

TC97-196

KJTS

TC97-196

DOCKET NO.

In the Matter of

IN THE MATTER OF THE
APPLICATION OF ECLIPSE
COMMUNICATIONS CORPORATION
FOR A CERTIFICATE OF AUTHORITY
TO PROVIDE TELECOMMUNICATIONS
SERVICES, INCLUDING LOCAL
EXCHANGE SERVICE IN SOUTH
DAKOTA

Public Utilities Commission of the State of South Dakota

DATE

MEMORANDUM

12/19/97. Filed and Docketed,
12/23/97. TC For Filing,
6/5/98. Order Granting COA,
6/5/98. Docket Closed

TC97-196

KELLEY DRYE & WARREN LLP

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AFFILIATED OFFICES

NEW DELHI, INDIA

TOKYO, JAPAN

December 17, 1997

BY FEDERAL EXPRESS

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

Re: Application of Eclipse Communications Corp. for a Certificate of
Authority to provide intrastate telecommunications services.

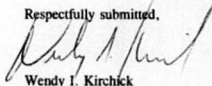
Dear Mr. Bullard:

Enclosed for filing with the South Dakota Public Utilities Commission ("Commission") please find an original and 10 copies of Eclipse Communications Corp.'s Application for a Certificate of Authority to provide intrastate telecommunications services. Also enclosed is a check in the amount of \$250.00 to cover the requisite filing fee.

Enclosed please also find a duplicate of this filing and a self-addressed stamped envelope. Please date-stamp the duplicate upon receipt and return it in the envelope provided.

Please do not hesitate to contact me at (202) 955-9609 if you have any questions.

Respectfully submitted,



Wendy I. Kirchick

Enclosures

RECEIVED
DEC 19 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

TC97-196

Before the
STATE OF SOUTH DAKOTA
PUBLIC UTILITIES COMMISSION

RECEIVED
DEC 19 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Application of)
ECLIPSE COMMUNICATIONS CORPORATION)
for a Certificate of Authority to provide) Docket No. _____
Intrastate Telecommunications Services)
Within the State of South Dakota)

APPLICATION

Eclipse Communications Corporation ("Eclipse" or "Applicant"), by its attorneys, respectfully request that the South Dakota Public Utilities Commission ("Commission") grant it a Certificate of Authority to provide intrastate telecommunications services throughout the State of South Dakota, pursuant to the South Dakota Codified Laws Section 49-31-3 and the Administrative Rules of South Dakota Sections 20:10-24:02 and 20:10-24:05. In addition, Eclipse respectfully requests that the Commission approve its initial tariff effective as of the date of the order granting Eclipse a Certificate of Authority. In support of its application, Applicant provides the following information:

I. Identification of the Applicant

1. Eclipse is a Delaware corporation and maintains its principal office at 2001 NW Sammamish Road, Suite 100, Issaquah, Washington 98027. A list of the names and addresses of the principal corporate officers is appended hereto as *Exhibit A*. A copy of Eclipse's Articles of Incorporation is appended hereto as *Exhibit B*.

2. Eclipse has authority to do business in South Dakota as a foreign corporation. A copy of Eclipse's Certificate of Qualification is appended hereto as *Exhibit C*. The registered agent for service of process in South Dakota is Corporation Service Company, 503 South Pierre Street, Pierre, SD 57501.

3. Currently, Eclipse has authority to operate in Montana and North Dakota. Eclipse has an application pending in Oregon. Eclipse has not been denied registration or certification in any state.

4. Eclipse is a wholly-owned subsidiary of Western Wireless Corporation ("WWC"), a Washington corporation headquartered at 2001 NW Sammamish Road, Issaquah, WA 98027. WWC is a leading wireless communications company in the United States, providing cellular, personal communications services, specialized mobile radio, and paging services to consumers in more than 22 states. WWC is publicly owned and traded over the NASDAQ.

II. Designated Contacts

5. All correspondence, notices and inquiries regarding this Application should be addressed to:

Wendy I. Kirchick, Esq.
KELLEY DRYE & WARREN LLP
1200 19th Street, Suite 500
Washington, D.C. 20036
phone: (202) 955-9600
fax: (202) 955-9792

6. Copies of all correspondence should also be sent to:

Christopher Johnson
Manager, Regulatory Affairs
WESTERN WIRELESS CORPORATION
2001 NW Sammamish Road, Suite 100
Issaquah, WA 98027
(852) 313-7744

7. Eclipse's toll-free customer service telephone number is 1-800-635-0304. In South Dakota, Eclipse's office is located at 685 North LaCrosse Street, Rapid City, SD 57701.
Telephone: (605) 341-5811
Fax: (605) 341-5837

III. Description of Authority Requested

8. By this Application, Applicant seeks authority to provide intraLATA toll and interLATA intrastate telecommunications services to the public on a statewide basis using a combination of its own facilities and interexchange facilities and services obtained from other interexchange carriers ("IXCs"). Eclipse seeks authority to provide a full range of interexchange services, including MTS, toll free 800/888, calling card, debit card and operator-assisted services.

Applicant also seeks authority to provide resold and facilities-based local exchange services to consumers on a statewide basis. Eclipse intends to offer the following categories of local service: local exchange service, exchange access service and private line service. The specific types of services Eclipse plans to offer include, but are not limited to: Two-Way Lines/Trunks, Direct Inward/Outward Dialing Options, Local Calling, Operator-Assisted Services, Directory Assistance, Dual Party Relay and Other Special Needs Services and 911 Emergency Services. Eclipse may also offer local services by utilizing the switching and transport capacity

of other existing telecommunications providers pursuant to negotiated or tariffed arrangements. Eclipse proposes to provide service to all exchanges currently served by US West.

IV. Description and Fitness of the Applicant

9. Eclipse is well-qualified, financially, technically and managerially, to provide the services for which authority is requested in this Application. Eclipse will draw heavily on the strength and resources of its parent company. WWC is a leading wireless communications company in the United States, providing cellular, personal communications service, specialized mobile radio, and paging services to consumers in more than 22 states. A Corporate Profile of WWC is appended hereto as *Exhibit D*.

10. The officers and directors of Eclipse and WWC have extensive experience in the telecommunications industry with companies such as McCaw Cellular Communications, General Cellular Corporation, subsidiaries of Pacific Telesis, Inc., Pacific Northwest Cellular, Inc., LIN Broadcasting, and MARKETS Cellular Limited Partnership. The names, titles and backgrounds of the officers and directors of Eclipse and WWC are listed in WWC's Corporate Profile appended as *Exhibit D*.

11. Moreover, the officers and directors of Eclipse and WWC have developed significant technical expertise as demonstrated by WWC's successful growth from 14,000 subscribers two years ago, to over 500,000 subscribers today. WWC has designed and constructed a state-of-the-art telecommunications system, which includes switches with advanced features including common channel signaling (i.e., SS7 or CCS) and database capabilities. WWC has redundant Network Operations Control Centers ("NOCC"s) that are staffed 24 hours per day.

00-27-04-83

The NOCCs monitor the operations of the switches, transportation equipment and systems, all peripherals, and all network facilities on a continuous basis. The advanced technical abilities of WWC has contributed substantially to the company's successful growth and will be brought to bear upon the provision of service by Eclipse.

12. As a newly-formed company, Eclipse has no significant financial history. However, Eclipse, through the strength of its parent corporation, WWC, and affiliates, has access to ample capital to provide intrastate toll services throughout the State of South Dakota. In the three month period ending June 30, 1997, WWC reported revenues of \$90,642,000 as compared to revenues of \$58,569,000 during the same period ending June 30, 1996. A copy of WWC's most recent SEC Form 10-Q is appended hereto as *Exhibit E*.

V. Marketing

13. Eclipse's marketing program for South Dakota is undetermined at this time.

VI. Proposed Tariff

14. Eclipse intends to provide service in South Dakota pursuant to the terms and conditions outlined in its proposed tariff, which is attached hereto as *Exhibit F*. Eclipse respectfully requests that the Commission approve its proposed tariff effective as of the date of the order granting Eclipse a Certificate of Authority to provide telecommunications services.

VII. Requested Regulatory Treatment

15. As a competitive provider of telecommunications services in South Dakota, Eclipse respectfully requests that it be subject to the same streamlined regulatory treatment applicable to other competitive carriers.

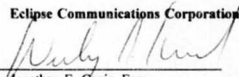
VIII. Public Interest

16. A decision by the Commission to grant Eclipse authority to provide intrastate telecommunications services is in the public interest. Eclipse is well qualified to operate as an interexchange and local exchange service provider in South Dakota. Moreover, Eclipse's participation in the market for telecommunications services in South Dakota will promote competition, which will lead to the development of new services and products over time.

WHEREFORE, Eclipse respectfully request that the Commission grant it a Certificate of Authority to provide telecommunications services within the State of South Dakota. Further, Eclipse requests that the Commission approve its proposed tariff and the rates proposed therein.

Respectfully submitted,

Eclipse Communications Corporation

By: 

Jonathan E. Canis, Esq.
Wendy I. Kirchick, Esq.
Melissa M. Smith, Esq.
KELLEY DRYE & WARREN LLP
1200 19th Street, Suite 500
Washington, D.C. 20036

Its Attorneys

DATED: December 17, 1997

ECCLIPSE COMMUNICATIONS CORPORATION
A Delaware Corporation

Directors:

Name	Address
Alan R. Bender	2001 NW Sammamish Road, Suite 100 Issaquah, WA 98027
Cregg B. Baumbaugh	2001 NW Sammamish Road, Suite 100 Issaquah, WA 98027
Theresa E. Gillespie	2001 NW Sammamish Road, Suite 100 Issaquah, WA 98027

Officers:

Name	Title	Address
Robert R. Stapleton	President	2001 NW Sammamish Road, Suite 100 Issaquah, WA 98027
John W. Stanton	Chief Executive Officer	2001 NW Sammamish Road, Suite 100 Issaquah, WA 98027
Mikal J. Thomsen	Chief Operating Officer	2001 NW Sammamish Road, Suite 100 Issaquah, WA 98027
Theresa E. Gillespie	Chief Financial Officer	2001 NW Sammamish Road, Suite 100 Issaquah, WA 98027
Alan R. Bender	Senior Vice President, General Counsel, and Secretary	2001 NW Sammamish Road, Suite 100 Issaquah, WA 98027
Cregg B. Baumbaugh	Senior Vice President - Corporate Development	2001 NW Sammamish Road, Suite 100 Issaquah, WA 98027
David A. Miller	Vice President and Assistant Secretary	2001 NW Sammamish Road, Suite 100 Issaquah, WA 98027
Sasha Press	Vice President, Controller	2001 NW Sammamish Road, Suite 100 Issaquah, WA 98027
Don Guthrie	Vice president	2001 NW Sammamish Road, Suite 100 Issaquah, WA 98027
Jennifer B. Schlosstein	Assistant Vice President	2001 NW Sammamish Road, Suite 100 Issaquah, WA 98027
Christine Welch	Assistant Secretary	2001 NW Sammamish Road, Suite 100 Issaquah, WA 98027

9. 7. 004. 113

NEXT

DOCUMENT (S)

DISREGARD

BACKGROUND

CERTIFICATE OF INCORPORATION
OF
ECLIPSE COMMUNICATIONS CORPORATION

FIRST: The name of this corporation is Eclipse Communications Corporation.

SECOND: Its registered office in the state of Delaware is to be located at The Corporation Trust Center, 1205 Orange Street, County of New Castle, Wilmington, Delaware 19801. The registered agent in charge thereof is The Corporation Trust Company.

THIRD: The nature of the business and, the objects and purposes proposed to be transacted, promoted and carried on, are to do any or all the things herein mentioned, as fully and to the same extent as natural persons might or could do, and in any part of the world, viz:

The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH: The amount of the total authorized capital stock of this corporation is 3,000 shares of no par value.

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

NAME

ADDRESS

Debra S. Blumhardt

1891 Woolner Avenue
Fairfield, CA 94533

SIXTH: The powers of the incorporator are to terminate upon filing of the certificate of incorporation, and the name and address of the person who is to serve as the director until the first annual meeting of stockholders or until his successor is elected and qualified is as follows:

NAME

ADDRESS

Alan R. Bender

1891 Woolner Avenue
Fairfield, CA 94533

SEVENTH: The Director shall have power to make and to alter or amend the By-Laws; to appoint an initial Board of Directors; to fix the amount to be reserved as working capital; and to authorize and cause to be executed, mortgages and liens without

limit as to the amount, upon the property and franchise of the corporation.

With the consent in writing, and pursuant to a vote of the holders of a majority of the capital stock issued and outstanding, the Director shall have the authority to dispose, in any manner, of the whole property of this corporation.

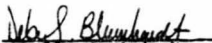
The By-Laws shall determine whether and to what extent the accounts and books of this corporation, or any of them shall be open to the inspection of the stockholders; and no stockholder shall have any right of inspecting any account, or book or document of this corporation, except as conferred by the law or the By-Laws, or by resolution of the stockholders.

The stockholders and directors shall have power to hold their meetings and keep the books, documents and papers of the corporation outside of the state of Delaware, at such places as may be from time to time designated by the By-Laws or by resolution of the stockholders or directors, except as otherwise required by the laws of Delaware.

It is the intention that the objects, purposes, and powers specified in the Third paragraph hereof shall, except where otherwise specified in said paragraph, be nowise limited or restricted by reference to or inference from the terms of any other clause or paragraph in this certificate of incorporation, but that the objects, purposes and powers specified in the Third paragraph and in each of the clauses or paragraphs of this charter shall be regarded as independent objects, purposes and powers.

EIGHTH: Directors of the corporation shall not be liable to either the corporation or its stockholders for monetary damages for a breach of fiduciary duties unless the breach involves (1) a director's duty of loyalty to the corporation or its stockholders; (2) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (3) liability for unlawful payments of dividends or unlawful stock purchases or redemption by the corporation; or (4) a transaction from which the director derived an improper personal benefit.

I, THE UNDERSIGNED, for the purpose of forming a corporation under the laws of the state of Delaware, does make, file and record this Certificate and does certify that the facts herein are true; and I have accordingly hereunto set my hand this 4th day of November, 1992.


Debra S. Blumhardt

State of South Dakota



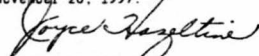
OFFICE OF THE SECRETARY OF STATE

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 ECLIPSE COMMUNICATIONS CORPORATION (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 ECLIPSE COMMUNICATIONS CORPORATION.

IN TESTIMONY WHEREOF, I have
hereunto set my hand and
affixed the Great Seal of the
State of South Dakota, at
Pierre, the Capital, this
November 20, 1997.



JOYCE HAZELTINE
Secretary of State





Corporate Profile

Company Description: Western Wireless Corporation (NASDAQ: WWCA) is a leading provider of wireless communications services in the western United States. The company owns and operates wireless cellular phone systems marketed under the Cellular One® national brand name in 15 states west of the Mississippi River. Western Wireless also owns seven licenses auctioned by the Federal Communications Commission in 1995 to provide personal communications services (PCS). These licenses extend the company's geographic footprint to 22 states and enable Western Wireless to offer high-quality, digital, two-way wireless communications services under the VoiceStream™ Wireless brand name.

Headquarters: Issaquah, Washington

Executive Team: John Stanton, Chairman and Chief Executive Officer
Don Guthrie, Vice Chairman
Bob Stapleton, President
Mikal Thomsen, Chief Operating Officer
Theresa Gillespie, Chief Financial Officer
Cregg Baumbaugh, Senior Vice President, Corporate Development
Alan Bender, Senior Vice President and General Counsel

Markets: Western Wireless owns cellular and PCS licenses covering about 25 million people and 41 percent of the land in the continental United States. It owns and operates cellular systems in 57 Rural Service Areas (RSAs) and 16 Metropolitan Statistical Areas (MSAs) with a combined population of about 6 million. The company also owns licenses to provide PCS in seven Major Trading Areas (MTAs) — Albuquerque-El Paso, Denver, Des Moines-Quad Cities, Honolulu, Portland, Oklahoma City and Salt Lake City — with a population of about 19.5 million.

History: Western Wireless was formed in July 1994 through the combination of Pacific Northwest Cellular and General Cellular Corporation. In the last two years, the company has grown from about 320 employees and less than 14,000 subscribers to more than 2,000 employees and 270,000 subscribers. In May 1996, the company completed an initial public offering of 12.65 million shares of common stock and a public bond offering. The two offerings raised nearly \$430 million to continue the development of Western Wireless' cellular and PCS businesses.

Industry Statistics: The cellular industry is 12 years old. More than 40 million (one in eight) Americans own a cellular phone. The Personal Communications Industry Association predicts that new personal communications services will combine with existing wireless services such as cellular and paging to fundamentally change the way Americans communicate. Industry analysts forecast wireless communications services subscriptions totaling 197 million by 2005.



*Western Wireless has
been the first to offer
PCS service in its
markets – a strong
competitive
advantage.*

Western Wireless: Redefining How People Communicate

In an increasingly mobile society, wireless communications has become one of the fastest growing segments of the communications industry. More than 40 million (one in eight) people currently enjoy the benefits of untethered communication that cellular service provides.

With the introduction of personal communications services (PCS), the rapid rate at which businesses and consumers are adopting wireless communications is expected to continue. This explosive growth can be attributed to the fundamental need that wireless communication addresses — people want to feel empowered over their communications and are looking for solutions that offer quality, value and reliability. In short, wireless communication is redefining how people communicate.

Western Wireless Corporation has emerged as one of the leading wireless communication service providers with its unique combination of cellular and PCS licenses and more than 270,000 subscribers throughout the western United States. The company's strategy is to offer the optimum technology for a particular geographic area — concentrating on rural and small metropolitan areas for its cellular service and more densely populated areas for its PCS service. The company owns cellular and PCS licenses covering about 25 million people and 41 percent of the continental United States.

The key to Western Wireless' success has been its focus on high-quality enhanced service offerings and an aggressive growth strategy. Western Wireless has been the first to offer PCS service in its markets — a move the company believes provides a strong competitive advantage. In February 1996, the company launched its PCS service under its proprietary VoiceStreamSM Wireless brand in Honolulu, followed by the summer 1996 launches of its PCS service in Salt Lake City, Albuquerque and Portland. The company is slated to roll out service in the Des Moines/Quad Cities and Oklahoma City markets by the end of 1996 and in Denver in early 1997.

The company's cellular service, marketed under the Cellular One® name in 15 western states, has grown from less than 14,000 subscribers and \$18.4 million in revenues in 1993 to more than 270,000 subscribers and \$135.1 million in revenues. By concentrating on rural and small metropolitan areas for its cellular service, Western Wireless can cover large geographic areas with relatively few cell sites, thus providing cost-efficient wireless service. In addition, because cellular operations in rural and small urban markets were licensed and developed later than major markets, cellular penetration is presently lower and subscriber growth rates are significantly higher than in the larger urban markets.



By taking advantage of the existing business infrastructure established for its cellular operations — including centralized management, marketing, billing and customer service functions — Western Wireless has been able to offer PCS services and features not currently provided by cellular operators.

Western Wireless is committed to becoming the premier wireless communication service provider with a focus on:

- | | |
|-----------------------|--|
| <i>Quality:</i> | Providing high-quality technical, sales, administrative and service expertise. |
| <i>Growth:</i> | Dedication to expanding the business through superior systems, aggressive selling, prudent acquisitions and excellent customer care. |
| <i>Profitability:</i> | Commitment to delivering an outstanding return on investment to shareholders by providing superior products to its customers, earning customer loyalty and operating with an entrepreneurial spirit. |

*Western Wireless
owns cellular systems
in 57 rural service
areas and
16 metropolitan
statistical areas,
and PCS systems in
7 major trading areas.*

Company History

Based in Issaquah, Wash., Western Wireless was formed in July 1994 through the combination of MARKETS Cellular Limited Partnership, which operated as Pacific Northwest Cellular, and General Cellular Corporation. Western Wireless owns and operates cellular communications systems in 57 rural service areas (RSAs) and 16 metropolitan statistical areas (MSAs) in 15 states — California, Colorado, Idaho, Iowa, Kansas, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, South Dakota, Texas and Wyoming — with an aggregate population of about 6 million. In 1995, through the Federal Communications Commission (FCC) auction of broadband PCS licenses, Western Wireless acquired licenses to provide PCS in six major trading areas (MTAs) — Albuquerque/El Paso, Des Moines/Quad Cities, Honolulu, Oklahoma City, Portland and Salt Lake City. Western Wireless purchased the Denver MTA in June 1996.

