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DOCKET NO. TC00-121

In the Matter of IN THE MATTER OF THE APPLICATION OF ESSEX COMMUNICATIONS, INC. D/B/A ELEC COMMUNICATIONS FOR A CERTIFICATE OF AUTHORITY TO PROVIDE TELECOMMUNICATIONS SERVICES, INCLUDING LOCAL EXCHANGE SERVICES, IN SOUTH DAKOTA

Public Utilities Commission of the State of South Dakota

DATE	DOCUMENT
8/9 00	Filed and dated.
8/10 00	Affidavit of Publication
10/3 00	Initial Tariff
10/11 00	Supplement to Application
12/28 00	Letter to Bob
1/10 01	Order Granting Cert.
1/10 01	Docket Closed
2/9 01	Initial Tariff Page Ltr.

TC00-121

August 8, 2000
Overnight Delivery

TECHNOLOGIES MANAGEMENT INC.

210 N. Park Ave
Winter Park, FL
32789

P.O. Drawer 200
Winter Park, FL
32790-0200

Tel: 407-740-8575
Fax: 407-740-0613
tmi@tminc.com

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

RECEIVED
AUG 09 2000
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

RE: Registration of Essex Communications, Inc. d/b/a eLEC Communications to Provide Facilities-based Local Exchange Service and Intrastate Interexchange Service within South Dakota

Dear Mr. Bullard:

Enclosed for filing are the original and ten (10) copies of the registration request of Essex Communications, Inc. d/b/a eLEC Communications for authority to provide facilities-based local exchange service and intrastate interexchange telecommunications service within South Dakota.

Also enclosed is our check in the amount of $250.00 to cover the filing fee.

Please acknowledge receipt of this filing by date stamping the extra copy of this cover letter and returning it to me in the self-addressed stamped envelope.

Any questions you may have regarding this filing may be directed to me at (407) 740-8575.
Thank you for your assistance.

Sincerely,

Thomas M. Forte
Consultant to Essex Communications, Inc.

Enclosures

TMF/lc

cc: Patrick Freeman, Essex
file: Essex - SD Local
tms: SD0000

BEFORE THE SOUTH DAKOTA PUBLIC SERVICE COMMISSION TC00-121

REGISTRATION OF
Essex Communications, Inc.
d/b/a eLEC Communications

RECEIVED
AUG 0 9 2000
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Pursuant to Rule 20:10:24:02 of the Commission's Telecommunications Services Rules, Essex Communications, Inc. d/b/a eLEC Communications ("Essex") submits the following registration information:

1. **The name, address and telephone number of the applicant.**

Essex Communications, Inc.
48 South Service Road, 3rd Floor
Melville, New York 11747
Telephone: (516) 293-2700
Facsimile: (516) 777-7679
Toll Free: (888) 389-1400

2. **The name under which the Applicant will provide these services if different than in subdivision (1) of this section:**

Same

3. **If the applicant is a corporation:**

(a) **The state in which it is incorporated, the date of incorporation and a copy of its certificate of incorporation or, if it is an out-of-state corporation, a copy of its certificate of authority.**

Essex Communications, Inc. was incorporated in the State of New York on December 8, 1997. A copy of Secretary of State authority in South Dakota is included as Attachment I.

(b) **The location of its principal office, if any, in this state and the name and address of its current registered agent.**

PromiseVision has no principal offices in South Dakota.

Registered Agent: National Registered Agents, Inc.
300 So. Phillips Avenue, Suite 300
Sioux Falls, SD 57102

(c) **A copy of its articles of incorporation which includes a list of the names and addresses of the corporate officers and member of the board of directors at the time of incorporation.**

A copy of Essex's Articles of Incorporation are included as Attachment II.

(d) **A list of the names and addresses of the current corporate officers and members of the board of directors.**

See Attachment III.

(e) **The names and addresses of the ten common stockholders who own the greatest number of shares of common stock and the number of shares owned by each.**

See Attachment III.

(f) **The names, address of any corporation, association, partnership, cooperative or individual holding a five percent or greater ownership or management interest in the applicant corporation. The amount and character of the ownership interest shall be indicated. A copy of any management agreement shall be attached.**

See Attachment III.

(g) **The names and addresses of subsidiaries owned or controlled by the applicant.**

None.

4. **If the applicant is a partnership, the name, title and business address of each partner, both general and limited.**

Not applicable.

5. **A specific description of the telecommunications services the applicant intends to offer.**

Essex Communications, Inc. proposes to serve residential and business customers with inbound and outbound resold long distance telecommunications services, as well as facilities-based local exchanges services.

Essex will not provide operator assisted services. All calls requiring operator assistance will be handled by the Applicant's underlying carrier. Emergency calls placed by dialing 911 will not be routed to or handled by Essex Communications. Such calls will be routed through the underlying carrier to the appropriate emergency agency serving the originating location. Essex Communications sets the rates for its services and handles its own customer service.

Essex bills its customers based on call detail provided by the underlying carrier. Customers will wither be billed directly by LEC or the Company depending on the circumstances.

Essex provides toll free customer service twenty-four hours a day, seven days per week. Customer service representatives are sufficiently trained to handle inquiries for all Essex services. Services will be provided to both residential and business customers.

The company also intends to provide local exchange service in So. Dakota as both a facilities based provider (UNE-P) and reseller of the incumbent local exchange company's ("ILEC") facilities. In either case, Essex will rely on its facilities-based underlying carriers for the operation and maintenance of the local exchange network.

6. **A detailed statement of the means by which the applicant will provide its services, including the type and quantity of equipment to be used in the operation, the capacity, and the expected used of the equipment.**

Essex originates calls via feature group D purchased by Essex's underlying carrier, Frontier. The calls are routed over switched access facilities to the nearest underlying carrier's point of presence. The underlying carrier transports the calls to its switch and terminates calls over its own terminating network (feature group or leased facilities).

7. **The geographic areas in which the services are, or will be, offered, including a map describing the service boundaries.**

Essex intends to offer its services throughout the State of South Dakota.

A current balance sheet and income statement; a copy of the applicant's latest annual report; a copy of the applicant's report to stockholders; the terms and conditions of service; the access charges and a copy of the applicant's tariff book.

Essex is providing its most current Financial Statements as proof of its financial stability for the provision of service within South Dakota. The terms and conditions of service, as well as all rates and charges are provided in the applicant's proposed tariff in Attachment V.

9. **The names and addresses of the applicant's representatives to whom all inquiries should be made regarding complaints and regulatory matters.**

For inquiries regarding this application and tariff, contact:

Thomas M. Forte
Technologies Management, Inc.
Consultant to Essex Communications, Inc.
P.O. Drawer 200
Winter Park, Florida 32790-0200
Telephone: (407) 740-8575
Facsimile: (407) 740-0613

For complaints and on-going regulatory issues, and all other matters:

Patrick Freeman
Essex Communications, Inc.
48 South Service Road, 3rd Floor
Melville, New York 11747
Telephone: (516) 293-2700
Facsimile: (516) 777-7679
Toll Free: (888) 389-1400

10. **A detailed description of how the applicant intends to market services, the qualifications of its marketing sales personnel, its target market, whether the applicant engages in any multilevel marketing and copies of any company brochures used to assist in the sale of services.**

Essex utilizes telemarketing or direct sales employees to contact and market the company's services to new customers. The company does not utilize any form of multilevel marketing in the sale of its services.

Submitted by,

By _____
Patrick Freeman, Vice President, Wholesale Services
Essex Communications, Inc.

ATTACHMENT I

AUTHORITY TO OPERATE IN SOUTH DAKOTA

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 **ESSEX COMMUNICATIONS, INC. (NY)** to transact business in this state duly signed and verified pursuant to the provisions of the South Dakota Corporation Acts, have been received in this office and are found to conform to law.

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

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of South Dakota, at Pierre, the Capital, this July 27, 2000.

Joyce Hazeltine
Secretary of State

CERTIFICATE

OF

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

To: Register of Deeds
County of Minnehaha

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

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

Essex Communications, Inc.

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

eLEC Communications

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

Essex Communications, Inc.
48 South Service Road
Melville, NY 11747

Essex Communications, Inc.
(Name of Corporation)

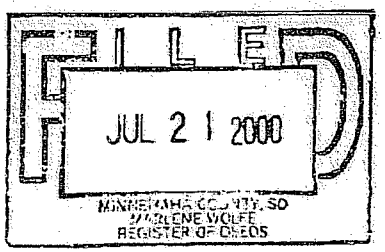
By: Paul H. Riss, Pres.
Paul H. Riss, President

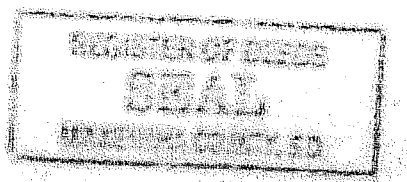
By: Assistant Secretary

[Corporate Seal]

10994

- 0.00 -


FILED
JUL 21 2000
MINNEHAHA COUNTY, SD
MARLENE WOLFE
REGISTER OF DEEDS


REGISTER OF DEEDS
SEAL

ATTACHMENT II

ARTICLES OF INCORPORATION

CERTIFICATE OF INCORPORATION

OF

ESSEX COMMUNICATIONS, INC.

Filed by:

Alexander Minella, P.C.
2815 Middletown Road
Bronx, New York 10461

CERTIFICATE OF INCORPORATION

ESSEX COMMUNICATIONS, INC.

Under Section 402 of the Business Corporation Law.

The undersigned, for the purpose of forming a corporation pursuant to Section 402 of the Business Corporation Law of the State of New York, does hereby certify and set forth:

FIRST: The name of the corporation is ESSEX COMMUNICATIONS, INC.

SECOND: The purposes for which the corporation is formed are:

To engage in any lawful act or activity for which corporations may be organized under the business corporation law, provided that the corporation is not formed to engage in any act or activity which requires the act or approval of any state official, department, board, agency or other body without such approval or consent first being obtained.

To develop, experiment with, conduct research on, manufacture, produce, assemble, buy, rent or otherwise acquire, hold, own, use, operate, install, equip, replace, maintain, service, process, reprocess, repair, remodel, recondition, import, export, sell, lease, market, distribute, transport or otherwise dispose of and generally to deal in and with, as contractor, subcontractor, principal, agent, commission merchant, broker, factor or any combination of the foregoing and at wholesale or retail or both, any and all kinds of communications, communications equipment, supples and accessories and all allied apparatus, systems, parts, supplies, tools, implements, raw materials, natural products, manufactured articles and products, and goods, wares, merchandise and tangible property of every kind, used or capable of being used for any purpose whatever.

To establish, maintain and conduct a general service organization, to make and conduct investigations and render reports of such investigations relating to the communications industry, perform supervisory, inspection and testing services and any and all other activities relating to the analysis of communications equipment and systems. To act as a consultant to individuals, corporations,

associations, partnerships and others and to obtain services in their behalf for the supervision and testing of communications equipment and systems.

To maintain executive and operating personnel for the purpose of advising and assisting others in all matters relating to communications network management; to furnish programs, systems, formulate policies and generally to advise and assist others, under contract or otherwise, with relation to any aspect of communications systems. Generally to establish and operate a communications system in all its branches and departments.

To carry on a general mercantile, industrial, investing and trading business in all its branches; to devise, invent, manufacture, fabricate, assemble, install, service, maintain, alter, buy, sell, import, export, license as licensor or licensee, lease as lessor or lessee, distribute, job, enter into, negotiate, execute, acquire, and assign contracts in respect of, acquire, receive, grant, and assign licensing arrangements, options, franchises, and other rights in respect of, and generally deal in and with, at wholesale and retail, as principal, and as sales, business, special, or general agent, representative, broker, factor, merchant, distributor, jobber, advisor, or in any other lawful capacity, goods, wares, merchandise, commodities, and unimproved, improved, finished, processed and other real, personal and mixed property of any and all kinds, together with the components, resultants, and by-products thereof.

To acquire by purchase, subscription, underwriting or otherwise, and to own, hold for investment, or otherwise, and to use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every sort and description and wheresoever situated, including shares of stock, bonds, debentures, notes, scrip, securities, evidences of indebtedness, contracts or obligations of any corporation or association, whether domestic or foreign, or of any firm or individual or of the United States or any state, territory or dependency of the United States or any foreign country, or any municipality or local authority within or without the United States, and also to issue in exchange therefor, stocks, bonds or other securities or evidences of indebtedness of this corporation and, while the owner or holder of any such property, to receive, collect and dispose of the interest, dividends and income on or from such property and to possess and exercise in respect thereto all of the rights, powers and privileges of ownership, including all voting powers thereon.

To construct, build, purchase, lease or otherwise acquire, equip, hold, own, improve, develop, manage, maintain, control, operate, lease, mortgage, create liens upon, sell, convey or otherwise dispose of and turn to account, any and all plants, machinery, works, implements and things or property, real and personal, of every kind and description, incidental to, connected with, or suitable, necessary or convenient for

any of the purposes enumerated herein, including all or any part or parts of the properties, assets, business and goodwill of any persons, firms, associations or corporations.

The powers, rights and privileges provided in this certificate are not to be deemed to be in limitation of similar, other or additional powers, rights and privileges granted or permitted to a corporation by the Business Corporation Law, it being intended that this corporation shall have all rights, powers and privileges granted or permitted to a corporation by such statute.

THIRD: The office of the corporation is to be located in the County of Bronx, State of New York.

FOURTH: The aggregate number of shares which the corporation shall have the authority to issue is Two Hundred (200), all of which shall be without par value.

FIFTH: The Secretary of State is designated as the agent of the corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process against the corporation served on him is:

2815 Middletown Road
Bronx, New York 10461

SIXTH: The personal liability of directors to the corporation or its shareholders for damages for any breach of duty in such capacity is hereby eliminated except that such personal liability shall not be eliminated if a judgment or other final adjudication adverse to such director establishes that his acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that he personally gained in fact a financial profit or other advantage to which he was not legally entitled or that his acts violated Section 719 of the Business Corporation Law.

IN WITNESS WHEREOF, this certificate has been subscribed to this 5th day of December, 1997 by the undersigned who affirms that the statements made herein are true under the penalties of perjury.

GERALD WEINBERG
90 State Street
Albany, New York

STATEMENT OF INCORPORATOR IN LIEU OF ORGANIZATIONAL MEETING

The undersigned, being the sole incorporator of ESSEX COMMUNICATIONS, INC. does hereby certify as follows:

1. The certificate of incorporation of this corporation was duly filed in the Office of the Department of State of the State of New York on the 8th day of December 1997. A copy of the certificate of Incorporation and the filing notice received from the Department of State is annexed hereto and is to be inserted in the minutes.

2. The undersigned, as sole incorporator, has adopted the annexed by-laws as the by-laws of this corporation and directed that they be inserted in the minutes.

3. The following were duly elected as the directors of the corporation, to hold office until the first annual meeting of the shareholders of this corporation:

ANTHONY SCALICE - President
Robin L. Marshlow Vice-President
Wesly Minella Secretary & Treasurer

The directors assumed their office.

DATED: December 8, 1997

INCORPORATOR

BY-LAWS

ARTICLE I

The Corporation

Section 1. Name. The legal name of this corporation (hereinafter called the "Corporation") is

ESSEX COMMUNICATIONS, INC.

Section 2. Offices. The Corporation shall have its principal office in the State of New York. The Corporation may also have offices at such other places within and without the United States as the Board of Directors may from time to time appoint or the business of the Corporation may require.

Section 3. Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, New York." One or more duplicate dies for impressing such seal may be kept and used.

ARTICLE II

Meetings of Shareholders

Section 1. Place of Meetings. All meetings of the shareholders shall be held at the principal office of the Corporation in the State of New York or at such other place, within or without the State of New York, as is fixed in the notice of the meeting.

Section 2. Annual Meeting. An annual meeting of the shareholders of the Corporation for the election of directors and the transaction of such other business as may properly come before the meeting shall be held on the first Monday of JANUARY in each year if not a legal holiday, and if a legal holiday, then on the next secular day following, at ten o'clock A.M., Eastern Standard Time, or at such other time as is fixed in the notice of the meeting. If for any reason any annual meeting shall not be held at the time herein specified, the same may be held at any time

thereafter upon notice, as herein provided, or the business thereof may be transacted at any special meeting called for the purpose.

Section 3. Special Meetings. Special meetings of shareholders may be called by the President whenever he deems it necessary or advisable. A special meeting of the shareholders shall be called by the President whenever so directed in writing by a majority of the entire Board of Directors or whenever the holders of one-third (1/3) of the number of shares of the capital stock of the Corporation entitled to vote at such meeting shall, in writing, request the same.

Section 4. Notice of Meetings. Notice of the time and place of the annual and of each special meeting of the shareholders shall be given to each of the shareholders entitled to vote at such meeting by mailing the same in a postage prepaid wrapper addressed to each such shareholder at his address as it appears on the books of the Corporation, or by delivering the same personally to any such shareholder in lieu of such mailing, at least ten (10) and not more than fifty (50) days prior to each meeting. Meetings may be held without notice if all of the shareholders entitled to vote thereat are present in person or by proxy, or if notice thereof is waived by all such shareholders not present in person or by proxy, before or after the meeting. Notice by mail shall be deemed to be given when deposited, with postage thereon prepaid, in the United States mail. If a meeting is adjourned to another time, not more than thirty (30 days hence, or to another place, and if an announcement of the adjourned time or place is made at the meeting, it shall not be necessary to give notice of the adjourned meeting unless the Board of Directors, after adjournment fix a new record date for the adjourned meeting. Notice of the annual and each special meeting of the shareholders shall indicate that it is being issued by or at the direction of the person or persons calling the meeting, and shall state the name and capacity of each such person. Notice of each special meeting shall also state the purpose or purposes for which it has been called. Neither the business to be transacted at nor the purpose of the annual or any special meeting of the shareholders need be specified in any written waiver of notice.

Section 5. Record Date for Shareholders. For the purpose of determining the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or for the purpose of determining shareholders entitled to receive payment of any dividend or other distribution or the allotment of any rights, or entitled to exercise any rights in respect of any change, conversion, or exchange of stock or for the

purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than fifty(5) days nor less than ten (10) days before the date of such meeting, nor more than fifty (50) days prior to any other action. If no record date is fixed, the record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day next preceding the day on which notice is given, or, if no notice is given, the day on which the meeting is held; the record date for determining shareholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed; and the record date for determining shareholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of shareholders of record entitled to notice of or to vote at any meeting of shareholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 6. Proxy Representation. Every shareholder may authorize another person or persons to act for him by proxy in all matters in which a shareholder is entitled to participate, whether by waiving notice of any meeting, voting or participating at a meeting, or expressing consent or dissent without a meeting. Every proxy must be signed by the shareholder or by his attorney-in-fact. No proxy shall be voted or acted upon after eleven months from its date unless such proxy provides for a longer period. Every proxy shall be revocable at the pleasure of the shareholder executing it, except as otherwise provided in Section 608 of the New York Business Corporation Law.

Section 7. Voting at Shareholders' Meetings. Each share of stock shall entitle the holder thereof to one vote. In the election of directors, a plurality of the votes cast shall elect. Any other action shall be authorized by a majority of the votes cast except where the New York Business Corporation Law prescribes a different percentage of votes or a different exercise of voting power. In the election of directors, and for any other action, voting need not be by ballot.

Section 8. Quorum and Adjournment. Except for a special election of directors pursuant to Section 603 of the New York Business Corporation Law, the presence, in person or by proxy, of the holders of a majority of the shares of the stock of the Corporation outstanding and entitled to vote thereat shall be requisite and shall constitute a quorum at any meeting of the shareholders. When a quorum is once

present to organize a meeting, it shall not be broken by the subsequent withdrawal of any shareholders. If at any meeting of shareholders there shall be less than a quorum so present, the shareholders present in person or by proxy and entitled to vote thereat, may adjourn the meeting from time to time until a quorum shall be present, but no business shall be transacted at any such adjourned meeting except such as might have been lawfully transacted had the meeting not adjourned.

Section 9. List of Shareholders. The officer who has charge of the stock ledger of the Corporation shall prepare, make and certify, at least ten (1) days before every meeting of shareholders, a complete list of the shareholders, as of the record date fixed for such meeting, arranged in alphabetical order, and showing the address of each shareholder and the number of shares registered in the name of each shareholder. Such list shall be open to the examination of any shareholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city or other municipality or community where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any shareholder who is present. If the right to vote at any meeting is challenged, the inspectors of election, if any, or the person presiding thereat, shall require such list of shareholders to be produced as evidence of the right of the persons challenged to vote at such meeting, and all persons who appear from such list to be shareholders entitled to vote thereat may vote at such meeting.

Section 10. Inspectors of Election. The Board of Directors, in advance of any meeting, may, but need not, appoint one or more inspectors of election to act at the meeting or any adjournment thereof. If an inspector or inspectors are not appointed, the person presiding at the meeting may, and at the request of any shareholder entitled to vote thereat shall, appoint one or more inspectors. In case any person who may be appointed as an inspector fails to appear or act, the vacancy may be filled by appointment made by the Board of Directors in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, if any, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors, if any, shall determine the number of shares of stock outstanding and the voting power of each, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive

votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all shareholders. On request of the person presiding at the meeting or any shareholder entitled to vote thereat, the inspector or inspectors, if any, shall make a report in writing of any challenge, question or matter determined by him or them and execute a certificate of any fact found by him or them. Any report or certificate made by the inspector or inspectors shall be prima facie evidence of the facts stated and of the vote as certified by them.

Section 11. Action of the Shareholders Without Meetings. Any action which may be taken at any annual or special meeting of the shareholders may be taken without a meeting on written consent, setting forth the action so taken, signed by the holders of all outstanding shares entitled to vote thereon. Written consent thus given by the holders of all outstanding shares entitled to vote shall have the same effect as a unanimous vote of the shareholders.

ARTICLE III

Directors

Section 1. Number of Directors. The number of directors which shall constitute the entire Board of Directors shall be at least three, except that where all outstanding shares of the stock of the Corporation are owned beneficially and of record by less than three shareholders, the number of directors may be less than three but not less than the number of shareholders. Subject to the foregoing limitation, such number may be fixed from time to time by action of a majority of the entire Board of Directors or of the shareholders at an annual or special meeting, or, if the number of directors is not so fixed, the number shall be three or shall be equal to the number of shareholders (determined as aforesaid), whichever is less. Until such time as the corporation shall issue shares of its stock, the Board of Directors shall consist of two persons. No decrease in the number of directors shall shorten the term of any incumbent director.

Section 2. Election and Term. The initial Board of Directors shall be elected by the incorporator and each initial director so elected shall hold office until the first annual meeting of shareholders and until his successor has been elected and qualified. Thereafter, each director who is elected at an annual meeting of shareholders, and

each director who is elected in the interim to fill a vacancy or a newly created directorship, shall hold office until the next annual meeting of shareholders and until his successor has been elected and qualified.

Section 3. Filling Vacancies, Resignation and Removal. Any director may tender his resignation at any time. Any director or the entire Board of Directors may be removed, with or without cause, by vote of the shareholders. In the interim between annual meetings of shareholders or special meetings of shareholders called for the election of directors or for the removal of one or more directors and for the filling of any vacancy in that connection, newly created directorships and any vacancies in the Board of Directors, including unfilled vacancies resulting from the resignation or removal of directors for cause or without cause, may be filled by the vote of a majority of the remaining directors then in office, although less than a quorum or by the sole remaining director.

Section 4. Qualifications and Powers. Each director shall be at least eighteen years of age. A director need not be a shareholder, a citizen of the United States or a resident of the State of New York. The business of the Corporation shall be managed by the Board of Directors, subject to the provisions of the Certificate of Incorporation. In addition to the powers and authorities by these By-Laws expressly conferred upon it, the Board may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done exclusively by the shareholders.

Section 5. Regular and Special Meetings of the Board. The Board of Directors may hold its meetings, whether regular or special, either within or without the State of New York. The newly elected Board may meet at such place and time as shall be fixed by the vote of the shareholders at the annual meeting, for the purpose of organization or otherwise, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a majority of the entire Board shall be present; or they may meet at such place and time as shall be fixed by the consent in writing of all directors. Regular meetings of the Board may be held with or without notice at such time and place as shall from time to time be determined by resolution of the Board. Whenever the time or place of regular meetings of the Board shall have been determined by resolution of the Board, no regular

meetings shall be held pursuant to any resolution of the Board altering or modifying its previous resolution relating to the time or place of the holding of regular meetings, without first giving at least three days written notice to each director, either personally or by telegram, or at least five days written notice to each director by mail, of the substance and effect of such new resolution relating to the time and place at which regular meetings of the board may thereafter be held without notice. Special meetings of the Board shall be held whenever called by the President, Vice-President, the Secretary or any director in writing. Notice of each special meeting of the Board shall be delivered personally to each director or sent by telegram to his residence or usual place of business at least three days before the meeting, or mailed to him to his residence or usual place of business at least five days before the meeting. Meetings of the Board, whether regular or special, may be held at any time and place, and for any purpose, without notice, when all the directors are present or when all directors not present shall, in writing, waive notice of and consent to the holding of such meeting. All or any of the directors may waive notice of any meeting and the presence of the director at any meeting of the Board shall be deemed a waiver of notice thereof by him. A notice, or waiver of notice, need not specify the purpose or purposes of any regular or special meeting of the Board.

Section 6. Quorum and Action. A majority of the entire Board of Directors shall constitute a quorum except that when the entire Board consists of one director, then one director shall constitute a quorum, and except that when a vacancy or vacancies prevents such majority, a majority of the directors in office shall constitute a quorum, provided that such majority shall constitute at lease one-third of the entire Board. A majority of the directors present, whether or not they constitute a quorum, may adjourn a meeting to another time and place. Except as herein otherwise provided, and except as otherwise provided by the New York Business Corporation Law, the vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

Section 7. Telephonic Meetings. Any member or members of the Board of Directors, or of any committee designated by the Board, may participate in a meeting of the Board, or any such committee, as the case may be, by means of conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time, and participation in a meeting by such means shall constitute presence in person at such meeting.

Section 8. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 9. Compensation of Directors. By resolution of the Board of Directors, the directors may be paid their expenses, if any, for attendance at each regular or special meeting of the Board or of any committee designated by the Board and may be paid a fixed sum for attendance at such meeting, or a stated salary as director, or both. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor; provided however that directors who are also salaried officers shall not receive fees or salaries as directors.

ARTICLE IV

Committees

Section 1. In General. The Board of Directors may, by resolution or resolutions passed by the affirmative vote therefore of a majority of the entire Board, designate an Executive Committee and such other committees as the Board may from time to time determine, each to consist of three or more directors, and each of which, to the extent provided in the resolution or in the certificate of incorporation or in the By-Laws, shall have all the powers of the Board, except that no such Committee shall have power to fill vacancies in the Board, or to change the membership of or to fill vacancies in any Committee, or to make, amend, repeal or adopt By-Laws of the Corporation, or to submit to the shareholders any action that needs shareholder approval under these By-Laws or the New York Business Corporation Law, or to fix the compensation of the directors for serving on the Board or any committee thereof, or to amend or repeal any resolution of the Board which by its terms shall not be so amendable or repealable. Each committee shall serve at the pleasure of the Board. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence of disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

Section 2. Executive Committee. Except as otherwise limited by the Board of Directors or by these By-Laws, the Executive Committee, if so designated by the Board of Directors, shall have and may exercise, when the Board is not in session, all the powers of the Board of Directors in the management of the business and affairs of the Corporation, and shall have power to authorize the seal of the Corporation to be affixed to all papers which may require it. The Board shall have the power at any time to change the membership of the Executive Committee, to fill vacancies in it, or to dissolve it. The Executive Committee may make rules for the conduct of its business and may appoint such assistance as it shall from time to time deem necessary. A majority of the members of the Executive Committee, if more than a single member, shall constitute a quorum.

ARTICLE V

Officers

Section 1. Designation, Term and Vacancies. The officers of the Corporation shall be a President, one or more Vice-Presidents, a Secretary, a Treasurer, and such other officers as the Board of Directors may from time to time deem necessary. Such officers may have and perform the powers and duties usually pertaining to their respective offices, the powers and duties respectively prescribed by law and by these By-Laws, and such additional powers and duties as may from time to time be prescribed by the Board. The same person may hold any two or more offices, except that the offices of President and Secretary may not be held by the same person unless all the issued and outstanding stock of the Corporation is owned by one person, in which instance such person may hold all or any combination of offices.

The initial officers of the Corporation shall be appointed by the initial Board of Directors, each to hold office until the meeting of the Board of Directors following the first annual meeting of shareholders and until his successor has been appointed and qualified. Thereafter, the officers of the Corporation shall be appointed by the Board as soon as practicable after the election of the Board at the annual meeting of shareholders, and each officer so appointed shall hold office until the first meeting of the Board of Directors following the next annual meeting of shareholders and until his successor has been appointed and qualified. Any officer may be removed at any time, with or without cause, by the affirmative vote therefor of a majority of the entire Board of Directors. All other agents and employees of the Corporation shall hold office during

the pleasure of the Board of Directors. Vacancies occurring among the officers of the Corporation shall be filled by the Board of Directors. The salaries of all officers of the Corporation shall be fixed by the Board of Directors.

Section 2. President. The President shall preside at all meetings of the shareholders and at all meetings of the Board of Directors at which he may be present. Subject to the direction of the Board of Directors, he shall be the chief executive officer of the Corporation, and shall have general charge of the entire business of the Corporation. He may sign certificates of stock and sign and seal bonds, debentures, contracts or other obligations authorized by the Board, and may, without previous authority of the Board, make such contracts as the ordinary conduct of the Corporation's business requires. He shall have the usual powers and duties vested in the President of a corporation. He shall have power to select and appoint all necessary officers and employees of the Corporation, except those selected by the Board of Directors, and to remove all such officers and employees except those selected by the Board of Directors, and make new appointments to fill vacancies. He may delegate any of his powers to a Vice-President of the Corporation.

Section 3. Vice-President. A Vice-President shall have such of the President's powers and duties as the President may from time to time delegate to him, and shall have such other powers and perform such other duties as may be assigned to him by the Board of Directors. During the absence or incapacity of the President, the Vice-President, or, if there be more than one, the Vice-President having the greatest seniority in office, shall perform the duties of the President, and when so acting shall have all the powers and be subject to all the responsibilities of the office of President.

