanges in South Dakota: Howard/Carthage (772) and Oldham/Ramona (482). Splitrock Properties, Inc., to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/KC)                                                                                                                                                       | 06/19/97 | 07/07/97 |
| TC97-102                                         | Splitrock Telecom Cooperative, Inc. pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area. Splitrock Telecom Cooperative, Inc. is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchanges: Brandon (582) and Garretson (605-594) and (507-597). Splitrock Telecom Cooperative, Inc., to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/KC)                                                                                                                                                      | 06/19/97 | 07/07/97 |
| TC97-105                                         | Tri-County Telecom, Inc. pursuant to 47 U.S.C. 214(e) and 47 CFR 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area in South Dakota. Tri-County Telecom, Inc. is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchanges in South Dakota: Clayton (825) and Emery (443). Tri-County Telecom, Inc., to its knowledge, is the only carrier today providing local exchange telecommunications services in the above identified exchange areas. (Staff: HB/CH)                                                                                                                                                                             | 06/19/97 | 07/07/97 |
| <b>FILING OF TYPE 1 PAGING AGREEMENT</b>         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |          |          |
| TC97-079                                         | U S WEST Communications, Inc. filed for approval by the Commission the Type 1 Paging Agreement between KJAM Mobile Paging and U S WEST. "This Agreement was reached through voluntary negotiations without resort to mediation or arbitration and is submitted for approval pursuant to Section 252(e) of the Communications Act of 1934, as amended by the Telecommunications Act of 1996....KJAM Mobile Paging and U S WEST further request that the Commission approve this Agreement without a hearing and without allowing the intervention of other parties. Because this Agreement was reached through voluntary negotiations, it does not raise issues requiring a hearing and does not concern other parties not a part of the negotiations. Expedient approval would further the public interest." | 06/16/97 | 07/07/97 |
| <b>NONCOMPETITIVE TELECOMMUNICATIONS FILINGS</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |          |          |
| TC97-082                                         | U S WEST Communications filed tariff sheets that remove references to exchanges that have been sold by U S WEST. The sale was effective June 1, 1997. In addition, this filing includes some text changes and clean-up items. U S WEST has requested an effective date of June 1, 1997, for this filing. (Staff: DJ/CH)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 06/17/97 | NA       |

# FILING OF INFORMATIONAL INTRASTATE PAYPHONE TARIFFS

NA East Plains Telecom, Inc. on June 13, 1997

NA

NA

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 Hurum at [terryh@pac.ade.state.wa.us](mailto:terryh@pac.ade.state.wa.us) Filing the address to the Commission at 605.773.3809

**KLEIN, ZELMAN, ROTHERMEL & DICHTER, L.L.P.**

435 MADISON AVENUE

NEW YORK, NEW YORK 10022-5803

TEL (212) 935-6020

FAX (212) 753-8101

e-mail: [kzrd@legal.org](mailto:kzrd@legal.org)

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BRIAN G. CESARATTO  
DAVID O. KLEIN

STEPHEN B. HANSBURG  
OF COUNSEL

July 23, 1997

RECEIVED

JUL 24 1997

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

**VIA FEDEX AIR EXPRESS**

South Dakota Public Utilities Commission  
State Capitol Building  
500 East Capitol Avenue  
Pierre, SD 57501

Re: Quintelco, Inc.

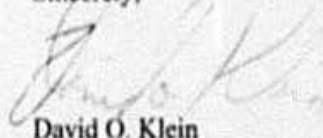
Dear Sir or Madam:

On behalf of Quintelco, Inc., enclosed for filing please find one original and three (3) copies of supplemental tariff pages for local and long distance telecommunications services. Please substitute same for those corresponding pages previously submitted as part of the Company's earlier application. Quintelco, Inc.'s "Call Forwarding" service offering was inadvertently omitted from the earlier filing and, consequently, we are now forced to submit these revised and additional tariff pages relating to the service. We apologize for the inconvenience.

Please date stamp the additional copy of this cover letter and return it in the enclosed postage prepaid envelope to the undersigned at your earliest convenience.

Should you have any questions, please contact me at your convenience.

Sincerely,



David O. Klein

Enc.

DOR/1515/10514

*Put revised  
pages in  
original  
application.*



TC97-104

**KLEIN, ZELMAN, ROTHERMEL & DICHTER, L.L.P.**

485 MADISON AVENUE  
NEW YORK, NEW YORK 10022-5801

TEL (212) 935-6020

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NANCY B. SCHLESS

BRIAN G. CESARATTO  
DAVID O. KLEIN

STEPHEN B. HANSBURG  
OF COUNSEL

**RECEIVED**

AUG 14 1997

August 13, 1997 SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

VIA FEDERAL EXPRESS

South Dakota Public Utilities Commission  
State Capitol Building  
500 East Capitol Avenue  
Pierre, SD 57501

Re: Quintelco, Inc.

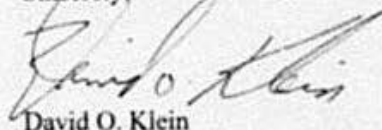
Dear Sir or Madam:

On behalf of Quintelco, Inc., enclosed for filing please find one original and three (3) copies of supplemental tariff pages for local and long distance services. Please substitute same for those corresponding pages previously submitted as part of the Company's earlier applications (Long distance application granted on August 9, 1996; local application currently pending). Quintelco, Inc. has recently added "Teleconferencing" as a new service offering to its customers and, in accordance with Commission regulation, we are now submitting revised and additional tariff pages corresponding to the service. We apologize for the inconvenience.

Please date stamp the additional copy of this cover letter and return it in the enclosed postage prepaid envelope to the undersigned at your earliest convenience.

Should you have any questions, please contact me at your convenience.

Sincerely,



David O. Klein

Enc.

DOR/1515/10862



---

TITLE SHEET

**SOUTH DAKOTA TELECOMMUNICATIONS TARIFF**

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of service and facilities for telecommunications services provided by Quintelco, Inc. with principal offices at 1 Blue Hill Plaza, Pearl River, New York 10965. This tariff applies for services furnished within the State of South Dakota. This tariff is on file with the South Dakota Public Utilities Commission, and copies may be inspected, during normal business hours, at the Company's principal place of business.

---

Issued: June 19, 1997

Effective: \_\_\_\_\_

By:

Claudia Newman-Hirsch, Executive Vice President

Quintelco, Inc.

1 Blue Hill Plaza

Pearl River, NY 10965

**CHECK SHEET**

Sheet 1 through 23 inclusive of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this sheet.

| <b>SHEET</b> | <b>REVISION</b> |   |
|--------------|-----------------|---|
| 1            | Original        |   |
| 2            | Second Revised  | N |
| 3            | Original        |   |
| 4            | Original        |   |
| 5            | Original        |   |
| 6            | Original        |   |
| 7            | Original        |   |
| 8            | Original        |   |
| 9            | Original        |   |
| 10           | Original        |   |
| 11           | Original        |   |
| 12           | Original        |   |
| 13           | Original        |   |
| 14           | First Revised   | N |
| 15           | Original        |   |
| 16           | Original        |   |
| 17           | Original        |   |
| 18           | Original        |   |
| 19           | First Revised   | N |
| 19.1         | Original        | N |
| 20           | Original        |   |
| 21           | Second Revised  | N |
| 22           | First Revised   | N |
| 23           | Original        |   |

Issued: August 14, 1997

Effective: \_\_\_\_\_

By: Claudia Newman-Hirsch, Executive Vice President  
Quintelco, Inc.  
1 Blue Hill Plaza  
Pearl River, NY 10965