Western Wireless' management team comprises some of the early pioneers in the wireless industry, including John Stanton, chairman and CEO, who was a founder and COO of former industry giant McCaw Cellular. The other team members — Donald Guthrie, vice chairman; Robert Stapleton, president; Mikal Thomsen, COO; Theresa Gillespie, CFO; Cregg Baumbaugh, senior vice president; and Alan Bender, senior vice president and general counsel — share Stanton's entrepreneurial spirit and long, successful track record in building a thriving wireless communication business.



Since its founding, Western Wireless has grown to more than 2,000 employees throughout its headquarters and 70 local sales offices. The company raised nearly \$430 million through an initial public offering and a concurrent debt offering in May 1996, which was underwritten by Goldman, Sachs & Co.; Donaldson, Lufkin & Jenrette Securities Corp.; Merrill Lynch & Co. and Salomon Brothers Inc. The company is traded on NASDAQ under the symbol "WWCA."

The Wireless Communications Industry

Many industry experts predict that wireless communications will become the preferred method of voice communications.

Broadly defined, the wireless communications industry includes one-way radio applications, such as paging, and two-way radio applications, such as cellular telephone, PCS and enhanced specialized mobile radio (ESMR), which use a variety of radio frequencies to transmit voice and data. Since its introduction in 1983, cellular service has grown dramatically and now dominates the wireless communications market with more than 40 million subscribers.

It is estimated that about 2 percent of all phone calls are originated or terminated on a wireless phone. However, this percentage is expected to grow significantly, as carriers boost capacity and coverage and add enhanced services. Industry experts predict that PCS will play a critical role in the expansion of the wireless market into new demand segments. The additional spectrum, lower prices and increased pace of service-innovation generated by the addition of new PCS carriers are expected to contribute to rapid market development.

Because wireless devices are fundamentally a more efficient and effective way to communicate by offering consumers increased mobility, many industry experts predict that wireless communications will soon be the preferred method of voice communications. Consumers are demanding more control over their communication, and wireless service is a cost-effective means to meet that need.

Cellular and Personal Communications Services

The FCC licenses two principal services for transmitting voice and data signals—cellular and personal communications service. Cellular service provides high-quality, high-capacity service to and from mobile, portable and stationary telephones. Cellular handsets are affordable and easy-to-use, and offer important benefits to both business and residential consumers. Fully equipped, multi-cell cellular systems are capable of handling thousands of calls and can provide service to hundreds of thousands of subscribers in a given market.



Many cellular systems today are limited in their capacity due to their use of analog-based radio transmissions, although many carriers are currently in the process of upgrading to digital technology. Digital systems convert voice or data signals into a stream of digits that is compressed before transmission, enabling a single radio channel to carry multiple simultaneous signal transmissions. An all-digital system will provide customers with enhanced capacity, greater call quality and advanced data-communication features.

PCS is a term commonly used to describe a portion of radio spectrum (1850-1990 MHz) used to provide wireless communications services. PCS will initially compete directly with existing cellular telephone, paging and specialized mobile radio services, but will also include features that are not generally offered by cellular providers, such as data transmissions to and from portable computers, advanced two-way paging services and facsimile services. Western Wireless aims to be the first direct wireless competitor to cellular providers and the first to offer mass-market, all-digital mobile networks.

While PCS and cellular systems use similar technologies and hardware, each operates on different frequencies and may use different technical and network standards. The most common digital standards to be implemented by PCS carriers are GSM (Global System for Mobile Communications), CDMA (code division multiple access) and TDMA (time division multiple access). Western Wireless has adopted GSM technology – the only digital technology in widespread use around the world, serving 20 million customers in more than 98 countries. As a result, handsets and network equipment are far less expensive than for other digital standards, and are more reliable and more widely available.

Western Wireless Service Offerings

VoiceStreamSM Wireless Personal Communications Services. With VoiceStream Wireless, subscribers can stay "Ahead of the CurrentTM" with such enhanced features as answering service and two-way text and numeric messaging, caller ID, call waiting and call hold, digital encryption to prevent fraud and eavesdropping, "smart card" technology, wireless data transmission and extended battery performance. VoiceStream service comes with a wireless digital phone equipped with a built-in answering machine and pager that can link subscribers to their computers to allow them to fax, read their e-mail and access the Internet. The phone, which is smaller and more feature-rich than most cellular handsets, also allows subscribers to read messages right off of the display – with increased clarity and privacy. Monthly service packages range from \$20 with 30 free minutes of airtime to \$210 with 1,000 free minutes of airtime. Optional features, such as "weekends free," call forwarding and enhanced voice mail service, also are available.



Cellular One®. Western Wireless markets its cellular products and services under the name Cellular One, the first national brand name in the cellular industry that is currently used by a national coalition of 507 cellular licensees in all 50 states. Western Wireless offers its subscribers high-quality cellular communications, as well as several customer calling services, including call forwarding, call waiting, conference calling, voice message storage and retrieval, and no-answer transfer. In addition, subscribers can access local government emergency services from their cellular handsets - free of charge - by dialing 911. Monthly service plans range from \$29.99 with 80 minutes of free local airtime to \$229.99 with 1,000 minutes of free local airtime. Voice messaging service also is available.

Executive Team

Western Wireless' management team includes industry pioneers who share an entrepreneurial spirit and drive.

John Stanton, Chairman, Director and Chief Executive Officer

Stanton has spent much of his career in the wireless industry. Prior to helping form Western Wireless in 1994, Stanton was CEO and chairman of the board of General Cellular Corporation. He also has served as chairman of the board and CEO of Pacific Northwest Cellular, Inc., and as director of McCaw Cellular Communications and LIN Broadcasting. From 1983 to 1991, Stanton served in various capacities with McCaw, serving as vice chairman of the board from 1988 to 1991 and as chief operating officer from 1985 to 1988. He also is a member of the board of directors of Interpoint, Inc. and SmarTone in Hong Kong. He is a trustee of Whitman College and a director of the Cellular Telecommunications Industry Association.

Donald Guthrie, Vice Chairman

Guthrie came to Western Wireless from McCaw Cellular, where he served as senior vice president and treasurer. Guthrie also served as senior vice president-finance for LIN Broadcasting.

Robert Stapleton, President

Stapleton served as president of General Cellular Corporation prior to Western Wireless' formation. From 1989 to 1992, he served in various positions with General Cellular, including chief operating officer and vice president of operations. Stapleton previously was employed by mobile communications subsidiaries of Pacific Telesis, Inc., which now are affiliated with AirTouch Communications.



Mikal Thomsen, Chief Operating Officer

Thomsen was a director and chief operating officer of MARKETS Cellular Limited Partnership prior to joining Western Wireless. From 1983 to 1991, Thomsen held various positions at McCaw Cellular, serving as general manager of its international division from 1990 to 1991 and as general manager of its West Florida region from 1987 to 1990.

Theresa Gillespie, Chief Financial Officer

Gillespie was CFO of MARKETS Cellular Limited Partnership prior to the formation of Western Wireless and previously served as CFO of certain entities controlled by Stanton and Gillespie. She also served as senior vice president and controller of McCaw Cellular.

Cregg Baumbaugh, Senior Vice President - Corporate Development

Prior to the formation of Western Wireless, Baumbaugh served in various positions with General Cellular Corporation, including vice president of business development. He previously was employed by The First Boston Corporation.

Alan Bender, Senior Vice President and General Counsel

Bender joined General Cellular Corporation in April 1990 as senior counsel and was named secretary in June 1990, general counsel in August 1990 and vice president in March 1992. From 1988 to 1990, Bender was vice president and senior counsel of Equitec Financial Group, a subsidiary of PacificCorp, Inc.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

Form 10-Q

(Mark One)

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 1997

Or

☐ 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 000-28160

WESTERN WIRELESS CORPORATION

(Exact name of registrant as specified in its charter)

Washington
(State or other jurisdiction of incorporation
or organization)

91-1638901
(IRS Employer Identification No.)

2001 NW Sammamish Road
Issaquah, Washington
(Address of principal executive offices)

98027
(Zip Code)

(425) 313-5200

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report.)

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 the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title	Shares Outstanding as of August 1, 1997
Class A Common Stock, no par value	15,935,421
Class B Common Stock, no par value	54,111,048

Western Wireless Corporation
Form 10-Q
For the Quarter Ended June 30, 1997

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WESTERN WIRELESS CORPORATION
Consolidated Balance Sheets
(Dollars in thousands)
(Unaudited)

	June 30, 1997	December 31, 1996
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16,276	\$ 54,885
Accounts receivable, net of allowance for doubtful accounts of \$6,346 and \$4,266, respectively	35,424	28,958
Inventory	20,478	25,138
Prepaid expenses and other current assets	12,482	14,809
Deposit held by FCC	3,842	25,000
Total current assets	94,282	148,790
Property and equipment, net of accumulated depreciation of \$160,181 and \$107,685, respectively	679,200	538,617
Licensing costs and other intangible assets, net of accumulated amortization of \$63,741 and \$55,363, respectively	599,125	540,482
Investments in and advances to unconsolidated affiliates	49,804	12,655
Other assets	75	159
	<u>\$ 1,422,486</u>	<u>\$ 1,241,703</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 15,675	\$ 14,122
Accrued liabilities	46,534	36,652
Construction accounts payable	60,285	89,583
Unearned revenue and customer deposits	4,714	4,297
Total current liabilities	127,188	144,654
Long-term debt	1,065,000	743,000
Commitments (Note 8)		
Shareholders' equity:		
Preferred stock, no par value, 50,000,000 shares authorized; no shares issued and outstanding		
Common stock, no par value, 300,000,000 shares authorized; Class A, 15,691,577 and 14,540,891 shares issued and outstanding, respectively; Class B, 54,143,139 and 55,239,157 shares issued and outstanding, respectively	571,272	569,278
Deferred compensation	(1,547)	(800)
Deficit	(339,427)	(214,229)
Total shareholders' equity	230,298	354,249
	<u>\$ 1,422,486</u>	<u>\$ 1,241,703</u>

See accompanying notes to consolidated financial statements

WESTERN WIRELESS CORPORATION
Consolidated Statements of Operations
(Dollars in thousands, except per share data)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	1997	1996	1997	1996
Revenues:				
Subscriber revenues	\$ 71,003	\$ 43,814	\$ 127,688	\$ 79,151
Roamer revenues	8,873	9,114	15,567	15,871
Equipment sales and other revenues	10,768	5,641	18,947	9,582
Total revenues	90,642	58,569	162,202	104,604
Operating expenses:				
Cost of service	22,286	10,739	42,523	19,554
Cost of equipment sales	22,442	6,438	35,507	14,792
General and administrative	25,486	16,139	50,189	28,409
Sales and marketing	32,496	18,587	57,021	32,078
Depreciation and amortization	33,201	17,824	59,622	33,434
Total operating expenses	135,911	71,727	244,862	128,267
Operating loss	(45,269)	(13,158)	(82,660)	(23,663)
Other income (expense):				
Interest and financing expense	(23,146)	(8,890)	(40,508)	(17,014)
Equity in net loss of unconsolidated affiliates	(2,221)	(13)	(3,308)	(53)
Other net	613	455	1,278	560
Total other income (expense)	(24,756)	(8,438)	(42,538)	(16,507)
Net loss	\$ (70,025)	\$ (21,596)	\$ (125,198)	\$ (40,170)
Net loss per common share	\$ (1.00)	\$ (0.35)	\$ (1.79)	\$ (0.66)
Weighted average common shares and common equivalent shares outstanding	70,021,000	62,363,000	69,978,000	60,925,000

See accompanying notes to consolidated financial statements

WESTERN WIRELESS CORPORATION
Consolidated Statements of Cash Flows
(Dollars in thousands)
(Unaudited)

	Six months ended June 30,	
	1997	1996
Operating activities:		
Net loss	\$ (125,196)	\$ (40,170)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	61,680	33,972
Employee equity compensation	658	725
Equity in net loss of unconsolidated affiliates	3,306	53
Other, net	153	655
Changes in operating assets and liabilities, net of effects from consolidating acquired interests:		
Accounts receivable, net	(6,466)	(4,929)
Inventory	(340)	(10,957)
Prepaid expenses and other current assets	2,081	(3,241)
Accounts payable	1,553	(536)
Accrued liabilities	9,882	3,096
Unearned revenue and customer deposits	617	814
Net cash used in operating activities	(52,102)	(20,551)
Investing activities:		
Purchase of property and equipment	(222,976)	(89,825)
Purchase of wireless licenses and other	(53,412)	(77,346)
Acquisition of wireless properties, net of cash acquired	(849)	(40,102)
Investments in and advances to unconsolidated affiliates	(39,608)	2,478
Refund of deposit held by FCC	7,749	1,500
Net cash used in investing activities	(308,096)	(203,295)
Financing activities:		
Proceeds from issuance of common stock, net	589	234,949
Additions to long-term debt	322,000	548,600
Payment of debt		(465,011)
Deferred financing costs		(12,735)
Net cash provided by financing activities	322,589	306,003
Change in cash and cash equivalents	(38,609)	82,157
Cash and cash equivalents, beginning of period	54,885	8,572
Cash and cash equivalents, end of period	\$ 16,276	\$ 90,729

See accompanying notes to consolidated financial statements

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements
(Unaudited)

1. Organization and Basis of Presentation:

Western Wireless Corporation (the "Company") provides wireless communications services in the western United States principally through the ownership and operation of cellular and personal communications services ("PCS") systems. The Company has acquired seven PCS licenses covering seven Major Trading Areas ("MTAs"). The Company has initiated service in all seven MTAs, including the Denver MTA which initiated wireless services on May 1, 1997. During the first quarter of 1997, the Company was the high bidder on 100 additional PCS licenses in the Federal Communication Commission's ("FCC") D and E Block auctions, of which 95 have been granted as of June 30, 1997. Cook Inlet Western Wireless PV/SS PCS, LP ("Cook Inlet PCS"), a partnership in which the Company holds a 49.9% limited partnership interest, owns broadband PCS licenses in 21 Basic Trading Areas ("BTAs") including 7 that were acquired in the FCC F Block auction during the first quarter of 1997. Cook Inlet PCS initiated service in one of these in June 1997.

The Company expects to incur significant operating losses and to generate negative cash flows from operating activities during the next several years while it expands its PCS systems and builds a PCS customer base.

The accompanying interim consolidated financial statements and the financial information included herein are unaudited, but reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented. All such adjustments are of a normal, recurring nature. Results of operations for interim periods presented herein are not necessarily indicative of results of operations for the entire year. For further information, refer to the Company's annual audited financial statements and footnotes thereto for the year ended December 31, 1996, contained in the Company's Form 10-K dated March 28, 1997.

2. Summary of Significant Accounting Policies:

Cash and cash equivalents:

Cash and cash equivalents generally consist of cash, time deposits, commercial paper and money market instruments. The Company invests its excess cash in deposits with major banks and money market securities of investment grade companies from a variety of industries and, therefore, bears minimal risk. These investments have original maturity dates which do not exceed three months. Such investments are stated at cost, which approximates fair market value.

Supplemental cash flow disclosure:

Cash paid for interest (net of amounts capitalized) was \$34.2 million and \$19.6 million for the six months ended June 30, 1997 and 1996, respectively.

Non-cash investing and financing activities were as follows (in thousands):

	Six Months Ended June 30,	
	1997	1996
Conversion of FCC deposit to wireless license	\$ 13,609	
Conversion of revolving debt to term debt		\$ 200,000
Issuance of common stock in exchange for wireless properties		7,117

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements - (Continued)
(Unaudited)

2. Summary of Significant Accounting Policies - (continued):

Licensing costs and other intangible assets and amortization:

Licensing costs primarily represent costs incurred to apply for or acquire Federal Communication Commission ("FCC") wireless licenses, including cellular licenses obtained by the Company, principally through acquisitions, and PCS licenses which were primarily purchased from the FCC. Amortization of these licenses begins with the commencement of service to customers and is computed using the straight-line method over 40 years.

Other intangible assets consist primarily of deferred financing costs. Deferred financing costs are amortized using the effective interest method over the terms of the respective loans which have terms ranging from 9 to 10 years.

Capitalized interest:

During the three months ended June 30, 1997 and 1996, the Company had interest expense of \$23.1 million and \$8.9 million, respectively, net of capitalized interest in the amount of \$1.0 million and \$2.4 million, respectively, pertaining to the build out of its PCS markets. During the six months ended June 30, 1997 and 1996, the Company had interest expense of \$40.5 million and \$17.0 million, respectively, net of capitalized interest in the amount of \$4.0 million and \$2.4 million, respectively, pertaining to the build out of its PCS markets.

Recently issued accounting standards:

The Financial Accounting Standards Board ("FASB") has recently issued Statement No. 128 "Earnings Per Share", Statement No. 129 "Disclosure of Information about Capital Structure", Statement No. 130 "Reporting Comprehensive Income", and Statement No. 131 "Disclosures about Segments of an Enterprise and Related Information". The Company does not expect implementation of these statements to have a material effect on the Company's financial statements.

Reclassifications:

Certain amounts in prior year's financial statements have been reclassified to conform to the 1997 presentation.

Financial instruments:

As required under the Credit Facility (as defined in Note 7), the Company enters into interest rate swap and cap agreements to manage interest rate exposure pertaining to long-term debt. The Company has only limited involvement with these financial instruments, and does not use them for trading purposes. In addition, the Company has historically held derivative financial instruments to maturity and has never recognized a gain or loss on disposal. It is the Company's intent to hold existing derivatives to maturity. Interest rate swaps are accounted for on an accrual basis, the income or expense of which is included in interest expense. Premiums paid to purchase interest rate cap agreements are classified as an asset and amortized to interest expense over the terms of the agreements. These transactions do not subject the Company to risk of loss because gains and losses on these contracts are offset against losses and gains on the underlying liabilities. No collateral is held in relation to the Company's financial instruments.

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements - (Continued)
(Unaudited)

3. Property and Equipment:

Property and equipment consists of (in thousands):

	June 30, 1997	December 31, 1996
Land, buildings and improvements	\$ 11,724	\$ 8,433
Wireless communications systems	630,597	370,628
Furniture and equipment	89,589	49,351
Less accumulated depreciation	711,910 (160,181)	428,412 (107,385)
Construction in progress	551,729 127,471	320,727 217,890
	<u>\$ 679,200</u>	<u>\$ 538,617</u>

Depreciation expense was \$29.8 million and \$12.0 million for the three months ended June 30, 1997 and 1996, respectively, and \$53.0 million and \$21.4 million for the six months ended June 30, 1997 and 1996, respectively.

4. Licensing Costs and Other Intangible Assets:

Licensing costs and other intangible assets consists of (in thousands):

	June 30, 1997	December 31, 1996
Licensing costs	\$ 629,056	\$ 562,039
Other intangible assets	33,810	33,806
Accumulated amortization	662,866 (63,741)	595,845 (55,363)
	<u>\$ 599,125</u>	<u>\$ 540,482</u>

5. Investments in and Advances To Unconsolidated Affiliates:

During the second quarter of 1997, the Company entered into two joint ventures. The first was to form Telcel Wireless LLC ("Georgia"). Georgia is a partner in Magbcom Ltd. which owns a cellular license in the Republic of Georgia. The second joint venture entered into formed Ilesco, Ltd. ("Iceland"). Iceland is the parent company to Icelandic Mobile Phone Company which owns a cellular license in Iceland.

At June 30, 1997 and 1996 the Company's investment in Cook Inlet PCS was \$28.1 million and \$8.1 million, respectively. All other investments and advances to unconsolidated affiliates were \$21.7 and \$4.6 for the period ended June 30, 1997 and 1996, respectively.