Section 4. Treasurer. The Treasurer shall have custody of such funds and securities of the Corporation as may come to his hands or be committed to his care by the Board of Directors. Whenever necessary or proper, he shall endorse on behalf of the Corporation, for collection, checks, notes, or other obligations, and shall deposit the same to the credit of the Corporation in such bank or banks or depositaries, approved by the Board of Directors as the Board of Directors or President may designate. He may sign receipts or vouchers for payments made to the Corporation, and the Board of Directors may require that such receipts or vouchers shall also be signed by some other officer to be designated by them. Whenever required by the Board of Directors, he shall render a statement of his cash accounts and such other

statements respecting the affairs of the Corporation as may be required. He shall keep proper and accurate books of account. He shall perform all acts incident to the office of Treasurer, subject to the control of the Board.

Section 5. Secretary. The Secretary shall have custody of the seal of the Corporation and when required by the Board of Directors, or when any instrument shall have been signed by the President duly authorized to sign the same, or when necessary to attest any proceedings of the shareholders or directors, shall affix it to any instrument requiring the same and shall attest the same with his signature, provided that the seal may be affixed by the President or Vice-President or other officer of the Corporation to any document executed by either of them respectively on behalf of the Corporation which does not require the attestation of the Secretary. He shall attend to the giving and serving of notices of meetings. He shall have charge of such books and papers as properly belong to his office or as may be committed to his care by the Board of Directors. He shall perform such other duties as appertain to his office or as may be required by the Board of Directors.

Section 6. Delegation. In case of the absence of any officer of the Corporation, or for any other reason that the Board of Directors may deem sufficient, the Board may temporarily delegate the powers or duties, or any of them, of such officer to any other officer or to any director.

ARTICLE VI

Stock

Section 1. Certificates Representing Shares. All certificates representing shares of the capital stock of the Corporation shall be in such form not inconsistent with the Certificate of Incorporation, these By-Laws or the laws of the State of New York and shall set forth thereon the statements prescribed by Section 508, and where applicable, by Sections 505, 616, 620, 709 and 1002 of the Business Corporation Law. Such shares shall be approved by the Board of Directors, and shall be signed by the President or a Vice-President and by the Secretary or the Treasurer and shall bear the seal of the Corporation and shall not be valid unless so signed and sealed. Certificates countersigned by a duly appointed transfer agent and/or registered by a duly appointed registrar shall be deemed to be so signed and sealed whether the signatures be manual or facsimile signatures and whether the seal be a facsimile seal or any other

form of seal. All certificates shall be consecutively numbered and the name of the person owning the shares represented thereby, his residence, with the number of such shares and the date of issue, shall be entered on the Corporation's books. All certificates surrendered shall be canceled and no new certificates issued until the former certificates for the same number of shares shall have been surrendered and canceled, except as provided for herein.

In case any officer or officers who shall have signed or whose facsimile signature or signatures shall have been affixed to any such certificate or certificates, shall cease to be such officer or officers of the Corporation before such certificate or certificates shall have been delivered by the Corporation, such certificate or certificates may nevertheless be adopted by the Corporation, and may be issued and delivered as though the person or persons who signed such certificates, or whose facsimile signature or signatures shall have been affixed thereto, had not ceased to be such officer or officers of the Corporation.

Any restriction on the transfer or registration of transfer of any shares of stock of any class or series shall be noted conspicuously on the certificate representing such shares.

Section 2. Fractional Share Interests. The Corporation, may, but shall not be required to, issue certificates for fractions of a share. If the Corporation does not issue fractions of a share, it shall (1) arrange for the disposition of fractional interests by those entitled thereto, (2) pay in cash the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined, or (3) issue scrip or warrants in registered or bearer form which shall entitle the holder to receive a certificate for a full share upon the surrender of such scrip or warrants aggregating a full share. A certificate for a fractional share shall, but scrip or warrants shall not unless otherwise provided therein, entitle the holder to exercise voting rights, to receive dividends thereon, and to participate in any distribution of the assets of the Corporation in the event of liquidation. The Board of Directors may cause scrip or warrants to be issued subject to the conditions that they shall become void if not exchanged for certificates representing full shares before a specified date, or subject to the condition that the shares for which scrip or warrants are exchangeable may be sold by the Corporation and the proceeds thereof distributed to the holders of scrip or warrants, ~~or subject to any~~ other conditions which the Board of Directors may impose.

Section 3. Addresses of Shareholders. Every shareholder shall furnish the Corporation with an address to which notices of meetings and all other notices may be

served upon or mailed to him, and in default thereof notices may be addressed to him at his last known post office address.

Section 4. Stolen, Lost or Destroyed Certificates. The Board of Directors may in its sole discretion direct that a new certificate or certificates of stock be issued in place of any certificate or certificates of stock theretofore issued by the Corporation, alleged to have been stolen, lost or destroyed, and the Board of Directors when authorizing the issuance of such new certificate or certificates, may, in its discretion, and as a condition precedent thereto, require the owner of such stolen, lost or destroyed certificate or certificates, or his legal representatives to give to the Corporation and to such registrar or registrars and/or transfer agent or transfer agents as may be authorized or required to countersign such new certificate or certificates, a bond in such sum as the Corporation may direct not exceeding double the value of the stock represented by the certificate alleged to have been stolen, lost or destroyed, as indemnity against any claim that may be made against them or any of them for or in respect of the shares of stock represented by the certificate alleged to have been stolen, lost or destroyed.

Section 5. Transfers of Shares. Upon compliance with all provisions restricting the transferability of shares, if any, transfers of stock shall be made only upon the books of the Corporation by the holder in person or by his attorney thereunto authorized by power of attorney duly filed with the Secretary of the Corporation or with a transfer agent or registrar, if any, upon the surrender and cancellation of the certificate or certificates for such shares properly endorsed and the payment of all taxes due thereon. The Board of Directors may appoint one or more suitable banks and/or trust companies as transfer agents and/or registrars of transfers, for facilitating transfers of any class or series of stock of the Corporation by the holders thereof under such regulations as the Board of Directors may from time to time prescribe. Upon such appointment being made all certificates of stock of such class or series thereafter issued shall be countersigned by one of such transfer agents and/or one of such registrars of transfers, and shall not be valid unless so countersigned.

ARTICLE VII

Dividends and Finance

Section 1. Dividends. The Board of Directors shall have power to fix and determine and to vary, from time to time, the amount of the working capital of the Corporation before declaring any dividends among its shareholders, and to direct and

determine the use and disposition of any net profits or surplus, and to determine the date or dates for the declaration and payment of dividends and to determine the amount of any dividend, and the amount of any reserves necessary in their judgment before declaring any dividends among its shareholder, and to determine the amount of the net profits of the Corporation from time to time available for dividends.

Section 2. Fiscal Year. The fiscal year of the Corporation shall end on the last day of December in each year and shall begin on the next succeeding day, or shall be for such other period as the Board of Directors may from time to time designate with the consent of the Department of Taxation and Finance, where applicable.

ARTICLE VIII

Miscellaneous Provisions.

Section 1. Stock of Other Corporations. The Board of Directors shall have the right to authorize any director, officer or other person on behalf of the Corporation to attend, act and vote at meetings of the Shareholders of any corporation in which the Corporation shall hold stock, and to exercise thereat any and all rights and powers incident to the ownership of such stock, and to execute waivers of notice of such meetings and calls therefor; and authority may be given to exercise the same either on one or more designated occasions, or generally on all occasions until revoked by the Board. In the event that the Board shall fail to give such authority, such authority may be exercised by the President in person or by proxy appointed by him on behalf of the Corporation.

Any stocks or securities owned by this Corporation may, if so determined by the Board of Directors, be registered either in the name of this Corporation or in the name of any nominee or nominees appointed for that purpose by the Board of Directors.

Section 2. Books and Records. Subject to the New York Business Corporation Law, the Corporation may keep its books and accounts outside the State of New York.

Section 3. Notices. Whenever any notice is required by these By-Laws to be given, personal notice is not meant unless expressly so stated, and any notice so required shall be deemed to be sufficient if given by depositing the same in a post

office box in a sealed postpaid wrapper, addressed to the person entitled thereto at his last known post office address, and such notice shall be deemed to have been given on the day of such mailing.

Whenever any notice whatsoever is required to be given under the provisions of any law, or under the provisions of the Certificate of Incorporation or these By-Laws a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

Section 4. Amendments. Except as otherwise provided herein, these By-Laws may be altered, amended or repealed and By-Laws may be made at any annual meeting of the shareholders or at any special meeting thereof if notice of the proposed alteration, amendment or repeal or By-Law or By-Laws to be made be contained in the notice of such special meeting, by the holders of a majority of the shares of stock of the Corporation outstanding and entitled to vote thereat; or by a majority of the Board of Directors at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors, if notice of the proposed alteration, amendment or repeal, or By-Law or By-Laws to be made, be contained in the Notice of such Special Meeting.

MINUTES OF FIRST MEETING

OF THE BOARD OF DIRECTORS

OF

ESSEX COMMUNICATIONS, INC.

Held: December 8 1997

The first meeting of the Board of Directors of the corporation was held on the above date at 3 PM o'clock P M., at 826 James St, Pelham NY at the call of a majority of the Board.

The following Directors constituting a quorum, were present:

Anthony Scalice -Chariman and President

Robin L. Marshlow - Vice President

Wesly Minella - Secretary and Treasurer

The meeting was called to order and **Anthony Scalice** was designated to act as chairman and as secretary of the meeting.

The chairman stated that the purpose of the meeting was to take all steps necessary to complete the organization of the corporation and to enable it to commence business.

The first order of business was the election or designation of officers at this corporation. There being no contest, the following were elected by proclamation to serve as officers until the next annual meeting of the Board or until their successors are elected and qualified:

Office	Name
President	ANTHONY SCALICE
Vice President	Robin L. Marshlow
Secretary	WESLY MINELLA
Treasurer	WESLY MINELLA

The president and secretary assumed their respective offices, in the places of those who temporarily acted as such for this meeting.

The minutes of the organizational meeting of the incorporator (s) held on December 8 1997, were read and it was thereupon unanimously

RESOLVED, that the actions and business transacted by the incorporator (s) at the organizational meeting held on December 8 1997, and entered on the minutes of that meeting, be and they are hereby ratified and adopted by this Board.

The annexed resolutions, deemed necessary to complete the organizational procedures, were introduced, discussed and adopted.

ORGANIZATIONAL RESOLUTIONS
ADOPTED BY THE BOARD OF DIRECTORS
OF

1. The seal, an impression of which is affixed to the left hereof, is adopted as the seal of the corporation.

2. The form of stock certificate annexed hereto is adopted as the form of stock certificate for the corporation.

3. (a) The corporation accepts the offer of the following persons to purchase the number of shares of stock of the corporation shown in exchange for the consideration set opposite their names:

Name of Subscriber	Number and Classes of Shares	Consideration Per Share	Aggregate Consideration
ANTHONY SCALICE	10 \ COMMON	$ 10.00	100 00/100
LYNN MINELLA	45 \ COMMON	$ 10.00	450 00/100
TN CAPITAL GROUP INC.	45 \ COMMON	$ 10.00	450 00/100

(b) The president, and secretary or treasurer of the corporation are hereby authorized and empowered to issue to the foregoing named persons certificates evidencing the number of shares of the stock of the corporation set opposite each name upon receipt by the corporation of the aggregate consideration specified.

4. The corporation shall open a banking account or accounts with FIRST UNION TRUST

and execute the annexed banking resolution for that purpose.

5. (a) The president and treasurer of the corporation are authorized and empowered to pay all expenses incurred in connection with the organization of the corporation, including filing, license, attorneys' and accountants' fees.

(b) The corporation elects to deduct on its first federal income tax return the foregoing expenses ratably over a sixty month period, starting with the month in which the corporation begins business, pursuant to Section 248 of the Internal Revenue Code of 1954.

6. The president and all other officers of the corporation are authorized and directed to take all steps necessary to cause the corporation to engage in the business of Local and Long Distance Telephone Services as Resellers

7. (a) The president is authorized on behalf of the corporation to negotiate for and to Lease in the name of the corporation the premises commonly described as Med Fac Lease

upon the terms and conditions specified in Schedule
annexed hereto, and upon such further terms and conditions as the president shall deem necessary, proper and in the best interests of the corporation.

(b) The president and secretary, or an assistant secretary, are authorized to execute in the name of the corporation all documents necessary in the judgment of the president to effectuate this resolution.

8. The following plan is adopted in order to issue stock pursuant to Section 1244 of the Internal Revenue Code of 1954:

WHEREAS, the corporation wants to attract investment in the corporation. And Compliance with Section 1244 of the Internal Revenue Code will enable shareholders who suffer a loss on the sale or exchange of their shares to treat that loss as an "ordinary loss" on their personal income tax returns:

NOW THEREFORE, BE IT RESOLVED, that the proper officers of the corporation are hereby authorized to sell and issue common shares provided that the aggregate amount of money and other property received by the corporation for stock, as a contribution to capital, and as paid-in surplus, does not exceed $1,000,000.00; and

RESOLVED, that the sale and issuance of such shares be conducted in accordance with IRC Sec. 1244; and

RESOLVED, that the corporation keep proper accounting records so that any shareholder who experiences a loss on the transfer of common shares may properly determine if they quality for "ordinary loss" treatment on their personal income tax returns.

omit

9. (a) The corporation elects to be taxed for federal income tax purposes in accordance with the provisions of Subchapter S of the Internal Revenue Code of 1954.

(b) The officers of the corporation shall take all actions necessary and proper to effectuate the foregoing resolution, including obtaining the requisite consents from shareholders and executing and filing appropriate forms on behalf of the corporation within the time limits specified by law.

No further business being presented, the meeting was duly adjourned.

Secretary

Wesley Mizelle

Dated: 11/8/97

ATTACHMENT III

OFFICERS, DIRECTORS, STOCKHOLDERS

PromiseVision Technology, Inc.

CORPORATE OFFICERS/DIRECTORS

The officers and directors of Essex Communications, Inc., who may be reached at the Company's headquarters at 48 South Service Road, 3rd Floor, Melville, New York 11747, are as follows:

Officers

Joel Dupre	Chairman
Paul Riss	Chief Executive Officer, Chief Financial Officer and Treasurer
Gandolfo Verra	Controller and Assistant Secretary
Eric M. Hellige	Secretary

Directors

Joel Dupre
Eric M. Hellige
Paul H. Riss

ATTACHMENT IV

FINANCIAL INFORMATION

10-K

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

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

For the fiscal year ended November 30, 1999

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

For the transition period from to .

Commission File No. 0-4465
eLEC COMMUNICATIONS CORP.
(Exact name of Registrant as specified in its charter)

New York	13-2511270
(State or other jurisdiction of incorporation or organization)	(IRS employer identification no.)
105 Newport Avenue, Norwalk, Connecticut (address of principal executive offices)	06851 (zip code)

Registrant's telephone number, including area code: (203) 750-1000.

Securities registered pursuant to Section 12(b) of the Act:
None
Securities registered pursuant to Section 12(g) of the Act:
Common Stock, par value $.10 per share

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 [X] No [ ].

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

As of February 15, 2000, the aggregate market value of the voting stock held by non-affiliates of the Registrant was $46,098,656.

As of February 15, 2000, there were 11,524,664 shares outstanding of the Registrant's Common Stock.

Documents Incorporated by Reference

Portions of the Registrant's definitive proxy statement to be filed with the Securities and Exchange Commission in connection with the Registrant's 2000 Annual Meeting of Stockholders are incorporated by reference into Part III.

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The statements contained in this Report that are not historical facts are "forward-looking statements" which can be identified by the use of forward-looking terminology, such as "estimates," "projects," "plans," "believes," "expects," "anticipates," "intends," or the negative thereof or other variations thereon, or by discussions of strategy that involve risks and uncertainties. Management wishes to caution the reader of the forward-looking statements, that such statements, which are contained in this Report, reflect our current beliefs with respect to future events and involve known and unknown risks, uncertainties and other factors, including, but not limited to, economic, competitive, regulatory, technological, key employee, and general business factors affecting the Company's operations, markets, growth, services, products, licenses and other factors discussed in the Company's other filings with the Securities and Exchange Commission, and that these statements are only estimates or predictions. No assurances can be given regarding the achievement of future results, as actual results may differ materially as a result of risks facing the Company, and actual events may differ from the assumptions underlying the statements that have been made regarding anticipated events. Factors that may cause actual results, performance or achievements of the Company, or industry results, to differ materially from those contemplated by such forward-looking statements include, without limitation: (1) the availability of additional funds to successfully pursue the Company's business plan; (2) the Company's ability to maintain, expand and integrate internal management, technical information and management information systems; (3) the time and expense to construct the Company's planned network operating center and digital subscriber line network; (4) the cooperation of incumbent carriers in implementing the unbundled network elements platform required by the Federal Communications Commission; (5) the Company's ability to market its services to current and new customers and generate customer demand for its products and services in the geographical areas in which the Company can operate; (6) the Company's success in gaining regulatory approval to access new markets; (7) the Company's ability to negotiate and maintain suitable interconnection agreements with the incumbent carriers; (8) the availability and maintenance of suitable vendor relationships, in a timely manner, at reasonable cost; (9) the impact of changes in telecommunication laws and regulations; (10) the intensity of competition; and (11) general economic conditions. All written and oral forward looking statements made in connection with this Report that are attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Given the uncertainties that surround such statements, prospective investors are cautioned not to place undue reliance on such forward-looking statements.

Part I

In this Annual Report on Form 10-K, we will refer to eLEC Communications Corp., a New York Corporation, as "eLEC," the "Company," "we," "us," and "our."

Item 1. - Business

Overview

eLEC Communications Corp. is a full-service telecommunications company that focuses on developing integrated telephone service in the emerging competitive local exchange carrier industry. We offer an integrated set of telecommunications products and services, including local exchange, local access, domestic and international long distance telephone, calling cards, paging, Internet access, dedicated access, Web site design, Web site hosting, Internet-based yellow-pages directory listings and other enhanced and value-added telecommunications services tailored to meet the needs of our

customers and the growing marketplace demand from small- and medium-sized businesses for reliability and speed. As part of our nationwide expansion plan, we have completed the deployment of our first network node in a planned 18-node build-out to provide high speed Internet access via digital subscriber lines ("DSL"), and for the anticipated provisioning of Voice over DSL.

We believe that the Telecommunications Act of 1996 (the "Telecommunications Act"), which opened the local exchange market to competition, has created an attractive opportunity for competitive local exchange carriers ("CLECs"), such as eLEC. Like most CLECs, our entry in this industry was dependent upon the provisions of the Telecommunications Act that allow CLECs to lease various elements of the networks of the incumbent local exchange carriers ("ILECs") that are necessary to provide local telephone service in a cost-effective manner. This aspect of the Telecommunications Act is referred to as "unbundling" the ILEC networks, and allows us to lease unbundled network elements on an as-needed basis and provide such elements to our customers at a lower cost than that which the ILEC is charging.

The majority of our installed access lines are provisioned on the unbundled network elements platform ("UNE-P"). We believe that the use of this platform is the most cost-effective manner in which we can provide voice service. Other CLECs have invested a substantial amount of capital to buy switches and collect fiber, only to find that their equipment is severely underutilized and that there is a significant shortfall in their revenue stream when compared to their capital investment. We refer to this strategy as a "facilities-first" strategy, because the CLEC has invested in its equipment and placed the equipment in service before the CLEC has developed a customer base. Our strategy is a "customer-first," or a "deferred-build" strategy. We therefore lease facilities on an as-needed basis from ILECs while we build our customer base. After we have a substantial geographical concentration of customers, we make decisions regarding the purchase and installation of our own network equipment. This strategy allows us to be very flexible with our customer base as we grow our business. We can move our customer base to alternative access, if appropriate. And we do not become a captive of our own underutilized equipment, as can happen with a "facilities-first" CLEC. The technological advances in equipment and the lowering of equipment prices have validated our deferred-build strategy and have enabled us to preserve our capital.

Our strategy for building our data network is similar to our strategy for building our voice network. We currently provide dial-up access and dedicated access on our own network in Connecticut, where we have a geographical concentration of customers, and we lease facilities from another Internet service provider to provide our customers with nation-wide dial-up access. As of February 15, 2000, we have installed one Point of Presence ("POP") in Miami, Florida for high-speed Internet access via DSL and for Voice over DSL. We chose the Miami location because we have, through an affiliated company, an established customer base in the Miami area of approximately 2,000 customers. We are planning to build out an 18-node data network throughout the East coast to carry DSL and Voice over DSL to our customer base.

We believe we can provide competitive service in every state in which we can utilize UNE-P and we plan a nationwide rollout to take advantage of a recent Federal Communications Commission ("FCC") ruling mandating the UNE-P service offering. Our marketing and expansion efforts are focused primarily on states that have quickly adopted the UNE-P service offerings, which initially included the nine states served by BellSouth Corporation ("BellSouth"), plus New York and Massachusetts. Under UNE-P, we can provide service with significantly lower capital requirements than either fiber-based or wireless CLECs, and offer our services to a broader customer base faster and at a lower cost. The ability to quickly provision accounts and to deliver reliable service at a lower cost than offered by the ILECs should provide us with certain competitive advantages as we market our services to small- and medium-sized businesses.

Item 1.
Development of Business

The Company was incorporated in the state of New York under the name Bikor Products Co. Inc. in 1964, and we subsequently changed our name to Bikor International Corp. We initially developed a line of high quality handbags, totes, luggage and sport bags to be sold at competitive prices. In 1995, we divested our handbag operations, which had experienced several years of operating losses. Although we were profitable in fiscal 1996, declining revenues in our last two fiscal years, combined with operating losses, forced us to explore other business opportunities. In August 1997, to help bolster luggage division sales and to provide a channel of distribution to a mobile customer base that would be a potential target for online Internet sales, we acquired a retail operation, Airline Ventures, Inc. ("AVI"), which sells travel and aviation related products to professional airline crew members.

In October 1997, we made our first investment in a CLEC, Access One Communications, Inc. ("Access One"), when we purchased approximately 28% of Access One's outstanding capital stock. Access One was a newly-formed CLEC with approximately 2,000 installed local access lines that looked to us for growth capital to meet its business plan. Our Board of Directors believed that Access One's "customer-first" growth strategy of obtaining a customer base first and later building an equipment network around a geographically concentrated customer base was a compelling strategy that would utilize capital wisely and yield high valuations in the future. At February 15, 2000, we were the largest shareholder of Access One, owning approximately 21% of Access One's capital stock. Access One has advised us that, at February 15, 2000, they had approximately 60,000 installed local access lines.

We commenced operations in the telecommunications industry in fiscal 1998 by acquiring on February 27, 1998, Essex Communications, Inc. ("Essex"), a newly-formed CLEC formed to attract and retain a geographically concentrated customer base in the metropolitan New York region, primarily through the resale of products and services of incumbent and alternative facilities-based local providers. We provisioned our first line in May 1998 and, including lines for which we have contracts to install, we had over 20,000 lines as of February 15, 2000. Essex has customers in Florida, Massachusetts, New York, New Jersey and Virginia.

In furtherance of our telecommunications strategy, on August 14, 1998, we acquired WebQuill Internet Services, LLC ("WebQuill"), an Internet service provider ("ISP") based in Connecticut. WebQuill is a full-service, value-added ISP providing national dial-up access, dedicated access, high-speed DSL access, Web site design, Web site hosting, Internet-based yellow-pages directory listing, and E-commerce sites.

Due to our increased focus on E-commerce sites, Internet access and telecommunications services, and the significant decrease in luggage division sales in recent fiscal years, our Board of Directors decided in July 1999 to divest the Company's luggage division, and we sold a substantial portion of the assets of our U.S. luggage operations in August 1999. Since such time, we have liquidated the remaining operating assets of our U.S. and Canadian luggage businesses. Our luggage segment has been classified as a discontinued operation in our income statement, and this segment has reported significant net operating losses for each of the last three fiscal years. See Note 8 of the Notes to Consolidated Financial Statements.

To signify our new business focus, we recommended, and in November 1999 our shareholders approved, a name change to eLEC Communications Corp. Our main business focus had changed to the local exchange market, which is estimated to be more than $50 billion in annual revenues and one of the most profitable segments in the communications industry. With this new focus, we wanted our company name to include the letters LEC, representing our focus on being a local exchange carrier. However, in this electronic age and with our wholly-owned ISP to provide Internet access, DSL services and Web site design and hosting, we believed the term "e" LEC more appropriately described our new business operations. We consequently changed our name to eLEC Communications Corp., our ticker symbol to ELEC and our domain name to www.elec.net.

In January 2000, we acquired a New Jersey-based CLEC, Telecarrier Services, Inc. ("Telecarrier"). Telecarrier currently operates as a CLEC in the states of Massachusetts, New Jersey, New York and Rhode Island. It also resells long distance service in 13 states. The addition of Telecarrier is an important step in creating an additional marketing channel for eLEC. See "Sales and Marketing Strategies."

Information concerning sales, business segment operations and identifiable assets attributable to each of our reportable industry segments can be found in Note 9 of the Notes to Consolidated Financial Statements and is incorporated herein by reference.

eLEC's Telecommunications Services

We tailor our service offerings to meet the specific needs of small businesses, not-for-profit organizations, governmental agencies and other institutional customers in our target markets. We primarily market our services through three different distribution channels. We use third-party telemarketers to attract small-business accounts (typically two to ten lines in size), we use third-party agents and interconnect companies to attract medium-sized business accounts (typically ten to 100 lines in size), and we use our own management team to attract wholesale accounts (typically 100 lines or more in size). Based upon feedback received from our customers and analysis of the types of services the entities in each of these groups need, we tailor a basic telecommunications service package, which can be promptly adjusted to the specific needs of individual customers. We creatively package our services to provide "one-stop shopping" solutions for our customers, so they can purchase all their communications services directly from us. Listed below are the basic categories of services that we offer:

o Local Exchange Services. We offer local exchange services, starting with local dial tone, plus numerous features, the most common of which are call waiting, call forwarding, caller ID and dial back features. By offering local dial tone, we also receive originating and terminating access charges for interexchange calls placed or received by our subscribers.

o Long Distance. In addition to our local telephone service, we offer long distance services as part of a bundled product to customers through agreements we have with a national long distance carrier. The long distance services include domestic service, such as interLATA, which are calls that pass from one "Local Access and Transport Area" or "LATA" to another LATA, and intraLATA, which are calls that stay within the LATA in which they originated, but are beyond the distance limits of the local calling plan. Our services also include international calling, toll-free services (800, 888, 877), calling card and other enhanced services.

o Internet and Data Services. We offer dedicated and dial-up Internet access services via conventional modem connections, integrated services digital networks, T-1s and higher speed dedicated connections. In addition, we have installed our first node to carry DSL services, and we plan to offer Voice over DSL before the end of fiscal year 2000.

o Web Site Design and Hosting Services. We offer Web site design services and Web site hosting on our own computer servers to provide customers with a complete, user-friendly product for presence on the World Wide Web. We have built and are currently providing for our customers E-commerce sites, an interactive comparative insurance rater site, and an interactive auction site.

o Yellow Pages Directory Services. Our local telephone service customers are given a free Web page for six months in our Internet yellow pages directory. This page is also sold for $24.95 per month to non-telephone customers. The site is accessed by more than 80% of Internet search engines, and offers links to other sites and the ability for our customers to receive a fax or email message directly from the user who has found the site. In the second quarter of fiscal 2000, we intend to market this product on a wholesale basis for business-to-business applications.

o Facilities and System Integration Services. We offer individual customer consultation services with regard to the design and implementation of complete telecommunications systems to meet customers' specific needs, including the selection of customer premises equipment, interconnection of local area networks and wide area networks, and implementation of virtual private networks.

o Hosted Applications. We plan to offer hosted applications to our customers, especially to small-sized businesses that do not have the resources to hire their own management information services director. We anticipate that such application hosting will be important to entities that use high-speed Internet access services, such as DSL, and will help differentiate us from other DSL providers that only provide access services.

Business Strategy

Our goal is to be a premier facilities-based integrated communications provider to small- and medium-sized businesses. We are taking the following action steps in order to achieve this goal:

o Target Small- and Medium-sized Businesses. We focus our telecommunications sales efforts for local and long distance services on small- and medium-sized businesses having two to 100 business lines in any one location. We believe that these customers prefer a single source for all their telecommunications services. We have chosen to focus on this segment based on our ability to obtain ample gross margins on UNE-P for the services provided to these customers. We also believe that, as compared to larger businesses, the ILECs and facilities-first CLECs may be less likely to apply significant resources to obtaining or retaining these customers. We expect to attract and retain these customers through telemarketers and agents, by offering bundled local and long distance services at competitive rates, as well as enhanced telecommunication services, by responsive customer service and support and by offering new and innovative products, such as our yellow pages directory Web sites known as QuillPages.

- Achieve Market Share with Competitive Pricing. We always price our services at a discount to the exact same services provided by an ILEC. We believe we know what the ILECs charge because we have access to the rates they have filed with the various state public service commissions, and we typically review the telephone bill of a potential customer before we switch them to our network so that we are aware of the prices they were paying and of any contractual obligations. We anticipate that some ILECs may reduce their prices as increased competition begins to erode their market share. We believe, however, that we will be able to compete as prices decrease, because of our low network costs and because we will be providing a variety of bundled telecommunications services and will not have to rely on price alone to maintain our core customer base.

- Develop Brand Awareness. With the change of our name to eLEC Communications Corp., we are applying for the right to do business under the brand name eLEC Communications in all of the states in which we operate. We want to service the customers of our wholly-owned subsidiaries, Essex, WebQuill and Telecarrier, under the eLEC Communications name, and use the eLEC name to create and develop a brand awareness in the territories in which we operate. We are positioning eLEC as a high quality, service-orientated company that provides reliable telecommunications quality, service and advice at competitive prices.

- Rapidly Deploy New Customers. We intend to take advantage of our ability to rapidly provision new accounts in our existing service areas, and to rapidly enter new service areas because of our low capital requirements to enter new states. Our choice of states on which to focus will depend on when the particular state adopts the use of UNE-P. We anticipate that Pennsylvania and Texas will be the next two major states that we target. We typically provision a new account within two or three days after we have received a letter of authorization to place a new customer on our network. We know of no facilities-first carrier that can provision lines this quickly.

- Provide our Customers More than Local Telephone Services. Although our focus is on the more than $50 billion local exchange market, and we anticipate that the sales growth and margins associated with this market will represent our core business, the additional products and services we offer, including Internet access, email addresses, Web site design and Web site hosting, yellow pages directory listing, DSL access, applications hosting and virtual private networks, will be an important attraction to our customers. We believe the more services we can provide, the more integral we will become to our customers.

Sales and Marketing Strategies

We offer an integrated package of local exchange, local access, domestic and international long distance, and calling cards and a full suite of Internet access, Web site design and Web site hosting to small- and medium-sized businesses. Virtually all of our customers have no telecommunications manager and look to us to suggest an appropriate telecommunications solution. Each account is assigned a customer service representative and we answer the telephone during business hours with a live person instead of sending our customers through several voice mail loops before reaching a person to whom they can speak. We have a three-tiered sales and marketing strategy to sell to our target market.