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By:

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**SYMBOLS**

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

- D - Delete or Discontinue
- I - Change Resulting in an Increase to a Customer's Bill
- M - Moved from Another Tariff Location
- N - New
- R - Change Resulting in a Reduction to a Customer's Bill
- T - Change in Text or Regulation But No Change in Rate or Charge

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**TARIFF FORMAT**

- A. **Sheet Numbering** - Sheet numbers appear in the upper right corner of the sheet. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.
- B. **Sheet Revision Numbers** - Revision numbers also appear in the upper right corner of each sheet. These numbers are used to determine the most current sheet version on file with the SDPUC. For example, the 4th revised Sheet 14 cancels the 3rd revised Sheet 14. Because of various suspension periods, deferrals, etc. the SDPUC follows in their tariff approval process, the most current sheet number on file with the SDPUC is not always the tariff sheet in effect. Consult the Check Sheet for the sheet currently in effect.
- C. **Paragraph Number Sequence** - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:
- 2.1.
  - 2.1.1.
  - 2.1.1.A.
  - 2.1.1.A.1.
  - 2.1.1.A.1.(a).
  - 2.1.1.A.1.(a).1.
  - 2.1.1.A.1.(a).1.(i).
  - 2.1.1.A.1.(a).1.(i).1.
- D. **Check Sheets** - When a tariff filing is made with the SDPUC, an updated check sheet accompanies the tariff filing. The check sheet lists the sheets contained in the tariff, with a cross reference to the current revision number. When new sheets are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (\*). There will be no other symbols used on this sheet if these

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**TARIFF FORMAT (contd.)**

**D. Check Sheets (contd.)**

are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some sheets). The tariff user should refer to the latest check sheet to find out if a particular sheet is the most current on file with the SDPUC.

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**SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS**

**Access Line** - An arrangement which connects the customer's location to a Quintelco, Inc. network switching center.

**Authorization Code** - A numerical code, one or more of which are available to a customer to enable the customer to access the carrier, and which are used by the carrier both to prevent unauthorized access to its facilities and to identify the customer for billing purposes.

**Calling Card** - A card issued by the Company, the customer's Local Exchange Company, authorized vendor, or other common carrier which allows the customer to make telephone calls and bill calls to the Calling Card by entering a PIN.

**Card Number** - A multi-digit identifying number which may be printed on each Prepaid Debit Card or Calling Card, which may also be referred to in this tariff as a PIN.

**Company or Carrier** - Quintelco, Inc.

**Credit Card Charges** - Prepaid Debit Card purchases, renewals, and other charges that may be billed to Major Credit Cards.

**Customer** - The person, firm, corporation or other entity which orders service and is responsible for both payment of charges due and compliance with the Company's tariff regulations.

**Day** - From 8:00 a.m. up to, but not including, 5:00 p.m. local time: Monday through Friday.

**Evening** - From 5:00 p.m. up to, but not including 11:00 p.m. local time Sunday through Friday.

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**SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS (contd.)**

**Holidays** - Quintelco, Inc.'s recognized holidays are New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Veterans' Day, Memorial Day, Independence Day, Labor Day, Columbus Day, Thanksgiving Day, and Christmas Day.

**Local Exchange Company** - A company which furnishes local exchange telephone service.

**Major Credit Card** - A universally accepted charge card. MasterCard, VISA, Diner's Club International, American Express and Carte Blanche are examples of major credit cards which the Company may accept.

**Night/Weekend** - From 11:00 p.m. up to, but not including, 8:00 a.m. Sunday through Friday, and 8:00 a.m. Saturday up to, but not including 5:00 p.m. Sunday.

**PIN(s)** - One or more multi-digit (usually 8 or more) personal identification numbers which have been assigned to a customer to use with a designated 800 number, or other access number, to access the Company's network.

**Prepaid Debit Cards** - A plastic, paper or similar card issued by the Company and/or purchased by a customer which enables the customer to use a preprogrammed number of minutes of the Company's telecommunications service. Each Prepaid Debit Card which represents a customer account, has a PIN and instructions for using the Company's Prepaid Debit Card telecommunications service.

**Prepaid Debit Card Calls** - Calls for which charges are billed to a Prepaid Debit Card and not to the originating or terminating telephone number.

**Private Label Prepaid Debit Card** - A Prepaid Debit Card issued by the Company which carries the name or logo of an organization in addition to the Company's name.

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**SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS (contd.)**

**Renewable Prepaid Debit Card** - A Prepaid Debit Card issued by the Company and used by a customer which allows the customer to add additional minutes of telephone service to the card once the preprogrammed minutes have been used by charging additional preprogrammed minutes to a valid Major Credit Card acceptable to the Company.

**SDPUC** - The South Dakota Public Utilities Commission.

**Underlying Carriers** - Those SDPUC approved telecommunications service providers whose services the Company resells to its customers under the provisions of this tariff.

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**SECTION 2 - RULES AND REGULATIONS**

**2.1 Undertaking of Quintelco, Inc.**

Quintelco, Inc.'s facilities are furnished for communications originating at specified points within the State of South Dakota under terms of this tariff.

Quintelco, Inc. operates, and maintains the communication services provided hereunder in accordance with the terms and conditions set forth under this tariff. When authorized by the customer, the Company may act as the customer's agent for ordering access connection facilities provided by other carriers or entities to allow connection of a customer's location to the Quintelco, Inc. network. The customer shall be responsible for all charges due for such service arrangement.

The Company's services are provided on a monthly basis unless ordered on a longer time basis, and are available twenty-four hours per day, seven days per week.

**2.2 Limitations**

2.2.1 Service is offered subject to the availability of facilities and the provisions of this tariff.

2.2.2 Quintelco, Inc. reserves the right to discontinue furnishing service, or limit the use of service necessitated by conditions beyond its control, or when the customer is using service in violation of the law or the provisions of this tariff.

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**SECTION 2 - RULES AND REGULATIONS (contd.)**

**2.2 Limitations (contd.)**

- 2.2.3 All services provided under this tariff are directly controlled by Quintelco, Inc. and the customer may not transfer or assign the use of service, except with the express consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or facilities.
- 2.2.4 Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions for service.

**2.3 Liabilities of the Company**

- 2.3.1 Quintelco, Inc.'s liability for damages arising out of mistakes, interruptions, omissions, delays, errors, or defects in the transmission occurring due to the negligence of its employees or its agents, in no event shall exceed an amount equivalent to the proportionate charge to the customer for the period during which the aforementioned faults in transmission occur.
- 2.3.2 Quintelco, Inc. shall be indemnified and held harmless by the customer against:
- (A) Claims for libel, slander, or infringement of copyright arising out of the material, data, information, or other content transmitted over the Company's facilities.
  - (B) All other claims arising out of any act or omission of the customer in connection with any service or facility provided by Quintelco, Inc.

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## **SECTION 2 - RULES AND REGULATIONS (contd.)**

### **2.4 Interruption of Service**

- 2.4.1 Credit allowances for the interruption of service, which is not due to the Company's testing or adjusting, negligence of the customer, or to the failure of channels or equipment provided by the customer, are subject to the general liability provisions set forth in 2.3.1 herein. It shall be the obligation of the customer to notify the Company immediately of any interruption in service for which a credit allowance is desired.

Before giving such notice, the customer shall ascertain that the trouble is not being caused by an action or omission by the customer within the customer's control, or is not due to the wiring or equipment, if any, furnished by the customer and connected to the Company's facilities.