6. Accrued Liabilities:

Accrued liabilities consist of (in thousands):

	June 30, 1997	December 31, 1996
Accrued payroll and benefits	\$ 10,317	\$ 11,192
Accrued interest expense	14,534	10,265
Accrued taxes, other than income	11,301	5,096
Other	10,382	10,099
	<u>\$ 46,534</u>	<u>\$ 36,652</u>

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements - (Continued)
(Unaudited)

7. Long-Term Debt:

Long-term debt consists of (in thousands):

	June 30, 1997	December 31, 1996
Credit Facility:		
Revolver	\$ 165,000	
Term Loan	200,000	\$ 200,000
10-1/2% Senior Subordinated Notes Due 2006	200,000	200,000
10-1/2% Senior Subordinated Notes Due 2007	200,000	200,000
NORTEL Facility	300,000	143,000
	<u>\$ 1,065,000</u>	<u>\$ 743,000</u>

The Company has a \$950 million credit facility with a consortium of lenders (the "Credit Facility"), in the form of a \$750 million revolving credit loan ("the Revolver") and a \$200 million term loan (the "Term Loan"). In addition, a wholly owned subsidiary of the Company has a \$300 million credit facility (the "NORTEL Facility") with Northern Telecom Inc. ("NORTEL"). At June 30, 1997, the unused portion of the Credit Facility was \$585 million and the NORTEL Facility was fully drawn.

The aggregate amounts of principal maturities of the Company's debt are as follows (in thousands):

Six months ending December 31, 1997	\$ 0
Year ending December 31,	
1998	0
1999	0
2000	42,300
2001	94,450
Thereafter	<u>928,250</u>
	<u>\$ 1,065,000</u>

8. Commitments:

Future minimum payments required under operating leases and agreements that have initial or remaining noncancelable terms in excess of one year as of June 30, 1997, are summarized below (in thousands):

Six months ending December 31, 1997	\$ 10,553
Year ending December 31,	
1998	19,791
1999	17,933
2000	16,468
2001	11,909
Thereafter	<u>15,399</u>
	<u>\$ 92,053</u>

Aggregate rental expense for all operating leases was approximately \$7.2 million and \$2.7 million for the three months ended June 30, 1997 and 1996, respectively, and \$13.6 million and \$4.9 million for the six months ended June 30, 1997 and 1996, respectively.

WESTERN WIRELESS CORPORATION
Notes to Consolidated Financial Statements - (Continued)
(Unaudited)

8. Commitments - (continued):

In order to ensure adequate supply and availability of certain inventory requirements and service needs, the Company has committed to purchase from various suppliers wireless communications equipment, handsets, and services. These agreements expire at various dates through December 2005. The aggregate amount of these commitments total approximately \$453.6 million. At June 30, 1997, the Company has ordered approximately \$249.1 million under all of these agreements, of which approximately \$14.0 million is outstanding.

The Company has various other purchase commitments for materials, supplies and other items incident to the ordinary course of business which are neither significant individually nor in the aggregate. Such commitments are not at prices in excess of current market value.

9. Shareholders' Equity:

During the six months ended June 30, 1997, the Company issued 159,868 shares of its common stock and received \$0.6 million of net proceeds as a result of employee stock options that were exercised.

In January 1997, the Company granted 95,000 shares under its restricted stock plan. Compensation expense recognized related to these shares was approximately \$0.5 million for the three months ended June 30, 1997, and \$0.9 million for the six months ended June 30, 1997.

10. Acquisitions and Dispositions:

On April 24, 1997, the Company and Triad Cellular Corporation, Triad Cellular L.P. and certain of their affiliates (collectively "Triad") entered into agreements whereby the Company has agreed to acquire from Triad the cellular business and assets of Triad in the Rural Service Areas ("RSAs") designated as Texas 1, 2, 4, and 5, Utah 3, 4 and 6, Oklahoma 7 and 8 and Minnesota 7, 8 and 9, for an aggregate purchase price of (i) approximately \$180 million, subject to adjustment, plus (ii) 1,600,000 shares of the Company's Class A Common Stock, or, if a registration statement covering such shares of Class A Common Stock is not effective within 90 days after the date of acquisition of such assets, at the option of Triad, \$20.0 million. In addition, the Company has entered into an agreement with Triad whereby the Company agrees to acquire from Triad their rights in and to certain PCS D and E Block licenses with respect to which Triad was the high bidder in the recently conducted FCC auctions in Oklahoma City, OK, Enid, OK, Stillwater, OK, Ponca City, OK, Lubbock, TX, St. George, UT, Worthington, MN and Wilmer-Marshall, MN for an aggregate purchase price equal to the amounts paid through the closing to the FCC by Triad for such licenses. Triad's successful bids for such licenses aggregated approximately \$4.8 million. The closing of each of the acquisitions is conditional upon the satisfaction of certain conditions, including obtaining all necessary FCC approvals.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary statement for purposes of the "Safe Harbor" provisions of the Private Securities Litigation Reform Act of 1995. Statements contained in this Quarterly Report that are not based on historical fact are "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The "Risk Factors" and cautionary statements identify important factors, among others, that could cause actual results to differ materially from those in the forward looking statements, where such factors are detailed in the Company's 1996 prospectuses, as amended, filed with the Securities and Exchange Commission.

The following is a discussion and analysis of the consolidated financial condition and results of operations of the Company and should be read in conjunction with the Company's consolidated financial statements and notes thereto and other financial information included herein and in the Company's annual report on Form 10-K for the year ended December 31, 1996. As a result of PCS operations, the Company's operating results for prior periods may not be indicative of future performance.

Overview

The Company provides wireless communications services in the western United States through the ownership and operation of cellular communications systems in 75 Rural Service Areas and Metropolitan Statistical Areas. At June 30, 1997, the Company owns broadband personal communications services ("PCS") licenses in seven Major Trading Areas ("MTAs"), each of which has commenced commercial operations. During the first quarter of 1997, the Company was the high bidder on 100 additional PCS licenses in the Federal Communication Commission's ("FCC") D and E Block auctions, of which 95 have been granted as of June 30, 1997. During the second quarter of 1997, the Company converted a portion of the deposits held with the FCC into 20% of the consideration for these licenses as well as paid cash for the remainder of the purchase price. Cook Inlet Western Wireless P/V/S PCS, LP ("Cook Inlet PCS"), a partnership in which the Company holds a 49.9% limited partnership interest, owns broadband PCS licenses in 21 Basic Trading Areas ("BTAs") including 7 that were acquired in the FCC F Block auction during the first quarter of 1997. The first of these BTAs commenced commercial operations in June 1997.

The Company's revenues consist primarily of subscriber revenues (including access charges and usage charges), roamer revenues (fees charged for providing services to subscribers of other cellular communications systems when such subscribers, or "roamers," place or receive a phone call within one of the Company's service areas) and equipment sales. The majority of the Company's revenues are derived from subscriber revenues. The Company had no revenues from its paging or PCS systems prior to February 1, 1996 and February 29, 1996, respectively. Revenues from paging systems are included in other revenue and accounted for less than 2% of the Company's total revenues in 1996, which is expected to be the case throughout 1997. The Company expects to continue to sell cellular and PCS handsets below cost and regards these losses as a cost of building its subscriber base. As used herein, "service revenues" include subscriber, roamer and other revenues.

Cost of service consists of the cost of providing wireless service to subscribers, primarily including costs to access local exchange and long distance carrier facilities and maintain the Company's wireless network. General and administrative expenses include the costs associated with billing a subscriber and the administrative cost associated with maintaining subscribers, including customer service, accounting and other centralized functions. General and administrative expenses also include provisions for unbillable fraudulent roaming charges and subscriber bad debt. Sales and marketing costs include costs associated with acquiring a subscriber, including direct and indirect sales commissions, salaries, all costs of sales offices and retail locations, advertising and promotional expenses. Depreciation and amortization includes depreciation expense associated with the Company's property and equipment in service and amortization associated with its wireless licenses for operational markets. The Company amortizes licensing costs associated with PCS systems once they become operational.

Certain centralized general and administrative costs, including customer service, accounting and other centralized functions, benefit all of the Company's operations. These costs are allocated to those operations in a manner which reflects management's judgment as to the nature of the activity causing those costs to be incurred.

As used herein, "EBITDA" represents operating loss before depreciation and amortization. EBITDA is a measure commonly used in the industry and should not be construed as an alternative to operating income (loss) (as determined in accordance with Generally Accepted Accounting Principles, "GAAP"), as an alternative to cash flows from operating activities (as determined in accordance with GAAP), or as a measure of liquidity. Cellular EBITDA represents EBITDA from the Company's cellular operations and PCS EBITDA represents EBITDA from the Company's PCS operations.

The Company expects a continued decline in consolidated EBITDA as it continues to develop, construct and operate its PCS systems and aggressively seeks to build its PCS subscriber base. To the extent that the time to complete the PCS build-out is faster or the costs are greater than expected, operating losses will increase and consolidated EBITDA may be negative for some periods. The Company has experienced rapid growth in its revenues and assets during the periods set forth below, which rates of growth will not necessarily continue over the next few years. The Company has made and expects to make substantial capital expenditures in connection with the expansion of its wireless communications systems. The Company's results of operations for the periods described herein will not necessarily be indicative of future performance.

In the companions that follow, the Company has separately set forth certain information relating to cellular operations (including paging) and PCS operations. The Company believes that this is appropriate because its cellular systems have been operating for a number of years while its first PCS system commenced operations during the first quarter of 1996.

Results of Operations

Results of Operations for the Three Months Ended June 30, 1997, Compared to the Three Months Ended June 30, 1996

The Company had 389,900 cellular subscribers at June 30, 1997, representing an increase of 38,700 or 11.0% from March 31, 1997. At June 30, 1996, the Company had 264,200 cellular subscribers representing a net increase of 25,000 or 10.5% from March 31, 1996. The Company had 74,400 PCS subscribers at June 30, 1997, representing an increase of 25,400 or 51.8% from March 31, 1997. The Company had 6,400 PCS subscribers at June 30, 1996, an increase of 4,200 or 191% from March 31, 1996.

Revenues

	Three Months Ended June 30,			
	1997		1996	
	Cellular	PCS	Cellular	PCS
	(in thousands)			
Subscriber revenues	\$ 58,490	\$ 12,513	\$ 43,109	\$ 705
Roamer revenues	8,873		9,114	
Equipment sales	3,012	6,357	3,304	1,213
Other revenues (1)	1,397		1,124	
Total revenues	\$ 71,772	\$ 18,870	\$ 56,651	\$ 1,918

(1) Primarily revenue from paging services

Cellular subscriber revenues increased to \$58.5 million for the three months ended June 30, 1997, from \$43.1 million for the three months ended June 30, 1996. This \$15.4 million or 35.7% increase is primarily due to the growth in the number of subscribers partially offset by a decrease in the average monthly cellular subscriber revenue per subscriber. Average monthly cellular subscriber revenue per subscriber, calculated as the average of the monthly averages, declined 8.0% to \$52.45 for the three months ended June 30, 1997, compared to \$57.04 for the three months ended June 30, 1996. The Company anticipates this downward trend to continue in 1997. Over the past few years the cellular industry as a whole has also shown a decline in the average monthly cellular subscriber revenue per subscriber.

PCS subscriber revenues for the three months ended June 30, 1997, were \$12.5 million, representing operations in six of the Company's PCS MTAs for the entire three months and the Denver MTA for two months. PCS subscriber revenues for the three months ended June 30, 1996, were \$0.7 million, primarily representing

operations in the Hawaii MTA. Average monthly PCS subscriber revenue per subscriber was \$68.64 for the three months ended June 30, 1997, compared to \$54.65 for the three months ended June 30, 1996. As the Company's PCS operations only began generating revenue during 1996, the year over year trend is not necessarily representative of future trends.

Roamer revenues were \$8.9 million for the three months ended June 30, 1997, compared to \$9.1 million for the three months ended June 30, 1996, a decrease of \$0.2 million or 2.6%. The decline in the Company's roamer revenues generally reflects the decline in rates charged by carriers between each other in the industry, offset by increased roaming traffic. Roamer revenues as a percentage of total cellular revenues declined to 12.4% for the three months ended June 30, 1997, from 16.1% for the three months ended June 30, 1996. While the Company expects total roamer minutes to continue to increase, further declines in the rates charged between carriers will limit roamer revenues in 1997.

Cellular equipment sales, which consist primarily of handset sales, decreased to \$3.0 million for the three months ended June 30, 1997, from \$3.3 million for the three months ended June 30, 1996. This \$0.3 million or 8.8% decrease is primarily due to a slight decrease in the average cellular handset sales price. PCS equipment sales were \$6.4 million for the three months ended June 30, 1997, compared to \$1.2 million for the three months ended June 30, 1996. This \$5.2 million increase is due to the increase in handsets sold as a result of commercial operations in six of the Company's PCS MTAs during the entire second quarter of 1997 compared to only one for the entire second quarter of 1996. The higher average selling price for PCS equipment sales of approximately \$108 and \$309 per handset sold for the three months ended June 30, 1997 and 1996, respectively.

Other revenue, which consists primarily of paging revenues, were \$1.4 million for the three months ended June 30, 1997, compared to \$1.1 million for the three months ended June 30, 1996, primarily as a result of subscriber growth.

Operating Expenses

	Three Months Ended June 30,		1996	
	1997	1996	Cellular	PCS
	Cellular	PCS	(in thousands)	
Cost of service	\$ 11,406	\$ 10,880	\$ 9,570	\$ 1,169
Cost of equipment sales	7,009	15,433	6,115	2,323
General and administrative	12,989	12,497	11,633	4,506
Sales and marketing	15,342	17,154	12,813	5,774
Depreciation and amortization	16,674	16,527	16,389	1,435
Total operating expenses	\$ 63,420	\$ 72,491	\$ 56,520	\$ 15,207

Cellular Operating Expenses

Cost of service increased to \$11.4 million for the three months ended June 30, 1997, from \$9.6 million for the three months ended June 30, 1996. This increase is primarily attributable to the increased number of subscribers which resulted in increased costs to access local exchange and long distance carrier facilities and to maintain the Company's expanding wireless network. While cost of service increased \$1.8 million or 19.2%, it decreased as a percentage of service revenues to 16.6% for the three months ended June 30, 1997, from 17.9% for the three months ended June 30, 1996, which is due primarily to efficiencies gained from the subscriber base.

Cost of equipment sales increased to \$7.0 million for the three months ended June 30, 1997, from \$6.1 million for the three months ended June 30, 1996. This \$0.9 million or 14.6% increase is due primarily to the 31.2% increase in handsets sold, offset by a decline in the cost of handsets, for the three months ended June 30, 1997, compared to the three months ended June 30, 1996.

General and administrative costs increased to \$13.0 million for the three months ended June 30, 1997, from \$11.6 million for the three months ended June 30, 1996, an increase of \$1.4 million or 11.7%.

Company's general and administrative costs are principally considered to be variable costs, that is costs that will vary with the level of subscribers. The increase is primarily attributable to the increase in costs associated with supporting the increased subscriber base. While the Company has not incurred material fraud or bad debt expenses to date and continues to develop and invest in measures to minimize such expenses, there can be no assurance that such expenses will not increase in the future.

Sales and marketing costs increased to \$15.3 million for the three months ended June 30, 1997, from \$12.8 million for the three months ended June 30, 1996, primarily due to net subscriber additions. Sales and marketing costs per net subscriber added, excluding subscribers added from acquisitions, decreased to \$396 for the three months ended June 30, 1997, from \$499 for the three months ended June 30, 1996. This 20.6% decrease is primarily a result of reduced advertising and restructuring of sales compensation. Including the losses on equipment sales, the cost per net subscriber added decreased to \$500 for the three months ended June 30, 1997, from \$608 for the three months ended June 30, 1996.

Depreciation expense increased to \$14.6 million for the three months ended June 30, 1997, from \$10.6 million for the three months ended June 30, 1996. This increase of \$4.0 million or 37.7%, is attributable to the continued expansion of the Company's cellular systems. Amortization expense decreased to \$2.1 million for the three months ended June 30, 1997, from \$5.8 million for the three months ended June 30, 1996. This \$3.7 million or 63.8% decrease is primarily attributable to the Company prospectively changing its amortization period for cellular licensing costs from 15 years to 40 years, effective January 1, 1997, to conform more closely with industry practices.

PCS Operating Expenses

Total PCS operating expenses were \$72.5 million for the three months ended June 30, 1997, compared to \$15.2 million for the three months ended June 30, 1996. This 377% increase is due to the fact that there were six PCS systems operational during the entire second quarter of 1997 while only one PCS system was operational during the entire second quarter of 1996. A portion of each individual component of PCS operating expenses were start-up costs incurred prior to the commencement of operations in each PCS system. Approximately \$1.5 million of start-up costs was incurred for the three months ended June 30, 1997, compared to \$6.8 million for the three months ended June 30, 1996. As the subscriber base continues to grow during 1997, the Company expects total operating expenses to increase. Accordingly, the PCS operating expenses are not representative of future operations.

Cost of service expenses and cost of equipment sales represents the expenses incurred by the operational PCS systems. In addition to the six PCS MTAs that were operational during the entire second quarter of 1997, Denver was operational for two months of this quarter. Hawaii was the only operational market during the entire second quarter of 1996. Accordingly, cost of service increased to \$10.9 million and cost of equipment sales increased to \$15.4 million for the three months ended June 30, 1997, from \$1.2 million and \$2.3 million, respectively, for the three months ended June 30, 1996. General and administrative costs increased to \$12.5 million for the three months ended June 30, 1997, from \$4.5 million for the three months ended June 30, 1996, due to the costs associated with supporting the additional markets in which the Company has operations. Sales and marketing costs increased to \$17.2 million for the three months ended June 30, 1997, from \$5.8 million for the three months ended June 30, 1996, as a result of the increase in net subscriber additions. Depreciation expense and amortization expense increased to \$15.2 million and \$1.3 million, respectively, for the three months ended June 30, 1997, from \$1.3 million and \$1.1 million, respectively, for the three months ended June 30, 1996. This increase is due to the increased number of operational systems in 1997 over 1996.

Operating Income (Loss)

	Three Months Ended June 30,			
	1997	1996	Cellular	PCS
	Cellular	PCS	(in thousands)	
Operating Income (loss)	\$ 8,352	\$ (53,621)	\$ 131	\$ (13,289)

Although cellular operating income increased to \$8.4 million for the three months ended June 30, 1997, from \$1.1 million for the three months ended June 30, 1996, total operating loss increased to \$45.3 million for the

three months ended June 30, 1997, from \$13.2 million for the three months ended June 30, 1996. This increase is primarily due to the increased operating loss attributable to PCS of \$53.6 million for the three months ended June 30, 1997, from an operating loss of \$13.3 million for the three months ended June 30, 1996.

Other Income (Expense)

Interest and financing expense, net of capitalized interest, increased to \$23.1 million for the three months ended June 30, 1997, from \$8.9 million for the three months ended June 30, 1996. The increase of \$14.3 million or 160.7%, is primarily attributable to an increase in long-term debt, which increased to \$1,065 million at June 30, 1997, from \$446.5 million at June 30, 1996, incurred primarily to fund the Company's capital expenditures associated with the build-out of the Company's PCS systems. Interest expense will increase in 1997 as a result of the increased borrowings the Company has incurred and will continue to incur, to fund its expansion. The weighted average interest rate before the effect of capitalized interest was 9.9% for the three months ended June 30, 1997, and 9.1% for the three months ended June 30, 1996.

EBITDA

	Three Months Ended June 30,			
	1997		1996	
	Cellular	PCS	Cellular	PCS
	(in thousands)			
EBITDA	\$ 25,026	\$ (37,094)	\$ 16,520	\$ (11,854)

EBITDA declined to negative \$12.1 million for the three months ended June 30, 1997, from \$4.7 million for the three months ended June 30, 1996, primarily due to the negative \$37.1 million EBITDA attributable to PCS operations offset by an increase in cellular EBITDA. Cellular EBITDA increased 51.5% to \$25.0 million for the three months ended June 30, 1997, from \$16.5 million for the three months ended June 30, 1996, primarily as a result of increased revenues due to the increased subscriber base and the related cost efficiencies recognized. As a result, cellular operating margin (cellular EBITDA as a percentage of cellular service revenues) increased to 36.4% for the three months ended June 30, 1997, from 31.0% for the three months ended June 30, 1996.

Results of Operations for the Six Months Ended June 30, 1997, Compared to the Six Months Ended June 30, 1996

The Company had 389,900 cellular subscribers at June 30, 1997, representing an increase of 65,700 or 20.3% from December 31, 1996. At June 30, 1996, the Company had 264,200 cellular subscribers representing a net increase of 50,000 or 23.9% from December 31, 1995. For the six months ended June 30, 1996, the net number of cellular subscribers added through system acquisitions was approximately 4,700. The Company had 74,400 PCS subscribers at June 30, 1997, representing an increase of 38,900 or 109.6% from December 31, 1996. At June 30, 1996 the Company had 6,400 PCS subscribers.