- Telemarketing Programs. We use third-party telemarketing firms to sell our smaller accounts. Most accounts in this group choose our telephone service because they do not like the customer service they receive from their ILEC and because they will save money using our services. We have proven that this strategy works for us, as almost all of our first 10,000 customer lines

[illegible] from the telemarketing channel, and most of the organic growth at our [illegible], Access One, came from third-party telemarketers. This method allows us to keep our marketing costs variable-based and minimizes the need to have fixed overhead committed to our sales force.

o Agent and Interconnect Company Programs. We also use agents and interconnect companies to generate leads for new customers. We pay a success fee to the agents and interconnect companies for recommending our services. Most of these referrals are current equipment customers or long distance customers of the agent or interconnect company. Therefore, it is important that the agents and interconnect companies understand the benefits of the services that we offer because they do not want to tarnish an existing customer relationship by inappropriately recommending us. We find that our pricing and the flexibility of our services, combined with our special customer service group for the interconnect companies, allows us to satisfy the needs of the referrals we receive in this distribution channel. Two executives from our recently acquired subsidiary, Telecarrier, have extensive established business relationships with interconnect companies. Many of their current accounts were referrals from established business relationships, and we believe our Telecarrier employees will continue to develop for us this market segment.

o Wholesale Programs. We offer special wholesale pricing for accounts with several hundred local access lines. One such customer has agreed to provide us with a minimum of 9,000 local access lines, and we anticipate that during fiscal 2000 we will be able to attract other wholesale customers who will bring us thousands of new lines. We use a direct sales effort to sell in this market. Separate customer service representatives are assigned to support this customer base.

This sales and marketing strategy minimizes the need for us to invest in fixed sales and marketing overhead. Unlike the facilities-first CLECs, who need to rapidly attract customers for their underutilized telecommunications equipment, and who invest substantial amounts of salary and rent expense to open sales offices in their targeted markets, we do not have the same pressure to find qualified leads for our facilities. Furthermore, under UNE-P, our reach is ubiquitous, as we can serve any customer that is being served by the ILEC. A facilities-first CLEC typically searches only for customers that it can populate on the switches and fiber that it has installed in the hope of finding customers to utilize such equipment. Consequently, we believe our deferred-build strategy not only saves us from unnecessarily building a network without customers, it also allows us to more wisely expend our sales and marketing dollars by limiting the amount of fixed overhead that is required to rapidly grow our business.

Competition in the Telecommunications Industry

Local Telecommunications Market

The local telecommunications market is a highly competitive environment and is dominated by the Regional Bell Operating Companies ("RBOCs") and other ILECs. Based upon the geographical locations in which we currently sell services, Bell Atlantic Corporation ("Bell Atlantic") and BellSouth are our largest competitors. Both entities have "win-back" programs through which they approach former customers lost to a CLEC or other competitor in an attempt to have the former customers switch back to the RBOC. Most of our actual and potential competitors, including most of the facilities-first CLECs, have substantially greater financial, technical, marketing and other resources (including brand name recognition) than we do. Furthermore, the continuing trend toward business alliances in the telecommunications industry and the lack of substantial barriers to entry in the data and Internet services markets could help to generate substantial new competition. We anticipate that we will be able to compete based upon our pricing, reliability, customer service and rapid ability to provision accounts and respond to customer requests. Our established competitors, such as the RBOCs, are able to compete effectively because they have long-term existing relationships with their customers, strong name recognition, abundant financial resources, and the ability to cut prices of certain services by subsidizing such services with revenues generated from other products. Although the Telecommunications Act reduced barriers to entry into the local market, future regulatory decisions could provide RBOCs with more pricing flexibility, which would result in increased price competition.

We also face competition in the local market from new entrants to the fixed wireless market, such as Winstar Communications, Inc., Teligent, Inc. and NextLink Communications, Inc. Many of these entrants have the strategy of bypassing the RBOCs in order to provide local access to their customers. By not having to rely on the RBOC for local service connections, the fixed wireless companies are able to keep more of their sales dollar for themselves. However, if this access method becomes more price competitive and reliable, we believe we will have the flexibility, with our current local customer base, to switch all or a portion of our customer base to the wireless facilities by negotiating appropriate terms with one or more wireless carriers.

In addition to competition from RBOCs, other CLECs and wireless entities, several other entities currently offer or are capable of offering local service, such as long distance carriers, cable television companies, electric utilities and microwave carriers. These entities, upon entering into appropriate interconnection agreements or resale agreements with ILECs, can offer single source local and long distance services like those we offer. For example, long distance carriers, such as AT&T Corp., MCI WorldCom and Sprint Corporation, among other carriers, have each begun to offer local telecommunications services in major U.S. markets using the unbundled network elements platform or by reselling the ILECs' services.

Long Distance Telecommunications Market

The long distance market, in comparison to the local market, has relatively insignificant barriers to entry and has been populated by numerous entities that compete for the same customers by frequently offering promotional incentives and lower rates. We compete with numerous such companies who do not offer any service other than long distance, and we compete with established major carriers such as AT&T and MCI WorldCom. We believe our bundled package of local services and a variety of data services will help us compete in this

carriers. We will also have to maintain high quality and low cost services to compete effectively. In many instances, we must be in a position to reduce our rates to remain competitive. Such reduction could be harmful to us if we do not also provide other services to our long distance customers. With the advent of long distance voice services over the Internet, and our launch of Voice over DSL during fiscal year 2000, we anticipate substantial price reductions in long distance services for those customers who purchase a bundled package from us that includes routing the long distance voice traffic over the Internet.

Internet And Other Data Services

The Internet and data service industry is intensely competitive. We receive significant competition in the delivery of Internet services to small and medium-sized businesses, our target market. Other ISPs, ILECs and CLECs are attempting to provide various dial-up, dedicated and high-speed Internet access services. We believe we can remain competitive to a certain extent because we also provide Web site design, Web site hosting, E-commerce sites, auction sites, yellow-pages service directory, DSL services and hosted applications, in addition to being a local telecommunications company. We anticipate that this diverse product range will help us attract new customers and reduce customer churn.

Government Regulation

Local and long distance telecommunications services are subject to regulation by the FCC and by state regulatory authorities. Among other things, these regulatory authorities impose regulations governing the rates, terms and conditions for interstate and intrastate telecommunications services and require us to file tariffs for interstate and international service with the FCC and obtain approval for intrastate service provided in the states in which we currently market our services. We must obtain and maintain certificates of public convenience and necessity from regulatory authorities in the states in which we operate. We are also required to file and obtain prior regulatory approval for tariffs and intrastate services. In addition, we must update or amend the tariffs and, in some cases, the certificates of public convenience and necessity, when rates are adjusted or new products are added to the local and long distance services we offer. Changes in existing laws and regulations, particularly regulations resulting in increased price competition, may have a significant impact on our business activities and on our future operating results. We are also subject to Federal Trade Commission regulation and other Federal and state laws relating to the promotion, advertising and direct marketing of our products and services. Certain marketing practices, including the means to convert a customer's long distance telephone service from one carrier to another, have recently been subject to increased regulatory review of both federal and state authorities. Even though we have implemented procedures to comply with applicable regulations, increased regulatory scrutiny could adversely affect the transitioning of customers and the acquisition of new customer bases. Amendments to existing statutes and regulations, adoption of new statutes and regulations and expansion of our operations into new geographic areas and new services could require us to alter our methods of operation or obtain additional approvals, at costs which could be substantial. There can be no assurance that we will be able to comply with applicable laws, regulations and licensing requirements. Failure to comply with applicable laws, regulations and licensing requirements could result in civil penalties, including substantial fines, as well as possible criminal sanctions.

When we invoice our customers for our telecommunications services, we invoice features and services in advance and usage in arrears. Due to the nature of our contractual agreements with the RBOCs, there is typically only an immaterial amount of backlog of unprovisioned customers at any given time, as a customer is typically switched from the RBOC to our network within two days of processing the provisioning order. As of February 15, 2000, we had orders from two customers for approximately 14,000 lines for which we were waiting to receive the provisioning information. Such lines may take up to one month to provision because of the large quantity of lines requested to be provisioned from just two customers. We are working with our customers to provision blocks of lines at a time so that there is an orderly transition of lines to our network.

ACC's Retail Services

Our retail division is operated by our wholly-owned subsidiary, AFS, which is headquartered in Dallas, Texas. The objective of our retail division is to be a leading supplier of travel-related and telecommunications products to pilots and flight attendants. We operate in three retail stores that sell travel-related products primarily to American Airline employees, including the official pilot uniform and study guides for pilots. The stores also sell identification cards, uniform supplies and travel needs to flight attendants. In addition, the stores rent pagers to flight attendants who are on reserve duty and offer Internet access services and local and long distance telephone services. We plan to use the knowledge and experience gained with American Airlines to provide similar products and services to employees of other airlines and to develop effective E-commerce sites.

We believe professional airline crew members are excellent targets for online retail purchases, as they are constantly mobile and frequently stay in touch with family and job-related duties via the Internet. We have developed and will continue to develop E-commerce sites to augment our in-store sales with sales to these and other online purchasers. We currently market our travel related products through the E-commerce sites, www.avishop.com and www.800flags.com.

The target market for the retail division is professional airline crew members. Currently, we sell to pilots and flight attendants from American, Delta and Southwest Airlines. The business with American Airlines is the largest, as it includes selling the American Airlines pilot uniform and various approved apparel for both pilots and flight attendants. Two of the three retail locations we utilize are leased from American Airlines. Retail sales employees service walk-in customers and phone orders, and warehouse personnel process Internet orders.

The sale of product to crew members has not demonstrated any seasonality, as the customers are using the products on a daily basis as part of their normal work routine.

Our retail division operates without a backlog, as Internet orders and catalog orders are typically shipped within one day of receipt.

We purchase products for our retail division from various domestic suppliers who have license agreements to sell product displaying the American Airlines, Inc. logo or trade name. We also buy non-logo product from a variety of domestic sources.

The competition for retail sales to professional airline crew members is highly fragmented and has few barriers to entry. Our ability to compete effectively is directly related to the level of cooperation and publicity that airlines generate for our retail outlets. Currently, we enjoy an advantage with American Airlines because we are allowed to sell certain products to American Airlines' employees on a payroll deduct program and we are allowed to sell pilot uniforms. These agreements, in addition to two leases from American Airlines for retail sites in Dallas, Texas, help to limit the extent of competition in the Dallas area. However, we compete nationwide against several online retailers and against retail stores in various cities that are important airline hubs.

Intellectual Property

We rely on a combination of copyright, trademark and trade secret laws and contractual restrictions to establish and protect our intellectual property. We do not currently have any registered copyrights or trademarks. All key employees have signed confidentiality agreements and we intend to require each newly hired employee to execute a confidentiality agreement. These agreements provide that confidential information developed by or with an employee or consultant, or disclosed to such person during his or her relationship with us, may not be disclosed to any third party except in certain specified circumstances. These agreements also require our employees to assign their rights to any inventions to us. The steps taken by us may not, however, be adequate to prevent misappropriation of our proprietary rights or technology.

We use several service marks in our business and intend to apply to register such service marks to protect our usage of such marks. There can be no assurance that we will be able to secure significant protection for all or any of our service marks. Our competitors or others could adopt product or service marks similar to our marks, or try to prevent us from using our marks, thereby impeding our ability to build brand identity and possibly lead to customer confusion.

We have received correspondence from an unrelated third party claiming that our use of the mark "Essex" in connection with telephone services infringes one of the company's United States registered trademarks and requesting that we cease and desist from using the Essex mark. We have responded by denying any infringement and no legal proceedings have been commenced against us with respect to this matter.

We are also aware of several other parties that use marks that are the same or similar to marks that we use, though in most instances, to the best of our knowledge, these parties are not in the same business as we are. There can be no assurance that others with marks similar to our marks will not bring suit to prevent us from using a particular mark. Defending or losing any litigation relating to intellectual property rights could materially adversely affect our business, results of operations and financial condition.

Other Affiliates

In addition to our investment in Access One, we have made investments in other entities for which we have performed Web site design services and may have future strategic relationships. At February 15, 2000, we had investments in the following entities: (See Note 14 of Notes to Financial Statements).

[illegible]

RiderPoint, Inc. RiderPoint specializes in the development of comparative rating insurance software and sells motorcycle insurance through its wholly-owned subsidiary, RP Insurance Agency, Inc. RiderPoint provides fully integrated insurance solutions for carriers, agents, dealers and consumers through its innovative integration of the insurance process with Internet technology. Through its comparison rating insurance Web site, www.riderpoint.com, consumers are able to receive instant online motorcycle insurance quotes from top-rated insurance carriers, which gives the consumer the ability to comparatively shop for and purchase motorcycle insurance at one location.

SkyClub Communications Holding Corp. SkyClub offers digital satellite systems for the reception of direct television (over 200 channels of programming) and high speed Internet services. SkyClub features direct to home (DTH) satellite products from Hughes Network Systems, RCA, Sony and other licensed DIRECTV manufacturers. SkyClub markets satellite services that include DirecTV and DirecPC's Turbo Internet, which provides customers with high-speed (up to 400 Kbps) Internet services. SkyClub also recently began offering DIRECTV PARA TODOS(TM) to Spanish speaking communities.

Employees

At February 15, 2000, we employed 63 employees, of which 59 were employed on a full-time basis and five were employed on a part-time basis. At such date, 17 of our employees were employed in our executive offices in Norwalk, Connecticut; 28 were employed in Melville, New York, at our wholly-owned subsidiary, Essex; 12 were employed in our retail division stores in Dallas, Texas; five were employed in Edison, New Jersey, at our telecommunications subsidiary, Telecarrier; and one was employed in Mississauga, Canada. We are not subject to any collective bargaining agreement and believe that our relationship with our employees is good.

[redacted]

Item 2. - Properties

The following table sets forth pertinent facts concerning our material properties at February 15, 2000, all of which are owned or leased by us or one of our subsidiaries:

[redacted]

Location	Use	Approximate Square Feet
<S>	<C>	<C>
[redacted]	Rental property (2)	35,000 (leases out 35,000 SF)

[redacted]

Location	Use	Approximate Square Feet	Lease Expires	Annual Rent(1)
<S>	<C>	<C>	<C>	<C>
[redacted]	Executive Office	14,000	2/28/05	$132,000
[redacted]	Office	5,486	4/30/03	$ 93,000
[redacted]	Sales Office	2,500	10/31/01	$ 40,000
[redacted]	Office	3,000	4/06/00	$ 42,000
[redacted]	Warehouse	2,000	7/31/00	$ 39,000
[redacted]	Retail	1,700	8/24/00	$ 30,000
[redacted]	Warehouse	2,470	9/30/00	$ 15,000
[redacted]	Office	2,400	expired	$ 38,400

[redacted]

(1) We are required to pay our proportionate share of any increase during the term of the lease in real estate taxes and expenses of maintaining the premises computed on the basis of the percentage of the total square footage of the premises occupied by us.

(2) The property owned in Mississauga, Canada was formerly used as a warehouse for our luggage operations that have been discontinued. It is fully rented to two tenants.

Item 2

Our owned and leased space is fully utilized for the purposes set forth in the table above under the caption "Use," except for the new space in Norwalk, Connecticut which is currently being developed as our new executive offices and a network operating center. We believe the existing properties are adequate and adequate for our existing business.

Item 3. - Legal Proceedings

Other than the license and regulatory proceedings that routinely occur for telecommunication entities, as described under "Government Regulation," we are not currently a party to any legal proceeding that we believe will have a material adverse effect on our financial condition or results of operations.

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

We held our 1999 Annual Meeting of Shareholders on November 10, 1999. The following are descriptions of the matters voted on and the results of each meeting:

Matter Voted On	Number of Shares For	Against	Abstain
1. Election of Directors			
Joel Hoppe	9,895,868		44,496
Eric M. Hellige	9,897,968		42,396
Paul G. Kiss	9,896,978		43,386
Anthony Scalice	9,896,978		43,386
2. Proposal to change the name of the Company to eLEC Communications Corp.	9,907,332	30,332	2,700
3. Approval of an amendment to the Direx International Corp. 1999 Employee Stock Option Plan to increase the number of shares of Common Stock reserved for issuance thereunder by 1,200,000 shares.	5,581,798	242,234	9,200

Part II

Item 5. - Market for the Company's Common Equity and Related Stockholder Matters

Our common stock trades on The Nasdaq Small Cap Stock Market(R) under the symbol ELEC. The high and low sales price for each quarterly period of our last two fiscal years are listed below:

		High	Low
Fiscal 1998			
	1st Quarter	$5.750	$1.563
	2nd Quarter	7.188	3.563
	3rd Quarter	6.750	1.000
	4th Quarter	1.969	0.656
Fiscal 1999			
	1st Quarter	$4.000	$0.750
	2nd Quarter	6.000	1.250
	3rd Quarter	2.594	1.313
	4th Quarter	3.219	1.250

As of February 15, 2000, there were 215 holders of record of the common stock and approximately 1,200 beneficial holders.

We have not declared any cash dividends during the past fiscal year with respect to the common stock. The declaration by our Board of Directors of any cash dividends in the future will depend upon the determination of as to whether, in light of our earnings, financial position, cash requirements and other relevant factors existing at the time, it appears advisable to do so. We do not plan to declare any dividends on our common stock in the foreseeable future.

During the fourth quarter of fiscal 1999, we acquired from RiderPoint, Inc. 500,000 shares of common stock of RiderPoint, Inc., in consideration of the issuance by us of 300,000 shares of our common stock; we issued 1,255,555 shares of our common stock, in conjunction with a private placement to raise $1,412,500; we issued 100,000 shares of our common stock to the former shareholders of Essex in conjunction with the attainment of certain performance objectives agreed to in connection with the acquisition of Essex; We issued 575,000 shares of our common stock to Joel Dupre, the Chairman of the Board to cancel indebtedness to Mr. Dupre and others; and we issued 69,000 shares of our common stock in conjunction with the acquisition of Peconic Telco, Inc. Such transactions were effected pursuant to Section 4(2) of the Securities Act of 1933, as amended.

Item 6. - Selected Financial Data

The following selected financial information has been taken from our consolidated financial statements. The information set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included elsewhere in this report.

	Fiscal Years Ended November 30,				
	1999	1998	1997	1996	1995
[redacted]	<C>	<C>	<C>	<C>	<C>
[redacted]					
[redacted]	$ 4,170	$ 1,485	$ 276	$ --	$ --
[redacted]	1,167	541	92	--	--
[redacted]					
[redacted]					
[redacted]	(3,563)	(2,204)	(105)	--	--
[redacted]					
[redacted]	(1,943)	(2,772)	(2,763)	622	(996)
[redacted]	(7,506)	(4,977)	(2,868)	622	(996)
[redacted]					
[redacted]					
[redacted]					
[redacted]	(0.41)	(0.43)	(0.03)	--	--
[redacted]	(0.41)	(0.43)	(0.03)	--	--
[redacted]	--	--	--	--	--
[redacted]					
[redacted]	$ (101)	$ 334	$ 5,107	$ 1,553	$ 1,142
[redacted]	212	835	827	888	650
[redacted]	7,297	11,029	14,042	9,577	10,013
[redacted]					
[redacted]	198	291	4,522	348	590
[redacted]	3,458	3,754	3,216	2,780	1,897

Item 7. - Management's Discussions and Analysis of Financial Condition and Results of Operations

Certain statements set forth below under this caption constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Please refer to page 3 of this Annual Report on Form 10-K for additional factors relating to such statements.

Item 7. Management's Analysis and Discussion of Financial Condition and Results of Operations

Fiscal Year 1999 Compared to Fiscal Year 1998

Continuing operations

Net sales for fiscal 1999 increased by approximately $2,686,000 or approximately 181%, to approximately $4,170,000 as compared to approximately $1,484,000 reported in fiscal 1998. The following table presents our net sales by industry segment for the fiscal years ended November 30, 1999 and 1998:

[redacted]

	Fiscal years ended November 30,		
[redacted]	1999	1998	Increase
	<S>	<C>	<C>
[redacted]	$1,895,000	$1,111,000	$ 784,000
[redacted]	2,275,000	373,000	1,902,000
[redacted]	$4,170,000	$1,484,000	$2,686,000

[redacted]

Net sales of our telecommunications division, which consisted of the operations of Beam and WebQuill, increased by approximately $1,902,000, or approximately 510%, to approximately $2,275,000 in fiscal 1999 as compared to approximately $373,000 in fiscal 1998. This increase was attributable to the rapid growth in the number of installed access lines provisioned by us during the third and fourth quarters of fiscal 1999. Installed access lines amounted to approximately 2,400 on August 1, 1999 and grew to approximately 9,100 lines on November 30, 1999. Revenue for each installed access line averages approximately $30 per month.

Net sales of our retail division, consisting of the operations of Aviation Ventures, Inc. ("AVI"), increased by approximately $784,000, or approximately 71%, to approximately $1,895,000 in fiscal 1999 as compared to approximately $1,111,000 in fiscal 1998. The increase was partially attributable to the acquisition in January 1999 of Tag Air and partially attributable to increased product offerings. AVI operates three retail stores in Texas for professional airline flight crew members and sells pilot uniforms, study guides and travel products. Its products are also sold on the E-commerce sites www.avistop.com and www.800bags.com.

The Company's gross profit increased by approximately $626,000, to approximately $1,167,000 reported in fiscal 1999 from approximately $540,000 reported in fiscal 1998, and the gross profit percentage decreased to 28% in fiscal 1999 from 34% reported in fiscal 1998. The decrease in gross profit percentage was primarily attributable to the significant increase in sales of our telecommunications division, which has lower margins than our retail sales division. Gross profit percentages amounted to 41% for the retail division and 19% for the telecommunications division, respectively, for fiscal 1999. We expect the retail division's gross margin to continue at its current level and the telecommunication division's gross margin to increase as Essex converts its customer base from a resale service offering to the Unbundled Network Elements Platform ("UNE-P") service offering that is now available through Bell Atlantic Corporation in the States of New York and Massachusetts. Approximately 56% of our customer lines were converted from resale to UNE-P as of November 30, 1999. Furthermore, effective February 17, 2000, the FCC has mandated that the UNE-P service offering be offered in every state. This ruling should help us convert more of our installed access lines to UNE-P and obtain higher gross margins in our telecommunications division. We estimate that in most states, the gross profit achieved from the UNE-P service offering should be approximately 40%, as compared to a resold line, which generates a gross margin of approximately 9%.

Selling, general and administrative expenses increased by approximately $1,559,000, or approximately 132%, to approximately $2,741,000 in fiscal 1999 as compared to approximately $1,182,000 in fiscal 1998. A major portion of the increase was directly attributable to increased labor and facility expenses incurred by our telecommunications division. This increase in expense is directly related to the significant increase in sales in fiscal 1999 as compared to fiscal 1998.

Interest expense from continuing operations amounted to approximately $15,000 in fiscal 1999. There was less than $1,000 of interest expense from our continuing operations during fiscal 1998.

At November 30, 1999, we were the largest shareholder of Access One Communications Corp. ("Access One"), owning approximately 21% of Access One's capital stock. As our investment in Access One is accounted for under the equity method of accounting, we are required to include our portion of Access One's net loss, up to the amount of our investment in Access One, in our results of operations. In fiscal 1999, we have recorded a loss of approximately $2,464,000 as compared to a loss of approximately $1,423,000 in fiscal 1998. We have been advised by Access One that their losses related to funding aggressive customer growth and the related costs associated with hiring employees to provision lines and provide customer service. As a result of the losses, our investment is now carried at $0.

Discontinued operations

On August 11, 1999, we sold certain assets and assigned certain liabilities of our domestic luggage division to Interbrand L.L.C., an unrelated corporate entity, in furtherance of our previously announced plans to discontinue the operations of our wholesale luggage segment. In addition to purchasing inventory, equipment and other assets, Interbrand also hired certain of our employees, including our current Chairman of the Board, Joel Dupre. Upon being hired by Interbrand, Mr. Dupre resigned his position as our Chief Executive Officer, and we no longer employ him.

The operating results of our wholesale luggage segment have been reported for as a discontinued operation and the results of operations have been excluded from continuing operations in our consolidated statements of operations for all periods presented, including the prior period financial statements in which we have restated the operating results of our wholesale luggage segment as a discontinued operation. Interest expense relating to borrowings by our former wholesale luggage segment is included as operating expenses of such discontinued segment. For fiscal 1999, we reported a loss from operations of discontinued operations of approximately $3,179,000 and a loss on disposal of discontinued operations of approximately $764,000. A cumulative loss on foreign currency translation adjustment of approximately $572,000, which formerly was presented as a separate component of shareholder's equity, is now reflected as a loss related solely to the discontinued segment.

Fiscal Year 1998 Compared to Fiscal Year 1997

Net sales for fiscal 1998 increased by approximately $1,209,000 to approximately $1,485,000 as compared to approximately $276,000 reported in fiscal 1997. Net sales of our retail division, consisting of the operations of [illegible], increased by approximately $835,000 in fiscal 1998 to approximately $1,111,000 from approximately $276,000 in fiscal 1997 as we reported a full year of retail operations in fiscal 1998 as compared to only three months in fiscal 1997.

Net sales of our telecommunications division amounted to approximately $374,000 in fiscal 1998, its first year of operation. Essex operated as a reseller of local telephone services and value-added products in the states of Connecticut, Massachusetts, New Jersey, New York and Virginia. [illegible], which was acquired in August 1998, provided dial-up and dedicated Internet access, Web design, hosting and E-commerce development to small-and medium-sized businesses.

Our gross margin increased in fiscal 1998 by approximately $448,000 to approximately $540,000 from approximately $92,000 in fiscal 1997. The gross margin percentage increased to 36% in fiscal 1998, as compared to 33% in fiscal 1997. The increase in gross margin percentage is primarily due to the 41% gross margin from the retail division in fiscal 1998 as compared to 33% in fiscal 1997. The increases both in gross margin and gross margin percentage of the retail division are attributable to the operation of that business for a full year in fiscal 1998, as compared to a partial year of operations in fiscal 1997, which included start-up costs and operational expenses related to establishing appropriate vendor relationships and product offerings. The telecommunications division reported a gross margin of 14% in its first year of operations.

Selling general and administrative expenses increased in fiscal 1998 by approximately $993,000, or approximately 525%, to approximately $1,182,000 from approximately $189,000 reported in fiscal 1997. This increase in expenses was primarily attributable to our telecommunications operations, which were not in operation in fiscal 1997, and to our retail division, which was only in operation for three months in fiscal 1997.

Interest expense amounted to less than $1,000 in fiscal 1998 as compared to no interest expense in fiscal 1997. Both divisions operated without requiring a lending facility.

At the end of fiscal 1998, we were the largest shareholder of Access One, owning approximately 31%. As our investment in Access One is accounted for under the equity method of accounting, we were required to include our portion of Access One's net loss in our results of operations. For fiscal 1998, we recorded a loss of approximately $1,423,000 relating to our investment in Access One. We have been advised by Access One that Access One's losses in fiscal 1998 were primarily the result of funding aggressive customer growth and the related costs associated with hiring employees to verify and provision lines, to staff a customer service operation and to develop a management information system. In addition, in fiscal 1998, Access One purchased local telephone service from BellSouth at a wholesale discount of 16.8% and passed on about half of the discount to its customer base. The gross profit on this business was not large enough to cover the selling, general and administrative expenses associated with operating a local telephone company.

Liquidity and Capital Resources

At November 30, 1999, the Company had cash and cash equivalents of approximately $991,000 and a working capital deficit of approximately $191,000, an increase of approximately $239,000 and a decrease of approximately $430,000, respectively, over amounts reported at November 30, 1998. The decrease in working capital resulted primarily from the losses incurred from our former luggage segment and the costs associated with disposing of that segment.

Net cash provided by (used in) operating activities (including discontinued operations) aggregated approximately $610,000, $1,783,000 and ($4,457,000) in fiscal 1999, 1998 and 1997, respectively. The decrease in the net cash provided by operating activities in fiscal 1999 as compared to fiscal 1998 is primarily due to our ability to reduce our accounts receivable balances in fiscal 1998 by approximately $1,289,000, as compared to a reduction in fiscal 1999 of approximately $213,000. Although we disposed of a substantial portion of the assets of our luggage division in August 1999, by November 30, 1999, we were successful in increasing the sales of our telecommunications division and subsequently created new accounts receivable balances. The increase in net cash provided by operating activities (which primarily reflected the operations of our discontinued luggage division) in fiscal 1998 as compared to fiscal 1997, primarily reflected a decrease in inventory and accounts receivable offset by the increase in our net loss from operations. The reduction in inventory levels was primarily due to our ability to better manage purchases relative to sales forecasts and the lack of import quota purchase constraints in fiscal 1998 that existed in fiscal 1997. The reduction in accounts receivable primarily reflects tighter credit and collection policies.

Net cash used in investing activities aggregated approximately $300,000, $158,000 and $58,000 in fiscal 1999, 1998 and 1997, respectively. The principal uses of cash from investing activities in fiscal 1999, 1998 and 1997 were for the purchase of fixed assets. In addition, we used approximately $94,000 for the 1999 acquisition of Peconic Telco, Inc. and $150,000 for the 1998 payment of certain obligations in conjunction with the acquisition of Telcell. In fiscal 1999, 1998 and 1997, the principal sources of net cash provided by investing activities were proceeds from the sale of a subsidiary.

Net cash (used in) provided by financing activities aggregated approximately ($270,000), ($1,399,000) and $6,391,000 in fiscal 1999, 1998 and 1997, respectively. In fiscal 1999, net cash used in financing activities resulted in the repayment of a revolving credit line of approximately $2,000,000, which was partially offset by the proceeds from a private placement of common stock of approximately $2,026,000, a loan from an officer in the net amount of approximately $227,000, the proceeds from the issuance of preferred stock in the amount of approximately $196,000 and the proceeds from the exercise of stock options of approximately $44,000. In fiscal 1998, net cash used in financing activities resulted from a repayment of a revolving credit line of approximately $2,529,000, which was partially offset by proceeds of approximately $18,000 from the exercise of stock options, proceeds of approximately $651,000 from a private equity placement and proceeds of approximately $460,000 from the exercise of stock warrants. In fiscal 1997, repayments of short-term debt of approximately $1,601,000 were offset by an increase of approximately $5,714,000 in net cash provided by a revolving credit facility. This increase was the result of a working capital agreement (see below) under which we were able to borrow up to 80% of the dollar amount of our eligible accounts receivable and 50% of our eligible inventory. During fiscal 1997, we also received approximately $166,000 in proceeds from the exercise of stock options, approximately $609,000 in proceeds from a private equity placement, and approximately $1,509,000 in proceeds from the exercise of stock warrants.