- 2.4.2 For the purposes of credit computation, every month shall be considered to have 720 hours.
- 2.4.3 No credit shall be allowed for an interruption of a continuous duration of less than two hours.
- 2.4.4 The customer shall be credited for an interruption of two hours or more at the rate of 1/720th of the fixed monthly charge for the facilities affected for each hour or major fraction thereof that the interruption continues.

Credit Formula:

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

"A" -- outage times in hours

"B" -- total fixed monthly charge for affected facility

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**SECTION 2 - RULES AND REGULATIONS (contd.)**

**2.5 Suspension-of-Service Guidelines**

Service will be suspended without notice in the following situations:

- 1) The customer obtained service fraudulently; or
- 2) A safety hazard is found on the customer's premises.

**2.6 Re-toration of Service**

Restoration of service shall be done as quickly as practicable by patching, rerouting, substitution of component parts or pathways, and other means, as determined necessary by the Company.

**2.7 Billing Periods**

If the customer is being billed for service to the home or office, rather than via a Debit Card arrangement as set forth in section 2.12, the customer will receive an itemized statement of account after the 30-day cycle.

**2.8 Understanding Your Statement of Account**

Your statement will outline specific charges or adjustments for Quintelco, Inc.'s services incurred and paid for during the preceding 30-day period.

**2.9 Questions About Your Statement of Account**

If the customer has questions about Quintelco, Inc.'s charges that may appear on its statement of account, the customer may call the Quintelco, Inc. service representative toll free at 1 (800) 532-3940.

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**SECTION 2 - RULES AND REGULATIONS (contd.)**

**2.10 Special Promotions**

The Company offers no special promotions at this time and anticipates no such promotions in the future.

**2.11 Billing Dispute**

In the event the customer is not satisfied with the Company's resolution of a billing dispute, the customer may make application to the SDPUC for review and disposition of the matter. Customers may contact the Commission toll free at 1(800) 332-1782 or by mail at the State Capitol Building, 500 East Capitol Avenue, Pierre, SD 57501.

**2.12 Forms of Payment**

At the customer's request, the Company permits the use of approved credit cards to apply for and receive a Debit Card used to access and pay for the Company's telecommunications services. Instead of traditional monthly billing, customers will pay in cash for, or authorize direct billing to their credit cards for purchase of, Prepaid Debit Cards that register with up to \$50.00 in credit. Telephone charges will be debited by the Company against this card at the rates set forth in Section 4 herein.

**2.13 Advanced Payments**

The Company reserves the right to collect advanced payments as part of its Prepaid Debit Card service.

**2.14 Responsibility of the Company**

The Company endeavors to provide the best long distance service possible at a fair and competitive price.

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**SECTION 2 - RULES AND REGULATIONS (contd.)**

**2.15 Frequency Restrictions**

There are no frequency restrictions.

**2.16 Credit for Incomplete Calls**

There will be no charge assessed to the customer for incomplete calls.

**2.17 Minimum Call Completion Rate**

A customer can expect a call completion rate (number of calls completed / number of calls attempted) of not less than 90% during peak use periods for all Company services.

**2.18 Deposits**

The Company does not require a deposit from the customer.

**2.19 Taxes**

All State and local taxes (i.e., gross receipts tax, sales tax, municipal utilities tax) are listed as separate line items and are not included in the quoted rates.

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**SECTION 3 - DESCRIPTION OF SERVICES****3.1 Usage Based Services**

The Company's charges are based on the actual usage of the Company's services, in addition to any special features and/or service options, utilized by the customer. Charges begin when the called station is answered and two way communication is possible, as determined by standard industry methods generally in use for ascertaining answer, including hardware answer supervision in which the Local Exchange Company sends a signal to the switch. Charges cease when either party (called or calling) hangs up, unless chained calling is permitted and, in such case, the charges will cease when the calling party hangs up.

**3.2 Long Distance Network Service**

The Company's Long Distance Network Service provides for the non-facilities based, switchless resale of the tariffed Software Defined Network (SDN) Service offered by various Underlying Carriers. This service is a custom designed private telecommunication network that combines the efficiencies and benefits of both switched and private line service to meet the specific requirements of customers needing to communicate between geographic locations within the State. The method of mileage calculation utilized by the Company mirrors that of Bell Communications Research and NPA-NXX V & H Coordinates Tape and Bell's NECA Tariff No. 4.

Each service customer is charged individually for each call on a conversation minute basis. Each call is measured and charged at the applicable rate for the initial eighteen (18) second period or fraction thereof, and then at the applicable rate for each additional six (6) second period or fraction thereof. The minimum length of a call is eighteen (18) seconds. See Section 4, Rates, for the applicable rate schedule.

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**SECTION 3 - DESCRIPTION OF SERVICES (contd.)****3.2 Long Distance Network Service (contd.)**

Dedicated access circuits may be provided and billed by the local exchange company (LEC). Dedicated access channels may be purchased from carriers other than the LEC only in accordance with SDPUC rules or if the special access channel is jurisdictionally interstate. Charges for the dedicated access channel are determined by the access provider.

**3.3 Debit Card Service**

3.3.1 This service permits use of a Prepaid Debit Card to access and pay for the Company's telecommunications services. Customers may purchase Prepaid Debit Cards directly from the Company, from authorized vendors or at a variety of retail outlets. Prepaid Debit Cards may be issued in denominations ranging from \$1.00 to \$50.00. The Company may issue Private Label Prepaid Debit Cards, as well as Prepaid Debit Cards with a fixed number of preprogrammed minutes and Renewable Prepaid Debit Cards.

3.3.2 Customers obtain the service by dialing an 800 number or other Access Codes to access the Company's network. The customer is prompted by an automated voice response system to enter his/her PIN, and then to enter the terminating telephone number. The Company's processor tracks the call duration from when the call is answered by the Company's processor for rating purposes on a real time basis. Billing for all calls ends when the called party hangs-up. The total price of each call, including applicable taxes, is deducted from the prepaid amount on the Prepaid Debit Card. For some cards, when a customer obtains access to the Company's processor, the balance on the card will be announced. A warning tone

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**SECTION 3 - DESCRIPTION OF SERVICES (contd.)**

**3.3 Debit Card Service (contd.)**

**3.3.2 (contd.)**

or message shall be played when 60 seconds or less in program minute credit is left on the Prepaid Debit Card. The customer can then complete the call within the time remaining on the Prepaid Debit Card. The customer may also add preprogrammed minutes to a Renewable Prepaid Debit Card by arranging to charge a Major Credit Card on a regular basis.

**3.4 Calling Card Service**

3.4.1 This service permits use of a Calling Card to place calls subject to the terms and conditions of this Tariff. The provisions of Section 3.1, as supplemented or modified herein, are applicable to Calling Card calls. The rates for Debit Cards apply to all Calling Card calls. If a Calling Card is lost, stolen or its PIN is used without the customer's consent, then all calls charged to the Calling Card, prior to written notification by the customer of the Company, shall be the responsibility and obligation of the customer.

**3.5 Directory Assistance Service**

Directory Assistance Service is provided to assist subscribers in obtaining telephone numbers.

**3.6 Accessing Service**

The service provided by the Company is one way dial in - dial out, multi-point telecommunications services, allowing the customer to originate calls through the network facilities of the Underlying Carriers. Access to the Company may differ dependent upon the type of exchange access service provided by the local exchange telephone company to the Underlying Carriers.

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**SECTION 3 - DESCRIPTION OF SERVICES (contd.)**

**3.7 Availability of Service**

The services provided through the Company, are available where equal access and the Billing Systems of its Underlying Carriers are provided.