Revenues

	Six Months Ended June 30,			
	1997		1996	
	Cellular	PCS	Cellular	PCS
	(in thousands)			
Subscriber revenues	\$ 107,872	\$ 19,816	\$ 78,297	\$ 854
Roamer revenues	15,567		15,871	
Equipment sales	5,917	10,356	5,999	1,633
Other revenues (1)	2,674		1,950	
Total revenues	\$ 132,030	\$ 30,172	\$ 102,117	\$ 2,487

(1) Primarily revenue from paging services

Cellular subscriber revenues increased to \$107.9 million for the six months ended June 30, 1997, from \$78.3 million for the six months ended June 30, 1996. This \$29.6 million or 37.8% increase is primarily due to the growth in the number of subscribers partially offset by a decrease in the average monthly cellular subscriber revenue per subscriber. Average monthly cellular subscriber revenue per subscriber, calculated as the average of the monthly averages, declined 7.2% to \$50.89 for the six months ended June 30, 1997, compared to \$54.60 for the six months ended June 30, 1996. The Company anticipates this downward trend to continue in 1997. Over the past few years the cellular industry as a whole has also shown a decline in the average monthly cellular subscriber revenue per subscriber.

PCS subscriber revenues for the six months ended June 30, 1997, were \$19.8 million, representing operations in six of the Companies PCS MTAs for the entire six months and the Denver MTA for two months. PCS subscriber revenues for the six months ended June 30, 1996, were \$0.9 million, primarily representing operations in the Hawaii MTA. Average monthly PCS subscriber revenue per subscriber was \$64.44 for the six months ended June 30, 1997, compared to \$61.00 for the six months ended June 30, 1996. As the Company's PCS operations only began generating revenue during 1996, the year over year trend is not necessarily representative of future trends.

Roamer revenues were \$15.6 million for the six months ended June 30, 1997, compared to \$15.9 million for the six months ended June 30, 1996, a decrease of \$0.3 million or 1.9%. A decline in the Company's roamer revenues generally reflects the decline in rates charged by carriers between each other in the industry, offset by increased roaming traffic. Roamer revenues as a percentage of total cellular revenues declined to 11.8% for the six months ended June 30, 1997, from 15.5% for the six months ended June 30, 1996. While the Company expects total roamer minutes to continue to increase, further declines in the rates charged between carriers will limit roamer revenues in 1997.

Cellular equipment sales, which consist primarily of handset sales, decreased to \$5.9 million for the six months ended June 30, 1997, from \$6.0 million for the six months ended June 30, 1996. This \$0.1 million or 1.4% decrease is primarily due to a slight decrease in the average cellular handset sales price. PCS equipment sales were \$10.4 million for the six months ended June 30, 1997, compared to \$1.6 million for the six months ended June 30, 1996. This \$8.7 million increase is due to the increase in handsets sold as a result of the commercial operations in six of the Company's PCS MTAs during the entire six months of 1997. The Company anticipates continued growth in equipment sales as a result of increases in cellular and PCS subscriber additions. The higher revenue generated from PCS equipment sales as compared to cellular equipment sales is the result of a higher average selling price for PCS handsets of approximately \$125 and \$226 per handset sold for the six months ended June 30, 1997 and 1996, respectively.

Other revenue, which consists primarily of paging revenues, were \$2.7 million for the six months ended June 30, 1997, compared to \$2.0 million for the six months ended June 30, 1996. This increase is primarily due to the additional month of operations in 1997 as compared to 1996 due to the acquisition of paging operations in February of 1996.

Operating Expenses

	Six Months Ended June 30,			
	1997		1996	
	Cellular	PCS	Cellular	PCS
	(in thousands)			
Cost of service	\$ 22,472	\$ 20,051	\$ 17,977	\$ 1,577
Cost of equipment sales	12,952	22,555	11,552	3,240
General and administrative	26,576	23,613	20,802	7,607
Sales and marketing	27,397	29,624	23,817	8,261
Depreciation and amortization	32,598	27,024	31,549	1,885
Total operating expenses	\$ 121,995	\$ 122,867	\$ 105,697	\$ 22,570

Cellular Operating Expenses

Cost of service increased to \$22.5 million for the six months ended June 30, 1997, from \$18.0 million for the six months ended June 30, 1996. This increase is primarily attributable to the increased number of subscribers which resulted in increased costs to access local exchange and long distance carrier facilities and to maintain the Company's expanding wireless network. While cost of service increased \$4.5 million or 25.0%, it decreased as a percentage of service revenues to 17.8% for the six months ended June 30, 1997, from 18.7% for the six months ended June 30, 1996, which is due primarily to efficiencies gained from the growing subscriber base.

Cost of equipment sales increased to \$13.0 million for the six months ended June 30, 1997, from \$11.6 million for the six months ended June 30, 1996. This \$1.4 million or 12.1% increase is due primarily to the 21.5% increase in handsets sold, offset by a decline in the cost of handsets, for the six months ended June 30, 1997, compared to the six months ended June 30, 1996.

General and administrative costs increased to \$26.6 million for the six months ended June 30, 1997, from \$20.8 million for the six months ended June 30, 1996, an increase of \$5.8 million or 27.8%. The Company's general and administrative costs are principally considered to be variable costs, that is costs that will vary with the level of subscribers. The increase is primarily attributable to the increase in costs associated with supporting the increased subscriber base. While the Company has not incurred material fraud or bad debt expenses to date and continues to develop and invest in measures to minimize such expenses, there can be no assurance that such expenses will not increase in the future.

Sales and marketing costs increased to \$27.4 million for the six months ended June 30, 1997, from \$23.8 million for the six months ended June 30, 1996, primarily due to net subscriber additions. Sales and marketing costs per net subscriber added, excluding subscribers added from acquisitions, decreased to \$417 for the six months ended June 30, 1997, from \$476 for the six months ended June 30, 1996. This 12.4% decrease is primarily a result of reduced advertising and restructuring of sales compensation. Including the losses on equipment sales, the cost per net subscriber added decreased to \$524 for the six months ended June 30, 1997, from \$587 for the six months ended June 30, 1996.

Depreciation expense increased to \$28.6 million for the six months ended June 30, 1997, from \$19.8 million for the six months ended June 30, 1996. This increase of \$8.8 million or 44.4%, is attributable to the continued expansion of the Company's cellular systems. Amortization expense decreased to \$4.0 million for the six months ended June 30, 1997, from \$11.7 million for the six months ended June 30, 1996. This \$7.7 million or 65.8% decrease is primarily attributable to the Company prospectively changing its amortization period for cellular licensing costs from 15 years to 40 years, effective January 1, 1997, to conform more closely with industry practices.

PCS Operating Expenses

Total PCS operating expenses were \$122.9 million for the six months ended June 30, 1997, compared to \$62.6 million for the six months ended June 30, 1996. This 444% increase is due to the fact that there were six PCS systems operational for the entire six months ended June 30, 1997, while only one PCS system was operational during a significant portion of the six months ended June 30, 1996. A portion of each individual component of PCS operating expenses were start-up costs incurred prior to the commencement of operations in each PCS system. Approximately \$3.9 million of start-up costs was incurred for the six months ended June 30, 1997, compared to \$10.6 million for the six months ended June 30, 1996. As the subscriber base continues to grow during 1997, the Company expects total operating expenses to increase. Accordingly, the PCS operating expenses are not representative of future operations.

Cost of service expenses and cost of equipment sales represents the expenses incurred by the operational PCS systems. In addition to the six PCS MTAs that were operational during the entire six months ended June 30, 1997, Denver was operational for two months of this period. Hawaii was the only operational PCS MTA during the majority of the six months ended June 30, 1996. Accordingly, cost of service increased to \$20.1 million and cost of equipment sales increased to \$22.6 million for the six months ended June 30, 1997, from \$1.6 million and \$3.2 million, respectively, for the six months ended June 30, 1996. General and administrative costs increased to \$23.6 million for the six months ended June 30, 1997, from \$7.6 million for the six months ended June 30, 1996, due to the costs associated with supporting the additional markets in which the Company has operations. Sales and marketing costs increased to \$29.8 million for the six months ended June 30, 1997, from

\$8.3 million for the six months ended June 30, 1996, as a result of the increase in net subscriber additions. Depreciation expense and amortization expense increased to \$24.4 million and \$2.6 million, respectively, for the six months ended June 30, 1997, from \$1.6 million and \$3 million, respectively, for the six months ended June 30, 1996. This increase is due to the increased number of operational systems in 1997 over 1996.

Operating Income (Loss)

	Six Months Ended June 30, 1997		1996	
	Cellular	PCS (in thousands)	Cellular	PCS
Operating Income (loss)	\$10,035	\$ (92,695)	\$ (3,580)	\$ (20,083)

Although cellular operating income increased to \$10.0 million for the six months ended June 30, 1997, from an operating loss of \$3.6 million for the six months ended June 30, 1996, total operating loss increased to \$82.7 million for the six months ended June 30, 1997, from \$23.7 million for the six months ended June 30, 1996. This increase is primarily due to the increased operating loss attributable to PCS of \$92.7 million for the six months ended June 30, 1997, and from an operating loss of \$20.1 million for the six months ended June 30, 1996.

Other Income (Expense)

Interest and financing expense, net of capitalized interest, increased to \$40.5 million for the six months ended June 30, 1997, from \$17.0 million for the six months ended June 30, 1996. The increase of \$23.5 million or 138.1%, is primarily attributable to an increase in long-term debt, which increased to \$1,065 million at June 30, 1997, from \$448.5 million at June 30, 1996, incurred primarily to fund the Company's capital expenditures associated with the build-out of the Company's PCS systems. Interest expense will increase in 1997 as a result of the increased borrowings the Company has incurred, and will continue to incur, to fund its expansion. The weighted average interest rate before the effect of capitalized interest was 10.1% for the six months ended June 30, 1997, and 8.5% for the six months ended June 30, 1996.

EBITDA

	Six Months Ended June 30, 1997		1996	
	Cellular	PCS (in thousands)	Cellular	PCS
EBITDA	\$ 42,633	\$ (65,671)	\$ 27,969	\$ (18,198)

EBITDA declined to negative \$23.0 million for the six months ended June 30, 1997, from \$9.8 million for the six months ended June 30, 1996, primarily due to the negative \$65.7 million EBITDA attributable to PCS operations offset by an increase in cellular EBITDA. Cellular EBITDA increased 52.4% to \$42.6 million for the six months ended June 30, 1997, from \$28.0 million for the six months ended June 30, 1996, primarily as a result of increased revenues due to the increased subscriber base and the related cost efficiencies recognized. As a result, cellular operating margin (cellular EBITDA as a percentage of cellular service revenues) increased to 33.8% for the six months ended June 30, 1997, from 29.1% for the six months ended June 30, 1996.

Liquidity and Capital Resources

The Company has a credit facility (the "Credit Facility") with a consortium of lenders providing for \$750 million of revolving credit and a \$200 million term loan. A subsidiary of the Company also has a credit facility (the "NORTEL Facility") and, together with the Credit Facility, the "Senior Secured Facilities") with Northern Telecom Inc. and a consortium of lenders. The NORTEL Facility was amended during the second quarter of 1997 to increase the amount of the facility from \$200 million to \$300 million. As of June 30, 1997, \$365 million and \$300 million were outstanding under the Credit Facility and the NORTEL Facility, respectively. The amount currently available at June 30, 1997, for borrowing under the Credit Facility was \$185 million and the total unused portion of the Credit Facility was \$585 million. Indebtedness under the Credit Facility and the NORTEL Facility matures on

March 31, 2005, and December 31, 2003, respectively, and bears interest at variable rates. Substantially all the assets of the Company are pledged as security for such indebtedness.

On April 24, 1997, the Company and Triad Cellular Corporation, Triad Cellular L.P. and certain of their affiliates (collectively "Triad") entered into agreements whereby the Company has agreed to acquire from Triad the cellular business and assets of Triad in the Rural Service Areas ("RSAs") designated as Texas 1, 2, 4, and 5, Utah 3, 4 and 6, Oklahoma 7 and 8 and Minnesota 7, 8 and 9, for an aggregate purchase price of (i) approximately \$180 million, subject to adjustment, plus (ii) 1,600,000 shares of the Company's Class A Common Stock, or, if a registration statement covering such shares of Class A Common Stock is not effective within 90 days after the date of acquisition of such assets, at the option of Triad, \$20.0 million. In addition, the Company has entered into an agreement with Triad whereby the Company agrees to acquire from Triad their rights in and to certain D and E Block FCC licenses with respect to which Triad was the high bidder in the recently conducted FCC auctions, for an aggregate purchase price equal to the amounts paid through the closing to the FCC by Triad for such licenses. Triad's successful bids for such licenses aggregated approximately \$4.8 million.

Over the next six months the Company currently anticipates spending approximately \$30.0 million to expand the initial build-out of its PCS MTA systems and to begin construction of the Seattle and Phoenix/Tucson BTA systems and approximately \$14.6 million for the acquisition of the five remaining D and E Block PCS licenses for which it was the high bidder in the recently concluded FCC auction in 1997. The Company will also require approximately \$185 million to complete the acquisition of Triad in the fourth quarter of 1997. In addition, further funds will be required to finance the continued growth of its cellular and PCS operations (which may be significant), provide for working capital, and service debt. The Company will utilize cash on hand and amounts available for borrowing under the Credit Facility for such purposes. While the Company believes such sources will be sufficient, to the extent that the build-out of the PCS systems or other costs associated with the growth of its business are greater than expected, the Company will need to seek additional financing. The Company continues to consider additional sources of funding to meet those potential needs which may include the issuance of additional indebtedness or the sale of additional equity. There can be no assurance that such funds will be available to the Company on acceptable or favorable terms.

The Company continues to evaluate acquisition opportunities, joint ventures and other potential business transactions. Such transactions, if completed, could require additional funds raised through the issuance of additional indebtedness or the sale of additional equity. There can be no assurance that such funds will be available to the Company on acceptable or favorable terms.

Net cash used in operating activities for the six months ended June 30, 1997, was \$52.1 million. Adjustments to the \$125.2 million net loss for such period to reconcile to net cash used in operating activities primarily included \$61.7 million of depreciation and amortization (including the amortization of deferred financing costs). Other adjustments included changes in operating assets and liabilities, net of effects from consolidating acquired interests, consisting primarily of an increase of \$9.9 million in accrued liabilities and \$6.5 million in accounts receivable, net, as a result of the increase in total revenues and \$3.3 million increase in equity in net loss of unconsolidated affiliates as a result of increased activity in the Company's investments in international ventures as well as its investment in Cook Inlet PCS. Net cash used in operating activities was \$20.6 million for the six months ended June 30, 1998.

Net cash used in investing activities was \$309.1 million for the six months ended June 30, 1997. Investing activities for such period consisted primarily of purchases of property and equipment of \$223.0 million, of which \$194.8 million was attributable to PCS capital expenditures, and purchase of wireless licenses of \$53.4 million as a result of the PCS licenses purchased by the Company from the FCC's D and E Block auctions. Advances made to affiliates increased \$39.6 million primarily due to a revolving loan agreement with Cook Inlet PCS and funding of international ventures partially offset by a \$7.7 million refund of deposits held by the FCC. Net cash used in investing activities was \$203.3 million for the six months ended June 30, 1998.

Net cash provided by financing activities was \$322.6 million for the six months ended June 30, 1997. Financing activities for such period consisted primarily of additions to long-term debt, which provided cash of \$322.0 million. Net cash provided by financing activities was \$306.0 million for the six months ended June 30, 1998.

Cook Inlet PCS owns licenses in 21 PCS BTAs, 7 of which were acquired in the FCC F Block auction in the first quarter of 1997. Cook Inlet PCS is subject to the FCC's build-out requirements and will require significant

additional amounts to complete the build-out of its PCS systems and to meet the government debt service requirements on the license purchase prices. The potential sources of such additional funding include vendor loans, loans or capital contributions by the partners of the partnership or other third party financing. The Company funded the operations of the partnership during the six months ended June 30, 1997, and has entered into a loan agreement with the partnership whereby the Company agreed to provide a revolving term loan to the partnership at an interest rate equal to the higher of fifteen percent or the London Interbank Offer Rate ("LIBOR") plus 5%. At June 30, 1997, the Company had advanced funds totaling \$21.6 million to the partnership.

In the ordinary course of business, the Company continuously reviews potential acquisition opportunities and has entered into various joint development agreements with respect to international interests. Any such prospective acquisitions would be financed with the borrowings under the Credit Facility or additional financing, which may not be on terms favorable to the Company.

Seasonality

The Company, and the wireless communications industry in general, have historically experienced significant subscriber growth during the fourth calendar quarter. Accordingly, during such quarter the Company experiences greater losses on equipment sales and increases in sales and marketing expenses. The Company has historically experienced its highest usage and revenue per subscriber during the summer months. The Company expects these trends to continue.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

On April 29, 1997, Western PCS BTA I Corporation, a wholly-owned subsidiary of the Company ("Western BTA"), received a civil investigative demand from the Department of Justice ("DOJ") requiring production of certain documents and responses to certain interrogatories in connection with the DOJ's investigation of bid rigging and market allocation for PCS licenses auctioned by the FCC. Western BTA understands that similar demands were issued to numerous other participants in the FCC PCS auctions. Western BTA believes that its conduct throughout the PCS auctions was consistent with all FCC regulations and applicable laws and intends to cooperate fully with the DOJ's investigative demand.

Item 2. Changes in Securities

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

- (a) The annual meeting of shareholders of Western Wireless Corporation was held on May 21, 1997.
- (b) The following directors were elected to serve a one year term: John W. Stanton, John L. Bunce, Mitchell Cohen, Daniel J. Evans, Jonathan M. Nelson, and Terence O'Toole.
- (c) The following matters were voted upon at the meeting:
- For the election of directors:

	For	Withheld
John W. Stanton	523,386,453	95,680
John L. Bunce	523,386,142	95,991
Mitchell L. Cohen	523,387,142	94,991
Daniel J. Evans	523,457,960	24,173
Jonathan M. Nelson	523,387,732	94,401
Terence M. O'Toole	523,387,742	94,391

2. Approval of the Company's 1996 Employee Stock Purchase Plan.

For:	521,545,052
Against:	548,079
Withheld:	16,130
Broker Non-votes:	1,376,197

3. Approval of the Company's 1997 Executive Restricted Stock Plan.

For:	521,446,389
Against:	609,727
Withheld:	33,145
Broker Non-votes:	1,376,197

4. Ratification of selection of Arthur Andersen LLP as the Company's independent public accounts for fiscal year 1997.

For:	522,035,580
Against:	1,441,577
Withheld:	8,301

Item 5. Other Information

None.

Item 6.

(a) Exhibit	Description
10.1	Second Amendment to Amended and Restated Loan Agreement by and among Western Wireless Corporation, various financial institutions, and The Toronto-Dominion Bank, Barclays Bank plc and Morgan Guaranty Trust Company of New York as Managing Agents dated May 28, 1997.
27.1	Financial Data Schedule
99.1	Current Report on Form 8-K dated June 19, 1997 (Item 5. Other Events)
(b)	Reports on Form 8-K
	Date of Report: June 19, 1997

SIGNATURES

Pursuant to the requirements 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.

Western Wireless Corporation

By s. Donald Guthrie
Donald Guthrie
Chief Financial Officer

Dated: August 13, 1997

ECLIPSE COMMUNICATIONS CORPORATION

South Dakota Tariff No. 1
Original Page No. 1

SOUTH DAKOTA TARIFF
OF
ECLIPSE COMMUNICATIONS CORPORATION

THIS TARIFF FILED WITH THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION, CONTAINS THE RATES, TERMS, AND CONDITIONS APPLICABLE TO NON-RESIDENTIAL TELECOMMUNICATIONS SERVICES PROVIDED BY ECLIPSE COMMUNICATIONS CORPORATION WITHIN THE STATE OF SOUTH DAKOTA

Issued: , 1997

Issued by:

Gene DeJordy, Esq.
Director-Regulatory Affairs
Eclipse Communications Corporation
2001 NW Sammamish Road
Issaquah, WA 98027

Effective: , 1997

ECLIPSE COMMUNICATIONS CORPORATION

South Dakota Tariff No. 1
Original Page No. 2

CHECK SHEET

Page 1-81 inclusive of this tariff are effective as of the date shown. Original and revised pages, as named below, comprise all changes from the original tariff in effect on the date indicated.