On December 17, 1996, we entered into a financing agreement with Coast Business Credit ("Coast"), a division of Southern Pacific Thrift and Loan Association, pursuant to which Coast made available to us a line of credit of $7,000,000 with advances based on 80% of our eligible accounts receivable and 50% of our eligible inventory. This loan was scheduled to mature on December 31, 1999, and was paid in full on December 29, 1999.

On March 3, 1999, our subsidiary, Essex, entered into a Receivable Sale Agreement with Receivables Funding Corp. ("RFC") that provides for Essex to sell up to $500,000 of its eligible receivables to RFC on a periodic basis and to grant RFC a security interest in the receivables purchased by RFC. The Receivables Sale Agreement does not transfer the risk of loss to RFC, and has been treated by us as a financing for financial statement purposes. As of November 30, 1999, Essex was indebted to RFC for the principal amount of approximately $190,000. Essex borrows from RFC at approximately five percentage points above the prime rate, which was 8.5% per annum at November 30, 1999. In December 1999, Essex increased the amount of eligible receivables it can sell to RFC to $1,000,000.

Our Canadian subsidiary has a mortgage on its real property in the amount of $304,000. The mortgage is payable in monthly installments of approximately $3,000, which includes interest at the rate of 10.25% per annum, with a balloon payment of approximately $291,000 in the year 2000. We have received an appraisal of the building of approximately $1,000,000, and we intend to sell the building in an orderly manner during fiscal 2000. The rental income from the current tenants covers the debt service and maintenance requirements of the building.

In fiscal 1999, our capital expenditures amounted to approximately $121,000. We expect to make additional capital expenditures of approximately $350,000 for equipment for our telecommunications division over the next 12 months. Such expenditures will be made in conjunction with the establishment of a network operating center in Norwalk, Connecticut and with the planned expansion to become a nationwide CLEC. We anticipate we will be able to finance equipment purchases through equipment leases or with working capital.

[illegible]

At February 15, 2000 we owned approximately 21% of Access One, which had on such date approximately 60,000 installed access lines and revenues of approximately $3,000,000 per month. Although Access One has approximately 750 shareholders, it is not publicly traded, there is no readily ascertainable market for its stock, and the shares held by us bear a restrictive legend stating that the shares have not been registered under the Securities Act of 1933. Despite the trading restriction, we have received offers to purchase a portion of our Access One stock for amounts ranging from $4.00 to $5.00 per share and subsequent to November 30, 1999, we sold 17,000 shares of stock in this price range. At February 15, 2000 we owned 3,918,500 shares of Access One and warrants to purchase 500,000 additional shares at $1.20 per share. Our investment in Access One is recorded on our books by the equity method of accounting and is carried at $0 as of November 30, 1999.

We believe that the retail division's working capital and cash flow from operations will be sufficient to meet the cash and capital requirements for our retail division for the next 12 months. Our plan for the growth of our telecommunications division includes an aggressive strategy to achieve fiscal 2000 with more than 65,000 installed access lines. Although we anticipate that we will have reached profitability on a monthly basis at this level of operation, we will need to expend cash and we expect to incur additional losses before we are able to grow our business to a profitable level. Subsequent to November 30, 1999, we received net proceeds of approximately $5,000,000 from the exercise of warrants and from a private placement of our common stock. We believe our cash and cash equivalents at February 28, 2000 provide us with enough liquidity to carry out our fiscal 2000 growth plans. The inability to carry out our plans may result in the continuance of unprofitable operations, which would adversely affect our financial condition and results of operations.

Impact of Year 2000

The Year 2000 ("Y2K") issue is the result of computer-controlled systems using two digits rather than four to define the applicable year. For example, computer programs that have time sensitive software may recognize a date using "00" as the year 1900 instead of the year 2000. This reading could result in a system failure or miscalculations and cause a disruption in operations, including, among other things, a temporary inability to process transactions, send invoices or engage in similar normal business activity.

Since 1998, we have devoted significant efforts to address Y2K issues. We have developed a comprehensive, company-wide plan to identify, evaluate and remediate Y2K issues. In addition to the planning and testing that occurred throughout fiscal 1999, our technical support team reevaluated all our systems during the month of December 1999, to assure the maintenance of uninterrupted service to our customers. In addition, our plan included a review of the Y2K readiness of our vendors and suppliers who have material relationships with us. The major phases of the plan with respect to each of these categories included an inventory of all hardware and software components and possible date implications, an assessment of the Y2K readiness of all Web sites and E-commerce sites, the remediation of all Y2K issues which have been identified in the assessment phase, and validation testing and certification as to Y2K compliance.

[redacted]

Our estimate of the total cost of our Y2K compliance efforts, based on amounts expended to date, plus estimated amounts of additional remediation costs, if any, is immaterial to the operations of the Company. The estimated Y2K costs have not been independently verified and may vary in the event of unforeseen Y2K remediation costs or costs related to the unanticipated costs from a third party vendor. Certain costs budgeted for the procurement of upgrades or replacements of servers and business information systems have not been included in this amount since these upgrades or replacements were being done by us independent of Y2K readiness. The estimated Y2K costs did not include any internal costs, such as compensation and benefits of employees delegated Y2K responsibilities, related to our Y2K plan since such costs are not internally allocated by us. We expect to fund any additional Y2K compliance efforts with cash flows from operations.

We have contacted various mission-critical external parties and have conducted testing procedures with certain of these external parties in order to confirm Y2K readiness. Some of our internal data networks are interconnected with, or dependent upon, systems operated by third parties, including telecommunications/data service providers and public utilities. Since external parties are responsible for addressing their own Y2K readiness, we are only able to determine at this time an estimate as to the extent to which any such conditions exist, and if they do exist, the extent to which they may have a material impact on our results of operations, financial condition or liquidity. Subsequent to December 31, 1999, we experienced no significant events, nor received any significant reports indicating any material Y2K issues. We are unaware of any uncorrected problems regarding the Y2K issue at this time, but will continue to monitor for any potential problems throughout 2000.

New Accounting Standards

In 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard 130, "Reporting Comprehensive Income" ("Statement 130"). Statement 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income, as defined, is the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The provisions of Statement 130 are effective for periods beginning after December 15, 1997. Accordingly, we adopted this standard for our fiscal year ending November 30, 1999.

In 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards 131, "Disclosures about Segments of an Enterprise and Related Information" ("Statement 131"), which establishes standards for segment reporting and disclosure of additional information on products and services, geographic areas and major customers. The provisions of Statement 131 are effective for periods beginning after December 15, 1997. Accordingly, we adopted this standard for our fiscal year ending November 30, 1999.

Item 7A. - Quantitative and Qualitative Disclosure About Market Risk

Our debt is currently limited to $1,000,000 under our current borrowing arrangements and such borrowings are at an effective rate of five percent over the prime rate. We currently do not use interest rate derivative instruments to manage our exposure to interest rate changes.

<PAGE>

Item 8. - Financial Statements and Supplementary Data

The financial statements and supplementary data to be provided pursuant to this Item 8 are included under Item 14 of this Report.

Item 9. - Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Part III

Item 10. - Directors and Executive Officers of the Company

The information required by this Item is incorporated here by reference to our definitive proxy statement for our 2000 Annual Meeting of Stockholders.

Item 11. - Executive Compensation

The information required by this Item is incorporated here by reference to our definitive proxy statement for our 2000 Annual Meeting of Stockholders.

Item 12. - Security Ownership of Certain Beneficial Owners and Management

The information required by this Item is incorporated here by reference to our definitive proxy statement for our 2000 Annual Meeting of Stockholders.

Item 13. - Certain Relationships and Related Transactions

The information required by this Item is incorporated here by reference to our definitive proxy statement for our 2000 Annual Meeting of Stockholders.

PART IV

Item 14. - Exhibits, Financial Statement Schedules, and Reports on Form 8-K

1. Financial Statements
2. Financial Statement schedules
3. Exhibits
   (3) Articles of Incorporation and By-laws
      (a) Certificate of Incorporation, as amended, incorporated by reference to the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on August 27, 1969 under Registration Number 2-34436.
      (b) Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to the Company's definitive proxy statement filed with the Securities and Exchange Commission in connection with the Company's Annual Meeting of Shareholders held in May, 1984.
      (c) Certificate of Amendment to the Certificate of Incorporation, incorporated by reference to Exhibit 3(b) to the Company's Annual Report on Form 10-K for the year ended November 30, 1988.
      (d) Certificate of Amendment to the Certificate of Incorporation, incorporated by reference to Exhibit 3(e) to the Company's Annual Report on Form 10-K for the year ended November 30, 1994, as amended.
      (e) Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 31, 1995.
      (f) Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 31, 1998.
      (g) Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 31, 1998.
      (h) Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3(1) to the Company's Current Report on Form 8-K dated November 16, 1999.
      (i) By-laws, amended and restated as of December 1996, incorporated by reference to Exhibit 3(e) to the Company's Annual Report on Form 10-K for the year ended November 30, 1996.
   (10) Material Contracts
      (a) 1995 Stock Option Plan, incorporated by reference to Exhibit 10(I) to the Company's Annual Report on Form 10-K for the year ended November 30, 1995, as amended.
      (b) 1996 Restricted Stock Award Plan, incorporated by reference to Exhibit A to the Company's Proxy Statement dated October 24, 1996.

(d) Employment Agreement, dated November 5, 1996 between the Company and Paul Riss, incorporated by reference to Exhibit 10(f) to the Company's Annual Report on Form 10-K for the year ended November 30, 1996. (d) Agreement and Plan of Merger dated January 21, 2000 between eLEC Communications Corp., eLEC Communications Sub I, Inc., and Telecarrier Services, Inc., Michael Lagana and Zina Hassel, incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, dated January 21, 2000.

(22) Subsidiaries of Company - The significant subsidiaries of Company, all of which are wholly-owned by Company and included in its consolidated financial statements, are as follows:

Name	Jurisdiction of Organization
<C>	
American Telecom LLC	Connecticut
Alpine Ventures, Inc.	Texas
Essex Communications, Inc.	New York
Pegasus Telco, Inc.	New York
Sirco Industries, Limited	Hong Kong
Sirco International (Canada) Limited	Canada
Telecarrier Services, Inc.	Delaware
Westhill Internet Services LLC	Connecticut

(23) Consent of Nussbaum Yates & Wolpow, P.C.
(27) Financial Data Schedule

(b) Reports on Form 8-K.

We filed a Current Report on Form 8-K dated August 11, 1999 reporting the approval by our Board of Directors of a corporate name change to eLEC Communications Corp., subject to shareholder approval, and providing the pro forma financial information with respect to the previously reported sale of certain assets of our former luggage division pursuant to the asset purchase agreement with Interbrand L.L.C. (Items 2 and 7).

We filed a Current Report on Form 8-K dated November 16, 1999 reporting the change of our corporate name from Sirco International Corp. to eLEC Communications Corp. (Item 5).

We filed a Current Report on Form 8-K dated January 21, 2000 reporting our acquisition of Telecarrier Services, Inc. At the time of the filing it was impracticable for us to provide the required pro forma financial information, if any, with respect to such transaction. We intend to file such information, if required, by amendment to the Form 8-K as soon as practicable, but in any event within 60 days of the filing of the initial Form 8-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized on the 28th day of February 2000.

eLEC COMMUNICATIONS CORP.
(Company)

By: /s/ Paul H. Riss

Paul H. Riss
Chief Executive Officer

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

Signature	Title	Date
	<C>	<C>
/s/ Paul H. Riss	Chief Executive Officer	February 28, 2000
Paul H. Riss	Chief Financial Officer (Principal Accounting Officer) Director	
/s/ Joel Papre	Chairman of the Board of Directors	February 28, 2000
Joel Papre		
/s/ Eric M. Hellige	Director	February 28, 2000
Eric M. Hellige		
/s/ Anthony Scalice	Director	February 28, 2000
Anthony Scalice		

FORM 10-K

ITEM 14(a)(1) AND (2)

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES

LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

The following consolidated financial statements of eLEC Communications, Inc. and Subsidiaries are included in Item 8:

	<C>
Report of Independent Auditors	F-2
Consolidated balance sheets - November 30, 1999 and 1998	F-3 - F-4
Consolidated statements of operations - Years ended November 30, 1999, 1998 and 1997	F-5
Consolidated statements of stockholders' equity - Years ended November 30, 1999, 1998 and 1997	F-6 - F-7
Consolidated statements of cash flows - Years ended November 30, 1999, 1998 and 1997	F-8 - F-9
Notes to consolidated financial statements - Years ended November 30, 1999, 1998 and 1997	F-10 - F-34

The following consolidated financial statement schedules of eLEC Communications, Inc. and Subsidiaries are included in Item 14(d):

Schedule II - Valuation and qualifying accounts - Years ended November 30, 1999, 1998 and 1997	F-35

Notes to Consolidated Corp. and Subsidiaries:

Report of Independent Auditors	F-36
Consolidated balance sheets - October 31, 1999 and 1998	F-37
Consolidated statements of operations - Years ended October 31, 1999 and 1998	F-38
Consolidated statements of stockholders' equity (deficiency) - Years ended October 31, 1999 and 1998	F-39
Consolidated statements of cash flows - Years ended October 31, 1999 and 1998	F-40
Notes to consolidated financial statements - Years ended October 31, 1999 and 1998	F-41 - F-54

All other schedules are omitted because they are not required, are inapplicable, or the information is included in the financial statements or notes thereto.

Report of Independent Auditors

The Board of Directors and Shareholders
eLEC Communications, Inc.
Norwalk, Connecticut

We have audited the accompanying consolidated balance sheets of eLEC Communications, Inc. (formerly known as Sirco International Corp.) and Subsidiaries as of November 30, 1999 and 1998, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years ended November 30, 1999, 1998 and 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of eLEC Communications, Inc. and its subsidiaries as of November 30, 1999 and 1998, and the consolidated results of their operations and their consolidated cash flows for the years ended November 30, 1999, 1998 and 1997, in conformity with generally accepted accounting principles.

We have also audited Schedule II for each of the years in the period ended November 30, 1999. In our opinion, this schedule presents fairly, in all material respects, the information required to be set forth therein.

/s/NUSSBAUM YATES & WOLPOW, P.C.

NUSSBAUM YATES & WOLPOW, P.C.

Melville, New York
February 21, 2000 (February 25, 2000 as to the last paragraph of Note 15)

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
NOVEMBER 30, 1999 AND 1998

ASSETS

	1999	1998
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 591,299	$ 352,489
Accounts receivable, principally trade - net of allowance of $424,000 and $339,000 in 1999 and 1998	1,245,078	1,565,727
Inventories	876,460	4,397,635
Prepaid expenses	52,636	199,805
Other current assets	177,680	36,791
Land and building held for sale	596,304	--
Receivable income taxes	--	149,902
Total current assets	3,539,457	6,702,349
Property, plant and equipment - at cost:		
Land	--	185,279
Building	--	459,788
Machinery and equipment	322,734	941,127
Leasehold improvements	--	320,132
	322,734	1,906,326
Less accumulated depreciation and amortization	111,036	1,070,852
	211,698	835,474
Other assets:		
Investment in and advances to subsidiary	424,575	464,573
Goodwill, net of accumulated amortization of $352,966 and $119,382 in 1999 and 1998	1,554,370	1,377,958
Investment in affiliate under equity method	0	1,476,434
Investments under cost method	1,469,929	---
Other	97,108	172,254
	3,545,982	3,491,219
Total assets	$7,297,137	$11,029,042

</TABLE>

See accompanying notes to consolidated financial statements.

<TABLE>
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FLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
NOVEMBER 30, 1999 AND 1998

LIABILITIES AND STOCKHOLDERS' EQUITY

	1999	1998
	<C>	<C>
Current liabilities:		
Notes payable to financial institutions and current maturities of long-term debt	$ 523,695	$ 3,193,344
Due to related parties	34,725	519,596
Accounts payable	1,302,714	993,779
Accrued expenses and taxes	1,779,704	1,661,420
Total current liabilities	3,640,838	6,368,139
Long-term debt, less current maturities	197,772	290,994
Due to related parties and accounts payable refinanced	--	615,829
Commitments and contingencies		
Stockholders'		
</TABLE>

<TABLE>
<CAPTION>

	<C>	<C>
Stockholders' equity:		
Preferred stock, Series A, $.10 par value; 1,000,000 shares authorized, 700 shares issued in 1998 (none outstanding), liquidation preference $1,000 per share	--	70
Preferred stock, Series B, $.10 par value; 1,000,000 shares authorized, 196 shares issued in 1999, liquidation preference $1,000 per share	20	--
Common stock, $.10 par value, 20,000,000 shares authorized in 1999 and 1998, 11,287,164 and 6,343,310 shares issued in 1999 and 1998	1,128,715	634,331
Capital in excess of par value	18,808,397	12,851,015
Deficit	(16,370,088)	(8,864,535)
Treasury stock at cost, 11,000 shares	(27,500)	(27,500)
Treasury stock held by equity investee	--	(159,396)
Accumulated other comprehensive income (loss), consisting of foreign currency translation adjustment	(81,017)	(679,905)
Total stockholders' equity	3,458,527	3,754,080
Total liabilities and stockholders' equity	$ 7,297,137	$11,029,042

</CAPTION>
</TABLE>

See accompanying notes to consolidated financial statements.

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

	1999	1998	1997
	<C>	<C>	<C>
Revenues:			
Telecommunication services	$ 2,275,474	$ 373,885	$ --
Specialty retail travel products	1,894,557	1,111,339	275,871
Total revenues	4,170,031	1,485,224	275,871
Costs and expenses:			
Costs of telecommunication services	1,884,949	321,430	--
Cost of specialty retail travel product sales	1,117,749	623,242	183,505
Selling, general and administrativ	2,741,264	1,181,873	188,860
Depreciation and amortization	330,054	139,451	8,678
Equity in loss of Access One Communications Corp	1,661,630	1,423,300	--
Total costs and expenses	7,735,646	3,689,296	381,043
Loss from operations	(3,565,615)	(2,204,072)	(105,172)
Other income (expense):			
Interest expense	(15,419)	(467)	--
Minority items	18,546	--	--
Loss from continuing operations	(3,562,488)	(2,204,539)	(105,172)
Discontinued operations:			
Loss from discontinued operations	(3,179,361)	(2,772,464)	(2,762,993)
Estimated loss on disposal of discontinued operations	(763,704)	--	--
Loss from discontinued operations	(3,943,065)	(2,772,464)	(2,762,993)
Net loss	($7,505,553)	($4,977,003)	($2,868,165)

	<C>	<C>	<C>
[illegible]			
[illegible]			
[illegible]			
[illegible]			
[illegible] net loss per share:			
[illegible]	($ .41)	($ .43)	($ .03)
[illegible]	($ .45)	($ .53)	($ .85)
Net loss	($ .86)	($ .96)	($ .88)
[illegible] number of common shares outstanding	8,717,554	5,184,748	3,243,392

See accompanying notes to consolidated financial statements.

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

Preferred Stock Shares	Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Capital In Excess of Par Value	Deficit	Stock
<C>	<C>	<C>	<C>	<C>	<C>	<C>
--	$--	2,630,400	$ 263,040	$ 4,136,014	($1,019,367)	($27,500)
--	--	--	--	--	(2,868,165)	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	145,000	14,500	151,750	--	--
--	--	400,000	40,000	569,000	--	--
--	--	700,000	70,000	1,439,104	--	--
--	--	425,000	42,500	1,457,500	--	--
--	--	--	--	--	--	--
---	---	---	---	---	---	---
--	--	4,300,400	430,040	7,753,368	(3,887,532)	(27,500)
--	--	--	--	--	(4,977,003)	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	15,000	1,500	16,688	--	--
--	--	260,000	26,000	1,144,000	--	--
--	--	212,000	21,200	446,704	--	--
--	--	350,000	35,000	702,820	--	--
--	--	375,000	37,500	637,500	--	--
700	70	--	--	651,315	--	--
--	--	30,916	3,091	19,520	--	--
--	--	800,000	80,000	1,479,100	--	--
--	--	--	--	--	--	--
---	---	---	---	---	---	---
700	70	6,342,316	634,331	12,851,015	(8,864,535)	(27,500)

[redacted]

	Treasury Stock Held by Equity Investee	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	<C>	<C>	<C>
[redacted]	$ --	($571,691)	$ 2,780,496
[redacted]	--	--	(2,868,165)
[redacted]	--	(61,060)	(61,060)
	--	--	(2,929,225)
[redacted]	--	--	166,250
[redacted]	--	--	609,000
[redacted]	--	--	1,509,104
[redacted]	--	--	1,500,000
[redacted]	(420,000)	--	(420,000)
	(420,000)	(632,751)	3,215,625
[redacted]	--	--	(4,977,003)
[redacted]	--	(47,154)	(47,154)
	--	--	(5,024,157)
[redacted]	--	--	18,188
[redacted]	--	--	1,170,000
[redacted]	--	--	467,904
[redacted]	--	--	737,820
[redacted]	--	--	675,000
[redacted]	--	--	651,385
[redacted]	--	--	22,611
[redacted]	--	--	1,559,100
[redacted]	260,604	--	260,604
[redacted]	(159,396)	(679,905)	3,754,080

(Continued)

[redacted]

See accompanying notes to consolidated financial statements.

<TABLE>
<CAPTION>

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

	Preferred Stock		Common Stock		Capital In Excess of	
	Shares	Amount	Shares	Amount	Par Value	Deficit
	<C>	<C>	<C>	<C>	<C>	<C>
Balance, November 30, 1996	700	70	6,343,316	634,331	12,851,015	(8,864,535)
Net loss						(7,505,553)
Translation adjustment, including a reclassification adjustment of $(25,178) related to dissolution of Hong Kong subsidiary	--	--	--	--	--	--
Comprehensive income (loss)	--	--	--	--	--	--
Stock issued for services	--	--	25,000	2,500	35,000	--
Issuance of common stock	--	--	1,890,055	189,005	1,836,719	--
Exercise of stock options	--	--	37,000	3,700	40,050	--
Stock issued for debt retirement	--	--	1,484,780	148,478	1,945,953	--
Stock issued for acquisition of Tay Air, Inc.	--	--	149,210	14,921	158,014	--
Stock issued for acquisition of Secure Telco, Inc.	--	--	69,000	6,900	113,850	--
Stock issued for investment in Equipsat, Inc.	--	--	550,000	55,000	1,201,250	--
Stock issued for investment in Kyocto Communications	--	--	120,149	12,015	158,801	--
Stock issued for equity investment in Access One Communications Corp.	--	--	1,420,000	142,000	1,689,800	--
Access One Communications Corp. put exercise	--	--	(1,400,000)	(140,000)	(1,666,000)	--
Reduction in treasury stock held by equity investee	--	--	--	--	--	--
Stock issued for performance conditions of Zeus Communications	--	--	225,000	22,500	212,650	--
Conversion of Series A preferred stock to common stock	(700)	(70)	373,654	37,365	(37,295)	--
Issuance of Series B preferred stock	196	20	--	--	195,909	--
Allowance of expenses incurred in raising equity	--	--	--	--	72,681	--
Balance, November 30, 1999	196	$ 20	11,287,164	$1,128,715	$ 18,808,397	($16,370,088)

</TABLE>

[redacted]

	Treasury Stock	Treasury Stock Held by Equity Investee	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	<C>	<C>	<C>	<C>
[redacted]	(27,500)	(159,396)	(679,905)	3,754,080
Net loss				(7,505,553)
Translation adjustment, including a reclassification adjustment of $112,112 related to dissolution of Sera Nova subsidiary	--	--	598,888	598,888
Comprehensive income (loss)	--	--	--	(6,906,665)
Stock issued for services	--	--	--	37,500
Issuance of common stock	--	--	--	2,025,774
Exercise of stock options	--	--	--	43,750
Stock issued for debt retirement	--	--	--	2,094,431
Stock issued for acquisition of Tag Net, Inc.	--	--	--	172,935
Stock issued for acquisition of Encore Wire, Inc.	--	--	--	120,750
Stock issued for investment in Viewpoint, Inc.	--	--	--	1,256,250
Stock issued for investment in Digital Communications	--	--	--	170,816
Stock issued for equity investment in Access One Communications Corp.	--	--	--	1,831,800
Access One Communications Corp. put rescission	--	--	--	(1,806,000)
Reduction in treasury stock held by equity investee	--	159,396	--	159,396
Stock issued for performance conversion of Tonex Communications	--	--	--	235,150
Conversion of Series A preferred stock to common stock	--	--	--	--
Issuance of Series B preferred stock	--	--	--	195,929
Allotment of expenses incurred in raising equity	--	--	--	72,681
[redacted] November 30, 1999	($27,500)	$ --	($ 81,017)	$ 3,458,527

[redacted]

See accompanying notes to consolidated financial statements.

[illegible]

[illegible] COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

	1999	1998	1997
	<C>	<C>	<C>
[illegible]	($7,505,553)	($4,977,003)	($2,868,165)
[illegible]			
[illegible] to reconcile net income (loss) to net			
cash provided by (used in) operating activities:			
Depreciation and amortization	375,958	227,005	110,168
Amortization of property plant and equipment	227,232	--	--
Liquidation adjustment related to liquidation	572,170	--	--
of Hong Kong subsidiary			
Loss on equity investment including goodwill	1,661,630	1,423,300	--
amortization of $175,000 in 1999 and 1998			
	37,500	22,611	--
Stock issued for services			
Provision for losses on accounts receivable	108,000	299,000	278,000
and other assets	7,499	--	7,012
Loss on sale of property, plant and equipment			
Estimated gain on sale of land and building	(169,650)	--	--
of discontinued operations			
Changes in operating assets and liabilities,			
net of effects of acquisitions and other			
transactions:			
Accounts receivable	213,107	1,289,333	(594,077)
Inventories	3,526,891	3,275,479	(3,325,876)
Prepaid expenses	146,827	42,988	12,926
Other current assets	(140,889)	6,595	79,014
Other assets	75,146	41,839	(60,538)
Accounts payable, related parties and	1,324,545	156,498	182,538
accrued expenses	149,902	(24,930)	(448,240)
Income taxes			
[illegible] provided by (used in) operating activities	610,315	1,782,715	(6,627,238)
[illegible] activities, net of effects of acquisitions:			
Purchases of property, plant and equipment	(120,935)	(57,765)	(87,045)
Proceeds from sale of property, plant and equipment	9,840	--	3,607
Cash inflow from agreement to sell subsidiary	39,998	50,224	25,700
Payment of certain obligations of WebQuill Internet	--	(150,000)	--
Services, LLC			
Acquisition of Network Telco, Inc., net of cash acquired	(24,053)	--	--
[illegible] used in investing activities	(95,150)	(157,541)	(57,738)

[illegible]

(Continued)

See accompanying notes to consolidated financial statements.

[redacted]

[redacted] COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

	1999	1998	1997
	<C>	<C>	<C>
[redacted]			
[redacted]			
Repayment of long-term U.S. financial institutions and short-term loans payable to unrelated parties, net	$ --	$ --	($1,600,821)
Proceeds from (repayment of) revolving credit line, net	(2,768,944)	(2,527,977)	5,714,056
Repayment of long-term debt, net of exchange rate	6,073	(8,470)	(6,550)
Capital lease, net of repayment	227,000	--	--
Proceeds from exercise of stock options	43,750	18,188	166,250
Proceeds from private placement of common stock	2,025,774	--	609,000
Proceeds from exercise of warrants	--	467,904	1,509,104
Proceeds from issuance of preferred stock	195,929	651,385	--
Net cash provided by (used in) financing activities	(270,418)	(1,398,970)	6,391,039
Effect of exchange rate changes on cash	(5,937)	12,095	18,084
Increase (decrease) in cash and cash equivalents	238,810	238,299	(275,853)
Cash and cash equivalents at beginning of year	352,489	114,190	390,043
Cash and cash equivalents at end of year	$ 591,299	$ 352,489	$ 114,190
Cash paid during the year for:			
Interest	$ 297,209	$ 502,005	$ 510,869
Income taxes	$ --	$ --	$ 300,015

[redacted]

Supplemental disclosure of non-cash investing and financing activities:

See Notes 2, 3, 7 and 8.

The accompanying notes to consolidated financial statements.

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

1. Description of Business and Summary of Accounting Principles

Description of Business and Concentration of Credit Risk

eLEC Communications, Inc. ("eLEC" or the "Company") (formerly known as Micro International Corp.) presently has two active business segments. The first active business segment, and the principal focus of the Company, is as a competitive local exchange carrier through its wholly-owned subsidiaries, Essex Communications, Inc. ("Essex") and WebQuill Internet Services LLC ("WebQuill"), to resell and provide low cost alternative telecommunication services and other bundled services, focusing on small and medium-sized business users. The second active business segment is as a specialty retail business through its wholly-owned subsidiary, Airline Ventures, Inc. ("AVI"), that sells travel products, uniforms and study guides via retail stores, e-commerce sites and a Web site primarily to professional airline crew members. Trade receivables potentially subject the Company to credit risk. The Company extends credit to its customers based upon an evaluation of the customer's financial condition and credit history and generally does not require collateral.

As part of its telecommunications strategy, the Company has acquired an ownership interest in Access One Communications, Inc. ("Access"), which is a competitive local exchange carrier and reseller of telecommunication services to businesses and residential customers in the southeastern United States. The Company's investment in Access is accounted for on the equity method.

During the fiscal year ended November 30, 1999, the Company discontinued the operations of its wholesale luggage business segment which, in prior years, had represented substantially all of the business operations of the Company (see "Discontinued Operations").

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries after elimination of significant intercompany balances and transactions. Investments in 20% to 50% owned affiliated companies are accounted for on the equity method. Investments of less than 20% in companies that do not have readily determinable fair values are carried at cost.

Inventories

Inventories, consisting primarily of finished goods purchased for resale, are stated at the lower of cost (first-in, first-out and average) or market.

1. Description of Business and Summary of Accounting Principles (Continued)

Property, Plant and Equipment and Depreciation

Depreciation is computed primarily by use of accelerated and straight-line methods over the estimated useful lives of the assets. The estimated useful lives are 20 years for building, 5 to 10 years for machinery and equipment, and the life of lease for leasehold improvements.

Foreign Currency Translation

Assets and liabilities of the Company's foreign subsidiaries are translated at year-end exchange rates, and income and expenses are translated at average exchange rates prevailing during the year with the resulting adjustments accumulated in stockholders' equity.