**3.8 Locations of Service**

The services offered by the Company are to be available statewide, where the long distance services of its Underlying Carriers are available. The services offered by the Company are not intended to be limited geographically.

**3.9 Timing of Calls**

3.9.1 Long distance usage charges are based on usage of Quintelco, Inc.'s service. Chargeable time begins when a connection is established between the calling station and the called station. Chargeable time ends when either party "hangs up" thereby releasing the network connections.

3.9.2 Minimum call duration and usage measurement and rounding for debiting purposes is specified on per-product basis in the rate section of this tariff.

3.9.3 There is no charge applied for incomplete calls.

**3.10 Call Forwarding**

3.10.1 Call Forwarding provides customers with a non-dedicated 800 number ("personal 800 number") to receive calls from any point within the continental U.S. for a monthly subscription fee of \$9.95 per 800 number. This monthly cost entitles the customer to twenty (20) minutes of use. The customer will be charged \$0.25 per minute for all use beyond twenty (20) minutes per month. The customer may have multiple personal 800 numbers per account. For each personal 800 number, the Company will provide to the customer an 800 number, a security code, and a Rerouting Code which allows the subscriber to use the call forwarding 800 feature, with which the customer can receive incoming calls. The Company has the exclusive right to determine the terminating locations for personal 800 numbers. Call Forwarding customers share access on the same 800 number based on PIN and, thus, may not retain use of the 800 number if service is terminated.

This feature allows Call Forwarding customers to temporarily change the telephone numbers to which the 800 calls terminate. After calling into a voice prompted system via a Company provided 800 number, the customer may specify new telephone numbers to which its personal 800 calls will terminate (including a voice mail location). There is no limit to the number of call forwarding transactions a customer may make.

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SECTION 3 - DESCRIPTION OF SERVICES (Cont'd)3.14 Teleconferencing Service:

- 3.14.1 Teleconference Service provides for a conference to be established by a Quintelco operator on a dial-out or dial-in basis between multiple voice stations. The Teleconference Service provides a customized call reservation and call set-up process that may include directory speed dialing and, when requested by the conference originator, progress reports which provide information regarding the current status of the call.
- 3.14.2 Quintelco actively monitors Teleconference Service to ensure a high level of service quality and reliability. Upon request, and subject to availability, the operator will provide off-call monitoring. The off-call monitoring feature allows the operator to monitor the status of the call connections via a display of the conference ports used on that call. The operator is not a party to the call with off-call monitoring. With off-call monitoring, the operator is able to identify and reconnect dropped conferees.
- 3.14.3 A Teleconference may be ordered on a demand or on a reserved basis. Pre-notification to conferees of a Teleconference is also available.
- 3.14.4 All charges incurred for Quintelco's Teleconference Service will be billed to the conference originator. Customers will be charged for each minute of port use incurred during the actual conference call and billed for such usage at the rate of \$0.25 per minute after the first twenty (20) minutes of usage for all the ports combined per month. There may be up to six (6) ports in use for each conference call. To determine the port minutes of use, multiply each port used by the number of minutes it was in use. A fractional minute of use for the port is rounded to the next highest whole minute. All conference announcements are designed for call establishment and completion and will only pertain to the conference call in question. Also, the bridge and associated features are furnished subject to the availability of components.

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**SECTION 4 - RATES****4.1 Long Distance Network Usage Rates**

- 4.1.1 The calls placed through the Company are rated using one of the following schedules. If the total charge includes a fraction of a cent, the fraction is rounded to the next whole cent (e.g., \$4,101.345 would be rounded to \$4,101.35).
- 4.1.2 Day, Evening and Night rate periods apply to Long Distance Network usage. The rates apply for all days of the week including holidays. The Day rate period is 8:00 a.m. to, but not including, 5:00 p.m., Monday through Friday and 5:00 p.m. to, but not including, 11:00 p.m. Sunday. The Night/Weekend Rate period is 11:00 p.m. to, but not including, 8:00 a.m. Monday through Sunday, all day Saturday, and from 8:00 a.m. to, but not including, 5:00 p.m. Sunday. For New Year's Day (January 1), Independence Day (July 4), Labor Day, Thanksgiving Day and Christmas Day (December 25), the Evening Rate applies.

**4.2 Prepaid Debit Cards**

- 4.2.1 Except to the extent modified in this section, the provisions of Section 4.1 are applicable to Prepaid Debit Card Service.
- 4.2.2 The Company may enter special agreements with certain customers who purchase Prepaid Debit Cards in volume directly from the Company. Discounts on direct purchases will apply to volume purchases.
- 4.2.3 If the Prepaid Debit Card is lost or stolen, the Company has no obligation to replace the Prepaid Debit Card or refund the charges to or remaining value represented by the Prepaid Debit Card. Any time charged or value added to a lost or stolen Prepaid Debit Card is the responsibility of the customer. The Company makes no refunds for unused balances on Prepaid Debit Cards.

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**SECTION 4 - RATES (contd.)**

**4.2 Prepaid Debit Cards (contd.)**

- 4.2.4 Prepaid Debit Cards may have a stated expiration date, and any access to the services available from the Prepaid Debit Card will be suspended when the expiration date occurs.

**4.3 Call Forwarding:**

As set forth in Section 3.10 hereinabove, the customer will be entitled to twenty (20) minutes of use as part of its monthly subscription fee of \$9.95. After using the twenty (20) minutes of airtime, the customer will be charged at a flat rate of \$0.25 per minute for all interlata calls, independent of distance, time or day.

**4.4 Rates for Teleconferencing Service**

- 4.4.1. The Customer will be entitled to twenty (20) minutes of Teleconference Service use as part of its monthly subscription fee of \$9.95. After using the twenty (20) minutes of airtime, the Customer originating the Teleconference will be charged at a flat rate of \$0.25 per minute for all interlata calls, independent of distance, time or day. The duration of a call which involves a fractional part of a minute will be rounded up to the next higher full minute. Rates are per minute. Rates for Origination may be billed as sent-paid or to a Calling Card, Debit Card or Credit Card. Rates for Termination may be billed to a Calling Card, Debit Card or Credit Card or pursuant to a preexisting agreement between the Company and the Customer.

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**SECTION 4 - RATES (contd.)****4.3 Long Distance Network And Calling Card Usage Rates****4.3.1 South Dakota Intrastate Interlata Rates (Switched Access)****4.3.1.A**

|                | <u>Day</u> |        | <u>Even</u> |        | <u>Night</u> |        |
|----------------|------------|--------|-------------|--------|--------------|--------|
|                | INITIAL    | ADD'L  | INITIAL     | ADD'L  | INITIAL      | ADD'L  |
|                | 18 SEC.    | 6 SEC. | 18 SEC.     | 6 SEC. | 18 SEC.      | 6 SEC. |
|                | \$         | \$     | \$          | \$     | \$           | \$     |
| <u>Mileage</u> |            |        |             |        |              |        |
| ALL            | 0.25       | 0.25   | 0.25        | 0.25   | 0.25         | 0.25   |

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**SECTION 4 - RATES (contd.)****4.4 Directory Assistance Service**

Quintelco, Inc.'s customers will be debited at the following per call charge for each directory assistance call. The directory assistance charge applies to each call regardless of whether the directory assistance bureau is able to furnish the requested telephone number.

|                 |        |
|-----------------|--------|
| Per Call Charge | \$0.80 |
|-----------------|--------|

**4.5 Exemptions and Special Rates****4.5.1 Directory Assistance for Handicapped Persons:**

There shall be no charge for up to fifty calls per billing cycle from lines or trunks serving handicapped individuals. The Company shall charge the prevailing tariff rates for every call in excess of fifty within a billing cycle.