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Effective: , 1997

ECLIPSE COMMUNICATIONS CORPORATION

South Dakota Tariff No. 1
Original Page No. 3

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ECLIPSE COMMUNICATIONS CORPORATION

South Dakota Tariff No. 1
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ECLIPSE COMMUNICATIONS CORPORATION

South Dakota Tariff No. 1
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EXPLANATION OF SYMBOLS, REFERENCE MARKS, AND ABBREVIATIONS OF TECHNICAL TERMS USED IN THIS TARIFF.

The following symbols shall be used in this tariff for the purpose indicated below:

- (C) - To signify changed conditions or regulation.
- (D) - To signify discontinued rate, regulation or condition.
- (I) - To signify increase.
- (K) - To signify that material has been transferred to another sheet or place in the tariff.
- (M) - To signify that material has been transferred from another sheet or place in the tariff.
- (N) - To signify a new rate, regulation, condition or sheet.
- (O) - To signify no change.
- (R) - To signify reduction.
- (T) - To signify a change in text for clarification.

* The use of the symbol "O" shall be discretionary unless its use in the interest of clarity is evident or specifically requested by the Commission.

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APPLICATION OF TARIFF

This tariff sets forth the service offerings, rates, terms and conditions applicable to the furnishing of intrastate telecommunications services by Eclipse Communications Corporation within the State of South Dakota.

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1. DEFINITIONS

Certain terms used generally throughout this tariff are defined below.

Advanced Payment: Payment of all or part of a charge required before the start of service.

Authorized User: A person, firm, corporation or other entity that either is authorized by the Customer to use local exchange telephone service or is placed in a position by the Customer, either through acts or omissions, to use local exchange telephone service.

Call Forward Busy: Automatically routes incoming calls to a designated answering point when the called line is busy.

Call Forward No Answer: Automatically routes incoming calls to a designated answering point when the called line does not answer within a pre-specified number of rings.

Call Forward Variable: Automatically routes incoming calls to a designated answering point, regardless of whether the user's Station is idle or busy.

Call Hold: Allows the User to hold one call for any length of time provided that neither party goes Off Hook.

Call Park: Allows a User to "park" a call against their directory number within the business group and "unpark" the call from any other directory number. A business group consists of a series of Customer-defined telephone numbers.

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1. Definitions (Cont'd)

Call Pickup: Allows a User to answer incoming calls to another Station line within a defined call pickup group. Call Pickup is provided as either Group Call Pickup, where predesignated groups can pickup each other's calls by activating an access code or a feature key, or Directed Call Pickup, where any call can be retrieved by dialing a different access code followed by the extension number.

Call Transfer/Consultation/Conference: Provides the capability to transfer or add a third party, using the same line.

Call Waiting: Provides the User with a burst of tone to indicate that another call is waiting. The second call can either be answered by flashing the switchhook or hanging up the phone and being rung back by the caller.

Call Waiting Cancel: Allows a User to cancel the Call Waiting feature on a per call basis by dialing a specific two digit code.

Calling Number Delivery: Identifies the 10-digit number of the calling party.

Calling Name and Number Delivery: Identifies the name, as provided in the directory listing, as well as the 10-digit number of the calling party.

Calling Number Delivery Blocking: Blocks the delivery of the number to the called party on either a per call or per line basis.

Class of Service (COS): Used to prevent a Station from dialing certain codes and numbers.

Company: Eclipse Communications Corporation., a Delaware corporation, which is the issuer of this tariff.

Commission: The South Dakota Public Utilities Commission.

Conference/Three-Way: The User can sequentially call up to five other people and add them together to make up a three-way call.

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1. Definitions (Cont'd)

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

Customer Group Dialing Plan: A dialing scheme shared by the members of a Customer group, such as 4 digit internal dialing.

Dial Pulse (DP): The pulse type employed by rotary dial Station sets.

Direct Inward Dialing (DID): A service attribute that routes incoming calls directly to Stations, bypassing a central answering point.

Do Not Disturb: Allows the User to prevent incoming calls from ringing its line by diverting them to a tone or a recorded announcement that informs the caller that the User is not accepting calls at this time.

Dual Tone Multi-Frequency ("DTMF"): The pulse type employed by tone dial Station sets.

Exchange Carrier: Any individual, partnership, association, joint-stock company, trust governmental entity or corporation engaged in the provision of local exchange telephone service.

Hunting: Routes a call to an idle Station line. With Serial Hunting, calls to a member of a hunt group will search from that point to the end of the group and stop.

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

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1. Definitions (Cont'd)

Joint User: A person, firm or corporation designated by the Customer as a user of local exchange service furnished to the Customer by the Company, and to whom a portion of the charges for such facilities are billed under a joint use arrangement.

LATA: A local access and transport area established pursuant to the Modification of Final Judgment entered by the United States District Court for the District of Columbia in Civil Actions No. 92-0192 for the provision and administration of communications services.

Least Idle Trunk Selection (LIDL): LIDL trunk selection occurs when a switching unit selects from a Trunk group the Trunk that has been idle for the shortest period of time.

Local Calling: A completed call or telephonic communications between a calling Station and any other station within the local service area of the calling Station.

Local Exchange Carrier: A company which furnishes exchange telephone service.

Mbps: Megabits, or millions of Bits, per second.

Message Waiting: This feature provides an indication to a Station User that a message is waiting. Indications may be visual (lamp) or audible (stuttered dialtone).

Most Idle Trunk Selection (MIDL): MIDL Trunk selection occurs when a switching unit selects from a Trunk group the Trunk that has been idle for the longest period of time.

Multiple Appearance Directory Numbers: A directory number that is assigned more than once to one or more Proprietary Business Sets.

Multi-Frequency ("MF"): An inter-machine pulse-type used for signaling between telephone switches, or between telephone switches and PBX/key systems.

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1. Definitions (Cont'd)

Non-Recurring Charges: The one-time initial charges for services or facilities, including but not limited to charges for construction, installation, or special fees, for which the Customer becomes liable at the time the Service Order is executed.

Off-Hook: The term "off-hook" denotes the active condition of a telephone exchange service line.

On-Hook: The term "on-hook" denotes the idle condition of a telephone exchange service line.

Originating Off-Net: A call originating on and placed via non-Company owned or Company leased facilities.

Originating On-Net: A call originating on and placed via Company owned or Company leased facilities.

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

Service Commencement Date: The first day following the date on which the Company notifies the Customer that the requested service or facility is available for use, unless extended by the Customer's refusal to accept service which does not conform to standards set forth in the Service Order or this tariff, in which case the Service Commencement Date is the date of the Customer's acceptance of service. The parties may mutually agree on a substitute Service Commencement Date.

Service Order: The written request for local exchange services executed by the Customer and the Company in a format specified by the Company. The signing of a Service Order by the Customer and acceptance thereof by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff, but the duration of the service is calculated from the Service Commencement Date.

Service: The Company's telecommunications services offered on the Company's network.

Speed Call: Provides a User with the option to call selected directory numbers by dialing a one or two-digit code.

Station: Telephone equipment; from or to which calls are placed.

Trunk: A communications path connecting two switching systems in a network, used in the establishment of an end-to-end connection.

User: A Customer or any other person authorized by the Customer to use service provided under this tariff.

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2. Regulations

2.1 Undertaking of the Company

2.1.1 Scope

The Company undertakes to furnish communications service in connection with one-way and/or two-way information transmission between points within the State of South Dakota under the terms of this tariff.

Customers may use services and facilities provided under this tariff to obtain access to services offered by other service providers. The Company may act as the Customer's agent for ordering facilities or services provided by other carriers or entities as required in the Commission's rules and orders, when authorized by the Customer. The Company is responsible under this tariff only for the services and facilities provided herein, and it assumes no responsibility for any service provided by any other entity that purchases access to the Company's network in order to originate or terminate its own services, or to communicate with its own Customers. The Customer shall be responsible for all charges due for such service arrangements.

2.1.2 Shortage of Equipment of Facilities

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

2.1.2.2 The furnishing of service under this tariff is subject to the availability on a continuing basis of all the necessary facilities, and is limited to the capacity of the Company's facilities as well as facilities the Company may obtain from other carriers, from time to time, to furnish service as required at the sole discretion of the Company.

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2. Regulations (Cont'd)

2.1 Undertaking the Company (Cont'd)

2.1.3 Terms and Conditions

- 2.1.3.1 Except as otherwise provided herein, service is provided and billed on the basis of a minimum period of at least one month, and shall continue to be provided until canceled by the Customer, in writing, on not less than 30 days notice. Unless otherwise specified herein, for the purpose of computing charges in this tariff, a month is considered to have 30 days. All calculations of dates set forth in this tariff shall be based on calendar days, unless otherwise specified herein.
- 2.1.3.2 Customers may be required to enter into written Service Orders which shall contain or reference the name of the Customer, a specific description of the service ordered, the rate to be charged, the duration of the services, and the terms and conditions in this tariff.
- 2.1.3.3 At the expiration of the initial term specified in each Service Order, or in any extension thereof, service shall continue on a month to month basis at the then current rates unless terminated by either party upon 30 days written notice. Any termination shall not relieve Customer of its obligation to pay any charges incurred under the Service Order and this tariff prior to termination. The rights and obligations which by their nature extend beyond the termination of the term of the Service Order shall survive such termination.

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2. Regulations (Cont'd)

2.1 Undertaking of the Company (Cont'd)

2.1.3 Terms and Conditions (Cont'd)

- 2.1.3.4 This tariff shall be interpreted and governed by the laws of the State of South Dakota without regard of the State's choice of laws provision.
- 2.1.3.5 Another telephone company must not interfere with the right of any person or entity to obtain service directly from the Company.
- 2.1.3.6 The Customer has no property right to the telephone number or any other call number designation associated with services furnished by the Company. The Company reserves the right to change such numbers, or the central office designation associated with such numbers, or both, assigned to the Customer, whenever the Company deems it necessary to do so in the conduct of its business.
- 2.1.3.7 The Customer agrees to operate Company-provided equipment in accordance with instructions of the Company or the Company's agent. Failure to do so will void Company liability for interruption of service and may make the Customer responsible for damage to equipment pursuant to section 2.1.3.8 below.
- 2.1.3.8 The Customer agrees to return to the Company all Company-provided equipment delivered to Customer within five (5) days of termination of the service in connection with which the equipment was used. Said equipment shall be in the same condition as when delivered to Customer, normal wear and tear only excepted. Customer shall reimburse the Company, upon demand, for any costs incurred by the Company due to Customer's failure to comply with this provision.

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2. Regulations (Cont'd)

2.1 Undertaking of the Company (Cont'd)

2.1.4 Liability of the Company

Because the Customer has exclusive control of its communications over the services furnished by the Company, and because interruptions and errors incident to these services are unavoidable, the services the Company furnishes are subject to the terms, conditions, and limitations specified in this tariff and to such particular terms, conditions, and limitations as set forth in the special regulations applicable to the particular services and facilities furnished under this tariff.

2.1.4.1 The liability of the Company for damages arising out of the furnishing of these services, including but not limited to mistakes, omission, interruptions, delays, or errors, or other defects, representations, or use of these services or arising out of the failure to furnish the service, whether caused by acts of commission or omission, shall be limited to the extension of allowances for interruption. The extension of such allowances for interruption shall be the sole remedy of the Customer, authorized user, or joint user and the sole liability of the Company.

2.1.4.2 The Company shall not be liable or responsible for any special, consequential, exemplary, lost profits, or punitive damages, whether or not caused by the intentional acts or omissions or negligence of the Company's employees, agents or contractors.

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2. Regulations (Cont'd)

2.1 Undertaking of the Company (Cont'd)

2.1.4 Liability of the Company (Cont'd)

- 2.1.4.3 The Company shall not be liable for any failure of performance or equipment due to causes beyond its control, including but not limited to: acts of God, fire, flood or other catastrophes; any law, order, regulations, direction, action, or request of the United States Government, or of any other government, including state and local governments having or claiming jurisdiction over the Company, or of any department, agency commission, bureau, corporation, or other instrumentality of any one or more of these federal, state, or local governments, or any civil or military authority; national emergencies; insurrections; riots; wars; unavailability of rights-of-way or materials; or strikes, lock-outs, work stoppages, or other labor difficulties.
- 2.1.4.4 The Company shall not be liable for any act or omission of any entity furnishing to the Company or the Company's Customers facilities or equipment used for or with the services the Company offers.
- 2.1.4.5 The Company shall not be liable for any outages caused by the facilities or equipment of any carrier furnishing services to the Company.
- 2.1.4.6 The Company shall not be liable for any damages or losses due to the fault or negligence of the Customer or due to the failure or malfunction of Customer provided equipment or facilities.
- 2.1.4.7 The Company shall not be liable for the claims of vendors supplying equipment to Customers of the Company which may be installed at premises of the Company nor shall the Company be liable for the performance of said vendor or vendor's equipment.
- 2.1.4.8 The Company does not guarantee nor make any warranty with respect to installations it provides for use in an explosive atmosphere. The Customer indemnifies and holds the Company harmless from any and all loss, claims, demands, suits, or other action, or any liability whatsoever, whether suffered, made, instituted, or asserted by any other party or person(s), and for any loss, damage, or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, presence, condition, location, or use of any installation so provided.

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2. Regulations (Cont'd)

2.1 Undertaking of the Company (Cont'd)

2.1.4 Liability of the Company (Cont'd)

- 2.1.4.9 The Company is not liable for any defacement of or damage to the premises of a Customer (or authorized or joint user) resulting from the furnishing of services or equipment on such premises or the installation or removal thereof, when such defacement or damage is not the result of negligence or willful misconduct on the part of the agents or employees of the Company.
- 2.1.4.10 The Company shall not be liable for any damages resulting from delays in meeting any service dates due to delays resulting from normal construction procedures. Such delays shall include, but not be limited to, delays in obtaining necessary regulatory approvals for construction, delays in obtaining right-of-way approvals and delays in actual construction work.
- 2.1.4.11 The Company shall not be liable for any damages whatsoever to property resulting from the installation, maintenance, repair or removal of equipment and associated wiring unless the damage is caused by the Company's willful misconduct or negligence.

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2. Regulations (Cont'd)

2.1 Undertaking of the Company (Cont'd)

2.1.4 Liability of the Company (Cont'd)

- 2.1.4.12 The Company shall not be liable for and damages whatsoever associated with service, facilities, or equipment which the Company does not furnish or for any act or omission of Customer or any other entity furnishing services, facilities or equipment used for or in conjunction with Eclipse South Dakota service.
- 2.1.4.13 The Company shall not incur any liability, direct or indirect, to any person who dials or attempts to dial the digits "9-1-1" or to any other person who may be affected by the dialing of the digits "9-1-1".
- 2.1.4.14 The liability of the Company for errors in billing that result in overpayment by the Customer shall be limited to a credit equal to the dollar amount erroneously billed, or in the event that payment has been made and service has been discontinued, to a refund of the amount erroneously billed.
- 2.1.4.15 THE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OR MERCHANTABILITY AND FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

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2. Regulations (Cont'd)

2.1 Undertaking of the Company (Cont'd)

2.1.5 Notification of Service-Affecting Activities

The Company will provide the Customer reasonable notification of service-affecting activities that may occur in normal operation of its business. Such activities may include, but are not limited to, equipment or facilities additions, removals or rearrangements and routine preventative maintenance. Generally, such activities are not specific to an individual Customer but affect many Customers' services. No specific advance notification period is applicable to all service activities. The Company will work cooperatively with the Customer to determine the reasonable notifications requirements. With some emergency or unplanned service-affecting conditions, such as outage resulting from cable damage, notification to the Customer may not be possible.

2.1.6 Provision of Equipment and Facilities

2.1.6.1 The Company shall use reasonable efforts to make available services to a Customer on or before a particular date, subject to the provisions of and compliance by the Customer with, the regulations contained in this tariff. The Company does not guarantee availability by any such date and shall not be liable for any delays in commencing service to any Customer.

2.1.6.2 The Company shall use reasonable efforts to maintain facilities that it furnishes to the Customer. The Customer may not, nor may the Customer permit others to, rearrange, disconnect, remove, attempt to repair or otherwise interfere with any of the facilities installed by the Company, except upon the written consent of the Company.

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2. Regulations (Cont'd)

2.1 Undertaking of the Company (Cont'd)

2.1.6 Provision of Equipment and Facilities (Cont'd)

2.1.6.3 Equipment installed at the Customer Premises for use in connections with the services the Company offers shall not be used for any purpose other than that for which the Company provided it.

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

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

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2. Regulations (Cont'd)

2.1 Undertaking of the Company (Cont'd)

2.1.7 Non-routine installation

At the Customer's request, installation and/or maintenance may be performed outside the Company's regular business hours or in hazardous locations in accordance with the provisions of 2.3.1(e). In such cases, charges based on cost of the actual labor, material, or 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.

2.1.8 Ownership of Facilities

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

2.1.9 Telecommunications Service Priority

The Telecommunications Service Priority System is the regulatory, administrative and operational system authorizing and providing for priority treatment, to provide and restore National Security Emergency Preparedness Telecommunications service. Under the rules of the Telecommunications Service Priority System, The Telephone Company is authorized and required to provide and restore services with Telecommunications Service Priority assignments before services without such assignments. The provision and restoration of Telecommunications Service Priority System services shall be in compliance with Part 64, Appendix A, of the Federal Communications Commission's Rules and Regulations, the guidelines set forth in Telecommunications Service Priority for National Security Emergency Preparedness Service User Manual and Service Vendor Handbook.

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2. Regulations (Cont'd)

2.2 Prohibited Uses

- 2.2.1 The service the Company offers shall not be used for any unlawful purpose or for any use as to which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits.
- 2.2.2 The Company may require a Customer to immediately shut down its transmission of signals if said transmission is causing interference to others.

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2. Regulations (Cont'd)

2.3 Obligations of the Customer

2.3.1 General

The Customer shall be responsible for:

- (a) the payment of all applicable charges pursuant to this tariff;
- (b) reimbursing the Company for damage to, or loss of, the Company's facilities or equipment caused by the acts or omissions of the Customer, or the noncompliance by the Customer, with these regulations; or by fire or theft or other casualty on the Customer's premises, unless caused by the negligence or willful misconduct of the employees or agents of the Company. The Company will, upon reimbursement for damages, cooperate with the Customer in prosecuting a claim against the person causing such damage and the Customer shall be subrogated to the Company's right of recovery of damages to the extent of such payment.
- (c) providing at no charge, as specified from time to time by the Company, any needed personnel, equipment, space and power to operate Company facilities and equipment installed on the premises of the Customer, and the level of heating and air conditioning necessary to maintain the proper operating environment on such premises;
- (d) Obtaining, maintaining, and otherwise having full responsibility for all rights-of-way, rooftop rights, and conduit necessary for installation of equipment used to provide local exchange service to the Customer from the cable building entrance or property line to the location of the equipment space described in 2.3.1(c). Any costs associated with the obtaining and maintaining the rights-of-way described herein, including the costs of altering the structure to permit installation of the Company-provided facilities, shall be borne entirely by, or may be charged by the Company to, the Customer. The Company may require the Customer to demonstrate its compliance with this section prior to accepting an order for service.

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2. Regulations (Cont'd)

2.3 Obligations of the Customer (Cont'd)

2.3.2 Claims

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

- (a) any loss, destruction or damage to property of the Company or any third party, or the death of or injury to persons, including, but not limited to, employees or invitees of either the Company or the Customer, to the extent caused by or resulting from the negligent or intentional act or omission of the Customer, its employees, agents, representatives or invitees; or
- (b) any claim, loss damage, expense or liability for infringement of any copyright, patent, trade secret, or any proprietary or intellectual property right of any third party, arising from any act or omission by the Customer, including, without limitation, use of the Company's services and facilities in a name not contemplated by the agreement between the Customer and the Company.

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2. Regulations (Cont'd)

2.4 Customer Equipment and Channel

2.4.1 General

A Customer may transmit or receive information or signals via the facilities of the Company.