Income Taxes

The Company accounts for income taxes according to the provisions of Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes." Under the liability method specified by SFAS 109, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates which will be in effect when these differences reverse and the effect of net operating loss carryforwards. Deferred tax expense is the result of changes in deferred tax assets and liabilities. A valuation allowance has been established to reduce the deferred tax assets as it is more likely than not that such portion of the deferred tax assets will not be realized.

Revenue Recognition

Revenue from providing telecommunication related services is recognized in the period related services are provided. Revenue from the Company's specialty retail business and from the Company's discontinued luggage business is recognized upon shipment or delivery of merchandise.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income by the weighted-average number of shares outstanding. Diluted earnings (loss) per share includes the dilutive effect of stock options, warrants and convertible preferred stock. Such options, warrants and convertible preferred stock have not been included in the computations as they were antidilutive in 1999, 1998 and 1997, but may become dilutive in the future.

1. Description of Business and Summary of Accounting Principles (Continued)

Cash Equivalents

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

Goodwill and Other Intangible Assets

The excess cost over net assets acquired (goodwill) is being amortized on a straight-line basis over 7 years. Goodwill and other intangible assets are periodically reviewed for impairment based on an assessment of current and future levels of operating income and cash flows, as well as other factors.

Impairment of Long-Lived Assets

The Company reviews long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Use of Estimates

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

KLEE COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

1. Description of Business and Summary of Accounting Principles (Continued)

Advertising

Advertising costs are expensed as incurred. Advertising expense, principally related to discontinued operations, amounted to approximately $48,000 in 1999, $78,000 in 1998, and $55,000 in 1997.

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of significant financial instruments:

- Cash and Cash Equivalents

The carrying amount approximates fair value because of the short maturity of these instruments.

- Investments in and Advances to Subsidiary

The fair value of investments in and advances to subsidiary is estimated based on discounted cash flow analyses using estimated interest rates and an appropriate allowance for uncollectibility. The carrying amount approximates its fair value.

- Long-Term Debt

The fair value of the Company's long-term debt is estimated based on current rates offered to the Company for debt of the same remaining maturities and approximates the carrying amount.

The Company has no instruments with significant off-balance-sheet risk.

Recent Accounting Pronouncements

Effective December 1, 1998 the Company adopted SFAS No. 130, "Reporting Comprehensive Income." SFAS 130 establishes standards for the display of comprehensive income and its components in a full set of financial statements. Comprehensive income (loss) includes all changes in equity during a period except those resulting from the issuance of shares of stock and distributions to shareholders.

[redacted]

[redacted] COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

1. Description of Business and Summary of Accounting Principles (Continued)

Recent Accounting Pronouncements (Continued)

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which established accounting and reporting standards for derivative instruments and for hedging activities. In June 1999, the FASB issued SFAS No. 137 which deferred the effective date of SFAS No. 133 for the Company to the beginning of its fiscal 2001. Presently, the Company has no use of derivative financial instruments and believes that SFAS No. 133 will not have a material impact on its results of operations.

Reclassifications

Certain amounts have been reclassified to conform to the 1999 presentation.

2. Acquisitions

On February 27, 1998, the Company acquired all of the outstanding shares of common stock of Essex in exchange for 250,000 shares of the Company's common stock and warrants to purchase up to 225,000 shares of the Company's common stock at $2.75 per share, of which warrants to purchase 75,000 shares vested immediately and warrants to purchase 150,000 shares will vest if certain performance conditions are met, of which 75,000 became vested during the fiscal year ended November 30, 1999. In addition, if certain performance conditions are met, up to 650,000 additional shares of common stock may be issued. As of November 30, 1999, 325,000 of such shares had been issued to the former shareholders of Essex as certain performance conditions were met. The transaction was accounted for as a purchase. The purchase price exceeded the fair value of net assets acquired by approximately $737,000, which is being amortized on a straight-line basis over 7 years. The results of operations of Essex are included in the accompanying financial statements from the date of acquisition.

On August 14, 1998, the Company acquired all of the membership interests of WebQuill in exchange for 525,000 shares of the Company's common stock (of which 375,000 shares were delivered to the sellers and 150,000 shares were deposited in an escrow account and will be delivered upon attainment of certain performance conditions) and the payment of $150,000 of Webquill's obligations. As of November 30, 1999, such conditions were not met. The transaction was accounted for as a purchase. The purchase price exceeded the fair value of net assets acquired by approximately $750,000, which is being amortized on a straight-line basis over 7 years. The results of operations of WebQuill are included in the accompanying financial statements from the date of acquisition.

ELEC COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

4. Acquisitions (Continued)

In January 1999, the Company acquired all of the outstanding shares of Tag Air, Inc. ("Tag Air") in exchange for 149,210 shares of the Company's common stock valued at approximately $173,000 in a transaction accounted for as a purchase. Tag Air is a retailer that sells name brand luggage, apparel and travel-related accessories to airline pilots and flight crews. This transaction was accounted for as a purchase. The purchase price exceeded the fair value of net assets acquired by approximately $47,000, which is being amortized on a straight-line basis over seven years. On November 17, 1999, the Company acquired all of the outstanding shares of common stock of Peconic Telco, Inc. ("Peconic") in exchange for 69,000 shares of its common stock, valued at $120,750, plus a cash payment of $28,000. Peconic is an installer of telephones and telephone equipment. The purchase price exceeded the fair value of net assets acquired by approximately $135,000, which is being amortized on a straight-line basis over seven years. Pro forma financial statements of the Tag Air and Peconic acquisitions as if they occurred as of December 1, 1997 have not been presented since the results were not material.

On April 6, 1999, the Company issued 250,000 shares of its common stock, valued at $412,500, in exchange for a 19% interest in RiderPoint Inc. ("RiderPoint"). On November 30, 1999, an additional 100,000 shares, valued at $862,500, were issued, thereby increasing its ownership in Riderpoint to 27% on such date. RiderPoint is a developer, marketer, and administrator of insurance and financial service programs. On May 25, 1999, the Company issued 120,149 shares of its common stock, valued at $170,816, in exchange for a 19% interest in Skyclub Communications Holding Corp. ("Skyclub"). Skyclub provides digital satellite systems for the reception of direct television and high-speed Internet services. The investment is carried at cost.

5. Loans Payable to Financial Institutions and Long-Term Debt

In connection with the financing of its discontinued luggage business, the Company had entered into a financing agreement with Coast Business Credit, a division of Southern Pacific Thrift and Loan Association. As of November 30, 1999 and 1998, the Company had a loan outstanding of $219,363 and $3,186,079 under the agreement. The loan was repaid in full in December 1999. The loan, which was available to the Company based upon a portion of the eligible inventory and accounts receivable of the discontinued luggage business, had an interest rate of 2% above the prime rate, was collateralized by a security interest in substantially all assets of the Company, and contained various restrictions, including a restriction on the payment or declaration of any cash dividends.

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

5. Loans Payable to Financial Institutions and Long-Term Debt (Continued)

On March 3, 1999, Essex entered into a Receivable Sales Agreement ("the Agreement") with Receivables Funding Corporation ("RFC"). The Agreement provides for Essex to sell up to $500,000 ($1,000,000 effective December 1999) of its eligible receivables (as defined) to RFC on a periodic basis and to grant RFC a security interest in the receivables purchased by RFC. As of November 30, 1999, approximately $198,000 was outstanding under the Agreement. The Agreement, in substance, does not transfer the risk of loss to RFC, and has been treated as a financing for financial statement purposes. In substance, Essex borrows under the Agreement at approximately five percentage points above the prime rate. The Agreement has a termination date of the earlier of (a) March 3, 2001; (b) a termination event as defined in the Agreement; (c) the occurrence of an event of seller default as defined in the Agreement; or (d) ninety days following the Company's delivery of written notice to RFC setting forth the Company's desire to terminate the Agreement and the payment of a termination fee (as defined).

The Company's Canadian subsidiary has a real property mortgage of approximately $368,000, payable in monthly installments of approximately $3,138 including interest at 10.25% with a balloon payment of approximately $291,000 in the year 2000. Substantially all of the assets of the Canadian subsidiary have been pledged as collateral for the above loans. The Canadian subsidiary has agreed to certain financial covenants (current ratio, debt-to-equity ratio, debt service coverage) and may not pay dividends to the parent.

Long-term debt consists of the following:

	1999	1998
	<C>	<C>
Loan payable to Coast	$219,363	$3,186,079
Loan payable to RFC	197,772	-
Subsidiary mortgage payable	304,332	298,259
	721,467	3,484,338
Less current maturities	523,695	3,193,344
	$197,772	$ 290,994

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

3. Notes Payable to Financial Institutions and Long-Term Debt (Continued)

Principal payments are due as follows:

Year ended November 30,

2000	$523,695
2001	197,772
	$721,467

4. Income Taxes

At November 30, 1999, the Company had net operating loss carryforwards for Federal income tax purposes of approximately $15,000,000 expiring in the years 2001 through 2019. There is an annual limitation of approximately $187,000 on the utilization of approximately $2,300,000 of such net operating loss carryforwards under the provisions of Internal Revenue Code Section 382.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of November 30, 1999 and 1998 are as follows:

	1999	1998
Deferred tax assets:		
	<C>	<C>
Net operating loss carryforwards	$5,250,000	$ 3,250,000
Allowance for doubtful accounts and accruals	120,000	270,000
Credits	10,000	230,000
Depreciation	80,000	100,000
	5,460,000	3,850,000
Deferred tax liabilities:		
Investment gain or impairment	--	(50,000)
Valuation allowance	5,460,000	(3,800,000)
Net deferred tax assets	$ --	$ --

The valuation allowance at November 30, 1997 was $3,040,000.

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

4. Income Taxes (Continued)

The following is a reconciliation of the tax provisions for the three years ended November 30, 1999 with the statutory Federal income tax rates:

	Percentage of Pre-Tax Income		
	1999	1998	1997
	<C>	<C>	<C>
Statutory federal income tax rate	(34.0%)	(34.0%)	(34.0%)
State and local income taxes, net of Federal income tax benefit	--	--	.1
Equity loss on investment in Access One	(7.5)	(9.7)	--
Utilization of foreign tax loss carryforwards/ carrybacks	--	(3.2)	(4.3)
Operating losses generating no current tax benefit, United States	41.5	43.7	34.0
Other items, net	--	--	.1
	----	----	----
	--	(3.2%)	(4.1%)
	----	----	----

5. Pension Plans

The Company has a defined benefit plan covering substantially all of its domestic employees. The benefits provided are primarily based upon years of service and compensation, as defined. The Company's funding policy is to contribute annually the minimum amount required to cover the normal cost and to fund supplemental costs, if any, from the date each supplemental cost was incurred. Contributions were intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. Plan assets consist primarily of investments in money market funds.

Effective June 30, 1995, the plan was frozen, ceasing all benefit accruals and resulting in a plan curtailment.

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

3. Pension Plans (Continued)

Net periodic pension cost (gain) included the following components:

	1999	1998	1997
	<C>	<C>	<C>
Interest cost on projected benefit obligation	$ 57,734	$ 56,393	$ 57,257
Return on assets	61,074)	(63,704)	(66,110)
Net amortization and deferral	(584)	(4,112)	(4,112)
	($ 4,724)	($11,423)	($12,965)

Following is a summary of significant actuarial assumptions used:

	1999	1998	1997
	<C>	<C>	<C>
Weighted-average discount rates	7.0%	7.0%	7.5%
Rates of increase in compensation levels	5.0%	5.0%	5.0%
Expected long-term rate of return on assets	8.0%	8.0%	8.0%

The following table sets forth the Plan's funded status and amounts recognized in the Company's statement of financial position at:

	November 30, 1999	November 30, 1998
	<C>	<C>
Accumulated benefit obligation, including vested benefits of $915,772 and $820,734 at November 30, 1999 and 1998, respectively	($837,685)	($823,568)
Projected benefit obligation for service rendered to date	($869,592)	($823,568)
Plan assets at fair value, primarily money market funds	744,098	786,343
Plan assets in excess of (deficiency in) unfunded projected benefit obligation	(125,494)	(37,225)
Accrued pension cost	($125,494)	($ 37,225)

ALLIED COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

6. Commitments

The Company conducts a substantial portion of its operations utilizing leased facilities. Rent expense, charged to operations, was $[illegible], $825,000 and $704,000 in 1999, 1998 and 1997, respectively. In addition to the annual rent, the Company pays real estate taxes, insurance and other occupancy costs on its leased facilities.

The following annual rental commitments under all operating leases including a lease entered into on February 4, 2000 that have remaining non-cancelable terms in excess of one year are approximately as follows:

Year ended November 30,	
2000	$ 291,000
2001	275,000
2002	294,000
2003	229,000
2004	169,000
Thereafter	43,000
	$ 1,301,000

The Company had previously entered into various licensing agreements under which it had obtained the right to market children's bags, tote bags and related products with trade names. The terms of such agreements varied through 2001. The agreements provided for royalties based upon net sales with certain stated minimum annual amounts. In connection with the discontinued operation, the Company has negotiated releases on certain of these obligations and has accrued for the estimated liability remaining on those obligations for which the Company has not yet obtained a release. Royalty expense amounted to $[illegible], $545,000 and $660,000 in fiscal 1999, 1998 and 1997, respectively. As of November 30, 1999 and 1998, approximately $[illegible] and $560,000, respectively, had been accrued for unpaid royalties.

9. Related Party Transactions

As of November 30, 1998, the Company owed its Chairman, Mr. Joel Dupre ("Dupre"), approximately $8,000. During 1999, the Company borrowed an additional $235,000 from Dupre, resulting in a balance due of approximately $243,000. On September 10, 1999, the Company issued 172,000 shares of common stock (with a market value of approximately $357,000) and Dupre agreed to cancel indebtedness of $125,000, and Dupre also agreed to repay certain luggage creditors approximately $161,000 of the Company's indebtedness to such creditors, relieving the Company of its obligations to such creditors. As of November 30, 1999, the Company owes Dupre approximately $35,000, which is payable upon demand, and bears interest at 8%.

The Company imported substantially all of its luggage segment inventory from foreign vendors. In May 1998, the Company issued 378,000 shares to foreign vendors valued at $1,700,000 or $4.50 per share in satisfaction of certain existing trade accounts payable to foreign vendors. Included in this amount were 155,556 shares issued to companies controlled by then existing shareholders. The agreement with such vendors provided that if the vendors were to sell such shares within one year at a price below $4.50 per share (subject to a $3.25 floor), up to an additional 260,000 shares would be issued to the vendors. Subsequent thereto, the Company incurred additional obligations to foreign vendors, and the price of the Company's common stock fell substantially below $4.50 per share. During fiscal 1999, the Company agreed to issue 1,152,780 shares of the Company's common stock in complete satisfaction of indebtedness to such vendors. In fiscal 1999, the Company recorded an increase in stockholders' equity of approximately $1,803,000 related to this issuance along with a related decrease in accounts payable.

During the years ended November 30, 1999, 1998 and 1997, the Company purchased approximately $809,000, $2,287,000 and $891,000, respectively, of luggage and backpack products from companies controlled by stockholders. During the years ended November 30, 1999, 1998 and 1997, the Company incurred buying commission of approximately $103,000, $312,000 and $208,000, respectively, to companies controlled by stockholders. As of November 30, 1999 and 1998, there was outstanding $11,312 and $926,205 to such related parties.

GLOBIX COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

B. Discontinued Operations

On July 19, 1999, the Board of Directors of the Company adopted a plan to discontinue the Company's luggage business as part of the Company's strategic focus on telecommunications and Internet services. The expected manner of disposal of the luggage business is by sale of assets. As of November 30, 1999, a substantial portion of the luggage business had already been disposed of, and the Company anticipates that the remainder of the luggage business will be fully disposed of by June 30, 2000. The luggage business segment has been accounted for as discontinued operations in accordance with Accounting Principles Board Opinion (APB) 30, which, among other provisions, requires the plan of disposal to be carried out within one year. The estimated loss on disposal of the luggage business included a charge of $572,170 applicable to a previously recorded foreign translation adjustment for the Company's Hong Kong subsidiary which was dissolved during 1999. Interest expense allocated to the discontinued operation is based on the direct borrowings of such operations and amounted to approximately $306,000 in 1999, $514,000 in 1998, and $574,000 in 1997.

The operating results and remaining assets of the discontinued operations are summarized as follows:

	1999	1998	1997
	<C>	<C>	<C>
	$ 6,774,265	$ 15,552,285	$ 15,732,112
	(1,943,665)	(2,772,464)	(2,762,993)
	(.45)	(.53)	(.85)

	1999	1998
	<C>	<C>
	$1,300,726	$6,156,872
	435,454	686,662
	9,116	94,986
	$1,745,296	$6,938,520

[redacted] COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997 F-23

[redacted]. Segment Reporting

* Effective for the fiscal year ended November 30, 1999, the Company adopted SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information." Prior period amounts have been restated to conform to the requirements of this statement. The accounting policies of the operating segments are the same as those described in the summary of accounting policies. The Company evaluates the performance of its operating segments based on the operating income of the respective business units. Geographical information is not presented, as the continuing operations of the Company operate solely within the United States. A summary of business data for the Company's reportable segments for the fiscal years 1999, 1998 and 1997 are as follows:

		Telecommunications	Retail Related Travel Products	Investments Carried Under Cost Method	Total of Continuing Operations
[redacted]		<C>	<C>	<C>	<C>
[redacted]	1999	$ 2,275,474	$ 1,894,557	$ -	$ 4,170,031
	1998	371,885	1,111,339	-	1,483,224
	1997	-	275,871	-	275,871
[redacted]	1999 (1)	($3,615,145)	$ 56,857	$ -	($ 3,562,488)
	1998 (2)	(2,116,530)	(88,009)	-	(2,204,539)
	1997	-	(105,172)	-	(105,172)
[redacted]	1999	$2,750,759	$ 915,376	$ 1,894,504	$ 5,560,639
	1998	3,239,015	386,934	464,573	4,090,522
	1997	1,080,000	-	514,797	1,594,797
[redacted]	1999 (3)	$ 667,667	$ 37,387	$ -	$ 705,054
	1998 (3)	504,370	11,790	-	516,160
	1997	-	5,145	-	5,145
[redacted]	1999	$ 15,419	$ -	$ -	$ 15,419
	1998	467	-	-	467
	1997	-	-	-	-
[redacted]	1999	$ 72,601	$ 48,434	$ -	$ 120,935
	1998	35,713	-	-	39,713
	1997	-	45,127	-	45,127

[redacted]

(1) Losses from the investment in Access have been included in the Telecommunications business.

(2) Includes amortization of goodwill related to investment in Access of $[redacted],000 in 1998 and 1998.

[redacted]

		Discontinued Operations of Luggage Segment	Total Company
<S>	<C>	<C>	<C>
[redacted]	[redacted]	$ 6,774,265	$ 10,944,296
[redacted]	[redacted]	15,552,245	17,037,469
[redacted]	[redacted]	16,732,112	16,007,981
[redacted]	[redacted] (1)	($ 3,943,965)	($ 7,505,553)
[redacted]	[redacted] (1)	(2,772,464)	(4,977,003)
[redacted]	[redacted]	(2,762,993)	(2,868,165)
[redacted]	[redacted]	$ 1,736,498	$ 7,297,137
[redacted]	[redacted]	6,938,520	11,029,042
[redacted]	[redacted]	12,446,851	14,041,648
[redacted]	[redacted] (2)	$ 45,904	$ 750,958
[redacted]	[redacted] (2)	85,845	602,005
[redacted]	[redacted]	105,023	110,168
[redacted]	[redacted]	$ 305,518	$ 320,937
[redacted]	[redacted]	513,566	514,033
[redacted]	[redacted]	573,544	573,544
[redacted]	[redacted]	$ -	$ 120,935
[redacted]	[redacted]	18,052	57,765
[redacted]	[redacted]	41,918	87,045

[redacted]

(1) Losses from the investment in Access have been included in the Telecommunications business.

(2) Includes amortization of goodwill related to investment in Access of $75,000 in 1999 and 1998.

9. Segment Reporting (Continued)

Major Customers of Discontinued Operations

Sales to one customer amounted to 31%, 23%, and 27% of net sales in fiscal 1999, 1998 and 1997, respectively. Sales to another customer amounted to 19%, 23% and 17% of net sales in fiscal 1999, 1998 and 1997, respectively. Sales to another customer amounted to 14% of net sales in fiscal 1997.

10. Investment In and Advances to Subsidiary

Effective July 15, 1992, the Company entered into an agreement to sell all of the stock of its then wholly-owned subsidiary, Sirco Leatherwares Limited (the "Subsidiary"). In exchange for the stock, the Company received a non-interest bearing $650,000 note. The note is guaranteed by an officer of the Subsidiary who is also an officer of the buyer and, until December 1996, served on the Board of Directors of the Company. The agreement also requires the Company to forgive a portion of the amounts due to it from the Subsidiary. The Company's ability to collect the note receivable and the balance of the receivable from the Subsidiary is dependent upon cash flows from the Subsidiary's operations and/or the buyer's ability to refinance the obligations. As the risks and other incidents of ownership have not transferred to the buyer with sufficient certainty, this transaction has not been accounted for as a sale for accounting purposes.

The Company recorded a loss on this transaction in fiscal 1992, as the present value of the amounts to be received under the note and the revised accounts receivable were less than (i) the carrying value of the Company's investment in the Subsidiary plus (ii) the amounts receivable from the Subsidiary.

The non-interest bearing $650,000 note received in exchange for stock in the Subsidiary ("the Stock Note") was due in thirty-two equal quarterly installments of $20,213 beginning in August 1992. During fiscal 1996, the parties agreed to a one-year payment moratorium as to the Stock Note. On February 6, 1997, the parties agreed to modify the remaining repayment terms and to resume payments. The note, as modified, is to be repaid as follows: $10,156 on February 7, 1997, $10,156 on March 10, 1997, four quarterly payments of $10,156 commencing on May 1, 1997 and ending on February 1, 1998, five quarterly payments of $20,313 commencing on May 1, 1998 and ending on May 1, 1999, and four quarterly payments of $50,781 commencing on August 1, 1999 and ending on May 1, 2000. Payments are being received on a current basis.

10. Investment In and Advances to Subsidiary (Continued)

Also, pursuant to the agreement to sell the Company's investment in the Subsidiary, the Subsidiary agreed to pay interest quarterly at 8.5% per annum on a receivable of approximately $720,000. If the Subsidiary is not in default on the payment of interest, the Company will forgive a portion of the receivable, in amounts as defined, through May 1, 2000. An amount of $60,000 was forgiven in 1998, and $60,000 in each of 1997 and 1996. The total amount forgiven will be $180,000. The remaining receivable of approximately $300,000 is payable in ten equal quarterly installments commencing in August 2000. Amounts outstanding after May 1, 2000 will bear interest at the prime rate.

At November 30, 1998, the aggregate principal balance of $665,000 due on the above notes has been reduced for imputed interest of approximately $40,000 and an allowance of approximately $160,000 for uncollectibility, resulting in a net balance of $465,000 at November 30, 1998.

During the fiscal year ended November 30, 1999, the notes were consolidated into a new note. The new note requires quarterly payments ranging from $17,840 to $34,350 through November 1, 2005. The present value of the new note, with interest imputed at 7.25%, was approximately $500,000, which has a remaining balance of approximately $465,000 at November 30, 1999. An allowance of $40,000 has been established for potential uncollectibility, resulting in a net carrying value of approximately $425,000 at November 30, 1999.

11. Stockholders' Equity

The Company accounts for its stock option plans under APB Opinion No. 25, "Accounting for Stock Issued to Employees," under which no compensation expense is recognized. In fiscal 1997, the Company adopted Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123), for disclosure purposes; accordingly, no compensation expense has been recognized in the results of operations for its stock option plans as required by APB Opinion No. 25.

On August 17, 1995, the stockholders of the Company (i) approved an increase in the number of authorized shares of common stock from 3,000,000 shares to 10,000,000 shares; (ii) authorized the Company to issue 1,000,000 shares of preferred stock, par value $.10 per share, with rights and privileges to be determined by the Board of Directors; and (iii) approved the 1995 Stock Option Plan of the Company (the "Plan"). The Plan provides for the grant of incentive stock options, non-qualified stock options, tandem stock appreciation rights, and stock appreciation rights exercisable in conjunction with stock options to purchase a specified number of shares of common stock. During fiscal 1997, the stockholders of the Company approved an amendment to the Plan to increase the number of shares of common stock that may be issued to 1,200,000 shares. In 1999, the stockholders of the Company approved an amendment to the Plan to increase the number of shares of common stock that may be issued to 3,400,000 shares.

GLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

11. Stockholders' Equity (Continued)

In June 1998, the Company issued 700 shares of Series A preferred stock "Series A shares" having a par value of $.10 per share. Each Series A share is convertible at the option of the holder into common shares at a conversion rate of 300 shares of common stock through May 31, 1999; after May 31, 1999, $1,000 divided by the lesser of $3.33 or the market price of the Company's common stock subject to a floor of $1.67. The Company may cause the conversion of the Series A shares at any time after May 31, 1999 based upon the above conversion formula. The preferred shares have the same voting and dividend rights as common shares based upon the number of shares of common stock into which the preferred stock is convertible to. The preferred shares have a liquidation preference of $1,000 per share. During 1999,at the election of the shareholders, all of the Series A shares were converted into common shares, resulting in the issuance of 373,684 shares of common stock.

During 1999, the Company established a new series of stock, Series B Preferred stock, $.10 par value. The Company may issue up to 1,300 shares of the Series B Preferred stock, and such stock in entitled to receive dividends when as, and if dividends are declared by the Company on its common stock. Each holder of Series B preferred stock has the right, at the option of the holder, to convert each share of such stock into 1,000 shares of common stock. The Company has the right to convert each share of Series B preferred stock into common stock at the same conversion ratio. The conversion price of shares of Series B preferred stock is subject to adjustment in the event of any reclassification, subdivision or combination of the Company's outstanding common stock into a greater or smaller number of shares by a stock split, stock dividend or other similar event. In the event of a dissolution, liquidation or winding up of the Company, the holders of Series B preferred stock are entitled to receive, if available, prior and in preference to the holders of common stock, an amount equal to $1,000 per share. Thereafter, any remaining assets, if any, would be distributed ratably to the holders of common stock. The holders of shares of Series B preferred stock are entitled to that number of votes on all matters presented to shareholders equal to the number of shares of common stock then issuable upon conversion of such shares of preferred stock. Without the approval of the holders of at least a majority of the Series B preferred stock then outstanding voting separately as a class, the Company may not amend its Certificate of Incorporation in any way that adversely affects the rights and preferences of the holders of the Series B preferred stock as a class. During 1999, 196 shares of Preferred Series B were issued, resulting in net proceeds to the Company of $195,929.

ALEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

5. Stockholders' Equity (Continued)

The following is a summary of outstanding options:

	Number of Shares	Exercise Price Per Share	Weighted-Average Exercise Price
Outstanding October 1, 1996	988,000	$1.00 - $1.6875	$ 1.28
Granted during year ended November 30, 1997	140,000	$1.94 - $2.13	$ 2.03
Exercised/cancelled during year ended November 30, 1997	(148,000)	$1.00 - $1.6875	$ 1.12
Outstanding November 30, 1997	980,000	$1.00 - $2.13	$ 1.63
Granted during year ended November 30, 1998	549,500	$2.79 - $3.13	$ 2.96
Exercised/cancelled during year ended November 30, 1998	(38,000)	$1.00 - $2.84	$ 2.20
Outstanding November 30, 1998	656,500	$1.00 - $3.13	$ 2.20
Granted during year ended November 30, 1999	1,013,500	$1.00 - $2.25	$ 1.49
Exercised/cancelled during year ended November 30, 1999	(229,000)	$1.00 - $2.84	$ 2.46
Outstanding November 30, 1999	1,441,000		$ 1.63
Options exercisable, November 30, 1997	140,000	$1.00 - $1.44	$ 1.33
Options exercisable, November 30, 1998	422,500	$1.00 - $2.13	$ 1.70
Options exercisable, November 30, 1999	641,500	$1.00 - $2.84	$ 1.71

[redacted] COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

11. Shareholders' Equity (Continued)

The following table summarizes information about the options outstanding at November 30, 1999:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number Outstanding	Weighted-Average Exercise Price
<C>	<C>	<C>	<C>	<C>	<C>
[redacted]	1,119,500	3.86	$1.42	492,500	$1.43
[redacted]	330,500	3.72	$2.42	169,000	$2.50

For disclosure purposes, the fair value of each stock option grant is estimated on the date of grant using the Black Scholes option-pricing model with the following weighted-average assumptions used for stock options granted: annual dividends of $0.00 for all years, expected volatility of 88% for 1997, 117% for 1998 and 126% for 1999, risk-free interest rate of 6.03% for 1997, 5.66% for 1998 and 5.53% for 1999, and expected life of five years for all grants. The weighted-average fair value of stock options granted in 1999, 1998 and 1997 was $.97, $2.36 and $.91, respectively.

Under the above model, the total value of stock options granted in 1999, 1998 and 1997 was $924,707, $652,976 and $146,041, respectively, which would be amortized ratably on a pro forma basis over the related vesting periods, which generally range from five to ten years. Had the Company determined compensation cost for these plans in accordance with SFAS No. 123, the Company's pro forma net loss would have been ($7,655,167) in 1999, ($5,131,886) in 1998, and ($[redacted]) in 1997, and the Company's pro forma loss per share would be ($.88) for 1999, ($.99) for 1998, and ($.90) for 1997.

In April 1997, the Company raised $609,000, net of placement agent fees, through the private placement issuance of 400,000 units at $1.75 per unit, with each unit consisting of one share of common stock, one common stock Class A warrant exercisable at $2.06 per share for one year, and one common stock Class B warrant exercisable at $2.56 per share for one year. Additionally, 120,000 Class A warrants were granted to the placement agent and a consulting firm in connection with the transaction. As of November 30, 1998, substantially all the warrants had been exercised and the remaining warrants expired.

(J) Stockholders' Equity (Continued)

On October 24, 1996, the shareholders of the Company adopted the eLEC Communications, Inc. 1996 Restricted Stock Award Plan (the "Restricted Stock Award Plan"). An aggregate of 400,000 shares of common stock of the Company has been reserved for issuance in connection with awards granted under the Restricted Stock Award Plan. Such shares may be awarded from either authorized and unissued shares or treasury shares. The maximum number of shares that may be awarded under the Restricted Stock Award Plan to any individual officer or key employee is 100,000. Approximately five employees of the Company and its subsidiaries are currently eligible to participate in the Restricted Stock Award Plan. No shares were awarded during 1999, 1998 and 1997.

(K) Fourth Quarter Adjustment

During the fourth quarter of the year ended November 30, 1997, the Company recorded an adjustment of approximately $615,000 to write down certain inventory.