**4.5.2 Hearing and Speech Impaired Persons:**

Intrastate toll message rates for TDD users shall be evening rates for daytime calls or 1 night rates for evening and night calls.

**4.5.3 Telecommunications Relay Service:**

For intrastate toll calls received from the relay service, the Company will when billing relay calls discount relay service calls by 50 percent off of the otherwise applicable rate for a voice nonrelay call except that where either the calling or called party indicates that either party is either both hearing and visually impaired, the call shall be discounted 60 percent off of the otherwise applicable rate for a voice nonrelay call. The above discounts apply only to time-sensitive elements of a charge for the call and shall not apply to per call charges such as a credit card surcharge.

---

Issued: June 19, 1997

Effective: \_\_\_\_\_

By:

Claudia Newman-Hirsch, Executive Vice President  
Quintelco, Inc.  
1 Blue Hill Plaza  
Pearl River, NY 10965



SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

5.12 TELECONFERENCING SERVICE

5.12.1 Teleconferencing Service allows the Customer to establish a teleconference by a Quintelco operator on a dial-out or dial-in basis between multiple voice stations. The Teleconference Service provides a customized call reservation and call set-up process that may include directory speed dialing and, when requested by the conference originator, progress reports which provide information regarding the current status of the call.

5.12.2 Quintelco actively monitors Teleconference Service to ensure a high level of service quality and reliability. Upon request, and subject to availability, the operator will provide off-call monitoring. The off-call monitoring feature allows the operator to monitor the status of the call connections via a display of the conference ports used on that call. The operator is not a party to the call with off-call monitoring. With off-call monitoring, the operator is able to identify and reconnect dropped conferees.

5.12.3 A Teleconference may be ordered on a demand or on a reserved basis. Pre-notification to conferees of a Teleconference is also available.

5.12.4 All charges incurred for Quintelco's Teleconference Service will be billed to the conference originator. Customers will be charged for each minute of port use incurred during the actual conference call and billed for such usage at the rate of \$0.25 per minute after the first twenty (20) minutes of usage for all the ports combined per month. There may be up to six (6) ports in use for each conference call. To determine the port minutes of use, multiply each port used by the number of minutes it was in use. A fractional minute of use for the port is rounded to the next highest whole minute. All conference announcements are designed for call establishment and completion and will only pertain to the conference call in question. Also, the bridge and associated features are furnished subject to the availability of components.

Issued: August 14, 1997

Effective: \_\_\_\_\_

Issued By:

Claudia Newman-Hirsch, Executive Vice President

1 Blue Hill Plaza

Pearl River, NY 10965

TC97-104

**KLEIN, ZELMAN, ROTHERMEL & DICHTER, L.L.P.**

485 MADISON AVENUE  
NEW YORK, NEW YORK 10022-5803

TEL (212) 905-6020

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FRED C. KLEIN  
ANDREW E. ZELMAN  
JOAN EBERT ROTHERMEL  
JOEL R. DICHTER  
JANE B. JACOBS  
NANCY B. SCHISS

STEPHEN B. HANSBURG  
OF COUNSEL

BRIAN G. CESARATTO  
DAVID O. KLEIN

**RECEIVED**

October 30, 1997

**OCT 30 1997**

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

**VIA FEDERAL EXPRESS**

South Dakota Public Utilities Commission  
State Capitol Building  
500 East Capitol Avenue  
Pierre, SD 57501

Re: Quintelco, Inc.

Dear Sir or Madam:

On behalf of Quintelco, Inc., enclosed for filing please find one original and three (3) copies of supplemental tariff pages for local and long distance telecommunications services. Please substitute same for those corresponding pages previously submitted as part of the Company's earlier application. Quintelco, Inc. has recently changed the cost of its "Call Forwarding" and "Teleconferencing" services from \$9.95 to \$14.95 a month and, in accordance with Commission regulation, we are now submitting revised corresponding tariff pages. In addition, Quintelco, Inc. has added a new Special Calling Plan as detailed in the enclosed tariff pages. We apologize for the inconvenience.

Please date stamp the additional copy of this cover letter and return it in the enclosed postage prepaid envelope to the undersigned at your earliest convenience.

Should you have any questions, please contact me at your convenience.

Sincerely,



David O. Klein

Enc.

DOK/1515/12093

**RECEIVED**

Quintelco, Inc.

OCT 30 1997

SDPUC TARIFF NO. 1

Third Revised Sheet 2

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION  
CHECK SHEET**

Sheet 1 through 23 inclusive of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this sheet.

| <b><u>SHEET</u></b> | <b><u>REVISION</u></b> |   |
|---------------------|------------------------|---|
| 1                   | Original               |   |
| 2                   | Third Revised          | N |
| 3                   | Original               |   |
| 4                   | Original               |   |
| 5                   | Original               |   |
| 6                   | Original               |   |
| 7                   | Original               |   |
| 8                   | Original               |   |
| 9                   | Original               |   |
| 10                  | Original               |   |
| 11                  | Original               |   |
| 12                  | Original               |   |
| 13                  | Original               |   |
| 14                  | First Revised          | N |
| 15                  | Original               |   |
| 16                  | Original               |   |
| 17                  | Original               |   |
| 18                  | Original               |   |
| 19                  | Second Revised         | N |
| 19.1                | Original               |   |
| 20                  | Original               |   |
| 21                  | Third Revised          | N |
| 22                  | Second Revised         | N |
| 23                  | Original               |   |

Issued: October 30, 1997

Effective: \_\_\_\_\_

By:

Claudia Newman-Hirsch, Executive Vice President  
Quintelco, Inc.  
1 Blue Hill Plaza  
Pearl River, NY 10965



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**SECTION 3 - DESCRIPTION OF SERVICES (contd.)**

---

**3.7 Availability of Service**

The services provided through the Company, are available where equal access and the Billing Systems of its Underlying Carriers are provided.

**3.8 Locations of Service**

The services offered by the Company are to be available statewide, where the long distance services of its Underlying Carriers are available. The services offered by the Company are not intended to be limited geographically.

**3.9 Timing of Calls**

3.9.1 Long distance usage charges are based on usage of Quintelco, Inc.'s service. Chargeable time begins when a connection is established between the calling station and the called station. Chargeable time ends when either party "hangs up" thereby releasing the network connections.

3.9.2 Minimum call duration and usage measurement and rounding for debiting purposes is specified on per-product basis in the rate section of this tariff.

3.9.3 There is no charge applied for incomplete calls.

**3.10 Call Forwarding**

3.10.1 Call Forwarding provides customers with a non-dedicated 800 number ("personal 800 number") to receive calls from any point within the continental U.S. for a monthly subscription fee of \$14.95 per 800 number. This monthly cost entitles the customer to twenty (20) minutes of use. The customer will be charged \$0.25 per minute for all use beyond twenty (20) minutes per month. The customer may have multiple personal 800 numbers per account. For each personal 800 number, the Company will provide to the customer an 800 number, a security code, and a Rerouting Code which allows the subscriber to use the call forwarding 800 feature, with which the customer can receive incoming calls. The Company has the exclusive right to determine the terminating locations for personal 800 numbers. Call Forwarding customers share access on the same 800 number based on PIN and, thus, may not retain use of the 800 number if service is terminated.

This feature allows Call Forwarding customers to temporarily change the telephone numbers to which the 800 calls terminate. After calling into a voice prompted system via a Company provided 800 number, the customer may specify new telephone numbers to which its personal 800 calls will terminate (including a voice mail location). There is no limit to the number of call forwarding transactions a customer may make.