2.4.2 Station Equipment

2.4.2.1 The Customer is responsible for providing and maintaining any terminal equipment on the Customer premises. The electric power consumed by such equipment shall be provided by, and maintained at the expense of the Customer. All such terminal equipment must be registered with the FCC under 47 C.F.R., Part 68 and all wiring must be installed and maintained in compliance with those regulations. The Company will, where practicable, notify the Customer that temporary discontinuance of the use of a service may be required; however, where prior notice is not practicable, nothing contained herein shall be deemed to impair the Company's right to discontinue forthwith the use of a service temporarily if such action is reasonable under the circumstances. In case of such temporary discontinuance, the Customer will be promptly notified and afforded the opportunity to correct the condition which gave rise to the temporary discontinuance. During such period of temporary discontinuance, credit allowance for service interruptions as set forth in Section 2.6 following is not applicable.

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2. Regulations (Cont'd)

2.4 Customer Equipment and Channel (Cont'd)

2.4.2 Station Equipment (Cont'd)

2.4.2.2 The Customer is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltages and currents impressed on Company-provided equipment and wiring by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to the Company-provided equipment and wiring or injury to the Company's employees or other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense.

2.4.3 Interconnection of Facilities

2.4.3.1 Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the Company used for furnishing local exchange service and the channels, facilities, or equipment of others may be provided at the Customer's expense.

2.4.3.2 Local Service may be connected to the services or facilities of other communications carriers only when authorized by, and in accordance with, the terms and conditions of the tariffs of the other communications carriers which are applicable to such connections.

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

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2. Regulations (Cont'd)

2.4 Customer Equipment and Channel (Cont'd)

2.4.4 Inspections

2.4.4.1 Upon reasonable notification to the Customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the Customer is complying with the requirements set forth in Section 2.4.2.2 for the installation, operation, and maintenance of Customer-provided facilities and equipment to Company-owned facilities and equipment. No credit will be allowed for any interruptions occurring during such inspections.

2.4.4.2 If the protective requirements for Customer-provided equipment are not being complied with, the Company may take such action as it deems necessary to protect its facilities, equipment, and personnel. The Company will notify the Customer promptly if there is any need for further corrective action. Within ten days of receiving this notice the Customer must take this corrective action and notify the Company of the action taken. If the Customer fails to do this, the Company may take whatever additional action is deemed necessary, including the suspension of service, to protect its facilities, equipment and personnel from harm. The Company will, upon request 24 hours in advance, provide the Customer with a statement of technical parameters that the Customer's equipment must meet.

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2. Regulations (Cont'd)

2.5 Payment Arrangements

2.5.1 Payment for Service

The Customer is responsible for payment of all charges for service and facilities furnished by the Company to the Customer or its Joint or Authorized Users. Objections must be received by the Company within 30 days after statement of account is rendered, or the charges shall be deemed correct and binding upon the Customer. If an entity other than the Company imposes charges on the Company, in addition to its own internal costs, in connection with a service for which a Company Non-Recurring Charge is specified, those charges may be passed on to the Customer.

2.5.1.1 Taxes: The Customer is responsible for the payment of any sales, use, gross receipts, excise, access or other local, state and federal taxes, charges, user fees, or surcharges (however designated) excluding taxes on the Company's net income imposed on or based upon the provision of Local Exchange Services, all of which shall be separately designated on the Company's invoices. Any taxes imposed by a local jurisdiction (e.g., County and municipal taxes) will only be recovered from those Customers residing in the affected jurisdictions. It shall be the responsibility of the Customer to pay any such taxes that subsequently become applicable retroactively.

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2. Regulations (Cont'd)

2.5 Payment Arrangements (Cont'd)

2.5.1 Payment for Service (Cont'd)

- 2.5.1.2 A surcharge is imposed on all charges for service originating at addresses in states which levy, or assert a claim of right to levy, a gross receipt tax on the Company's operations in any such state, or a tax on interstate access charges incurred by the Company for originating access to telephone exchanges in that state. This surcharge is based on the particular state's receipts tax and other state taxes imposed directly or indirectly upon the Company by virtue of, and measured by, the gross receipts or revenues of the Company in that state and/or payment of interstate access charges in that state. The surcharge will be shown as a separate line item on the Customer's monthly invoice.

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2. Regulations (Cont'd)

2.5 Payment Arrangements (Cont'd)

2.5.2 Billing and Collection of Charges

Bills will be rendered monthly to Customer.

2.5.2.1 All service, installation, monthly Recurring Charges and Non-Recurring Charges are due and payable upon receipt. Interest at the maximum rate allowed by law may be applied to any unpaid amount commencing 20 days after the statement date.

2.5.2.2 The Company shall present bills for Recurring and Usage Charges monthly to the Customer, in arrears of the month for which service is provided.

2.5.2.3 For new Customers or existing Customers whose service is disconnected, the charge for the fraction of the month in which service was furnished will be calculated on a pro-rata basis. For this purpose, every month is considered to have 30 days.

2.5.2.4 Amounts not paid within 20 days after the date of invoice are considered past due.

2.5.2.5 A \$15.00 charge will be assessed for all checks returned for insufficient or uncollected funds or non-existing or closed accounts, apparent tampering, missing signature or endorsement, or any other insufficiency or discrepancy necessitating return of the instrument at the discretion of the drawee bank.

2.5.2.6 In the event that legal action is instituted by the Company to recover any sums then due, and the Company prevails, the Company shall be entitled to recover any sums due, attorneys fees and expenses, and any other relief allowed by law.

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2. Regulations (Cont'd)

2.5 Payment Arrangements (Cont'd)

2.5.3 Disputed Bills

The Customer shall notify the Company of any disputed items on a bill within 30 days of receipt of the bill. Upon receipt of a billing inquiry, charges involved in the disputed element(s) of the invoice will be temporarily suspended pending resolution of the dispute. The Customer, however, remains responsible for the timely payment of the non-disputed elements of the invoice. Customer is responsible to pay any amount determined in the resolution to be due and owing, including a late payment charge, from the date the charges were originally due and owing to the Company.

If the Customer and the Company are unable to resolve the dispute to their mutual satisfaction, the Customer may file a complaint with the Commission in accordance with the Commission's rules of procedure.

2.5.3.1 The date of the dispute shall be the date the Company received sufficient documentation to enable it to investigate the dispute.

2.5.3.2 The date of the resolution is the date the Company completes its investigation and notifies the Customer of the disposition of the dispute.

2.5.4 Advance Payments

To safeguard its interests, the Company may require a Customer to make an Advance Payment before services and facilities are furnished. The Advance Payment will not exceed an amount equal to the Non-Recurring Charge(s) and three months' charges for the service of facility. In addition, where special construction is involved, the Advance Payment may also include an amount equal to the estimated Non-Recurring Charges for the special construction and Recurring Charges (if any) for a period to be set between the Company and the Customer. The Advance Payment will be credited to the Customer's initial bill. An advance Payment may be required in addition to a deposit.

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2. Regulations (Cont'd)

2.5 Payment Arrangements (Cont'd)

2.5.5 Deposits

2.5.5.1 Applicants for service or existing Customer's whose financial condition is not acceptable to the Company, or is not a matter of general knowledge, may be required at any time to provide the Company a security deposit. The deposit requested will be in cash or the equivalent of cash, and will be held as a guarantee for the payment of charges. A deposit does not relieve the Customer of the responsibility for the prompt payment of bills on presentation. The deposit will not exceed an amount equal to:

- (a) two month's actual or estimated charges for local exchange and/or long distance services or facilities which have a minimum payment period of one month; or
- (b) one-sixth (1/6) of the charges that would apply for the minimum payment period for a service or facility which has a minimum payment period of more than one month; except that the deposit may include an additional amount in event that a termination charge is applicable. In addition, the Company shall be entitled to require such an applicant or Customer to pay all its bills within a specified period of time, and to make such payments in cash or the equivalent of cash. At the Company's option, such deposit may be refunded to the Customer's account at any time. Also, the Company reserves the right to cease accepting and processing Service Orders after it has requested a security deposit and prior to the Customer's compliance with this request.

2.5.5.2 A deposit may be required in addition to an advance payment.

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2. Regulations (Cont'd)

2.5 Payment Arrangements (Cont'd)

2.5.5 Deposits (Cont'd)

2.5.5.3 When a service or facility is discontinued, the amount of a deposit, if any, will be applied to the Customer's account and any credit balance remaining will be refunded. Before the service or facility is discontinued, the Company may, at its option, return the deposit or credit it to the Customer's account.

2.5.5.4 Deposits held will accrue interests based upon a simple average of the effective interest rate for new issues on one year Treasury Bills, computed from December 1 of each year, continuing through November 30 of the following year. Deposits would earn interest during January 1 through December 31 of the subsequent year.

2.5.6 Discontinuance of Service

Eclipse may refuse, discontinue or suspend service, without incurring any liability, under the following conditions provided that, unless otherwise stated, the Customer shall be given prior written notice in accordance with the Commission's rules:

2.5.6.1 Upon nonpayment of any charges, including deposits for security of payment of service in accordance with Section 2.5.5., owing to the Company.

2.5.6.2 Upon nonpayment of bills fifteen (15) or more days past due.

2.5.6.3 Upon violation of any of the other material terms or conditions for furnishing service if such violation continues during the notice period.

2.5.6.4 Upon condemnation of any material portion of the facilities used by the Company to provide service to a Customer or if a casualty renders all or any material portion of such facilities inoperable beyond feasible repair, the Company, by notice to the Customer, may discontinue or suspend service without incurring any liability.

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2. Regulations (Cont'd)

2.5 Payment Arrangements (Cont'd)

2.5.6 Discontinuance of Service (Cont'd)

- 2.5.6.5 Upon the Customer's insolvency, assignment for the benefit of creditors, filing for bankruptcy or reorganization, failing to discharge an involuntary petition within the time permitted by law, or abandonment of service, the Company may, with prior notice to Customer, immediately discontinue or suspend service without incurring any liability.
- 2.5.6.6 Upon any governmental prohibition, or required alteration of the services to be provided or any violation of any applicable law or regulation, the Company may immediately discontinue or suspend service without incurring any liability.
- 2.5.6.7 For non-compliance with or violation of any State, municipal, or Federal law, ordinance or regulation pertaining to telephone service.
- 2.5.6.8 For noncompliance with or violation of Department regulation.
- 2.5.6.9 For use of telephone service for any other property or purpose than that described in the application.
- 2.5.6.10 For neglect or refusal to provide reasonable access to Eclipse or its agents for the purpose of inspection and maintenance of equipment owned by Eclipse or its agents.
- 2.5.6.11 For noncompliance with any provision of this tariff if the noncompliance is not corrected within the notice period.
- 2.5.6.12 Immediately and without notice if the Company deems that such action is necessary to prevent or to protect against fraud or to otherwise protect its personnel, agents, facilities or services. The Company may discontinue service pursuant to this sub-section 2.5.6.12 (a-f) in the event of:
 - (a) refusal to furnish information to the Company regarding the Customer's credit-worthiness, its past or current use of common carrier communications services or its planned use of service(s); or
 - (b) provision of false information to the Company regarding the Customer's identity, address, credit-worthiness, past or current use of common carrier communications services, or its planned use of the Company's service(s); or
 - (c) ten (10) days written notice by the Company of any past due amount (which remains unpaid in whole or in part) for any of the Company's other common carrier communications services to which the Customer either subscribes or had subscribed or used; or

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2. Regulations (Cont'd)

2.5 Payment Arrangements (Cont'd)

2.5.6 Discontinuance of Service (Cont'd)

- (d) use, or attempted use, of the service with the intent to avoid payment either in whole or in part, of the tariffed charges for the service by:
 - (d.1) Using or attempting to use service by rearranging, tampering with, or making connections to the Company's service not authorized by this tariff.
 - (d.2) Using tricks, schemes, false or invalid numbers, false credit devices, electronic devices; or
 - (d.3) Any other fraudulent means or devices; or
- (e) Use of service or equipment in such a manner as to adversely affect or interfere with Eclipse's equipment or the service of other users; or
- (f) Unauthorized or fraudulent use of service. Whenever service is discontinued for fraudulent use of service, Eclipse may, before restoring service, require the Customer to make, at his or her own expense, all changes in facilities or equipment necessary to eliminate illegal use and to pay an amount reasonably estimated as the loss in revenue resulting from such fraudulent use.
- (g) Without notice by reason for any order or decision of a court or other government authority having jurisdiction which prohibits Carrier from furnishing such services.

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2 Regulations (Cont'd)

2.5 Payment Arrangements (Cont'd)

2.5.6 Discontinuance of Service (Cont'd)

2.5.6.13 The suspension or discontinuance of service(s) by the Company pursuant to this Section does not relieve the Customer of any obligation to pay the Company for charges due and owing for service(s) furnished during the time of or up to suspension or discontinuance.

2.5.6.14 Upon the Company's discontinuance of service to the Customer under Section 2.5.6.1, 2.5.6.2, or 2.5.6.3., all applicable charges, including termination charges, shall become due. This is in addition to all other remedies that may be available to the Company at law or in equity or under any other provision of this tariff.

2.6 Allowances for Interruptions of Service

2.6.1 Credit for Interruptions:

2.6.1.1 When the use of service or facilities furnished by the Company is interrupted, except as specified in Section 2.6.2. below, a pro rata adjustment of the monthly Recurring Charges subject to interruption will be allowed for the service and facilities rendered useless and inoperative by reason of the interruption whenever said interruption continues for a period of 24 hours or more from the time the interruption is reported to or known to exist by the Company, except as otherwise specified in the Company's tariffs. A service is interrupted when it becomes inoperative to the Customer, e.g., the Customer is unable to transmit or receive, because of a failure of a component furnished by the Company under this tariff.

2.6.1.2 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. No credit allowances will be made for a service, facility or circuit considered by the Company to be impaired.

2.6.1.3 An interruption period begins when the Customer reports a service, facility or circuit to be inoperative and, if necessary, releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative.

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2. Regulations (Cont'd)

2.6 Allowances for Interruptions of Service (Cont'd)

2.6.1 Credit for Interruptions (Cont'd)

2.6.1.4 For calculating credit allowances, every month is considered to have 30 days. A credit allowance is applied on a pro rata basis against the monthly Recurring Charges specified hereunder for Basic Access or Local Trunk Service and is dependent upon the length of the interruption. Only those facilities on the interrupted portion of the circuit will receive a credit.

2.6.1.5 Credit allowances for service outages that exceed 24 hours in duration but are less than 72 hours in duration will be credited as follows:

<u>Length of Interruption</u>	<u>Interruption Period To Be Credited</u>
Up to but not including 3 hours	1/10 Day
3 hours up to but not including 6 hours	1/5 Day
6 hours up to but not including 9 hours	2/5 Day
9 hours up to but not including 12 hours	3/5 Day
12 hours up to but not including 15 hours	4/5 Day
15 hours up to but not including 24 hours	One Day

2.6.1.6 Interruptions over 72 hours will be rounded up to the next whole 24 hours.

2.6.2 Limitations on Allowances

No credit allowance will be made for:

- (a) interruptions due to the negligence of, or noncompliance with the provisions of the tariff by, the Customer, Authorized User, Joint-User, or other common carrier providing service connected to the service of Company;

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2. Regulations (Cont'd)

2.6 Allowances for Interruptions of Service (Cont'd)

2.6.2 Limitations on Allowances (Cont'd)

- (b) interruptions due to the negligence of any person other than the Company, including, but not limited to, the Customer or other common carriers connected to the Company's facilities;
- (c) interruptions due to the failure or malfunction of facilities, systems, power, connections, services or equipment not provided by the Company;
- (d) 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;

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2. Regulations (Cont'd)

2.6 Allowances for Interruptions of Service (Cont'd)

2.6.2 Limitations on Allowances

- (e) interruptions of service during a period in which the Customer continues to use the service on an impaired basis;
- (f) 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;
- (g) interruption of service due to circumstances or causes beyond the control of the Company;
- (h) that occurs or continues due to the Customer's failure to authorize replacement of any element of special construction; and
- (i) that was not reported to the Company within thirty (30) days of the date that service was affected.

2.6.3 Use of Alternative Service by the Company: Should the Customer elect to use an alternative service provided by the Company during the period that a service is interrupted, the Customer must pay the tariffed rates and charges for the alternative service used.

2.7 Cancellation of Service

2.7.1 Cancellation of Application for Service

- 2.7.1.1 Applications for service are noncancellable unless the Company otherwise agrees. Where the Company permits Customer to cancel an application for service prior to the start of service or prior to any special construction, no charges will be imposed except for those specified below.
- 2.7.1.2 Where, prior to cancellation by the Customer, the Company incurs any expenses in installing the service or in preparing to install the service that it otherwise would not have incurred, a charge equal to the costs the Company incurred shall apply, but in no case shall this charge exceed the sum of the charge for the minimum period of service ordered, including installation charges, and all charges others levy against the Company that would have been chargeable to the Customer had service begun.
- 2.7.1.3 The special charges described in 2.7.1.1 and 2.7.1.2 will be calculated and applied on a case-by-case basis.

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2. Regulations (Cont'd)

2.7 Cancellation of Service (Cont'd)

2.7.2 Cancellation of Service by the Customer

If a Customer cancels a Service Order or terminates services before the completion of the term for any reason whatsoever other than a service interruption (as defined in 2.6.1 and 2.6.2 above), Customer agrees to pay to Company the following sums which shall become due and owing as of the effective date of the cancellation or termination and be payable within the period set forth in 2.5.2:

2.7.2.1 All costs, fees and expenses reasonably incurred in connection with

- (1) All Non-Recurring Charges reasonably expended by Company to establish service to Customer, plus
- (2) any disconnection, early cancellation or termination charges reasonably incurred and paid to third parties by Company on behalf of Customer, plus
- (3) all Recurring Charges specified in the applicable Service Order tariff for the balance of the then current term.

2.7.2.2 In cases where there is a minimum service period, the Customer terminates service prior to expiration of that period, Customer shall be liable for the number of months or portion of a month remaining within the minimum service period.

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2. Regulations (Cont'd)

2.8 Customer Liability for Unauthorized Use of The Network

2.8.1 Unauthorized Use of the Network

2.8.1.A Unauthorized use of the Network occurs when: (1) a person or entity that does not have actual, apparent or implied authority to use the Network, obtains the Company's services provided under this Tariff; or (2) a person or entity that otherwise has actual, apparent or implied authority to use the Network, makes fraudulent use of the Network to obtain the Company's services provided under this Tariff, or uses specific services that are not authorized.

2.8.1.B The following activities constitute fraudulent use:

- (1) Using the Network to transmit a message, locate a person or otherwise give or obtain information, without payment for the service;
- (2) Using or attempting to use the Network with the intent to avoid payment, either in whole or in part, of any of the Company's tariffed charges by either rearranging, tampering with, or making connections not authorized by this Tariff to any service components used to furnish the Company's services or using fraudulent means or devices, tricks, schemes, false or invalid numbers, false credit devices or electronic devices;
- (3) 800 callers using the Network with the intent of gaining access to a Customer's outbound calling capabilities on an unauthorized basis; and
- (4) Using fraudulent means or devices, tricks, schemes, false or invalid numbers, false credit devices or electronic devices to defraud or mislead callers.

2.8.1.C Customers are advised that use of telecommunications equipment and services, including that provided under this Tariff, carries a risk of various forms of telecommunications fraud (including, but not limited to, toll and PBX fraud perpetrated by Users who gain access to a Customer's facilities, account numbers, security or authorization codes, etc.). Customers should take all necessary steps to restrict access to their facilities, including the equipment and services provided hereunder, and to detect and prevent unauthorized use of the equipment and services provided by the Company under this Tariff.

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2. Regulations (Cont'd)

2.8 Customer Liability for Unauthorized Use of the Network, cont'd

2.8.2 Liability for Unauthorized Use

2.8.2 A Except as provided for elsewhere in this Tariff, the Customer is responsible for payment of all charges for services provided under this Tariff furnished to the Customer or User. This responsibility is not changed due to any use, misuse or abuse of the Customer's service or Customer-provided equipment by Users or other third parties, the Customer's employees, or the public.

2.8.2 B The Customer is responsible for payment of all outbound call charges arising from calls placed to a Customer's 800 service number, whether or not such calls are authorized or fraudulent, where the User gains access to the Customer's outbound calling equipment and services.

2.8.2 C The Customer is liable for all costs incurred as a result of unauthorized use of the Network, including service charges and any direct, indirect, special, incidental, reliance, consequential, exemplary or punitive damages.

2.8.2 D The Customer is responsible for payment of any charges related to the suspension and/or termination of service, and any charges for reconnection of service, incurred as a result of unauthorized use of the Network.