(L) Investment in and Transactions with Affiliates

Access One Communications Corp.

On October 22, 1997, the Company acquired 3,000,000 common shares of Access One Communications Corp. and Subsidiaries ("Access"), formerly known as CLEC Holding Corp., in exchange for 375,000 shares of the Company's common stock, subject to certain price protection adjustments which required the Company to issue an additional 50,000 shares of common stock.

During fiscal 1998, there were two additional exchanges of shares with Access. The first exchange occurred on April 23, 1998 when the Company exchanged 350,000 shares of its common stock for 300,000 shares of Access common stock. This exchange was valued at $1,811,750. Additionally, Access agreed to reimburse the Company $150,000 for expenses. The second exchange occurred on September 10, 1998 when the Company exchanged 400,000 shares of its common stock for 400,000 shares of Access common stock. This exchange was valued at $931,280. In February 1998, the Company exchanged 50,000 shares of its common stock for 200,000 shares of Access common stock during 1998 with a private investor. This exchange was valued at $104,070.

3. Investment in and Transactions with Affiliates (Continued)

Access Sea Communications Corp. (Continued)

In March 1999, the Company issued to Access 1,420,000 shares of common stock in consideration for the issuance by Access to the Company of 1,775,000 shares of its common stock. In connection with such transaction, Access was granted an option to put to the Company for repurchase at any time on or before December 1, 1999 at the original purchase price, all or a portion of the shares of common stock it purchased in March 1999. In connection with any such exercise of its put option, in whole or in part, Access was required to issue to the Company warrants to purchase 500,000 shares of Access Sea common stock at a purchase price of $1.00 per share, which are carried at no value. Prior to October 31, 1999, Access notifed the Company of its intention to exercise its option. On December 1, 1999, Access exercised its option with respect to 1,400,000 shares of our common stock, which has been reflected in the accompanying financial statements as of November 30, 1999.

The Company's investment in Access is carried on the equity method of accounting. At November 30, 1998, the cost of the investment in Access had been reduced by $159,396, attributable to the Company's portion (at cost) of the Company's common stock held by Access, with a corresponding charge to treasury stock. As of November 30, 1998, the Company owned approximately 28% of Access. The Company, for its fiscal year ended November 30, 1999 and 1998, included its share of Access' operations based on Access' year-end of October 31, 1998. All of the Company's investment at November 30, 1998 represents goodwill, which was being amortized over seven years, based on original cost. The Company recorded a loss of $1,661,630 and $1,423,000 (including goodwill amortization of $375,000 in 1999 and 1998) on its equity in the operations of Access for the years ended November 30, 1999 and 1998. As of November 30, 1999, the Company's investment in Access has been reduced to zero.

Access was formed in 1991 and was inactive until September 1997, when Access acquired 95% of the capital stock of The Other Phone Company, Inc. ("OPC"), an integrated telecommunications provider based in Florida. Substantially all of Access' revenues represent the resale of telephone services pursuant to a resale agreement with one supplier, BellSouth Corporation.

LDC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

(3) Investments In and Transactions with Affiliates (Continued)

Access One Communications Corp. (Continued)

The results of operations for the years ended October 31, 1999, 1998 and 1997 and financial position of Access as of October 31, 1999 and 1998 are summarized below:

Condensed Income Statement Information

	1999	1998	1997
	<C>	<C>	<C>
Revenue	$10,412,640	$5,811,038	$ 479,516
Cost of service	12,577,797	5,045,514	366,243
Gross profit	1,334,847	765,524	113,273
Net loss	(4,904,124)	(4,761,333)	(158,098)

Condensed Balance Sheet Information

	1999	1998
	<C>	<C>
Current assets, including investment in LDC Communications, Inc. common shares valued at $875,000 and $394,175 at October 31, 1999 and 1998	$3,111,715	$1,621,223
Property assets	852,680	630,394
Goodwill and other intangible assets	2,322,714	1,633,732
Current liabilities	4,806,419	4,200,705
Non-current liabilities	6,837,119	181,124
Stockholders' equity (deficiency)	(5,356,429)	(496,480)

In addition, options have been granted by Access to purchase common shares of Access to the Chief Executive Officer of the Company (150,000 shares at $1.20 per share) and to another officer of the Company who serves on the Board of Directors of Access (100,000 shares at $1.00 per share).

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

12. Investment in and Transactions with Affiliates (Continued)

Riderpoint, Inc.

On April 15,1999, the Company purchased 600,000 shares of the voting stock (19%) of Riderpoint, Inc. ("Riderpoint") by issuing 250,000 shares of its common stock, in a transaction valued at $412,500. On November 30, 1999, the Company increased its ownership interest in Riderpoint by purchasing an additional 500,000 shares of the voting stock of Riderpoint by issuing 300,000 shares of its common stock, in a transaction valued at $862,500, thereby increasing its ownership interest in Riderpoint to 27% on such date. For the year ended November 30, 1999, the investment in Riderpoint was accounted for on the cost method. Commencing on December 1, 1999, the Company will begin to account for its investment in Riderpoint on the equity method of accounting. In 1999, the Company charged Riderpoint a $75,000 fee for assistance in developing Riderpoint's website.

Riderpoint was incorporated in 1997. Riderpoint has developed an Internet website which provides an online insurance rating program for, comparing, and buying motorcycle insurance.

The following summarizes the results of operations and net assets (unaudited) of Riderpoint.

Condensed Income Statement Information

	Year ended December 31, 1999	1998
Revenue	$251,244	$ 26,539
Costs and expenses	617,452	110,502
Net loss	($366,208)	($ 83,963)

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

(6) Investments in and Transactions with Affiliates (Continued)

Enterprise, Inc. (Continued)

Condensed Balance Sheet Information

	December 31, 1999	December 31, 1998
	<C>	<C>
Current assets	$ 34,319	$ 12,437
Investment assets (1)	1,196,780	31,813
Current liabilities	198,581	-
Noncurrent liabilities	90,339	-
Shareholders' equity (2)	942,179	44,250

(1) Including 400,000 shares of common stock of eLEC at December 31, 1999.

(2) Including, in 1999, $1,275,000 of capital in a capital transaction with eLEC common stock.

(8) Risks and Uncertainties

The Company buys substantially all of the telecommunication services that it resells from one supplier, Bell Atlantic Corporation, and is, therefore, highly dependent upon Bell Atlantic Corporation. Management of the Company believes that its relationship with Bell Atlantic Corporation is good. Management of the Company believes that there are less desirable suppliers of telecommunication services in the geographical location in which the Company conducts business. In addition, the Company is at risk to regulatory agreements that govern the rates to be charged to the Company. In light of the foregoing, it is reasonably possible that the loss of the Company's relationship with Bell Atlantic Corporation or a significant unfavorable change in the regulatory agreements structure would have a severe near-term impact on the Company's ability to conduct its telecommunications business.

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

16. Subsequent Events

On January 21, 2000, the Company acquired Telecarrier Services, Inc. ("Telecarrier"), a competitive local exchange carrier located in New Jersey. The acquisition will be accounted for as a purchase and was effectuated by the Company issuing 500,000 shares of its common stock for all the issued and outstanding shares of Telecarrier, of which 400,000 shares were issued at the closing of the merger and 100,000 shares were reserved for issuance upon completion of an audit of Telecarrier's financial statements, and an additional 280,000 shares of the Company's common stock which will be issued in such amounts and at such times as set forth in the related merger agreement. In addition, the Company repaid certain promissory notes of Telecarrier by issuing a total of 32,000 shares of the Company's common stock and paying $14,200 in cash.

Subsequent to November 30, 1999 and through February 25, 2000, the Company received net proceeds of approximately $2,000,000 from the exercise of warrants for 345,750 shares and a private placement of 538,000 shares of common stock.

[redacted]

[redacted], INC. AND SUBSIDIARIES
SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
[redacted] NOVEMBER 30, 1999, 1998 AND 1997

[redacted]	Column B	Column C	Column D	Column E
[redacted]	Balance at Beginning of Period	Charged to Costs and Expenses[1]	Additions Accounts Written Off	Balance at End of Period
	<C>	<C>	<C>	<C>
[redacted]				
[redacted]	$ 317,000	$ 205,000	$116,000	$ 424,000
[redacted]	$4,800,000	$1,650,000	$ --	$5,450,000
[redacted]				
[redacted]	$ 499,000	$ 299,000	$162,000	$ 337,000
[redacted]	$3,040,000	$ 760,000	--	$3,800,000
[redacted]				
[redacted]	$ 276,000	$ 278,000	$354,000	$ 200,000
[redacted]	$4,990,000	$1,020,000	--	$6,040,000

[redacted]

[1] [redacted]

<DOCUMENT>
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<TEXT>

10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended February 29, 2000.

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 0-4465

eLEC Communications Corp.

(Exact Name of Registrant as Specified in Its Charter)

New York	13-2511270
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
502 Westport Avenue, Norwalk, Connecticut	06851
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code 203-750-1000

(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 [X] No [ ].

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 13,155,125 shares of Common Stock, par value $.10 per share, as of April 1, 2000.

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

eLEC Communications Corp. and Subsidiaries
Condensed Consolidated Balance Sheets

	Feb. 29, 2000	Nov. 30, 1999
<S>	<C>	<C>
Assets		
Current assets:		
Cash and cash equivalents	$ 2,424,453	$ 591,299
Accounts receivable	2,142,968	1,245,078
Inventory	551,989	876,460
Prepaid expenses	133,073	52,636
Other current assets	234,822	177,680
Land and building held for sale	605,419	596,304
Total current assets	6,092,724	3,539,457
Property and equipment at cost	486,846	322,734
Less accumulated depreciation	124,051	111,036
Net property and equipment	362,795	211,698
Other assets	124,971	97,108
Investment in and advances to subsidiary	410,021	424,575
Investments under the equity method	1,060,991	--
Investments under cost method	194,929	1,469,929
Goodwill	3,473,938	1,554,370
	5,264,850	3,545,982
Total assets	$ 11,720,369	$ 7,297,137
Liabilities and stockholders' equity Current liabilities:		
Notes payable to financial institutions and current maturities of long-term debt	$ 457,743	$ 523,695
Due to related parties	22,725	34,725
Accounts payable	1,728,186	1,302,714
Accrued expenses and taxes	1,808,271	1,779,704
Total current liabilities	4,016,925	3,640,838
Long-term debt, less current maturities	463,169	197,772

	<C>	<C>
Stockholders' equity:		
Preferred stock, $.10 par value, 1,000,000 shares authorized, Series A issued, 200 shares in 2000 and 1999	20	20
Common stock, $.10 par value, 50,000,000 shares authorized, 13,105,840 issued (2000), 11,287,154 issued (1999)	1,310,840	1,128,715
Capital in excess of par value	23,171,070	18,808,397
Retained earnings (deficit)	(17,018,988)	(16,370,088)
Treasury stock at cost	(37,500)	(27,500)
Treasury stock held by equity investee	(136,668)	--
Accumulated other comprehensive income (loss):		
Foreign currency translation adjustment	(58,479)	(81,017)
Total stockholders' equity	7,240,275	3,458,527
Total liabilities and stockholders' equity	$ 11,720,369	$ 7,297,137

See notes to the condensed financial statements

Note: The balance sheet at November 30, 1999 has been derived from audited financial statements at that date but does not include all the information and footnotes required by generally accepted accounting principles.

[redacted]

[redacted] Communications Corp. and Subsidiaries
[redacted] Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended	
	Feb. 29, 2000	Feb. 28, 1999
[redacted]	<C>	<C>
[redacted]		
[redacted]	$ 1,750,843	$ 362,663
[redacted]	475,390	352,247
[redacted]	2,226,233	714,910
[redacted]		
[redacted]	1,212,956	322,551
[redacted]	271,500	203,772
[redacted]	1,264,358	371,807
[redacted]	105,365	88,427
[redacted]	77,321	424,701
[redacted]	2,931,500	1,411,258
[redacted]	(705,267)	(696,348)
[redacted]		
[redacted]	19,163	680
[redacted]	(8,251)	(33)
[redacted]	(67,279)	--
	(56,367)	647
[redacted]	(648,900)	(696,995)
[redacted]	--	(820,978)
[redacted]	($ 648,900)	($1,517,973)
[redacted]		
[redacted]	($ 0.06)	($ 0.11)
[redacted]	--	($ 0.12)
[redacted]	($ 0.06)	($ 0.23)
[redacted]	11,739,156	6,537,492

[redacted]

See notes to the condensed consolidated financial statements.

[redacted]

[redacted] Communications Corp. and Subsidiaries
[redacted] Consolidated Statements of Cash Flows
(Unaudited)

	For the Three Months Ended	
	Feb. 29, 2000	Feb. 28, 1999
[redacted]	<C>	<C>
[redacted] Loss	($ 648,900)	($1,517,973)
[redacted] to reconcile net loss		
to net cash used in operating activities:		
[redacted] and amortization	105,365	88,427
[redacted] for losses on accounts receivable	100,000	33,323
[redacted] in equity of investee	77,331	424,701
[redacted] in operating assets and liabilities:		
[redacted] receivable	(337,890)	519,198
[redacted]	326,471	(204,266)
[redacted] expenses	(80,437)	(40,071)
[redacted] current assets	(66,257)	49,443
[redacted] taxes	(27,863)	19,943
[redacted] payable and accrued expenses	454,939	425,660
Net cash used in operating activities	(760,151)	(201,615)
[redacted] from investing activities:		
[redacted] of property and equipment	(164,112)	(32,578)
[redacted] of Interactive Service Inc.	(7,718)	--
[redacted] loan receivable to sale company	14,554	--
Net cash used in investing activities	(157,276)	(32,578)
[redacted] from financing activities:		
[redacted] to lease payable to financial institutions		
and related parties	107,445	6
[redacted] from issuance of preferred stock	--	196,000
[redacted] from issuance of warrants	929,375	--
[redacted] from private placements of common stock	1,379,500	--
[redacted] from exercise of stock options	214,250	4,125
Net cash provided by financing activities	2,710,570	200,131
[redacted] in exchange rate changes on cash	40,011	(128)
[redacted] (decrease) in cash and cash equivalents	1,833,154	(34,190)
Cash and cash equivalents at beginning of period	591,299	352,489
Cash and cash equivalents at the end of period	$ 2,424,453	$ 318,299

[redacted]

	<C>	<C>
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest		
Continuing operations	$ 27,200	$ 680
	----------	----------
Discontinued operations	--	$ 80,369
	----------	----------
	--	--
Income taxes		
None		

See Part II, Item 2., Changes in Securities, for non-cash financing activities during the three-month period ending February 29, 2000.

See notes to the condensed consolidated financial statements.

«LEC COMMUNICATIONS CORP.

Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 1-Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month period ended February 29, 2000 are not necessarily indicative of the results that may be expected for the year ended November 30, 2000. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended November 30, 1999.

For the three-month periods ending February 29, 2000 and February 28, 1999, there was no significant non-owner sources of income or expense. Accordingly, a separate statement of comprehensive income has not been presented herein.

Note 2-Financing Arrangements

On March 1, 1999, our subsidiary, Essex Communications, Inc. ("Essex"), entered into a Receivable Sale Agreement with Receivables Funding Corp. ("RFC") that provides for Essex to sell up to $500,000 of its eligible receivables to RFC on a periodic basis and to grant RFC a security interest in the receivables purchased by RFC. In December 1999, Essex increased the amount of eligible receivables it can sell to RFC to $1,000,000. The Receivables Sales Agreement does not transfer the risk of loss to RFC, and has been treated by us as a financing for financial statement purposes. As of February 29, 2000, Essex was indebted to RFC for the principal amount of approximately $452,000. Essex borrows from RFC at approximately five percentage points above the prime rate, which was 8.75% per annum at February 29, 2000.

The Company's subsidiary, Telecarrier Services Inc. ("Telecarrier"), has a $150,000 line of credit with a bank. Amounts drawn on the line of credit bear interest at the rate of 9.75% per annum. The line is payable on demand subject to thirty (30) days written notice. At February 29, 2000, the entire line was utilized.

The Company's Canadian subsidiary, Sirco International (Canada) Ltd., has a real property mortgage with its bank, National Bank of Canada. The mortgage is payable in monthly installments of approximately $3,300, including interest at 10.15% per annum, with a balloon payment of approximately $300,000 due in June 2000. At February 29, 2000, the mortgage was approximately $307,000.

Note 3-Investment in Subsidiary

On January 20, 2000, the Company acquired all the outstanding common stock of Telecarrier in exchange for 500,000 shares of the Company's common stock and a cash payment of $44,300 in a transaction valued at approximately $1,669,000. Additionally, the Company issued 32,000 shares of the Company's common stock to retire certain indebtedness of Telecarrier. The purchase agreement provides for additional shares of the Company's common stock to be issued if certain performance objectives are achieved. Telecarrier is a full service telecommunications provider for small and mid-sized companies. The acquisition has been accounted for as a purchase.

Note 4-Discontinued Operations

In August 1999, the Company sold certain assets and assigned certain licenses of its former domestic luggage division to Interbrand L.L.C., a non-related accessory company, and subsequently discontinued operations of its wholesale luggage segment.

The operating results of the former wholesale luggage segment have been accounted for as a discontinued operation and the results of operations have been excluded from continuing operations in the condensed consolidated statements of operations for all periods presented, including the prior period financial statements in which the Company has restated the operating results of its former wholesale luggage segment as a discontinued operation. Interest expense relating to borrowings by the former wholesale luggage segment is included as operating expenses of such discontinued segment. Operating results of the discontinued operation for the three-month periods ending February 29, 2000 and February 28, 1999 are as follows:

	Three Months Ended	
	February 29, 2000	February 28, 1999
	<C>	<C>
Net sales	$ --	$1,772,000
Cost of sales	--	1,542,000
Operating expenses	--	1,082,000
Other income	--	(31,000)
Loss from discontinued operations	$ --	($ 821,000)

Item 2. Management's Analysis and Discussion of Financial Condition and Result of Operations

The statements contained in this Report that are not historical facts are "forward-looking statements" which can be identified by the use of forward-looking terminology, such as "estimates," "projects," "plans," "believes," "expects," "anticipates," "intends," or the negative thereof or other variations thereon, or by discussions of strategy that involve risks and uncertainties. Management wishes to caution the reader of the forward-looking statements, that such statements, which are contained in this Report, reflect management's current beliefs with respect to future events and involve known and unknown risks, uncertainties and other factors, including, but not limited to, economic, competitive, regulatory, technological, key employee, and general business factors affecting the Company's operations, markets, growth, services, products and other factors discussed in the Company's other filings with the Securities and Exchange Commission, and that these statements are only estimates or predictions. No assurances can be given regarding the achievement of future results, as actual results may differ materially as a result of risks facing the Company, and actual events may differ from the assumptions underlying statements that have been made regarding anticipated events. Factors that may cause actual results, performance or achievements of the Company, or industry results, to differ materially from those contemplated by such forward-looking statements include, without limitation: (1) the availability of additional funds to successfully pursue the Company's business plan; (2) the Company's ability to install, secure and integrate internal management, technical information and management information systems; (3) the time and expense to construct the Company's planned network operating center and digital subscriber line network; (4) the cooperation of incumbent carriers in implementing the unbundled network elements platform required by the Federal Communications Commission; (5) the Company's ability to market its services to current and new customers and to generate customer demand for its products and services in the geographical areas in which the Company can operate; (6) the Company's success in gaining regulatory approval to access new markets; (7) the Company's ability to negotiate and maintain suitable interconnection agreements with incumbent LECs; (8) the availability and maintenance of suitable vendor relationships, in a timely manner, at reasonable cost; (9) the impact of changes in telecommunication laws and regulations; (10) the intensity of competition; and (11) general economic conditions. All written and oral forward-looking statements made in connection with this Report that are attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Given the uncertainties that surround such statements, prospective investors are cautioned not to place undue reliance on such forward-looking statements.

Three Months Ended February 29, 2000 vs. February 28, 1999

Continuing operations

Net revenues for the three months ended February 29, 2000 increased by approximately $1,911,000, or approximately 211%, to approximately $2,226,000 as compared to approximately $715,000 reported for the three months ended February 28, 1999.

Net revenues of the Company's telecommunications division increased by approximately $1,388,000, or approximately 382%, to approximately $1,751,000 for the three-month period ending February 29, 2000 from approximately $363,000 reported in the three-month period ending February 28, 1999. The increase was attributable to the rapid growth in the number of installed access lines maintained by the Company. The Company is certified to resell local telephone services and value-added products in the states of Connecticut, Florida, Massachusetts, New Jersey, New York, Rhode Island and Virginia, and is seeking certification in an additional 23 states. The Company also provides dial-up, dedicated and high-speed Digital Subscriber Line ("DSL") Internet access, Web design, hosting and E-commerce development to small and medium-sized businesses.

Net revenues of the Company's specialty retail sales division, consisting of the operations of Airline Ventures, Inc. ("AVI"), increased for the three-month period ending February 29, 2000 by approximately $123,000, or approximately 35%, to approximately $475,000 from approximately $352,000 reported in the three-month period ending February 28, 1999. AVI operates three retail stores in Texas for professional airline flight crew members and sells pilot uniforms, study guides and travel products. Its products are sold on the E-commerce site, www.avishop.com, and on a Web site, www.tagintl.com.

The Company's gross profit for the three-month period ending February 29, 2000 increased by approximately $553,000 to approximately $742,000 from approximately $189,000 reported in the three-month period ending February 28, 1999, and the gross profit percentage increased to 33.3% from 26.4% reported in the prior fiscal period. The increase in gross profit percentage is primarily attributable to Company's ability to utilize the unbundled network elements platform ("UNE-P") for customers in New York and Massachusetts. Approximately 70% of the customers were on the UNE-P service offering as of February 29, 2000, as compared to no customers at February 28, 1999. The Federal Communications Commission has mandated this service offering in all 50 states. The Company anticipates that the nationwide usage of UNE-P will enable it to expand into new geographical territories and maintain gross margins of over 30%. Management expects the gross margin of its specialty retail segment to continue at its current level of over 40%.

Selling, and general and administrative expenses increased by approximately $892,000, or approximately 240%, to approximately $1,264,000 for the three-month period ending February 29, 2000 from approximately $372,000 reported in prior fiscal period. A major portion of this increase was attributable to the labor and facility expenses incurred by the Company's telecommunications division. This increase in expense is directly related to the significant increase in telecommunications revenues in the three-month period ending February 29, 2000 as compared to the prior fiscal period in 1999.

At February 29, 2000, the Company owned approximately 27% of the capital stock of RiderPoint, Inc. ("RiderPoint"). RiderPoint specializes in the development of comparative racing insurance software and sells motorcycle insurance through a wholly-owned subsidiary. As the Company's investment in RiderPoint is accounted for under the equity of accounting, the Company is required to include its portion of RiderPoint's net loss in the Company's results of operations. For the three-month period ending February 29, 2000, the Company has recorded a loss of approximately $77,000 relating to its investment in RiderPoint. The Company had no investment in RiderPoint in the prior fiscal period. At February 28, 1999, the Company was the largest shareholder of Access One Communications Inc.

("Access One"), owning approximately 30.6% of Access One's capital stock. As the Company's investment in Access One was accounted for under the equity method of accounting, the Company was required to include its portion of Access One's net loss in the Company's results of operations. For the three-month period ending February 29, 1999, the Company recorded a loss of approximately $425,000 relating to its investment in Access One. The Company recorded losses in fiscal 1999 equal to its investment in Access One. As a result, the Company's investment in Access One has been reduced to zero.

Interest expense for the three-month period ending February 29, 2000 increased by approximately $18,000 from the amount reported in the three-month period ending February 28, 1999 primarily due to increased average borrowings.

Miscellaneous income for the three-month period ending February 29, 2000 of $57,000 resulted primarily from the sale of Access One shares.

Discontinued Operations

In August 1999, the Company sold certain assets and assigned certain licenses of its former domestic luggage division to Interbrand L.L.C., a non-related accessory company, and subsequently discontinued operations of its wholesale luggage segment.

The operating results of the former wholesale luggage segment have been accounted for as a discontinued operation and the results of operations have been excluded from continuing operations in the condensed consolidated statements of operations for all periods presented, including the prior period financial statements in which the Company has restated the operating results of the former wholesale luggage segment as a discontinued operation. Interest expense relating to borrowings by the former wholesale luggage segment is included as operating expenses of such discontinued segment. The Company reported no results from discontinued operations for the three-month period ending February 29, 2000 as compared to a loss of approximately $821,000 for the three-month period ending February 28, 1999.

Liquidity and Capital Resources

At February 29, 2000, the Company had cash and cash equivalents available of approximately $3,426,000, and working capital of approximately $2,076,000 as compared to cash and cash equivalents available of approximately of $318,000, and working capital of approximately $321,000 in the prior fiscal period.

Net cash used in operating activities (including discontinued operations in the first fiscal period of 1999) aggregated approximately $760,000 and $202,000 in fiscal quarters ended February 29, 2000 and February 28, 1999, respectively. The increase in net cash used in operating activities of approximately $558,000 is primarily the result of an increase of approximately $998,000 in accounts receivable, due to the significant increase in revenues recorded by the Company's telecommunications division, as compared to the comparable quarterly period in 1999, for which accounts receivable was a source of cash of approximately $518,000. This impact of this change in accounts receivable was partially offset by the decrease in the net loss in the first fiscal quarter of fiscal 2000 as compared to the prior year period. On March 3, 1999, the Company's subsidiary, Essex Communications, Inc. ("Essex"), entered into a Receivable Sale Agreement with Receivables Funding Corp. ("RFC") that provides

<PAGE>
for Essex to sell up to $500,000 of its eligible receivables to RFC on a periodic basis and to grant RFC a security interest in the receivables purchased by RFC. In December 1999, Essex increased the amount of eligible receivables it can sell to RFC to $1,000,000. The Receivables Sales Agreement does not transfer the risk of loss to RFC, and has been treated by the Company as a financing for financial statement purposes. As of February 29, 2000, Essex was indebted to RFC for the principal amount of approximately $452,000. Essex borrows from RFC at approximately five percentage points above the prime rate, which was 8.75% per annum at February 29, 2000.

Net cash used in investing activities aggregated approximately $157,000 and $33,000 in fiscal quarters ended February 29, 2000 and February 28, 1999, respectively. Cash from investing activities was used in the first fiscal quarter of 2000 for the purchase of fixed assets and the acquisition of Telecarrier. The source of cash provided from investing activities in the first fiscal quarter 2000 was the proceeds from the 1992 sale of a subsidiary. Cash from investing activities was used in the first fiscal quarter of 1999 for the purchase of fixed assets.

Net cash provided by financing activities aggregated approximately $2,711,000 and $200,000 in fiscal quarters ended February 29, 2000 and February 28, 1999, respectively. In the first quarter of fiscal 2000, net cash provided by financing activities resulted primarily from the proceeds of borrowings from financial institutions of approximately $188,000; the proceeds from the exercise of warrants of approximately $929,000; the proceeds from a private placement of common stock of approximately $1,380,000; and the proceeds of the exercise of stock options of approximately $214,000. In the first quarter of fiscal 1999, net cash provided by financing activities resulted from the proceeds of the issuance of preferred stock of approximately $196,000 and the proceeds from the exercise of stock options of approximately $4,000.

The Company's subsidiary, Telecarrier, has a $150,000 line of credit with a bank. Amounts drawn on the line of credit bear interest at the rate of 9.75% per annum. The line is payable on demand subject to sixty (60) days written notice. At February 29, 2000, the entire line was utilized.

The Company's Canadian subsidiary, Sirco International (Canada) Ltd., has a real property mortgage with its bank, National Bank of Canada. The mortgage is payable in monthly installments of approximately $3,300, including interest at 10.25% per annum, with a balloon payment of approximately $300,000 in June 2000. At February 29, 2000, the mortgage was approximately $307,000.

For the quarter ended February 29, 2000, the Company incurred approximately $164,000 in capital expenditures. The Company plans to make an additional $300,000 in capital expenditures in fiscal 2000 in conjunction with the establishment of a network operations center in Norwalk, Connecticut and with the planned expansion to become a nationwide Competitive Local Exchange Carrier ("CLEC"). The Company anticipates financing these expenditures through equipment leases and by using its existing working capital.

As of February 29, 2000, the Company owned approximately 18% of Access One. On March 24, 2000, Talk.com Inc., a Delaware corporation ("Talk"), Aladdin Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of Talk ("Merger Sub"), and Access One, entered into an Agreement and Plan of Merger (the "Merger Agreement"), which provides, among other things, for the merger

<PAGE>
(the "Merger") of Merger Sub with and into Access One. Upon consummation of the Merger, Access One will become a wholly owned subsidiary of Talk. Under the terms of the Merger Agreement, Access One stockholders will receive 0.571428 shares of Talk's common stock in exchange for each share of Access One common stock held by such stockholders at the effective time of the Merger. It is expected that, as a result of the Merger, shareholders of Access One will receive an aggregate of approximately 14.3 million shares of Talk's common stock, of which the Company will receive approximately 2.5 million shares. The transaction has been approved by the Boards of Directors of each of Talk and Access One, but is contingent upon, among other things, approvals of both Talk's and Access One's stockholders, certain regulatory approvals (including approval under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and certain telecommunications regulatory approvals), and other customary conditions. Under a Voting Agreement entered into on March 24, 2000, the holders of approximately 67.8% of Access One's outstanding common stock have agreed to vote in favor of the Merger. In connection with the Merger, Access One has also entered into a five-year agreement to provide certain telecommunications services to Talk and its subsidiaries. Access One has the right to terminate that agreement if the merger with Talk.com is not consummated. Access One shareholders anticipate receiving Talk common stock that has been registered for resale, subject to an agreement to not sell the stock until three months after the registration statement is declared effective, or until October 31, 2000, whichever occurs sooner.

Management believes that the specialty retail sales division's working capital and cash flow from operations will be sufficient to meet the cash and capital requirements for the Company's specialty retail sales division for the next twelve months. This division operated profitably in the first quarter and anticipates being able to continue its current rate of growth for the next several quarters. Management anticipates that the Company has sufficient capital on hand to meet the operating needs of its telecommunications division over the next 12 months. In addition to the cash on hand and the shares of Talk that the Company may receive in conjunction with the Merger between Talk and Access One, the Company has sent redemption notices requiring the exercise of warrants to purchase approximately 622,000 shares of eLEC common stock from the Company at a price of $4.00 per share.

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eLEC COMMUNICATIONS CORP.

PART II-OTHER INFORMATION

Item 2. Changes in Securities

On January 19, 2000, the Company issued to the former member of WebQuill Internet Services LLC ("WebQuill") 150,000 shares of common stock of the Company in conjunction with the satisfaction of certain performance criteria established in connection with the acquisition of WebQuill. Such transaction was effected pursuant to Sections 4(2) of the Securities Act of 1933, as amended.