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Issued: October 30, 1997

Effective: \_\_\_\_\_

By:

Claudia Newman-Hirsch, Executive Vice President  
Quintelco, Inc.  
1 Blue Hill Plaza  
Pearl River, NY 10965



**SECTION 4 - RATES (contd.)**

**4.2 Prepaid Debit Cards (contd.)**

- 4.2.4 Prepaid Debit Cards may have a stated expiration date, and any access to the services available from the Prepaid Debit Card will be suspended when the expiration date occurs.

**4.3 Call Forwarding:**

As set forth in Section 3.10 hereinabove, the customer will be entitled to twenty (20) minutes of use as part of its monthly subscription fee of \$14.95. After using the twenty (20) minutes of airtime, the customer will be charged at a flat rate of \$0.25 per minute for all interlata calls, independent of distance, time or day.

N

**4.4 Rates for Teleconferencing Service**

- 4.4.1. The Customer will be entitled to twenty (20) minutes of Teleconference Service use as part of its monthly subscription fee of \$14.95. After using the twenty (20) minutes of airtime, the Customer originating the Teleconference will be charged at a flat rate of \$0.25 per minute for all interlata calls, independent of distance, time or day. The duration of a call which involves a fractional part of a minute will be rounded up to the next higher full minute. Rates are per minute. Rates for Origination may be billed as sent-paid or to a Calling Card, Debit Card or Credit Card. Rates for Termination may be billed to a Calling Card, Debit Card or Credit Card or pursuant to a preexisting agreement between the Company and the Customer.

N

Issued: October 30, 1997

Effective: \_\_\_\_\_

By:

Claudia Newman-Hirsch, Executive Vice President  
Quintelco, Inc.  
1 Blue Hill Plaza  
Pearl River, NY 10965

**SECTION 4 - RATES (contd.)****4.3 Long Distance Network And Calling Card Usage Rates****4.3.1 South Dakota Intrastate Interlata Rates (Switched Access)****4.3.1.A**

|         | Day  |    | Eve  |    | Night |    |
|---------|------|----|------|----|-------|----|
|         | \$   | \$ | \$   | \$ | \$    | \$ |
| Mileage |      |    |      |    |       |    |
| ALL     | 0.25 |    | 0.25 |    | 0.25  |    |

**4.3.2 Special Calling Plan**

Customers may elect to subscribe to the Company's Special Calling Plan for \$5.00 per month. Pursuant to this plan, Customers pay \$0.30 for up to three (3) minutes of calling usage, independent of distance, time or day. For all calling usage after three (3) minutes, all usage charges are measured thereafter in one (1) minute increments and Customers are billed at a rate of \$0.10 per minute, independent of distance, time or day. The minimum call duration for billing purposes is three (3) minutes. The duration of a call which involves a fractional part of a minute will be rounded up to the next higher full one (1) minute period. There is no charge if the call is not completed to the desired destination.

Issued: October 30, 1997

Effective: \_\_\_\_\_

By:

Claudia Newman-Hirsch, Executive Vice President  
Quintelco, Inc.  
1 Blue Hill Plaza  
Pearl River, NY 10965

RECEIVED

OCT 30 1997

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSIONSection 4 - INTRALATA TOLL USAGE AND MILEAGE CHARGES (cont'd)

## 4.5 CALL CHARGES (cont'd)

## 4.5.2 Per Call Service Charges

The following service charges apply to intraLATA toll calls for which live or automated operator assistance is provided for call completion and/or billing.

|                               | <u>Minimum</u> | <u>Maximum</u> |
|-------------------------------|----------------|----------------|
| Customer Dialed Calling Card  | \$0.01         | \$0.60         |
| Person to Person              | \$0.01         | \$3.75         |
| 3rd Number Billed             | \$0.01         | \$1.60         |
| All other Operator Assistance | \$0.01         | \$1.25         |

## 4.5.3 Special Calling Plan

Customers may elect to subscribe to the Company's Special Calling Plan for \$5.00 per month. Pursuant to this plan, Customers pay \$0.30 for up to three (3) minutes of calling usage, independent of distance, time or day. For all calling usage after three (3) minutes, all usage charges are measured thereafter in one (1) minute increments and Customers are billed at a rate of \$0.10 per minute, independent of distance, time or day. The minimum call duration for billing purposes is three (3) minutes. The duration of a call which involves a fractional part of a minute will be rounded up to the next higher full one (1) minute period. There is no charge if the call is not completed to the desired destination.

Issued: October 30, 1997

Effective: \_\_\_\_\_

Issued By:

Claudia Newman-Hirsch, Executive Vice President

1 Blue Hill Plaza  
Pearl River, NY 10965



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SECTION 5 - SUPPLEMENTAL SERVICES

## 5.1 CUSTOM CALLING SERVICE

## 5.1.1 General

Subject to the availability of the service offerings of the Company's underlying carriers, the features in this section are made available on an individual basis or as part of multiple feature packages. All features are provided subject to availability; features may not be available with all classes of service. Transmission levels may not be sufficient in all cases.

## 5.1.2 Description of Features

## a. Three Way Calling/Call Hold

The Three Way Calling feature allows a customer to add a third party to an existing two-way call and form a 3-way call. The call must have been originated from outside the station group and terminate to a station within the station group. The Call Hold feature allows a customer to put any in-progress call on hold by flashing the switchhook and dialing a code. This frees the line to allow the customer to make an outgoing call to another number. Only one call per line can be on hold at a time. The third party cannot be added to the original call.

## b. Call Forwarding

Call Forwarding, when activated, redirects attempted terminating calls to another customer-specific line. The customer may have to activate and deactivate the forwarding function and specify the desired terminating telephone number during each activation procedure. Call originating ability is not affected by Call Forwarding. The customer is provided with a pnon-dedicated 800 number ("personal 800 number") to receive domestic calls from any point within the continental U.S. for a monthly subscription fee of \$14.95 per 800 number. This monthly cost entitles the customer to twenty (20) minutes of use. The customer will be charged \$0.25 per minute for all use beyond twenty (20) minutes per month. The customer may have multiple personal 800 numbers per account. For each personal 800 number, the Company will provide to the customer an 800 number, a security code, and a Rerouting Code which allows the subscriber to use the Call Forwarding feature, with which the Customer can receive incoming domestic calls. The Company has the exclusive right to determine the terminating locations for personal 800 numbers. Personal 800 customers share access on the same 800 number based on PIN and, thus, may not retain use of the 800 number if service is terminated.

Issued: October 30, 1997

Effective: \_\_\_\_\_

Issued By:

Claudia Newman-Hirsch, Executive Vice President

1 Blue Hill Plaza  
Pearl River, NY 10965



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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

## 5.1 CUSTOM CALLING SERVICE (cont'd)

## 5.1.3 Rates and Charges

## a. Monthly Rates

Maximum and minimum rates for services other than Call Forwarding are located in Section 6, Residential Network Switched Service, and Section 7, Business Network Switched Service.

## b. Connection Charges

Connection charges may apply when a customer requests connection to one or more custom calling features. Orders requested for the same customer account made at the same time for the same premises will be considered one request. These charges may not apply if the features are ordered at the same time as other work for the same customer account at the same premises.

Minimum: \$00.00

Maximum: \$20.00

## c. Trial Period

The Company may elect to offer a free or reduced rate trial of any new custom calling feature(s) to prospective customers within 90 days of the establishment of the new feature. See 5.4, Service and Promotional Trials, below.