2.8.3 Liability for Calling Card Fraud

2.8.3 A The Customer is liable for the unauthorized use of the Network obtained through the fraudulent use of a Company Calling Card, provided that the unauthorized use occurs before the Company has been notified.

2.8.3 B The Customer must give the Company notice that unauthorized use of a Company Calling Card has occurred or may occur as a result of loss, theft or other reasons. For the purposes of this section, "notice" occurs when the Company receives written confirmation that unauthorized use of a Company Calling Card has occurred or may occur as a result of loss, theft or other reasons.

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2. Regulations (Cont'd)

2.8 Customer Liability for Unauthorized Use of the Network, cont'd

2.8.4 Liability for Credit Card Fraud

2.8.4.A The Customer is liable for the unauthorized use of the Network obtained through the fraudulent use of a Credit Card, provided: (1) the Credit Card is an accepted credit card, and (2) the unauthorized use occurs before the Company has been notified.

2.8.4.B An accepted credit card is any credit card that a cardholder has requested or applied for and received, or has signed, used, or authorized another person to use to obtain credit. Any credit card issued as a renewal or substitute in accordance with this paragraph is an accepted credit card when received by the cardholder.

2.8.4.C The liability of the Customer for unauthorized use of the Network by Credit Card Fraud will not exceed the lesser of \$50 of the amount of money, property, labor or services obtained by the unauthorized user before notification to the Company.

2.8.4.D The Customer must give the Company notice that unauthorized use of a Credit Card has occurred or may occur as a result of loss, theft or other reasons. For the purposes of this section, "notice" occurs when the Company receives written confirmation that unauthorized use of a Credit Card has occurred or may occur as a result of loss, theft or other reasons.

2.9 Restoration of Service

A non-recurring restoration charge of \$25.00 applies to the restoration of suspended service and facilities because of nonpayment of bills and is payable at the time that the restoration of the suspended service and facilities is arranged. The restoration charge does not apply when, after disconnection of service, service is later re-installed.

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2. Regulations (Cont'd)

2.10 Transfer of Assignment

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

2.11 Notices and Communications

2.11.1 The Customer shall designate on the Service Order an address to which the Company shall mail or deliver all notices and other communications, except that Customer may also designate a separate address to which the Company's bills for service shall be mailed.

2.11.2 The Company shall designate on the Service Order and address to which the Customer shall mail or deliver all notices and other communications, except that Company may designate a separate address on each bill for service to which the Customer shall mail payment on that bill.

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2. Regulations (Cont'd)

2.11 Notices and Communications (Cont'd)

- 2.11.3 All notices or other communications required to be given pursuant to this tariff will be in writing. Notices and other communications of either party, and all bills mailed by the Company, shall be presumed to have been delivered to the other party on the third business day following deposit of the notice, communication or bill with the U.S. Mail or a private delivery service, prepaid and properly addressed, or when actually received or refused by the addressee, whichever occurs first.
- 2.11.4 The Company or the Customer shall advise the other party of any changes to the addresses designated for notices, other communications or billing, by following the procedures for giving notice set forth herein.

3. Service Descriptions

- 3.1 Local Exchange Service: The Company's Local Telephone Service provides a Customer with the ability to connect to the Company's switching network which enables the Customer to:

- place or receive calls to any calling Station in the local calling area, as defined herein;
- place or receive interLATA calls;
- place or receive intraLATA calls;
- access enhanced 911 Emergency Service where available;
- access Operator Services;
- access Directory Assistance;
- place or receive calls to 800 telephone numbers;
- access Telecommunication Relay Service.

The Company's service cannot be used to originate calls to other telephone companies caller-paid information services (e.g., 900, 976). Calls to those numbers and other numbers used for caller-paid information services will be blocked by the Company's switch.

- 3.1.1 Local Exchange Service Area: Local Exchange services are provided in limited geographic areas. Where facilities are available, local exchange services may be offered in the service territory of U.S. West.
- 3.1.2 Local Calling Areas: Exchanges and zones included in the local calling areas, including EAS areas, are the same as those set forth in the U.S. West tariff currently on file with the Commission. NXX's associated with each particular exchange or zone may be found in the telephone directory published by U.S. West in the Customer's exchange area.

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3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

- 3.1.3 Basic Access: Basic Access provides the Customer with a single, voice-grade communications channel from a Customer's location to the Eclipse central office and gives the Customer the ability to complete local calls. Each Basic Access will include a telephone number.

3.1.3.1 Basic Access Service is available in the following offerings:

- a. Eclipse Basic Service: Basic Access service includes the following standard features at no additional charge:

Touchtone
Calling Number Delivery Blocking (Per Call)

- b. RESERVED FOR FUTURE USE

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3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Basic Access (Cont'd)

3.1.3.2 Optional Features: A Eclipse Basic Customer may order, in addition to the standard features included in each service, the following optional features, at the rates specified in Section 3.1.3.3.2.

- Calling Number Delivery
- Calling Name and Number Delivery
- Calling Number Delivery Blocking (Per Line)
- Call Waiting
- Call Waiting - Cancel
- Speed Dial
- Call Forward, Variable
- Call Forward, No Answer
- Call Forward, Busy
- Call Transfer, Consultation and Conference
- Conference Call Three-way
- Hunting

3.1.3.3 Basic Access Rates and Charges: A Basic Access Customer will be charged applicable Non-Recurring Charges, monthly Recurring Charges and Message charges as specified in Sections 3.1.3.3.1, 3.1.3.3.2, and 3.1.3.3.4, respectively.

3.1.3.3.1 Non-Recurring Charges

Line Connection Charge (per line)	\$ TBD
Conversion Charge	\$ TBD
Subsequent Account Changes (Changes, Additions per order)	\$ TBD
Presubscription Change (Changes, per line)	\$ TBD

NOTE:

Non-recurring account change charges will not apply during the initial 10 day period following completion of a service order.

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3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Basic Access (Cont'd)

3.1.3.3.1 Non-Recurring Charges (Cont'd)

Line Restoral \$ TBD

Suspension of Service Charge \$ TBD

(Applies for line restoral after temporary interruption of service initiated by the Company. If service is temporarily interrupted and payment is not received within 10 days following the interruption, the Company reserves the right to discontinue service. Also applies to the restoral of service after a Customer-initiated suspension.

Optional Features:

No additional charge applies if ordered at time of service initiation. If ordered subsequent, the subsequent account charge applies as specified in above.

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3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Basic Access (Cont'd)

3.1.3.3.2	<u>Recurring Charges</u>	<u>Monthly</u>
	Eclipse Basic Access - Line Charge	
	1-4 access lines	\$ TBD
	5+ access lines	\$ TBD

Volume and Term discounts may apply on an individual case basis for access lines greater than 5.

Optional Features:

Call Waiting	\$ TBD
Call Waiting - Cancel	\$ TBD
Calling Number Delivery	\$ TBD
Calling Name and Number Delivery	\$ TBD
Calling Number Deliver Blocking (per line)	\$ TBD
Speed Dial	\$ TBD
Call Forward, Variable	\$ TBD
Call Forward, No Answer	\$ TBD
Call Forward, Busy	\$ TBD
Call Transfer, Consultation and Conference	\$ TBD
Conference Call Three-way	\$ TBD
Hunting	\$ TBD

All charges in this section are on a per line basis

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3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.4 Private Branch Exchange (PBX) Service: PBX Trunk(s) provide Customer with voice-grade communication channel(s) to connect a PBX or Hybrid Key System with Eclipse's central office. This service provides Customers with unlimited local calling and carrier access. Local Trunks can be provisioned as either analog or digital and will be provided in the following manner:

3.1.4.1 PBX Trunk: A Local Trunk can be used to carry one-way outbound traffic, one-way inbound or two-way traffic.

3.1.4.1.1 One-Way Outbound: Provides the Customer with a single analog connection which is restricted to carry outbound traffic only.

3.1.4.1.2 One-Way Inbound or Two-Way: Provides the Customer with a single analog connection which can carry one-way inbound or two-way traffic.

3.1.4.1.2.1 Features: The following features are available:

Hunting
Touch Tone (applies only to DOD)
Presubscription
One Directory Listing (per trunk)

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3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.4 Private Branch Exchange (PBX) Service (Cont'd)

3.1.4.1.3 PBX Trunk Rates and Charges: A PBX Trunk Customer will be charged applicable Non-Recurring Charges, monthly Recurring Charges and usage charges as specified in Sections 3.1.4.1.3.1., 3.1.4.1.3.2, and 3.1.4.1.3.3, respectively.

3.1.4.1.3.1 Non-Recurring Charges

Line Connection Charges (per Trunk)	\$	TBD
Conversion Charge	\$	TBD
Subsequent Account Changes (Changes, Additions per order)	\$	TBD
Presubscription Change Charge (Per change, per trunk)	\$	TBD

NOTE:

Non-recurring account change charges will not apply during the initial 10-day period following completion of a service order.

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3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.4 Private Branch Exchange (PBX) Service (Cont'd)

3.1.4.1.3 PBX Trunk Rates and Charges (Cont'd)

3.1.4.1.3.1 Non-Recurring Charges (Cont'd)

Line Restoral or Suspension
of Service Charge \$ TBD

(Applies for line restoral after temporary interruption of service initiated by the Company. If service is temporarily interrupted and payment is not received within 10 days following interruption, the Company reserves the right to discontinue service. Also applies to the restoral of service after a Customer-initiated suspension.)

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3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.4 Private Branch Exchange (PBX) Service (Cont'd)

3.1.4.1.3 PBX Trunk Rates and Charges (Cont'd)

3.1.4.1.3.2 Monthly Recurring Charges

PBX Trunk Charge \$ TBD

Optional Features:

Calling Name and Number Delivery \$ TBD

Calling Number Delivery \$ TBD

Calling Number Delivery \$ TBD

Blocking (per line) \$ TBD

Hunting \$ TBD

All charges are on a per line basis.

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3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.4 Private Branch Exchange (PBX) Service (Cont'd)

- 3.1.4.2 PBX Trunk - Direct Inward Dialing (DID): DID service is an optional feature which can be purchased in conjunction with Company-provided PBX Trunks. DID service transmits the dialed digits for all incoming calls allowing the Customer's PBX to route incoming calls directly to individual stations corresponding to each individual DID number. Charges for DID capability and DID number blocks apply in addition to charges specified for Basic Trunks in Section 3.1.4.1. One additive charge applies for each DID-equipped PBX Trunk or channel. Customer is required to purchase at least one DID number block for each DID equipped trunk or trunk group, or DID-equipped channel or group. The Company reserves the right to limit the amount of DID numbers constituting a block of telephone numbers in a group. Blocks of number groups will be determined at the sole discretion of the Company's resources. In addition, the Company reserves the right to review vacant DID stations or stations not in use to determine efficient telephone number utilization. Should the Company determine, based on its own discretion, that there is inefficient number utilization, the Company may reassign the DID numbers.

The Customer has no property right to the telephone number or any other call number destination associated with DID service furnished by the Company, and no right to the continuance of service through any particular end office. The Company reserves the right to change such numbers, or the end office designation associated with such numbers, or both, assigned to the Customer, whenever the Company deems it necessary to do so in the conduct of its business.

- 3.1.4.2.1 Direct Inward Dialing Numbers: Telephone numbers can be obtained individually. Additionally monthly charges will apply, as specified in Section 3.1.4.2.2.1
- 3.1.4.2.2 Direct Inward Dialing Rates and Charges: A Customer who orders a PBX Trunk - DID trunk will be charged applicable Non-Recurring Charges and monthly Recurring Charges as specified in Section 3.1.4.2.2.1 and 3.1.4.2.2.2.

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3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.4 Private Branch Exchange (PBX) Service (Cont'd)

3.1.4.2 PBX Trunk - (DID): (Cont'd)

3.1.4.2.2 Direct Inward Dialing Rates and Charges: (Cont'd)

3.1.4.2.2.1 Non-Recurring Charges

Installation: Per DID Number	\$	TBD
Conversion Charge, per trunk	\$	TBD
Line Connection (Per DID Trunk)	\$	TBD
Subsequent Account Changes (Changes, Additions per order)	\$	TBD

NOTE:

Non-recurring account change charges will not apply during the initial 10 day period following on of a service order.

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3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.4 Private Branch Exchange (PBX) Service (Cont'd)

3.1.4.2 PBX Trunk - (DID): (Cont'd)

3.1.4.2.2 Direct Inward Dialing Rates and Charges: (Cont'd)

3.1.4.2.2.1 Non-Recurring Charges (Cont'd)

Line Restoral or Suspension
of Service Charge \$ TBD

(Applies for line restoral after temporary interruption of service initiated by the Company. If service is temporarily interrupted and payment is not received within 10 days following the interruption, the Company reserves the right to discontinue service. Also applies to the restoral of service after a Customer-initiated suspension).

3.1.4.2.2.2 Monthly Recurring Charges

Monthly

PBX Trunk - DID Charge \$ TBD
(per trunk)

DID number charge,
per number \$ TBD

Rates for a volume of numbers greater than 500 will be provided on an Individual Case Basis. Company reserves the right to reclaim any numbers not actively used within one year.

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3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.4 Private Branch Exchange (PBX) Service (Cont'd)

3.1.4.3 PBX Trunk - (Digital Interface): Digital interface provides a DS-1 digital transmission facility operating at 1.544 Mbps and time division multiplexed into 24 channels for the connection of Basic or DiD Trunks to the Customer's PBX or trunk-cable Key System. Digital Interface can be used to carry one-way outbound traffic, one-way inbound or two-way traffic, Direct Inward Dialing, or a combination thereof.

3.1.4.3.1 One-Way Outbound: Provides the Customer with individual channels which are restricted to carry outbound traffic only.

3.1.4.3.2 One-Way Inbound or Two-Way: Provides the Customer with individual channels which are used to carry one-way inbound or two-way traffic. One common telephone number will be provided per trunk group.

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3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.4 Private Branch Exchange (PBX) Service (Cont'd)

3.1.4.3 PBX Trunk - (Digital Interface): (Cont'd)

3.1.4.3.2.1 Features: The following feature is available:

Least idle or Most idle Trunk Selection

3.1.4.3.3 Direct Inward Dialing (DID): Provides the Customer with individual channels which can carry one-way inbound traffic. The number of digits to be outpulsed must be specified by the Customer.

3.1.4.3.4 PBX Trunk - Digital Interface Rates and Charges

3.1.4.3.4.1 Non-Recurring Charges

Digital Interface ICB

Installation:

PBX Trunk
(per channel) \$ TBD

PBX Trunk - DID
(per channel) \$ TBD

Subsequent Account
Changes (Changes,
Additions per charge) \$ TBD

NOTE:

Non-recurring account change charges will not apply during the initial 10 day period following completion of a service order.

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3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.4 Private Branch Exchange (PBX) Service (Cont'd)

3.1.4.3 PBX Trunk - (Digital Interface): (Cont'd)

3.1.4.3.4 PBX Trunk - Digital Interface Rates and Charges: (Cont'd)

3.1.4.3.4.2 Monthly Recurring Charges

PBX Trunk - Digital Interface (per DSI)	ICB
PBX Trunk (per channel)	\$ TBD
PBX Trunk - DID (per channel)	\$ TBD
DID Number charge, per number	\$ TBD

Rates for a volume of Numbers greater than 500 will be provided on an Individual Case Basis. Company reserves the right to reclaim numbers not in active use within one year.

In addition to the above charges, applicable rates for usage will apply, as specified in Section 3.1.4.

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3. Service Descriptions (Cont'd)

- 3.2 Intrastate Long Distance Calling Service: The Company's Long Distance Calling Service provides a Customer with the ability to originate a call between points within different local calling areas within the State of South Dakota.

3.2.1 Direct Dial Outbound Long Distance

The Carrier offers direct dial outbound long distance telecommunications services. Intrastate service is provided in conjunction with Eclipse's companion interstate offerings. Descriptions and rates contained in this tariff apply to the intrastate portion of the Carrier's services. Unless otherwise stated, no-nonrecurring charges apply.

3.2.1.1 Direct Dial Outbound Plan A

Direct Dial Outbound Plan A service permits direct dialed outbound calling at a single per minute rate. Service is provided from presubscribed, dedicated or shared use access lines. Calls are billed in six second increments, with six second minimum call duration. No monthly recurring charges or minimum monthly billing requirements apply. All standard features are available with this service at no charges.

3.2.1.2 Direct Dial Outbound Plan B

Direct Dial Outbound Plan B service offers direct dialed outbound calling at rates that vary in accordance with time of day. Service is provided from presubscribed, dedicated or shared use access lines. Calls are billed in six second increments, with a six second minimum call duration. No monthly recurring charges apply. A \$10.00 minimum monthly billing requirement applies. Customers whose monthly usage is less than the minimum will be billed the minimum amount. All standard features are available with this service at no charge.

3.2.1.3 Direct Dial Outbound Plan C

\$10.00 minimum monthly billing requirement applies. Customers whose monthly usage is less than the minimum will be billed the minimum amount. All standard features are available with this service at no charge.

Direct Dial Outbound Plan C Service offers direct dialed outbound calling at rates that vary in accordance with time of day. Service is provided from presubscribed, dedicated or shared use access lines. Calls are billed in six second increments, with a six second minimum. No monthly recurring charges or minimum monthly billing requirements apply. All standard features are available with this service at no charge. Accounting codes are also provided to Direct Dial Outbound Plan C Service Customers at no additional charge.

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3. Service Descriptions (Cont'd)

3.2.1.4 Rates

3.2.1.4.1 Direct Dial Outbound Plan A

Each 6 seconds: \$ TBD

3.2.1.4.2 Direct Dial Outbound Plan B

Each 6 Seconds

Day	\$	TBD
Evening	\$	TBD
Night/Weekend	\$	TBD

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3. Service Descriptions (Cont'd)

3.2.1.4 Rates (Cont'd)

3.2.1.4.3 Direct Dial Outbound Plan C

Each 6 Seconds

Day	\$	TBD
Evening	\$	TBD
Night/Weekend	\$	TBD

3.2.2 800 (Inbound) Long Distance Services

The Carrier offers 800 (inbound) long distance telecommunications services. Intrastate service is provided in conjunction with Eclipse's companion interstate offerings. Descriptions and rates contained in this tariff apply to the intrastate portion of the Carrier's services. Unless otherwise stated, no non-recurring charges apply.

3.2.2.1 800 (Inbound) Plan A

800 (Inbound) Plan A is offered to business Customers for toll free calling. Callers dial a six digit Personal Identification Number (PIN) in addition to regular 800 numbers. The service permits inbound 800 calling at a single per minute rate. Service is provided from presubscribed, dedicated or shared use access lines. Calls are billed in six second increments, with a six second minimum call duration. No monthly recurring charges or minimum monthly billing requirements apply. All standard features are available with this service at no charge.

3.2.2.2 Rates

3.2.2.2.1 800 (Inbound) Plan A

Each 6 Seconds: \$ TBD

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3. Service Descriptions (Cont'd)

3.2.3 Combined Inbound/Outbound Services

The Carrier offers Combined 800 (Inbound) and Direct Dialed Outbound long distance telecommunications services. Intrastate service is provided in conjunction with Eclipse's companion interstate offerings. Descriptions and rates contained in this tariff apply to the intrastate portion of the Carrier's services. Unless otherwise stated, non non-recurring charges apply.

3.2.3.1 Combined Inbound/Outbound Plan A

Combined Inbound/Outbound Plan A Service is an inbound and outbound long distance service offered to business Customers. The service permits direct dialed outbound and inbound "800" calling at a singled per minute rate, with billing to the same account. Service is provided from presubscribed, dedicated or shared use access lines. Calls are billed in six second increments, with a six second minimum call duration. No monthly recurring charges or minimum monthly billing requirements apply. All standard features are available with this service at no charge.

3.2.3.2 Combined Inbound/Outbound Plan B

Combined Inbound/Outbound Plan B Service is an inbound and outbound long distance service offered to Customers. The service permits direct dialed outbound and inbound "800" calling at a single per minute rate, with billing to the same account. Service is provided from presubscribed, dedicated or shared use access lines. Calls are billed in six second increments, with a six second minimum call duration. No monthly recurring charges apply. A \$10.00 minimum monthly billing requirement applies. Customers whose monthly usage is less than the minimum will be billed the minimum amount. All standard features are available with this service at no charge.