On January 20, 2000, the Company issued to the former shareholders of Telecarrier Services Inc. 500,000 shares of common stock of the Company in conjunction with the purchase of Telecarrier. Such transaction was effected pursuant to Sections 4(2) of the Securities Act of 1933, as amended.

On January 20, 2000, the Company issued 32,000 shares of common stock of the Company in conjunction with the retirement of certain indebtedness of Telecarrier. Such transaction was effected pursuant to Sections 4(2) of the Securities Act of 1933, as amended

On February 3 and February 29, 2000, the Company issued an aggregate of 391,750 shares of common stock of the Company in conjunction with the exercise of warrants. Such transaction was effected pursuant to Sections 4(2) of the Securities Act of 1933, as amended.

On December 28, 1999 and February 29, 2000, the Company issued an aggregate of 602,000 shares of common stock of the Company in conjunction with a private placement of stock. Such transaction was effected pursuant to Sections 4(2) of the Securities Act of 1933, as amended.

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Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.
None

27-- Financial Data Schedule.

(b) Reports on Form 8-K
None.

<PAGE>

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 hereunto duly authorized.

eLEC Communications Corp.

April 13, 2000

Date

By: /s/ Paul H. Riss
Paul H. Riss
Chief Executive Officer
(Principal Financial and Accounting Officer)

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EXHIBIT INDEX

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27	Financial Data Schedule.	16

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ATTACHMENT V

TARIFF

Essex Communications, Inc.
d/b/a eLEC Communications
48 So. Service Road, 3rd Floor
Melville, New York 11747

LOCAL SERVICES TARIFF

Regulations and Schedule of Local Exchange Service Rates
Within the State of South Dakota

This tariff includes the rates, charges, terms and conditions of service for the provision of local exchange services by Essex Communications, Inc. d/b/a eLEC Communications ("Essex") between locations within the State of South Dakota.

In accordance with SDCL 20:10:06:02, this tariff is available for public inspection during normal business hours at the main office of Essex Communications, Inc. d/b/a eLEC Communications located at 48 So. Service Road, 3rd Floor, Melville, New York 11747.

CHECK SHEET

The pages listed below are effective as of the date shown. The original and revised pages contain all changes from the original tariff in effect on the date shown on each page.

Page	Revision	Page	Revision	Page	Revision
1	Original *	21	Original *	41	Original *
2	Original *	22	Original *	42	Original *
3	Original *	23	Original *	43	Original *
4	Original *	24	Original *	44	Original *
5	Original *	25	Original *	45	Original *
6	Original *	26	Original *	46	Original *
7	Original *	27	Original *	47	Original *
8	Original *	28	Original *	48	Original *
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19	Original *	39	Original *	59	Original *
20	Original *	40	Original *	60	Original *

* - indicates pages included in this filing

CHECK SHEET, (CONT'D)

The pages listed below are effective as of the date shown. The original and revised pages contain all changes from the original tariff in effect on the date shown on each page.

Page	Revision	Page	Revision	Page	Revision
61	Original *	81	Original *	91	Original *
62	Original *	82	Original *	92	Original *
63	Original *	83	Original *	93	Original *
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77	Original *	87	Original *		
78	Original *	88	Original *		
79	Original *	89	Original *		
70	Original *	90	Original *		

* - indicates pages included in this filing

CONCURRING CARRIERS

None

CONNECTING CARRIERS

None

OTHER PARTICIPATING CARRIERS

None

EXPLANATION OF SYMBOLS

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

(C) To signify changed regulation.

(D) To signify discontinued rate or regulation.

(I) To signify increased rate.

(M) To signify a move in the location of text.

(N) To signify new rate or regulation.

(R) To signify reduced rate.

(T) To signify a change in text but no change in rate or regulation.

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SECTION 1 - DEFINITIONS AND ABBREVIATIONS

Access Code - Denotes a uniform code or number dialed by the Customer to reach a service provided by the Company (e.g., Casual Calling Service, Travel Card Service)

Access Line - An arrangement which connects the Customer's local exchange line to a Company designated switching center or point of presence.

Additional Period - The rate element used to bill chargeable time when a call continues beyond the Initial Period. The Additional Period starts when the Initial Period ends. Additional Period rates apply to any fraction of the time period for chargeable time beyond the Initial Period. Additional Periods vary by rate schedule and are specified in each individual rate table contained in later sections of this tariff.

Aggregator - A Customer of the Company, including any person, firm, corporation, or other legal entity which contracts with for installation of the Company's services and makes such services available for use by guests, patrons, visitors or other transient third parties at the Aggregator's location. The Aggregator is responsible for compliance with the terms and conditions of this tariff.

Answer Supervision - The transmission of the switch trunk equipment supervisory signal (off-hook or on-hook) to a carrier's Point of Presence or customer's terminal equipment as an indication that the called party has answered or disconnected.

Authorization Code - A numerical code, one or more of which are assigned to a Customer to enable access to the Company's network, and which is used by the Company both to prevent unauthorized use of its services and to identify the Customer for billing purposes.

Authorized User - Any person, firm, partnership, corporation or other entity who is authorized by the Customer to be connected to and utilize the Company's services under the terms and regulations of this tariff.

Automatic Number Identification (ANI) - The automatic transmission of a caller's billing account telephone number to a local exchange company, interexchange carrier or a third party Customer. The primary purpose of ANI is for billing toll calls.

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

Bps - Bits per second. The number of bits transmitted in a one second interval.

Business Customer - For the purposes of this tariff, a Business Customer is a Customer of the Company whose primary use of the Company's service is for business purposes.

SECTION 1 - DEFINITIONS AND ABBREVIATIONS, (CONT'D)

Casual Calling - Where access to the Company's network and the subsequent use of service by the Customer is initiated through the dialing of a toll-free number or Access Code. Casual Calling allows non-Presubscribed customers to utilize the services of the Company.

Central Office - The premises of the Company or another local exchange carrier containing one or more switches where Customer local exchange access lines are terminated for purposes of interconnection to other station loops, trunks or access facilities. The Company location from which the Customer's Premises would normally obtain local exchange service and dial tone from the Company or other local exchange carrier.

Channel - A communications path between two or more points.

CIC - An interexchange carrier identification code.

Commission - Refers to the South Dakota Public Utilities Commission, unless otherwise indicated.

Company or Carrier - Used throughout this tariff to indicate Essex Communications, Inc. d/b/a eLEC Communications

CPE - Customer Premises Equipment. All Terminal Equipment or other communications equipment and/or systems provided by the Customer for use with the Company's facilities and services.

Customer - A person, firm, partnership, corporation or other entity which arranges for the Company to provide, discontinue or rearrange telecommunications services on behalf of itself or others; uses the Company's telecommunications services; and is responsible for payment of charges, all under the provisions and terms of this tariff. The term Customer includes persons, firms, partnerships, corporations or other legal entities who do not have a pre-existing account or relationship with the Company but use the services of the Company on Casual Calling Basis or on a per call basis from Aggregator locations through equipment provided by an Aggregator.

Dedicated Access Origination/Termination - Where originating or terminating access between an end user and an interexchange carrier are provided via dedicated facilities, circuits or channels. A method of reaching the Company's or other IXC's communication and switching systems whereby the Customer is connected directly to the Company or other IXC's Point of Presence or designate without utilizing the services of the local switched network.

DID - Direct Inward Dialing

DS0 - Digital Signal Level 0; a dedicated, full duplex digital channel with line speeds of 2.4, 4.8, 9.6, 19.2, 56 or 64 Kbps.

SECTION 1 - DEFINITIONS AND ABBREVIATIONS, (CONT'D)

DS1 -Digital Signal Level 1; a dedicated, high capacity, full duplex channel with a line speed of 1.544 Mbps isochronous serial data having a line signal format of either Alternate Mark Inversion (AMI) or Bipolar with 8 Zero Substitution (B8ZS) and either Superframe (D4) or Extended Superframe (ESF) formats. DS1 Service has the equivalent capacity of 24 Voice Grade or DS0 services.

DS3 -Digital Signal Level 3; a dedicated, high capacity, full duplex channel with a line speed of 44.736 Mbps isochronous serial data having a line code of bipolar with three zero substitution (B3ZS). Equivalent capacity of 28 DS1 Services.

Dual Tone Multifrequency (DTMF) - Tone signaling, also known as touch tone signaling.

Equal Access - Where the local exchange company central office provides interconnection to interexchange carriers with Feature Group D circuits. In such End Offices, Customers can presubscribe their telephone line(s) to their preferred interexchange carrier. A form of dialed access provided by local exchange companies whereby telephone calls dialed by the Customer are automatically routed to the Company's network. Customers may also route calls to the Company's network by dialing an access code provided by the Company.

Essex - Used throughout this tariff to refer to Essex Communications, Inc. d/b/a eLEC Communications.

Exchange - A group of lines in a unit generally smaller than a LATA established by the Company or other local exchange carrier for the administration of communications service in a specified area. An Exchange may consist of one or more central offices together with the associated facilities used in furnishing communications service within that area.

Gbps - Gigabits per second; billions of bits per second.

Host Office - An electronic switching system which provides call processing capabilities for one or more Remote Switching Modules or Remote Switching Systems.

Hunting - The routing a call to an idle station line in a prearranged group when the called station line is busy.

Incumbent Local Exchange Carrier ("ILEC") - A local exchange carrier whose services may be resold by the Company to Customers under the terms and conditions of this tariff.

SECTION 1 - DEFINITIONS AND ABBREVIATIONS, (CONT'D)

Individual Case Basis or ICB - A process whereby the terms, conditions, rates and/or charges for a service provided under the general provisions of this tariff are developed or modified based on the unique circumstances in each case. ICB rates are determined using the rules and regulations for Special Service Arrangements as contained in Section 11of this tariff.

Initial Period - The initial period is the length of a call for minimum billing purposes. Initial Periods vary by rate schedule and are specified in each individual rate table contained in other sections of this tariff.

Inward-Only - A service attribute that restricts outward dial access and routes incoming calls to a designated answer point.

Interexchange Carrier (IXC) - A long distance telecommunications services provider that furnishes services between exchange areas.

Kbps - Kilobits per second; 1000s of bits per second.

LATA - Local Access and Transport Area. A geographic area for the provision and administration of communications services existing on February 8, 1996, as previously established by the U.S. District Court for the District of Columbia in Civil Action No. 82-0192; or established by a Bell operating company after February 8, 1996 and approved by the FCC; or any other geographic area designated as a LATA in the National Exchange Carrier Association (NECA) Tariff F.C.C. No. 4.

LEC - Local Exchange Carrier.

Local Calling Area - A geographical area, as defined in the Company's local or general exchange service tariff in which a party may complete a call without incurring toll usage charges.

Marks - A collective term to mean such items as trademarks, service marks, trade names and logos; copyrighted words, artwork, designs, pictures or images; or any other device or merchandise to which legal rights or ownership are held or reserved by an entity.

Mbps - Megabits per second; millions of bits per second.

N/A - Not Applicable.

SECTION 1 - DEFINITIONS AND ABBREVIATIONS, (CONT'D)

Non-Recurring Charge ("NRC") - The initial charge, usually assessed on a one-time basis, to initiate and establish a service or feature.

NPA - Numbering Plan Area or area code.

OC-12 - A high capacity channel for full duplex, synchronous, optic transmission of digital signals based on the SONET Standard at a rate of 622.08 Mbps.

OC-3 - A high capacity channel for full duplex, synchronous, optic transmission of digital signals based on the SONET Standard at a rate of 155.52 Mbps.

OC-48 - A high capacity channel for full duplex, synchronous, optic transmission of digital signals based on the SONET Standard at a rate of 2.4 Gbps

One-Way - A service attribute that permits either outward dial capabilities for outbound calls or call termination for inbound calls.

Outward-Only - A service attribute that restricts inward calls to a Customer's line and permits only origination of calls.

Pay Telephone - Telephone instruments provided by the Company, Customer or other third party for use by the transient general public. Pay Telephones permit the user to place local and long distance calls and bill such calls on a non sent-paid or sent paid-basis. To facilitate sent-paid calling, Pay Telephones can be equipped with a credit card reader, coin box, or similar device that allows charges to be collected for each call at the instrument.

PBX - Private Branch Exchange

PIC Authorization - A Customer's or End User's selection of a PIC that meets the requirements of federal and state law.

PIC - Primary Interexchange Carrier.

SECTION 1 - DEFINITIONS AND ABBREVIATIONS, (CONT'D)

Point of Presence or POP - The physical location associated with an Interexchange Carrier's communication and switching systems.

Premises - A building, portion of a building in a multi-tenant building, or buildings on continuous property not separated by a highway.

Presubscription - An arrangement whereby a Customer selects and designate to the Company or other LEC a carrier he or she wishes to access, without an access code, for completing intraLATA and/or interLATA toll calls. The selected carrier is referred to as the Primary Interexchange Carrier.

Primary Interexchange Carrier - The IXC designated by the Customer as its first routing choice and primary overflow carrier for routing of 1+ direct dialed and operator assisted non-local calls.

Private Line - A service which provides dedicated path between one or more Customer Premises.

Recurring Charge - The charges to the Customer for services, facilities or equipment, which continue for the agreed upon duration of the service. Recurring charges do not vary based on Customer usage of the services, facilities or equipment provided.

Residence Customer - For the purposes of this tariff, a Residential Customer is a Customer of the Company whose primary use of the Company's service is for personal use in a home, apartment or other residential dwelling unit.

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 in the service order or this tariff, in which case the service commencement date is the date of the Customer's acceptance. The Company and Customer may mutually agree on a substitute service commencement date.

Service Order - A written request for network services executed by the Customer and the Company. The signing of a Service Order by the Customer and acceptance by the Company begins the respective obligations of the parties in that order services offered under this tariff. At the Company's discretion, a verbal request for service may also be accepted by the Company as a means of initiating a Service Order.

SECTION 1 - DEFINITIONS AND ABBREVIATIONS, (CONT'D)

Serving Wire Center - See Central Office.

Special Access - See Dedicated Access.

Station - Refers to telephone equipment or an exchange access line or trunk from or to which calls are placed.

Switched Access Origination/Termination - Where access between the Customer and an interexchange carrier is provided on local exchange company Feature Group circuits and the connection to the Customer is a LEC-provided business or residential access line. The cost of switched Feature Group access is billed to the interexchange carrier.

Telecommunications Device for the Deaf (TDD) - A machine that uses the transmission of coded signals instead of verbal communications to enable hearing impaired users to communicate with each other and with non-hearing impaired individuals.

Terminal Equipment - Telecommunications devices, apparatus and associated wiring on the Customer-designated premises.

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

Trunk Group - A set of trunks which are traffic engineered as a unit for the establishment of connections between switching systems in which all of the communications paths are interchangeable.

Two-Way - A service attribute that includes outward dial capabilities for outbound calls and can also be used to carry inbound calls to a central point for further processing.

V & H Coordinates - Geographic points which define the originating and terminating points of a call in mathematical terms so that the airline mileage of the call may be determined. Call mileage may be used for the purpose of rating calls.

SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of Essex

2.1.1 The Company undertakes to furnish communications service pursuant to the terms of this tariff in connection with one-way and/or two-way communications originating and terminating between points within the state of South Dakota.

2.1.2 The Company's services and facilities are available twenty-four (24) hours per day, seven (7) days per week.

2.1.3 The Company is responsible under this tariff only for the services and facilities provided hereunder, and it assumes no responsibility for any service provided by any other entity that purchases access to the Company network in order to originate or terminate its own services, or to communicate with its own customers.

2.1.4 Essex arranges for installation, operation, and maintenance of the communications services provided in this tariff for Customers in accordance with the terms and conditions set forth under this tariff. Company may act as the Customer's agent for ordering access connection facilities provided by other carriers or entities, when authorized by the Customer, to allow connection of a Customer's location to the Company's network. The Customer shall be responsible for all charges due for such service arrangements.

SECTION 2 - RULES AND REGULATIONS

2.2 Use of the Company's Service

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

2.2.2 The services 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.

2.2.3 Recording of telephone conversations of service provided by the Company under this tariff is prohibited except as authorized by applicable federal, state and local laws.

2.2.4 Any service provided under this tariff may be resold to or shared (jointly used) with other persons at the Customer's option. The Customer remains solely responsible for all use of service ordered by it or billed to its account(s) pursuant to this tariff, for determining who is authorized to use its service, and for promptly notifying the Company of any unauthorized use. The Customer may advise its customers that a portion of its service is provided by the Company, but the Customer shall not represent that the Company jointly participates with the Customer in the provision of the service. The Company may require applicants for service who intend to use the Company's offerings for resale, shared and/or joint use to file a letter with the Company confirming that their use of the Company's offerings complies with relevant laws and the Commission's regulations, policies, orders, and decisions.

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

2.3 Limitations

2.3.1 The Company does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for errors in transmission or for failure to establish connections.

2.3.2 The furnishing of service under this tariff is subject to the availability on a continuing basis of all the necessary facilities and equipment 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.

2.3.3 The Company reserves the right to limit or to 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.

2.3.4 Service may be limited or discontinued by the Company, without notice to the Customer, by blocking traffic to certain countries, cities, or NXX exchanges, or by blocking calls using certain Account Codes or Authorization Codes, when the Company deems it necessary to take such action to prevent unlawful use of its service. Service will be restored service as soon as it can be provided without undue risk.

2.3.5 The Company may block any signals being transmitted over its network by Customers which cause interference to the Company or other users. Customer shall be relieved of all obligations to make payments for charges relating to any blocked service and shall indemnify the Company for any claim, judgment or liability resulting from such blockage.

2.3.6 The Company reserves the right to discontinue service when the Customer is using the service in violation of the provisions of this tariff, or in violation of the law.

2.3.7 The Company reserves the right to discontinue service, limit service, or to impose requirements as required to meet changing regulatory or statutory rules and standards, or when such rules and standards have an adverse material affect on the business or economic feasibility of providing service, as determined by the Company in its reasonable judgment.

2.3.8 Local exchange services provided by the Company are offered for use by Customers of the Company's Digital Subscriber Line Service or other advanced data services which Essex may offer from time to time. At the Company's discretion, service may also be offered to non-DSL or non-advanced data customers.

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

2.4 Assignment and Transfer

2.4.1 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 to a) any subsidiary, parent Company or affiliate of the Company; b) under any sale or transfer of substantially all the assets of the Company within the state; or c) under any financing, merger or reorganization of the Company.

2.4.2 The Company will permit a Customer to transfer its existing service to another entity if the existing Customer has paid all charges owed to the Company for regulated communications services. Transfer of service is subject to credit validation of the transfer-to entity and that entity's providing any necessary deposits or advance payments.

2.4.3 No minimum or termination charge will apply (unless otherwise stated specifically in this tariff) where a new Customer takes over contract services subscribed to by a former Customer, provided the service is to be furnished at the same location without interruption and that the new Customer assumes all unpaid charges and termination liabilities of the original contract. Minimum and termination charges will apply for any new service furnished under contract which are not retained by the new Customer.

2.4.4 All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions of service.

2.5 Application or Service

2.5.1 Customers may be required to enter into written or oral service orders which shall contain or reference a specific description of the service ordered, the rates to be charged, the duration of the services, and the terms and conditions in this tariff. Customers will also be required to execute any other documents as may be reasonably requested by the Company.

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

2.6 Ownership of Facilities

2.6.1 The Customer obtains no property right or interest in the use of any specific type of facility, service, equipment, number, process, or code.

2.6.2 Title to all facilities utilized by the Company to provide service under the provisions of this tariff shall remain with the Company, its partners, agents, contractors or suppliers. Such facilities shall be returned to the Company, its partners, agents, contractors or suppliers by the Customer, whenever requested, within a reasonable period following the request in as good condition as reasonable wear permits.

2.6.3 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. Nothing in this provision shall be construed to be inconsistent with number portability requirements.

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

2.7 Liability of the Company

2.7.1 In view of the fact that the Customer has exclusive control of his communications over the facilities furnished him by the Company, and other uses for which facilities may be furnished him by the Company, and because of the unavoidableness of errors incident to the services and to the use of such facilities of the Company, the services and facilities furnished by the Company are subject to the regulations and limitations specified herein.

2.7.2 Except as provided otherwise in this Tariff, the Company shall not be liable to Customer or any other person, firm or entity for any failure of performance hereunder if such failure is due to any cause or causes beyond the reasonable control of the Company. Such causes shall include, without limitation, acts of God, fire, explosion, vandalism, cable cut, storm or other similar occurrence, any law, order, regulation, direction, action or request of the United States government or of any other government or of any other civil or military authority, national emergencies, insurrections, riots, wars, strikes, lockouts or work stoppages or other labor difficulties, supplier failures, shortages, breaches, or delays, or preemption of existing services to restore service in compliance with Part 64, Subpart D, Appendix A, of the FCC's Rules and Regulations.

2.7.3 No liability shall attach to the Company by reason of any defacement or damage to the Customer's premise resulting from the existence of the Company's equipment or facilities on such premise, or by the installation or removal thereof, when such defacement or damage is not the result of the negligence of the Company or its employees.

2.7.4 The Company does not guarantee nor make any warranty with respect to installations provided by it for use in an explosive atmosphere.

2.7.5 The Company makes no warranties or representations, express or implied, either in fact or by operation of law, statutory or otherwise, including warranties of merchantability or fitness for a particular use, except those expressly set forth herein.

2.7.6 Failure by the Company to assert its rights under a provision of this tariff does not preclude the Company from asserting its rights under other provisions.

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

2.7 Liability of the Company, (Cont'd.)

2.7.7 When the services, equipment or facilities of other companies are used separately or in conjunction with the Company's facilities, service or equipment, the Company shall not be liable for any act or omission of such other companies or their agents, servants or employees.

2.7.8 **With Respect to Release of Information in Conjunction with Provision of Emergency Number 911 Service:**

When a Customer with a nonpublished telephone number, as defined herein, places a call to the emergency 911 service, the Company will release the name and address of the calling party, where such information can be determined, to the appropriate local governmental authority responsible for emergency 911 service upon request of such governmental authority. By subscribing to service under this tariff, the Customer acknowledges and agrees with the release of information as described above.

2.7.9 The Company's liability for damages arising out of mistakes, interruptions, omissions, delays, errors, or defects in transmission which occur in the course of furnishing service or facilities, shall be determined in accordance with SDCL 49-13-1 and 49-13-1.1 and any other applicable law.

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

2.8 Liability of the Customer, (Cont'd.)

2.8.3 The Company shall not be liable for any damages, including usage charges, that the Customer may incur as a result of the unauthorized use of services provide to a Customer. Unauthorized use occurs when 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. The unauthorized use of the Company's services includes, but is not limited to, the placement of calls from the Customer's premise, and the placement of calls through equipment controlled and/or provided by the Customer, that are transmitted over the Company's network without the authorization of the Customer. The Customer shall be fully liable for all such usage charges. The following also apply to unauthorized use of company services:

(A) The Customer is liable for the unauthorized use of the network obtained through the fraudulent use of a Company Travel/Calling Card, if such a card is offered by the Company, or an accepted credit card, provided that the unauthorized use occurs before the Company has been notified.

(B) A Company Travel/Calling Card is a billing mechanism issued by the Company at the Customer's request, which enables the Customer or authorized user to place calls over the network and to have the charges for such calls billed to the Customer's account. 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 an renewal or substitute in accordance with this paragraph is an accepted credit card when received by the cardholder.

(C) The Customer must give the Company written or oral notice that an unauthorized use of a Company Travel/Calling Card or an accepted credit card has occurred or may occur as a result of loss or theft.

(D) The Customer is responsible for payment of all charges for Travel/Calling Card services furnished to the Customer or to users authorized by the Customer to use service provided under this tariff, unless due to the negligence of the Company. This responsibility is not changed due to any use, misuse, or abuse of the Customer's service or Customer-provided equipment by third parties, the Customer's employees, or the public.

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

2.9 Obligations of the Customer

2.9.1 The Customer is responsible for making proper application for service; placing any necessary orders; for complying with tariff regulations; and payment of charges for services provided. Specific Customer responsibilities include, but are not limited to the following:

(A) 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 non-compliance by the Customer, with these regulations; or by fire or theft or other casualty on the Customer premise, unless caused by the negligence or willful misconduct of the employees or agents of the Company;

(B) providing at no charge, as specified from time to time by the Company, any needed equipment, secured space, power, supporting structures, and conduit to operate Company facilities and equipment installed on the premise of the Customer, and the level of heating and air conditioning necessary to maintain the proper operating environment on such premise;

(C) obtaining, maintaining and otherwise having full responsibility for all rights-of-way and conduit necessary for installation of fiber optic cable and associated equipment used to provide communications services to the Customer from the cable building entrance or property line to the location of the equipment space described in Section 2.9 (b). Any and all 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;

(D) providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premise at which Company employees and agents shall be installing or maintaining the Company's facilities and equipment; the Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company's opinion, injury or damage to the Company employees or property might result from installation or maintenance by the Company; the Customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material (e.g., friable asbestos) prior to any construction or installation work;

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

2.9 Obligations of the Customer, (Cont'd.)

(E) complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of Company facilities and equipment in any Customer premise or the rights-of-way for which Customer is responsible under Section 2.9 (c); and granting or obtaining permission for Company agents or employees to enter the premise of the Customer at any time for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of the Company;

(F) not creating or allowing to be placed any liens or other encumbrances on the Company's equipment or facilities;

(G) making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance will be made for the period during which service is interrupted for such purposes;

(H) taking all steps necessary to cancel or otherwise discontinue any service(s) to be replaced by any of the Company's service(s) as described herein; and

(I) ensuring that any Customer provided equipment and/or systems are properly interfaced with Company facilities or services, that the signals emitted into Company's network are of the proper mode, bandwidth, power, and signal level for the intended use of the Customer and in compliance with the criteria set forth in this tariff, and that the signals do not damage equipment, injure personnel, or degrade service to other Customers.

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

2.10 Billing and Payment For Service

2.10.1 Responsibility for Charges

A. The Customer is responsible for payment of all charges for services and equipment furnished to the Customer for transmission of calls via the Company. In particular and without limitation to the foregoing, the Customer is responsible for any and all cost(s) incurred as the result of:

(1) any delegation of authority resulting in the use of his or her communications equipment and/or network services which result in the placement of calls via the Company;

(2) any and all use of the service arrangement provided by the Company, including calls which the Customer did not individually authorize;

(3) any calls placed by or through the Customer's equipment via any remote access feature(s);

(4) any calls placed via the Company's Travel Service as a result of the Customer's intentional or negligent disclosure of Authorization Codes or PIN numbers assigned to the Customer; and

(5) any and all calls placed to an toll-free (e.g., 800, 888) service number provided to the Customer by the Company.

2.10.2 Minimum Period

The minimum period for which services are provided and for which rates and charges are applicable is one (1) month unless otherwise specified in this tariff or by mutually agreed upon contract. When a service is discontinued prior to the expiration of the minimum period, charges are applicable, whether the service is used or not.

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

2.10 Billing and Payment For Service, (Cont'd.)

2.10.3 Payment for Service

(A) All charges due by the Customer are payable to the Company or any agent duly authorized to receive such payments. The billing agent may be the Company, a local exchange telephone company, credit card company, or other billing service. Terms of payment shall be according to the rules and regulations of the agent and subject to the rules of regulatory bodies having jurisdiction.

(B) Non-recurring charges for installations, service connections, moves or rearrangements are due and payable upon receipt of the Company's invoice by the Customer. At the Company's discretion, payment of all or a portion of any non-recurring charges may be required prior to commencement of facility or equipment installation or construction required to provide the services requested by the Customer.

(C) The Company shall present invoices for recurring charges monthly to the Customer, in advance of the month in which service is provided.

(D) When billing is based upon Customer usage, usage charges will be billed monthly in arrears for service provided in the preceding billing period.

(E) Customer billing will begin on the service commencement date, which is the day the Company notifies the Customer that the service or facility is available for use, except that the service commencement date may be postponed by mutual agreement of the parties, or if the service or facility does not conform to standards under this tariff or the service order. Billing accrues through and includes the day that the service, circuit, arrangement or component is discontinued.

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

2.10 Billing and Payment For Service, (Cont'd.)

2.10.3 Payment for Service, (continued)

(F) When service does not begin on the first day of the month, or end on the last day of the month, 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.

(G) Payment shall not be considered past due prior to fifteen (15) days after the mailing of an invoice by the Company requesting said payment.

(H) Customers with billing or service inquiries may contact the Company toll-free by dialing 1-888-389-1400 or by writing to the following address:

Essex Communications, Inc. d/b/a eLEC Communications
Attn: Customer Service Department
48 So. Service Road, 3rd Floor
Melville, New York 11747

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

2.10 Billing and Payment For Service, (Cont'd.)

2.10.4 Disputed Charges

A. Any objections to billed charges must be reported to the Company or its billing agent within one-hundred and eighty (180) days of the mailing of the bill issued to the Customer. Adjustments to Customers' bills shall be made to the extent that circumstances exist which reasonably indicate that such changes are appropriate.

B. In the event that a billing dispute occurs concerning any charges billed to the Customer by the Company, the Customer must submit a documented claim for the disputed amount. The Customer will submit all documentation as may reasonably be required to support the claim. All claims must be submitted to the Company within one hundred and eight (180) days of mailing date of the bill for the disputed services. If the Customer does not submit a claim as stated above, the Customer waives all rights to filing a claim thereafter.

C. If the dispute is resolved in favor of the Customer and the Customer has withheld the disputed amount, no interest credits or penalties will apply.

D. If the dispute is resolved in favor of the Company and the Customer has withheld the disputed amount, any payments withheld pending settlement of the disputed amount shall be subject to the late payment penalty as set forth in 2.10.5.

E. If the dispute is resolved in favor of the Customer and the Customer has paid the disputed amount, the Customer will receive an interest credit from the Company for the disputed amount times a late factor as set forth in 2.10.5.

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

2.10 Billing and Payment For Service, (Cont'd.)

2.10.4 Disputed Charges, (continued)

F. If the dispute is resolved in favor of the Company and the Customer has paid the disputed amount on or before the payment due date, no interest credit or penalties will apply.