- d. As set forth in Section 5.1.2(b) hereinabove, the customer will be entitled to twenty (20) minutes of call forwarding use as part of its monthly subscription fee of \$14.95. After using the twenty (20) minutes of airtime, the customer will be charged at a flat rate of \$0.25 per minute for all local forwarding calls, independent of distance, time or day.

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Issued: October 30, 1997

Effective: \_\_\_\_\_

Issued By:

Claudia Newman-Hirsch, Executive Vice President

1 Blue Hill Plaza

Pearl River, NY 10965

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SECTION 5 - SUPPLEMENTAL SERVICES (cont'd)

## 5.12 TELECONFERENCING SERVICE (cont'd)

- 5.12.5 The Customer will be entitled to twenty (20) minutes of Teleconference Service use as part of its monthly subscription fee of \$14.95. After using the twenty (20) minutes of airtime, the Customer originating the Teleconference will be charged at a flat rate of \$0.25 per minute for all interlata calls, independent of distance, time or day. The duration of a call which involves a fractional part of a minute will be rounded up to the next higher full minute. Rates are per minute. Rates for Origination may be billed as sent-paid or to a Calling Card, Debit Card or Credit Card. Rates for Termination may be billed to a Calling Card, Debit Card or Credit Card or pursuant to a preexisting agreement between the Company and the Customer.

---

Issued: October 30, 1997

Effective: \_\_\_\_\_

Issued By:

Claudia Newman-Hirsch, Executive Vice President

1 Blue Hill Plaza

Pearl River, NY 10965

TC97-104

RECEIVED

MAR 12 1998

INDEMNITY BOND  
to the  
PEOPLE OF THE STATE OF SOUTH DAKOTA

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSIONBond No. GASB9979161

We, Quintelco, Inc. The principal and applicant for a CERTIFICATE OF AUTHORITY to resell long distance telecommunications services within the State of South Dakota, and General Accident Insurance Co. of America, as an admitted surety insurer, bind ourselves unto the Public Service Commission of the State of South Dakota and the consumers of South Dakota as Obligees, in the sum of \$25,000.00

The conditions of the obligation are such that the principal, having been granted such CERTIFICATE OF AUTHORITY subject to the provision that said principal purchase this Indemnity Bond, and if said principal shall in all respects fully and faithfully comply with all applicable provisions of South Dakota State Law, and reimburse customers of Quintelco, Inc. for any prepayment or deposits they have made which may be unable or unwilling to return to said customers as a result of insolvency or other business failure, then this obligation shall be void, discharged and forever exonerated, otherwise to remain in full force and effect.

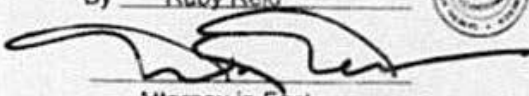
This bond shall take effect as of the date hereon and shall remain in force and effect until the surety is released from liability by the written order of the Public Service Commission, provided that the surety may cancel this Bond and be relieved of further liability hereunder by delivering thirty (30) days written notice to the Public Service Commission. Such cancellation shall not affect any liability incurred or accrued hereunder prior to the termination of said thirty (30) day period.

Dated this 23 day of February, 1998To be effective this 23 day of February, 1998

*Original is in Adair's  
bottom desk drawer.*

General Accident Insurance Co. of AmericaCountersigned this 24th day ofFEBRUARY, 1998

Countersigned for South Dakota

By Ch. P. Schmidt  
Resident AgentBy Ruby Reid  
Attorney in Fact



**NEXT**

**DOCUMENT (S)**

**DISREGARD**

**BACKGROUND**





# Power of Attorney

436 Walnut Street, Philadelphia, Pennsylvania 19106

GA SB9979161

KNOW ALL MEN BY THESE PRESENTS, that the GENERAL ACCIDENT INSURANCE COMPANY OF AMERICA, a Pennsylvania corporation having its principal office in Philadelphia, Pennsylvania does hereby make, constitute and appoint Stanley Apicella,

~~Ruby Reid~~  
each individually if there be more than one named, its true and lawful Attorney-in-Fact, to make, execute, seal and deliver as surety for and on its behalf, and as its act and deed any and all bonds and undertakings of suretyship, and to bind the GENERAL ACCIDENT INSURANCE COMPANY OF AMERICA hereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the GENERAL ACCIDENT INSURANCE COMPANY OF AMERICA and sealed and attested by one other of such officers, and hereby ratifies and confirms all that its said Attorney-in-Fact may do in pursuance hereof, provided that any bond or undertaking of suretyship executed under this authority shall be subject to the following limitations:

|                                                                               |             |
|-------------------------------------------------------------------------------|-------------|
| Any Probate or Fiduciary Bond in an amount not to exceed .....                | \$1,000,000 |
| Any Plaintiff's Court Bond in an amount not to exceed .....                   | \$ 100,000  |
| Any Public Official Bond (excluding blanket) in an amount not to exceed ..... | \$ 100,000  |
| Any License & Permit Bond in an amount not to exceed .....                    | \$ 25,000   |
| Any Cost on Appeal or Removal Bond in an amount not to exceed .....           | \$ 2,000    |

This power of attorney is granted under and by authority of Subsection 5.1(b) of Article V of the by-laws of GENERAL ACCIDENT INSURANCE COMPANY OF AMERICA which became effective February 20, 1992 and which provisions are in full force and effect, reading as follows:

"5.1(b) The Board of Directors or President, Vice President, or other officer designated by them or either of them shall have power to appoint Attorneys-in-Fact and to authorize them to execute on behalf of the Company bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and to attach the seal of the Company thereto; and shall also have power to remove any such Attorney-in-Fact at any time and revoke the power and authority given to him. Any instrument executed by any such Attorney-in-Fact shall be as binding upon the Company as if signed by an Executive Officer, and sealed and attested by the Secretary."

This power of attorney is signed and sealed by facsimile under and by authority of the following resolution adopted by the board of directors of GENERAL ACCIDENT INSURANCE COMPANY OF AMERICA, at a meeting held on the 20th day of February, 1992, at which a quorum was present, and said resolution has not been amended or repealed:

"Resolved, that in granting powers of attorney pursuant to subsection 5.1(b) of the by-laws of the Company the signature of such directors and officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN WITNESS WHEREOF, GENERAL ACCIDENT INSURANCE COMPANY OF AMERICA has caused these presents to be signed by Dennis S. Perler, its Vice President, and its corporate seal to be hereto affixed, this 26th day of September, 1996.



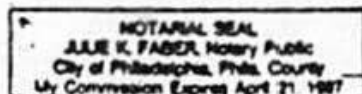
GENERAL ACCIDENT INSURANCE COMPANY OF AMERICA

*Dennis S. Perler*

Dennis S. Perler, Vice President

Commonwealth of Pennsylvania  
Philadelphia County

On this 26th day of September, 1996, personally appeared Dennis S. Perler to me known to be the Vice President of the GENERAL ACCIDENT INSURANCE COMPANY OF AMERICA, and acknowledged that he executed and attested the foregoing instrument, and affixed the seal of said corporation thereto and that the seal affixed to said instrument is the corporate seal of said Company, and that the corporate seal and his signature were duly affixed pursuant to the by-laws and the resolution of the board of directors of said Company.



*Julie K. Faber*

Notary Public in and for Commonwealth of Pennsylvania

I, James E. Carroll, Assistant Secretary of the GENERAL ACCIDENT INSURANCE COMPANY OF AMERICA, do hereby certify that the above and foregoing are true and correct copy of a power of attorney executed by GENERAL ACCIDENT INSURANCE COMPANY OF AMERICA, which is still in full force and effect, and that Article V, Subsection 5.1(b) of the by-laws of the Company and the resolution set forth above are still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.