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ECLIPSE COMMUNICATIONS CORPORATION

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3. Service Descriptions (Cont'd)

3.2.3.3 Combined Inbound/Outbound Plan C

The Company's T-1 Combined Inbound/Outbound Plan C service is a dedicated service offered to business Customers. The service permits dedicated inbound "800" and outbound calling for a single per minute rate, with billing to the same account. Volume discounts apply. Service is provided from dedicated and/or shared use access lines. An initial term contract of one year is required, with \$2500 term liability if cancelled by the Customer prior to expiration. A monthly minimum of \$2500 applies, and Customers whose monthly usage is less than the minimum will be billed the minimum amount. Monthly recurring T-1 port charges also apply. All standard features are available with this service at no charge. Where applicable, volume discounts apply retroactively to dollar one. Monthly inbound and outbound use is combined to determine discount level.

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3. Service Descriptions (Cont'd)

3.2.3.4 Rates

3.2.3.4.1 Combined Inbound/Outbound Plan A

Each 6 seconds: \$ TBD

3.2.3.4.2 Combined Inbound/Outbound Plan B

Each 6 seconds: \$ TBD

3.2.3.4.3 Combined Inbound/Outbound Plan C

Each minute: \$ TBD

Volume Discounts:

Volume	Base Rate Discount	Net	Eff. Rate
\$2500 - \$4999.99	\$ TBD	-----	\$ TBD
\$5000 - \$7499.99	\$ TBD	TBD%	\$ TBD
\$7500 - \$9999.99	\$ TBD	TBD%	\$ TBD
\$10,000+	\$ TBD	TBD%	\$ TBD

T-1 Port Charge: \$ TBD per month

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3. Service Descriptions (Cont'd)

3.2.4 Calling Card Services

3.2.4.1 Plan A Calling Card Service

Plan A Calling Card Service is offered to Customers for intrastate and interstate calling. Intrastate rates are specified in this tariff. Rates are not time of day or mileage sensitive. Calls are billed in one (1) minute increments after the initial minimum period of one (1) minute. There are no nonrecurring or monthly recurring charges. No calling card surcharge applies. Project Account Codes are provided to Plan A calling Card Service Customers at no additional charge.

3.2.4.2 Plan B Calling Card Service

Plan B calling card service is offered to Customers who subscribe to the calling plans described in Section 3.2.1. This service permits subscribers utilizing the Carrier's calling card to make calls at the presubscribed direct dial rates specified in Sections 3.2.1.4

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3. Service Descriptions (Cont'd)

3.2.4.2 Plan B Calling Card Service (Cont'd)

below. Calls are billed in one (1) minutes increments after the initial minimum period of one (1) minute. There are no nonrecurring or monthly recurring charges. No calling card surcharge applies. Project Account Codes are provided to Plan B Calling Card Service Customers at no additional charge.

3.2.4.3 Rates

3.2.4.3.1 Plan A Calling Card Service

Each Minute: \$ TBD

3.2.4.3.2 Plan B Calling Card Service

Rates for Network Saver caller cards are as specified at Sections 3.2.1. - 3.2.4 and Section 3.2.6 for applicable presubscribed plans.

3.2.5 Standard Features

Standard Features referred to in the preceding sections of this tariff refer to the following, all of which are provided at no additional charge.

- 3.2.5.1 Speed Dialing Codes - A three digit code dialed after the Authorization Code which permits the Customer to reach a commonly called long distance number without dialing the long distance number.

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3. Service Descriptions (Cont'd)

- 3.2.5.2 Additional Authorization Codes - Five (5) digit code used, usually, in areas that are still not equipped for equal access, to enable Company to identify the use of the service on the Customer's account.
- 3.2.5.3 Generic Project Codes - A two (2), three (3), or four (4) digit code assigned by the Customer and dialed after the long distance number. Project "Verified Project Codes." Project codes are printed on the Customer bill as part of the call detail record.
- 3.2.5.4 Project Code Report - A report which consists of the complete call detail for the current month, sorted and subtotaled by project code.
- 3.2.5.5 Verified Project Codes - A group of 2, 3, or 4 digit project codes within which a predesignated quantity of codes are valid. Assignment of valid codes is random. Calls placed with the remaining invalid codes will not be completed. Validation is accomplished by Eclipse's network switch.
- 3.2.5.6 AT&T Comparison Cost Report - A report prepared at the time of monthly billing which lists all calls and equivalent AT&T cost, according to current AT&T tariffs on file, and approved by the appropriate regulatory body.
- 3.2.5.7 Potential Call Abuse Report - A report prepared at the time of monthly billing which can list the 20 longest calls made during a billing cycle, or all calls placed during the Evening/Weekend time periods during a billing cycle. A combination of both reports can also be provided on request by a Customer.

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3. Service Descriptions (Cont'd)

3.2.5.8 Automatic Dialer Equipment - A device installed by Eclipse at the Customer's premise which when activated, performs most or all of the "pre destination number." Automated Dialers are generally not provided where Equal Access is available.

3.2.6 Rate Periods and Holidays

Unless otherwise specified in Section 4 of this tariff, the following rate periods apply for time-of-day sensitive services:

	MON	TUES	WEDS	THUR	FRI	SAT	SUN
8:00 AM TO 5:00 PM*	DAYTIME RATE PERIOD (PEAK)					EVE	
5:00 PM TO 11:00 PM	EVENING RATE PERIOD (OFF PEAK)						
11:00 PM* TO 8:00 AM	NIGHT/WEEKEND RATE PERIOD (OFF PEAK)						

* to, but not including

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3. Service Descriptions (Cont'd)

3.2.6 Rate Periods and Holidays, cont'd

Calls are billed based on the rate in effect for the actual time period(s) during which the call occurs. Calls that cross rate period boundaries are billed the rates in effect in that boundary for each portion of the call, based on the time of day at the Customer location. For services subject to holiday discounts, the Evening Rate Period rates apply on the following Company recognized holidays, unless a lower rate would normally apply:

New Year's Day		January
Memorial Day		As Federally Observed
Independence Day		July 4
Labor Day		As Federally Observed
Thanksgiving Day		As Federally Observed
Christmas Day		December 25

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3. Service Descriptions (Cont'd)

3.3 Directory Assistance

A Customer may obtain Directory Assistance in determining telephone numbers within the Customer's local calling area within the state of South Dakota at the rate specified below by calling the Directory Assistance operator.

Directory Assistance, per call

\$ TBD

3.4 Operator Assistance

A Customer may obtain the assistance of a local operator to complete local exchange telephone calls in the following manner. In addition to the rates specified in Section 3.1, surcharges as specified in Section 3.4.1, will apply:

Third Number Billing: Provides the Customer with the capability to charge a local call to a third number which is different from the called or calling party. The Party answering at the third number has the option to refuse acceptance of the charges in advance or when queried by the operator.

Collect Calls: Provides the Customer with the capability to charge a call to the called party. On the operator announcement of a collect call, the called party has the option to refuse acceptance of charges in advance or when queried by the operator.

Calling Cards: Provides the Customer with the capability to place a call to the called party. On the operator announcement of a collect call, the called party has the option to refuse acceptance of charges in advance or when queried by the operator.

Person to Person: Calls completed with the assistance of an operator to a particular Station and person specified by the caller. The call may be billed to the called party.

Station to Station: Calls completed with the assistance of an operator to a particular Station. The call may be billed to the called party.

General Assistance: The Customer has the option to request general information from the operator, such as dialing instructions, country or city codes, area code information and Customer Service 800 telephone numbers, but does not request the operator to complete the Call.

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3. Service Descriptions (Cont'd)

3.4 Operator Assistance (Cont'd)

- 3.4.1. Operator Assisted Surcharges: The following surcharges will be applied on a per call basis.

Calling Card	\$	TBD
Third Number Billing	\$	TBD
Collect Calling	\$	TBD
Person to Person	\$	TBD
Station to Station	\$	TBD
General Assistance		N/C

- 3.4.2 Busy Line Verification and Interrupt Service: Busy Line Verification and Interrupt Service, which is furnished where and to the extent that facilities permit, provides the Customer with the following-options:

- 3.4.2.1 Busy Line Verification: Upon request of the calling party, the Company will determine if the line is clear or in use and report to the calling party.
- 3.4.2.2 Busy Line Verification with Interrupt: The operator will interrupt the call on the called line only if the calling party indicates an emergency and requests interruption.

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3. Service Descriptions (Cont'd)

3.4 Operator Assistance (Cont'd)

3.4.2 Busy Line Verification and Interrupt Service:

3.4.2.3 Rates: Rates for Busy Line Verification and Interrupt Service, as specified below, will apply under the following circumstances:

3.4.2.3.1 The operator verifies that the line is busy with a call in progress.

3.4.2.3.2 The operator verifies that the line is available for incoming calls.

3.4.2.3.3 The operator verifies that the called number is busy with a call in progress and the Customer requests interruption. The operator will then interrupt the call, advising the called party the name of the calling party. One charge will apply for both verification and interruption.

Per Request

Busy Line Verification	\$ TBD
Busy Line Interrupt	\$ TBD

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3 Service Descriptions (Cont'd)

3.5 Directory Listings

The Company shall provide a single directory listing, termed and primary listing, in the telephone directory published by the local exchange provider in the Customer's exchange area of the Station number which is designed as the Customer's main billing number. Directory listing of additional Company Station numbers, other than the Customer's main billing number, associated with a Customer's service will be provided for an additional monthly recurring charge per listing.

- 3.5.1 The Company reserves the right to limit the length of any listing in the directory by the use of abbreviations when, in its judgment, the clearness of the listing or the identification of the Customer is not impaired thereby. When more than one line is required to properly list the Customer, no additional charge is made.
- 3.5.2 The Company may refuse a listing which is known not to constitute a legally authorized or adopted name, contains obscenities in the name, or any listing which, in the opinion of the Company, is likely to mislead or deceive calling persons as to the identity of the listed party, or is a contrived name used for advertising purposes or to secure a preferential position in the directory or is more elaborate than is reasonably necessary to identify the listed party. The Company, upon notification to the Customer, will withdraw any listing which is found to be in violation of its rules with respect thereto.
- 3.5.3 Each listing must be designated Government, Business or Residence to be placed in the appropriate section of the directory. In order to aid the use of the directory, and to avoid misleading or deceiving the calling party as to the identity of the listed party, only business listings may be placed in the Business Section and only residential listings in the Residential Section. The Company, upon notification to the Customer, will withdraw any listing which is found to be in violation of its rules with respect thereto.

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3. Service Descriptions (Cont'd)

3.5 Directory Listings (Cont'd)

- 3.5.4 In order for listing to appear in an upcoming directory, the Customer must furnish the listing to the Company in time to meet the directory publishing schedule.
- 3.5.5 Directory listings are provided in connection with each Customer service as specified herein.
- 3.5.5.1 Primary Listing: A primary listing contains the name of the Customer, or the name under which a business is regularly conducted, as well as the address and telephone number of the Customer.
- 3.5.5.2 Additional Listings: In connection with local exchange service, additional listings are available only in the name of Authorized Users of the Customer's service, as defined herein. Rates for additional listings are specified in Section 3.5.5.8 and 3.5.5.9.
- 3.5.5.3 Nonpublished Listings: Listings that are not printed in directories nor available from Directory Assistance.

A Nonpublished Telephone Service will be furnished, at the Customer's request providing the omission or deletion of the Customer's telephone listing from the telephone directory and, in addition, the Customer's telephone listing will be omitted or deleted from the directory assistance records, subject to the provisions set forth in Section 2.1.4. Rates for Nonpublished Listings are specified in Sections 3.5.5.8 and 3.5.5.9.

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3. Service Descriptions (Cont'd)

3.5 Directory Listings (Cont'd)

- 3.5.5.4 Nonlisted Numbers: A Nonlisted number will be furnished at the Customer's request, providing for the omission or deletion of the Customer's listing from the telephone directory. Such listings will be carried in the Company's directory assistance and other records will be given to any calling party. Rates for Nonlisted Numbers are specified in Sections 3.5.5.8 and 3.5.5.9.
- 3.5.5.5 Foreign Listings: Where available, a listing in a phone directory which is not in the Customer's immediate calling area. The Customer will be charged the rates specified in the tariff published by the specific exchange carrier providing the Foreign Listings.
- 3.5.5.6 Alternate Call Listings: Where available, a listing which references a telephone number which is not the primary listing for the Customer. The Customer must provide written verification that the alternate telephone number is authorized to accept calls.
- 3.5.5.7 Reference Listing: A listing including additional telephone numbers of the same or another Customer to be called in the event that is not an answer from the Customer's telephone. Charges for reference listings are specified in Section 3.5.5.8 and 3.5.5.9.

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3. Service Descriptions (Cont'd)

3.5 Directory Listings (Cont'd)

- 3.5.5.8 Non-Recurring Charges: There will be no Non-Recurring charge if requested as a part of the order initiating service. After the initial service order the following charges will apply:

Per Listing or
Per Number Charge

Primary Listing	\$ TBD
Additional Listing	\$ TBD
Reference Listing	\$ TBD
Non-Listed Number	\$ TBD
Non-Published Number	\$ TBD

- 3.5.5.9 Recurring Charges: Monthly Recurring Charges associated with Directory Listings are as follows:

Per Listing or
Per Number Charge

Primary Listing	\$ TBD
Additional Listing	\$ TBD
Reference Listing	\$ TBD
Non-Listed Number	\$ TBD
Non-Published Number	\$ TBD

- 3.6 Vanity Telephone Numbers: At the request of the Customer, the Company may assign a telephone number with the last four digits selected by the Customer. The assignment is subject to availability of a particular number and subject to the terms and conditions set forth in Section 2.1.3. There will be no charge for Vanity Telephone Numbers.

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4. PROMOTIONAL OFFERINGS

4.1 Promotional Offerings: The Company, from time to time, may make promotional offerings of its services which may include waiving or reducing the applicable charges for the promoted service. The promotional offerings may be limited as to the duration, the date and times of the offerings and the locations where the offerings are made. Promotions will be filed with the Commission for approval on one day's notice.

4.2 Trial Service Offering (TSO)

4.2.1 In the normal course of business the Company, at its discretion, may elect to offer certain services to Customer on a "trial basis". These trial offerings do not obligate the Company to continue the trial beyond a stated period or to offer said service as general tariffed offering in the future.

5. INDIVIDUAL CASE BASIS (ICB) ARRANGEMENTS

Arrangements will be developed on a case-by-case basis in response to a bonafide request from a Customer or prospective Customer to develop a competitive bid for a service offered under this tariff. Rates quoted in response to such competitive request may be different than those specified for such service in this tariff. ICB rates will be offered to the Customer in writing and on a non-discriminatory basis.

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OF WASHINGTON, D.C.
WASHINGTON, DC

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Dec. 18, 1997

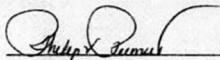
PAY TO THE ORDER OF South Dakota Public Utilities Commission

\$ 250.00

Two-Hundred and fifty-----00/100-----DOLLARS

MEMO

Filing 67141.022



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South Dakota
Public Utilities Commission
State Capitol 500 E. Capitol
Pierre, SD 57501-5070
Phone: (605) 773-3705
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TELECOMMUNICATIONS SERVICE FILINGS

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

12/19/97 through 12/23/97

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

DOCKET NUMBER	TITLE/STAFF/SYNOPSIS	DATE FILED	INTERVENTION DEADLINE
REQUEST FOR CERTIFICATE OF AUTHORITY			
TC97-198	Application by Eclipse Communication Corp for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: TS/KC) "Eclipse seeks authority to provide a full range of interexchange services, including MTS, toll free 800/888, calling card, debit card and operator-assisted services. Applicant also seeks authority to provide resold and facilities-based local exchange services to consumers on a statewide basis...Eclipse may also offer local services by utilizing the switching and transport capacity of other existing telecommunications providers pursuant to negotiated or tariffed arrangements. Eclipse proposes to provide service to all exchanges currently served by U S WEST."	12/19/97	01/09/98
TC97-197	Application by ASC Telecom, Inc. for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: TS/CH) "ASC intends to provide as its initial services "operator services" and "prepaid card" services...ASC also hereby certifies that it is complying with all requirements established under the Telephone Operator Consumer Services Improvement Act of 1990."	12/19/97	01/09/98
TC97-198	Application by TeleHub Network Services Corporation for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota. (Staff: DJ/KC) "Applicant seeks statewide authority to offer inbound, outbound, conference, directory assistance, calling card, prepaid calling card, and private line services to presubscribed business customers and residential customers in the State of South Dakota. Applicant does not and will not offer alternative operator services."	12/22/97	01/09/98
REQUEST FOR ELIGIBLE TELECOMMUNICATIONS COMPANY STATUS			
TC97-199	RT Communications, Inc. pursuant to 47 U.S.C. 214(e) and 47 C.F.R. 54.201 hereby seeks designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area in South Dakota. (Staff: HB/CH)	12/23/97	12/29/97

Important Notice: The Commission is compiling a list of internet addresses. If you have an internet address please notify the Commission by: E-mailing it to Terry Norum at terry@pub.state.sd.us Faxing the address to the Commission at: 805-773-3809

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

IN THE MATTER OF THE APPLICATION OF)	ORDER GRANTING)
ECLIPSE COMMUNICATIONS CORPORATION)	CERTIFICATE OF)
FOR A CERTIFICATE OF AUTHORITY TO)	AUTHORITY)
PROVIDE TELECOMMUNICATIONS)	
SERVICES, INCLUDING LOCAL EXCHANGE)	TC97-196
SERVICES, IN SOUTH DAKOTA)	

On December 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 Eclipse Communications Corporation (Eclipse).

Eclipse seeks authority to provide a full range of interexchange services, including MTS, toll free 800/888, calling card, debit card and operator-assisted services. Applicant also seeks authority to provide resold and facilities-based local exchange services to consumers on a statewide basis. Eclipse may also offer local services by utilizing the switching and transport capacity of other existing telecommunications providers pursuant to negotiated or tariffed arrangements. Eclipse proposes to provide service to all exchanges currently served by U S WEST. Eclipse requested a waiver of ARSD 20:10:24:02(8) and (12). A proposed tariff was filed by Eclipse. The Commission has classified long distance service as fully competitive.

On December 23, 1997, the Commission electronically transmitted notice of the filing and the intervention deadline of January 9, 1998, to interested individuals and entities. No petitions to intervene or comments were filed and at its regularly scheduled May 28, 1998, meeting, the Commission considered Eclipse's request for a certificate of authority. Commission Staff recommended granting Eclipse a certificate of authority, subject to rural safeguards, and subject to the condition that Eclipse not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission. 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 Eclipse has met the legal requirements established for the granting of a certificate of authority. Eclipse 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 Eclipse's application for a certificate of authority, subject to rural safeguards, and subject to the condition that Eclipse not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission. The certificate of authority for Eclipse shall authorize it to offer local exchange services in those areas in South Dakota where U S WEST Communications, Inc. is the incumbent

0.0.2.2.0 0.4.1.8

local exchange carrier. In the future, should Eclipse choose to provide local exchange services statewide, with respect to rural telephone companies, Eclipse 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 Eclipse's application for a Certificate of Authority to provide telecommunications services, including local exchange services, is granted, subject to the condition that Eclipse not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission, and it is

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

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

FURTHER ORDERED, that the Commission finds good cause to waive subparagraphs (8) and (12) of ARSD 20:10.24.02.

Dated at Pierre, South Dakota, this 5th day of June, 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:	<u>Nicholas Kacks</u>
Date:	<u>6/8/98</u>
(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

CERTIFICATE OF AUTHORITY

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

Authority was Granted May 28, 1998
Docket No. TC97-196

This is to certify that

ECLIPSE COMMUNICATIONS CORPORATION

is authorized to provide telecommunications services in South Dakota.

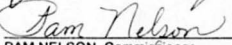
This certificate is issued in accordance with SDCL 49-31-3 and ARSD 20:10 24 02, and is subject to all of the conditions and limitations contained in the rules and statutes governing its conduct of offering telecommunications services

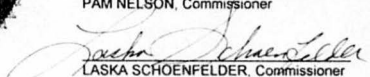
Dated at Pierre, South Dakota, this 5th day of June, 1998.

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION:




JAMES A. BURG, Chairman


PAM NELSON, Commissioner


LASKA SCHOENFELDER, Commissioner