*James E. Carroll*

James E. Carroll, Assistant Secretary

This Power of Attorney may not be used

This document is printed on a brown background

September 26, 1998

**GENERAL ACCIDENT INSURANCE COMPANY OF AMERICA**  
HOME OFFICE, PHILADELPHIA, PENNSYLVANIA

**FINANCIAL STATEMENT DECEMBER 31, 1996**

**ASSETS**

|                                  |                        |
|----------------------------------|------------------------|
| Cash and Bank Deposits           | 98,319,194             |
| Securities                       | 2,728,823,040          |
| Real Estate                      | 121,700,085            |
| Premium Balances (Under 90 Days) | 201,258,358            |
| Accrued Interest and Dividends   | 21,412,088             |
| Other Assets                     | 173,101,043            |
| <b>Total Admitted Assets</b>     | <b>\$3,254,611,808</b> |

**LIABILITIES**

|                                    |                      |
|------------------------------------|----------------------|
| Losses and Loss Adjustment Expense | 9935,015,449         |
| Unearned Premiums                  | 375,005,254          |
| Long-Term Debt                     | 38,960,000           |
| Other Taxes                        | 3,245,724            |
| Federal Income Taxes               | 18,508,520           |
| Other Liabilities                  | 398,858,087          |
| <b>Total Liabilities</b>           | <b>1,786,579,034</b> |

**CAPITAL AND SURPLUS**

|                                               |                        |
|-----------------------------------------------|------------------------|
| Capital Paid Up                               | 4,200,000              |
| Surplus                                       | 1,483,832,775          |
| <b>Total Policyholders' Surplus</b>           | <b>1,488,032,775</b>   |
| <b>Total Liabilities, Capital and Surplus</b> | <b>\$3,254,611,808</b> |

(State of Pennsylvania) SS.  
(County of Philadelphia)

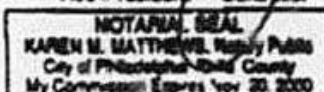
Michael E. McLoone being duly sworn, says: That he is Vice President of the GENERAL ACCIDENT INSURANCE COMPANY OF AMERICA; that said company is a corporation duly organized, existing, and engaged in business as a surety by virtue of the laws of the State of Pennsylvania, and has duly complied with all requirements of the laws of said state applicable to said company and is duly qualified to act as surety under such laws; that said company has also complied with and is duly qualified to act as surety under the Act of Congress of July 30, 1947, as amended (8 U.S.C. 6-13); that the foregoing is a full, true and correct statement of the financial condition of said company on the 31st day of December, 1996.

Sworn to before me this day

Sworn to and subscribed before me  
this 5th day of February 1997

*Karen M. Matthews*

*[Signature]*  
Vice President - Controller



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

|                                         |                |
|-----------------------------------------|----------------|
| IN THE MATTER OF THE APPLICATION OF )   | ORDER GRANTING |
| QUINTELCO, INC. FOR A CERTIFICATE OF )  | CERTIFICATE OF |
| AUTHORITY TO PROVIDE )                  | AUTHORITY      |
| TELECOMMUNICATIONS SERVICES, )          |                |
| INCLUDING LOCAL EXCHANGE SERVICES, IN ) | TC97-104       |
| SOUTH DAKOTA )                          |                |

On June 19, 1997, the Public Utilities Commission (Commission), in accordance with SDCL 49-31-3 and ARSD 20:10:24:02, received an application for a certificate of authority from Quintelco, Inc. (Quintelco).

Quintelco proposes to offer local dial tone services, Message Telephone Service, Wide Area Telephone Service, WATS-like services, foreign exchange service, private lines, tie lines, access service, cellular service, local switched service and other services and facilities of communications common carriers and other entities.

On June 19, 1997, the Commission electronically transmitted notice of the filing and the intervention deadline of July 7, 1997, to interested individuals and entities. No petitions to intervene or comments were filed and at its regularly scheduled March 26, 1998, meeting, the Commission considered Quintelco's request for a certificate of authority. Commission Staff recommended granting a certificate of authority as Quintelco had furnished the Commission with a surety bond, 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 Quintelco has met the legal requirements established for the granting of a certificate of authority. Quintelco 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 Quintelco's application for a certificate of authority, subject to rural safeguards. The certificate of authority for Quintelco 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 Quintelco choose to provide local exchange services statewide, with respect to rural telephone companies, Quintelco 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 Quintelco's application for a Certificate of Authority to provide telecommunications services, including local exchange services, is granted; and it is

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

FURTHER ORDERED, that the Commission shall authorize Quintelco to offer local exchange 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 6<sup>th</sup> day of April, 1998.

**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

Date

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg  
JAMES A. BURG, Chairman

Pam Nelson  
PAM NELSON, Commissioner

Laska Schoenfelder  
LASKA SCHOENFELDER, Commissioner



# **SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

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## ***CERTIFICATE OF AUTHORITY***

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

Authority was Granted March 26, 1998  
Docket No. TC97-104

*This is to certify that*

**QUINTELCO, INC.**

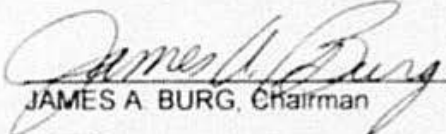
*is authorized to provide telecommunications services in South Dakota.*

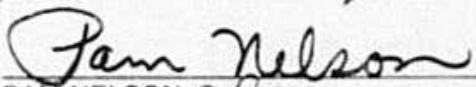
This certificate is issued in accordance with SDCL 49-31-3 and ARSD 20:10:24:02, and is subject to all of the conditions and limitations contained in the rules and statutes governing its conduct of offering telecommunications services

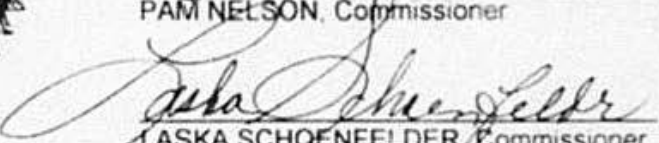
Dated at Pierre, South Dakota, this 6<sup>th</sup> day of April, 1998

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION:**



  
JAMES A. BURG, Chairman

  
PAM NELSON, Commissioner

  
LASKA SCHODENFELDER, Commissioner

KLEIN, ZELMAN, ROTHERMEL & DICHTER, L.L.P.

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NANCY B. SCHLESS  
DAVID O. KLEIN

STEPHEN B. HANSBURG  
OF COUNSEL

March 25, 1999

BRIAN G. CESARATTO  
SEAN A. MOYNIHAN  
JOSHUA M. SACHS

RECEIVED

MAR 29 1999

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

South Dakota Public Utilities Commission  
State Capitol Building  
500 East Capitol Avenue  
Pierre, SD 57501

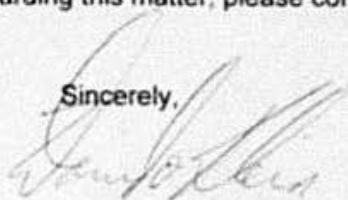
Re: Quintelco, Inc. - Order No. TC97-104

Dear Sir or Madam:

On behalf of the above-referenced company, we hereby request that all subsequent correspondence be forwarded to Mr. Andrew Stollman, Executive Vice President of Quintel Communications, Inc. Mr. Stollman's address is One Blue Hill Plaza, Pearl River, New York 10965.

Should you have any questions regarding this matter, please contact me at your convenience.

Sincerely,



David O. Klein

DOK:trd