G. If the Customer and the Company are unable to resolve the dispute to their mutual satisfaction, the Customer may file a complaint with the South Dakota Public Utilities Commission in accordance with the Commission's rules of procedure. The address of the Commission is as follows:

South Dakota Public Utilities Commission
500 East Capitol
Pierre, South Dakota 57501-5070
Toll-Free: (800) 332-1782
TTY Through Relay South Dakota: (800) 877-1113

2.10.5 Late Payment Fees

A. A late payment charge of 1.5% per month shall be due to the Company for any billed amount for which payment has not been received by the Company within fifteen (15) days of the mailing date of the Company's invoice for service or by the due date printed on the invoice, whichever is later, or if any portion of the payment is received by the Company in funds which are not immediately available upon presentment. If the last calendar day for remittance falls on a Sunday, legal holiday or other day when the offices of the Company are closed, the date for acceptance of payments prior to assessment of any late payment fees shall be extended through to the next business day.

2.10.6 Return Check Charge

A. A service charge equal to $25.00 will be assessed under South Dakota law for all checks returned by a bank or other financial institution for: insufficient or uncollected funds, closed account, apparent tampering, missing signature or endorsement, or any other insufficiency or discrepancy necessitating return of the instrument at the discretion of the drawee bank or other financial institution.

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

2.11 Taxes, Surcharges and Fees

2.11.1 All state and local taxes (i.e., gross receipts tax, sales tax, municipal utilities tax) are listed as separate line items on the Customer's bill and are not included in the quoted rates and charges set forth in this tariff. To the extent that a municipality, other political subdivision or local agency of government, or Commission imposes upon and collects from the Company a gross receipts tax, sales tax, occupation tax, license tax, permit fee, franchise fee, or other regulatory fee or tax, such and fees and taxes shall, insofar as practicable and allowed by law, be billed pro rata to Customers receiving service from the Company within the territorial limits of such municipality, other political subdivision or local agency of government. It shall be the responsibility of the Customer to pay any such taxes that subsequently become applicable retroactively.

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

2.11 Taxes, Surcharges and Fees, (Cont'd.)

2.11.2 The Company may adjust its rates and charges or impose additional rates and charges on its Customers in order to recover amounts it is required by governmental or quasi-governmental authorities to collect from or pay to others in support of statutory or regulatory programs. Examples of such programs include, but are not limited to, the Universal Service Fund (USF), the Presubscribed Interexchange Carrier Charge (PICC), compensation to pay telephone service providers, E911 Assessments and Relay Services. Fees or surcharges for such programs will be included in this section of the Tariff.

A. E911 Service Surcharge

All Customers will be assessed a per line surcharge to support local E911 Service Program. The E911 Surcharge will be based on a monthly snapshot of lines associated with each Customer's account. No fractional debits or credits will be given. This surcharge will appear as a separate line item on the Customer's bill. The amount of the surcharge will be equal to the per line assessment paid by the Company as determined by local jurisdictional assessments rounded up to the nearest whole cent, and may vary from time to time as required by South Dakota law, Commission rules or local jurisdiction requirements.

B. South Dakota Telecommunications Relay Service Surcharge

All Customers will be assessed a per line surcharge to support the South Dakota Telecommunications Relay Service ("SDTRS") program. The SDTRS Surcharge will be based on a monthly snapshot of lines associated with each Customer's account. No fractional debits or credits will be given. This surcharge will appear as a separate line item on the Customer's bill. The amount of the surcharge will be equal to the per line assessment paid by the Company as determined by South Dakota law or Commission rules rounded up to the nearest whole cent, and may vary from time to time as required by South Dakota law or Commission rules.

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

2.11 Taxes, Surcharges and Fees, (Cont'd.)

C. Pay Telephone Surcharge

In order to recover the Company's expenses to comply with the FCC's pay telephone compensation plan effective on October 7, 1997 (FCC 97-371), an undiscountable per call charge is applicable to all interstate, intrastate and international calls that originate from any domestic pay telephone used to access the Company's services. This surcharge, which is in addition to standard tariffed usage charges and any applicable service charges and surcharges associated with the Company's service, applies for the use of the instrument used to access the Company service and is unrelated to the Company's service accessed from the pay telephone.

Pay telephones include coin-operated and coinless phones owned by local telephone companies, independent companies and other interexchange carriers. The Pay Telephone Surcharge applies to the initial completed call and any reoriginated call (i.e., using the "#" symbol).

Whenever possible, the Pay Telephone Surcharge will appear on the same invoice containing the usage charges for the surcharged call. In cases where proper pay telephone coding digits are not transmitted to the Company prior to completion of a call, the Pay Telephone Surcharge may be billed on a subsequent invoice after the Company has obtained information from a carrier that the originating station is an eligible pay telephone.

The Pay Telephone Surcharge does not apply to calls placed from pay telephones at which the Customer pays for service by inserting coins during the progress of the call.

Rate per Call	$0.35

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

2.12 Deposits and Advanced Payments

2.12.1 General

The Company reserves the right to validate the creditworthiness of Customers and billed parties through available verification procedures. Where a Customer's creditworthiness is unacceptable to the Company, Essex may refuse to provide service, require a deposit or advance payment, or otherwise restrict or interrupt service to a Customer.

2.12.2 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 two (2) month's estimated billing or $130, whichever is less, payable in up to three (3) installments if the Customer is unable to pay the full amount. Advance payments do not accrue interest. An advance payment may be required in addition to a deposit.

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

2.12 Deposits and Advanced Payments, (Cont'd.)

2.12.2 Deposits

A. To safeguard its interests, the Company may require the Customer to make a deposit to be held as a guarantee for the payment of charges under Commission rules. A deposit may be required if the Customer's financial condition is not acceptable to the Company or is not a matter of general knowledge. A deposit does not relieve the Customer of the responsibility for the prompt payment of bills on presentation. A deposit may be required in addition to an advance payment.

B. The maximum amount of any deposit shall not exceed the equivalent of the customers estimated liability for two months service.

C. The Company will pay interest on deposits, to accrue from the date the deposit is made until it has been refunded, or until a reasonable effort has been made to effect refund. The Company will pay interest at the rate prescribed by the Commission.

D. If the amount of a deposit is proven to be less than required to meet the requirements specified above, the Customer shall be required to pay an additional deposit upon request.

E. Upon discontinuance of service, the Company shall promptly and automatically refund the Customer's deposit plus accrued interest, or the balance, if any, in excess of the unpaid bills including any penalties assessed for service furnished by the Company.

F. The Company shall annually and automatically refund the deposits of residential Customers who have paid bills for 12 consecutive months without having had service discontinued for nonpayment or had three (3) or more occasions on which a bill was not paid within the period prescribed and are not then delinquent in payment.

G. The Company shall annually credit all accrued interest to the customer's account.

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

2.13 Cancellation by Customer

2.13.1 General

Customers of the Company's service may cancel service by providing the Company with verbal or written notification thirty (30) days prior to the requested cancellation date. The Company shall hold the Customer responsible for payment of all bills for service furnished until the cancellation date specified by the Customer or until thirty (30) days after the date that the cancellation notice is received, whichever is later.

2.13.2 Cancellation of Contract Services

If a Customer cancels a service order or terminates services before the completion of the term or where the Customer breaches the terms in the service contract, the Customer may be requested by the Company to pay to Company termination liability charges. These charges shall become due and owing as of the effective date of the cancellation or termination. Unless otherwise specified in this tariff, the termination liability shall be equal to:

(1) all unpaid nonrecurring charges reasonably expended by the Company to establish service to Customer, plus;

(2) any disconnection, early cancellation or termination charges reasonably incurred and paid to third parties by the Company on behalf of Customer, plus;

(3) all recurring charges specified in the applicable service order for the balance of the then current term discounted at the prime rate announced in the Wall Street Journal on the third business day following the date of cancellation;

(4) minus a reasonable allowance for costs avoided by the Company as a direct result of Customer's cancellation.

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

2.13 Cancellation by Customer, (Cont'd.)

2.13.3 *Cancellation of Application for Service*

(A) Where the Company permits the 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.

(B) 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, less net salvage, shall apply, but in no case shall this charge exceed the sum of the charge for the minimum period of services ordered, including installation charges, and all charges others levy against the Company that would have been chargeable to the Customer had service begun.

(C) Where the Company incurs any expense in connection with special construction, or where special arrangements of facilities or equipment have begun, before the Company receives a cancellation notice, a charge equal to the costs incurred, less net salvage, may apply. In such cases, the charge will be based on such elements as the cost of the equipment, facilities, and material, the cost of installation, engineering, labor, and supervision, general and administrative expense, other disbursements, depreciation, maintenance, taxes, provision for return on investment, and any other costs associated with the special construction or arrangements.

(D) The charges described above will be calculated and applied on a case-by-case basis.

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

2.14 Cancellation by Company

2.14.1 Service continues to be provided until canceled by the Customer pursuant to Section 2.13 or until discontinued by the Company. The Company may render bills subsequent to the termination of service for charges incurred before termination. The Customer shall pay such bills in full in accordance with the payment terms of this tariff. The Company will not disconnect service on a Saturday, Sunday, or legal holiday or on any day that the Company's business office is not open to the public, except where an emergency exists.

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

2.14 Cancellation by Company (Cont'd.)

2.14.2 Essex may refuse or discontinue service to a Customer without notice under the following conditions:

(A) For violation of law or this tariff: Except as provided elsewhere in this tariff, the Company may refuse, suspend or cancel service, without notice, for any violation of terms of this tariff, for any violation of any law, rule, regulation, order, decree or policy of any government authority of competent jurisdiction, or by reason of any order or decision of a court or other government authority having jurisdiction which prohibits the Company from furnishing such service or prohibits Customer from subscribing to, using, or paying for such service.

(B) For the Company to comply with any order or request of any governmental authority having jurisdiction: The Company may refuse, suspend or cancel service, without notice, in order to permit the Company to comply with any order or request of any governmental authority having jurisdiction.

(C) In the event of Customer or Authorized User use of equipment in such a manner as to adversely affect the Company's equipment or service to others.

(D) In the event of tampering with the equipment or services owned by the Company or its agents.

(E) In the event of unauthorized or fraudulent use of service. Whenever service is discontinued for fraudulent use of service, the Company 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 revenues resulting from such fraudulent use.

(F) Without notice in the event of Customer use of equipment or services in such a manner as to adversely affect the Company's equipment or the Company's service to others.

(G) If any of the facilities, appliances, or apparatus on Customer's premise are found to be unsafe or causing harm to the Company's facilities, and may refuse to furnish service until the applicant or Customer shall have remedied the condition.

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

2.14 Cancellation by Company (Cont'd.)

2.14.3 Essex may refuse or discontinue service provided that, unless otherwise stated, the Customer shall be given five (5) days written notice to comply with any rule or remedy any deficiency:

(A) For nonpayment: The Company, by written notice to the Customer and in accordance with applicable law, may refuse, suspend or cancel service without incurring any liability when there is an unpaid balance for service that is past due.

(B) For returned checks: The Customer whose check or draft is returned unpaid for any reason, after two attempts at collection, shall be subject to refusal, suspension or cancellation of service in the same manner as provided for nonpayment of overdue charges.

(C) For neglect or refusal to provide reasonable access to the Company or its agents for the purpose of inspection and maintenance of equipment owned by the Company or its agents.

(D) For Customer use or Customer's permitting use of obscene, profane or grossly abusive language over the Company's facilities, and who, after five (5) days notice, fails, neglects or refuses to cease and refrain from such practice or to prevent the same, and to remove its property from the premise of such person.

(E) For failure of the Customer to make proper application for service or for use of telephone service for any other property or purpose than that described in the application.

(F) For Customer's breach of contract for service between the Company and the Customer.

(G) For periods of inactivity over sixty (60) days.

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

2.15 Restoration of Service

2.15.1 If service has been discontinued for nonpayment or as otherwise provided herein and the Customer wishes service continued, service shall be restored at the Company's discretion, when all past due amounts are paid or the event giving rise to the discontinuance (if other than nonpayment) is corrected. Customers whose service was disconnect for non-payment may be required to pay a deposit or advance payment prior to service restoration.

2.15.2 A restoration fee as specified in Section 4.3 applies to Customers whose service is restored following disconnection by the Company.

2.15.3 Restoration of disrupted services shall be in accordance with applicable Commission and/or Federal Communications Commission Rules and Regulations specified in Part 64, Subpart D, which specify the priority system for such activities.

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

2.16 Provision of Company Equipment and Facilities

2.16.1 The Company shall use reasonable efforts to maintain only the facilities and equipment 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 or equipment installed by the Company, except upon the written consent of the Company.

2.16.2 The Company may substitute, change or rearrange any equipment or facility at any time and from time to time, but shall not thereby alter the technical parameters of the service provided the Customer.

2.16.3 Equipment the Company provides or installs at the Customer premise shall not be used for any purpose other than that for which the equipment is provided.

2.16.4 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 under this tariff, the responsibility of the Company shall be limited to the furnishing of facilities offered under this tariff and to the maintenance and operation of such facilities. Subject to this responsibility, the Company shall not be responsible for:

(A) the through 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.

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

2.17 Interconnection

2.17.1 Service furnished by the Company may be interconnected with services or facilities of other authorized communications common carriers and with private systems, subject to technical limitations established by the Company. Service furnished by the Company is not part of a joint undertaking with such other common carriers or systems. Any special interface equipment or facilities necessary to achieve compatibility between the facilities of Company and other participating carriers shall be provided at the Customer's expense.

2.17.2 Connection with the facilities or services of other carriers shall be under the applicable terms and conditions of the other carriers tariffs. The Customer is responsible for taking all necessary legal steps for interconnecting his Customer-provided terminal equipment or communications systems with Company's facilities. Customer shall secure all licenses, permits, rights-of-way, and other arrangements necessary for such interconnection.

2.17.3 The Customer shall ensure that the facilities or equipment provided by another carrier are properly interconnected with the facilities or equipment of the Company. If the Customer maintains or operates the interconnected facilities or equipment in a manner which results or may result in harm to the Company's facilities, equipment, personnel, or the quality of service, the Company may, upon five (5) days written notice, require the use of protective equipment at the Customer's expense. If this written notice fails to eliminate the actual or potential harm, the Company may, upon additional five (5) days written notice, terminate the existing service of the Customer.

2.17.4 If harm to the Company's network, personnel or services is imminent due to interconnection with another carrier's services, the Company reserves the right to shut down Customer's service immediately, with no prior notice required.

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

2.18 Customer-Provided Equipment

2.18.1 The Company's services are designed primarily for the transmission of voice-grade telephonic signals, except as otherwise stated in this tariff. A user may transmit any form of signal that is compatible with the Company's equipment, but the Company does not guarantee that its services will be suitable for purposes other than voice-grade telephonic communication except as specifically stated in this tariff.

2.18.2 The Company's facilities and service may be used with or terminated in terminal equipment or communications systems such as a PBX, key system, or single line telephone. Such terminal equipment shall be furnished and maintained at the expense of the Customer. The Customer is responsible for all costs at his or her premises, including personnel, wiring, electrical power, and the like, incurred in the use of the Company's service.

2.18.3 Terminal equipment on the user's premise and the electric power consumed by such equipment shall be provided by and maintained at the expense of the Customer. The Customer is responsible for the provision of wiring or cable to connect its terminal equipment to the Company's network.

2.18.4 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 to other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense, subject to prior Customer approval of the equipment expense.

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

2.18 Customer-Provided Equipment, (Cont'd.)

2.18.5 Upon suitable notification to the Customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the Customer is complying with the requirements under this Section 2.18 for the installation, operation, and maintenance of Customer-provided facilities, equipment, and wiring in the connection of Customer-provided facilities and equipment to Company-owned facilities and equipment.

2.18.6 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 may, upon five (5) days written notice, require the use of additional protective equipment at the Customer's expense. If this written notice fails to remedy any protective deficiencies or potential harm, the Company may, upon additional five (5) days written notice, terminate the existing service of the Customer.

2.18.7 If harm to the Company's network, personnel or services is imminent, the Company reserves the right to shut down Customer's service immediately, with no prior notice required.

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

2.19 Inspection, Testing and Adjustments

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

2.19.2 Upon reasonable notice, the facilities or equipment provided by the Company shall be made available to the Company for such tests and adjustments as may be necessary for their maintenance in a condition satisfactory to the Company. No interruption allowance shall be granted for the time during which such tests and adjustments are made, unless such interruption exceeds twenty-four hours in length and is requested by the Customer.

2.19.3 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 applies to all service activities. The Company will work cooperatively with the Customer to determine the reasonable notification requirements. With some emergency or unplanned service-affecting conditions, such as an outage resulting from cable damage, notification to the Customer may not be possible.

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

2.20 Allowances for Interruptions in Service

2.20.1 General

(A) A credit allowance will be given when service is interrupted, except as specified in Section 2.20.2 following. 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.

(B) 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.

(C) If the Customer reports a service, facility or circuit to be interrupted but declines to release it for testing and repair, refuses access to its premise for test and repair by the Company, or continues to make voluntary use of the service, the service, facility or circuit 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.

(D) The Customer shall be responsible for the payment of Premises Visit and Trouble Isolation Service Charges as specified in Sections 4.1 and 4.2 of this Tariff for visits by the Company's agents or employees to the premise of the Customer when the service difficulty or trouble report results from the use of equipment or facilities provided by any party other than the Company, including but not limited to the Customer.

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

2.20 Allowances for Interruptions in Service (Cont'd.)

2.20.2 Limitations of Allowances

(A) No credit allowances will be provided for monthly recurring surcharges, taxes or fees including, but not limited, to the following:

(1) South Dakota E911 Assessment

(2) South Dakota Relay Services Surcharge

(3) End User Common Line Surcharge

(4) Primary Interexchange Carrier Charge

(5) Local Number Portability Surcharge

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

2.20 Allowances for Interruptions in Service (Cont'd.)

2.20.2 Limitations of Allowances, (cont'd.)

(B) No credit allowance will be made for any interruption in service:

(1) due to the negligence of or noncompliance with the provisions of this tariff by any person or entity other than the Company, including but not limited to the Customer;

(2) due to the failure of power, equipment, systems, connections or services not provided by the Company;

(3) due to circumstances or causes beyond the reasonable control of the Company;

(4) during any period in which the Company is not given full and free access to its facilities and equipment for the purposes of investigating and correcting interruptions;

(5) 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;

(6) that occurs or continues due to the Customer's failure to authorize replacement of any element of special construction; and

(7) that was not reported to the Company within 30 days of the date that service was affected.

(8) Cellular (wireless) transmission is subject to interruptions including but not limited to, dropped calls, interrupted calls, unintelligible calls, one way audio and other problems created by factors beyond Essex' ability to control. Therefore, under no circumstances will Essex provide credit or payment of any kind for calls which experience problems related to cellular (wireless) transmissions.

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

2.20 Allowances for Interruptions in Service (Cont'd.)

2.20.3 Use of Another Means of Communications

If the Customer elects to use another means of communications during the period of interruption, the Customer must pay the charges for the alternative service used.

2.20.4 Application of Credits for Interruptions in Service

A. If a Customer's service is interrupted other than by the negligence or willful act of the Customer, and it remains out of order for eight normal working hours or longer after access to the premise is made available and after being reported to be out of order, appropriate adjustments or refunds shall be made to the Customer, when such adjustment exceeds $1.00.

B. The amount of adjustment or refund shall be determined on the basis of the known period of interruption, generally beginning from the time the service interruption is first reported. The refund to the Customer shall be a pro rata part of the month's flat rate charges for the period of days and that portion of the service facilities rendered useless or inoperative. The refund may be accomplished by a credit on a subsequent bill for the service.

C. For purposes of credit computation every month shall be considered to have seven hundred and twenty (720) hours. For services with a monthly recurring charge, no credit shall be allowed for an interruption of continuous duration of less than eight (8) hours. The Customer shall be credited for an interruption of eight (8) or more hours at the rate of 1/720th of the monthly charge for the services affected for each day that the interruption continues. The formula used for computation of credits is as follows:

Credit = A/720 x B

A = outage time in hours (must be 8 or more)
B = total monthly recurring charge for affected service.

D. For usage sensitive services, credits will be limited to, at maximum, the price of the initial period of the individual call that was interrupted plus any per call service charges or surcharges required to reconnect the caller.

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

2.21 Notices and Communications

2.21.1 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.

2.21.2 The Company shall designate on the service order an address to which the Customer shall mail or deliver all notices and other communications, except that Company may designate a separate address on bills for service to which the Customer shall mail payment on that bill.

2.21.3 Notice of a pending disconnection of a Customer's service shall be delivered by U.S. Postal First Class Mail and shall contain the reason for the notice, the date of the notice, a description of any remedies the Customer may make, the time allotted for the Customer to make remedies (if any), and a toll free customer service number the Customer may call to obtain additional information.

2.21.4 Except as otherwise stated in this tariff, all other notices or communications required to be given under this tariff will be in writing.

2.21.5 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 second business day following placement 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.

2.21.5 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.

2.22 Other Rules and Regulations

2.22.1 Listing and Billing Name Rule

When the Customer provides a listing name or a name that will appear in Caller ID systems, the Company reserves the right to suppress names that are intentionally misleading or offensive. The Company will notify the Customer before suppressing the name or prior to initiating service to make alternative arrangements. If the Customer is dissatisfied with the Company's determination, the Customer has the right to appeal to the South Dakota Commission for a decision.

SECTION 3 - SERVICE AREAS

3.1 Exchange Service Areas

Local exchange services are provided, subject to availability of facilities and equipment, in areas currently served by the following incumbent LECs:

US West Communications

3.2 Rate Groups

Charges for local services provided by the Company may be based, in part, on the Rate Group associated with the Customer's Central Office. The Rate Group is determined by the total access lines and PBX trunks in the local calling area which can be reached from each Central Office as listed in the following table:

Rate Group	Exchange Access Lines and PBX Trunks In Local Calling Area - Upper Limit
A/B	1 to 1,000
C/D	1,001 to 5,000
E	5,001 to 20,000
G	20,001 to 45,000
I	45,001 and over

3.3 Local Calling Areas

Local Calling Areas and exchanges are equivalent to those specified by US West Communications in its Exchange and Network Services Tariff, Section 5.

SECTION 4 - SERVICE CHARGES

4.1 Service Order and Change Charges

Nonrecurring charges apply to process service orders for new service, for changes in service and for changes to the Customer's primary interexchange carrier (PIC) code. The following charges apply to the Company's services:

Nonrecurring Charges	Business	Residence
Service Order, new service, per primary station	N/A	N/A
Service Order, new service, per secondary station	N/A	N/A
Customer Requested Service Change	$10.00	$9.55
Trouble Isolation Charge	$80.00	$80.00

4.2 Installation and Maintenance Visit Charges

Premises visit charges apply when the Company dispatches personnel to a Customer's premises to perform work necessary for installing new service, effecting changes in service or resolving troubles reported by the Customer when the trouble is found to be caused by the Customer's facilities.

Charges incurred due to maintenance visits will be credited to the Customer's account in the event trouble is not found in the Company facilities, but the trouble is later determined to be in those facilities.

The time period for which installation and maintenance visit charges apply will commence when Company personnel are dispatched at the Customer premises and end when work is completed. Total installation and maintenance visit charges will vary by time per Customer request.

Premises Visit Charge, per Visit	$25.00
Duration of time, per technician	
Initial 30 minutes	$60.00
Each additional 15 minute increment	$25.00

SECTION 4 - SERVICE CHARGES

4.3 Restoration of Service

A restoration charge applies to the restoration of suspended or disconnected service and facilities because of nonpayment of bills or other Customer cause and is payable at the time that the restoration of the suspended or disconnected service and facilities is arranged. Where service has been completely disconnected, installation and service order charges apply in addition to a Restoration of Service Charge.

Nonrecurring Charge	**Business**	**Residence**
Per Occasion	$50.00	$25.00

SECTION 5 - GENERAL SERVICE DESCRIPTIONS

5.1 General

The rates, terms and conditions set forth in this tariff are applicable where the Company provides specified local exchange services to Customers through the use of its own facilities and equipment or through the resale of Incumbent LEC services. All rates set forth in this tariff are subject to change by the Company pursuant to notice requirements established by the Commission.

Basic Local Exchange Services as offered by the Company are contained in Section 6 of this Tariff and include, but are not limited to:

Residence Local Exchange Access Lines
Business Local Exchange Access Lines
Business Local Exchange PBX Trunks
Direct Inward Dial (DID) Service for use with PBX Trunks

Supplemental services are contained in other Sections of this tariff and include but are not limited to:

Optional Calling Features
Local Operator Services
Directory Assistance Services
Directory Listing Services
Interexchange Carrier Presubscription

5.2 Application of Rates

All services offered in this tariff are subject to service order and change charges as specified in Section 4 of this tariff where the Customer requests new services or changes in existing services, as well as indicated nonrecurring and monthly recurring charges.

5.3 Restrictions

Local service is offered for originating and terminating local calls. Service may not be used for originating or terminating non-local calls without paying applicable access charges and/or toll charges.

5.4 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 of this tariff.

SECTION 5 - GENERAL SERVICE DESCRIPTIONS, (CONT'D.)

5.5 Call Timing for Usage Sensitive Services

5.5.1 Billing for calls placed over the Company's network may be based in part on the duration of the call as follows, unless otherwise specified in this tariff:

5.5.2 Timing of each call begins when the called station is answered (i.e. when two way communications are established.) Answer detection is based on standard industry answer detection methods, including hardware and software answer detection. For Collect Calls, charges apply only if the called party accepts the responsibility for payment. For Person to Person Calls, charges apply only if the calling party is connected with the designated called party or an agreed upon substitute.

5.5.3 Chargeable time for calls ends when one of the parties disconnects from the call.

5.5.4 Unless otherwise specified in this tariff, the minimum Initial Period for billing purposes is one (1) minute.

5.5.5 Unless otherwise specified in this tariff, billing for Additional Periods (usage after the Initial Period) is in full one (1) minute increments.

5.5.6 The Company will not knowingly bill for unanswered calls. When a Customer indicates that he/she was billed for an incomplete call, the Company will reasonably issue credit for the call.

SECTION 5 - GENERAL SERVICE DESCRIPTIONS, (CONT'D.)

5.6 Time of Day Rate Periods

For time of day sensitive services, the following rate periods apply unless otherwise specified in this tariff:

	MON	TUES	WED	THUR	FRI	SAT	SUN
8:00 AM TO 5:00 PM*	DAYTIME RATE PERIOD						
5:00 PM TO 11:00 PM*	EVENING RATE PERIOD						EVE
11:00 PM TO 8:00 AM*	NIGHT/WEEKEND RATE PERIOD						

* Up to but not including.

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.

SECTION 5 - GENERAL SERVICE DESCRIPTIONS, (CONT'D.)

5.7 Local Exchange Access Lines and Trunks

Local exchange access lines and trunks provide a Customer with analog, voice-grade telephonic communications channels which can be used to place or receive one call at a time. Local exchange access lines and trunks provide a Customer with the ability to connect to the Company switching network which enables the Customer to:

place or receive calls to any calling station in the local calling area;

access 911 and/or Enhanced 911 Emergency Service;

access the interexchange carrier selected by the Customer for interLATA, intraLATA, interstate or international calling;

access operator assisted services for the local calling area;

access directory assistance for the local calling area;

place or receive calls to toll-free (e.g., 800, 8XX) telephone numbers;

access Telephone Relay Services; and

entitle the Customer to a directory listing of the main telephone number.

For incoming service, an optional hunting feature is available for multiline or multi trunk Customers which routes a call to an idle line or trunk in a prearranged group when the called line or trunk is busy. Where facilities permit, more than one type of optional hunting arrangement may be provided.

Local exchange access lines and trunks are provided for the connection of Customer-provided wiring and FCC Part 68 approved devices.

Local exchange access lines and trunks are provided on a single party (individual) basis only. No multi-party service is offered.

PBX Trunks, where facilities permit, may be arranged for inward, outward or two-way operation. Direct Inward Dialing (DID) is offered as an option for Customers subscribing to the Company's PBX Trunk Service.

SECTION 6 - BASIC LOCAL SERVICE RATES

6.1 Residence Local Exchange Service

Residence Local Exchange Service provides the Customer with analog, voice-grade telephonic communications channels which can be used to place or receive one call at a time. Individual exchange access lines or trunks are provided for connection to Customer-provided wiring, telephones, facsimile machines or other station equipment. PBX Trunks are available to Customers as inward, outward or two-way combination trunks where services and facilities permit.

Local exchange service lines and trunks are provided on a single party (individual) basis only. No multi-party lines or trunks are provided. An optional Hunting feature is available for multiline and multi trunk Customers which routes a call to the next idle line or trunk in a prearranged group when the called line or trunk is busy.

Service is available on a flat rate or message rate basis depending on the type of service selected by the Customer. Not all service types (flat vs. message) will be available in all areas.

Recurring charges for Residence Local Exchange Service are billed monthly in advance. Usage charges, if applicable are billed in arrears. Usage charges may apply for calls placed from the Customer's lines or trunks. No usage charges will apply to calls received by the Customer. Non-recurring charges for installation or rearrangement of service are billed on the next bill immediately following work performed by the Company.

SECTION 6 - BASIC LOCAL SERVICE RATES, (CONT'D.)

6.1 Residence Local Exchange Service, (Cont'd.)

6.1.1 Monthly Recurring Charges

The following charges apply to Residence Local Exchange Service lines and PBX Trunks per month. The rates and charges below apply to service provided on a month-to-month basis.

A. Local Exchange Access Lines, Per Line

Rate Group	Flat Rate Monthly	Message Rate Monthly	Non-Recurring
A	$15.05	*$11.05*	$25.00
B	$12.00 (BRA) $15.00 (OBRA)	*$ 8.00 (BRA)* *$11.00 (OBRA)*	$25.00
C	$15.75	*$11.05*	$25.00
D	$12.70 (BRA) $15.70 (OBRA)	*$ 8.00 (BRA)* *$11.00 (OBRA)*	$25.00
E	$16.55	*$11.05*	$25.00
G	$17.75	*$11.05*	$25.00
I	$18.25	*$11.05*	$25.00

B. PBX Trunks, Per Trunk

PBX Trunk service will be provided to Residential Customers are rates equal to Business PBX Trunk service as specified in Section 6.2 of this tariff.

SECTION 6 - BASIC LOCAL SERVICE RATES, (CONT'D.)

6.1 Residence Local Exchange Service, (Cont'd.)

6.1.2 Other Monthly Recurring Charges

A. Touchtone Service

	Recurring	Installation
Per Residence Line	$1.50	$1.10

B. Hunting

Hunting Service is not available to Residential Customers.

C. Monthly Surcharges

The following surcharges will be assessed to Residential Customer's of the Company's local exchange services in addition to other rates and charges. Each surcharge will be based on a monthly snapshot of lines and trunks associated with each Customer's account. No fractional debits or credits will be given.

1. End User Common Line Charge (EUCL)

Primary Line, Per Line	$3.50
Non-Primary Line, Per Line	$6.07

2. Presubscribed Interexchange Carrier Charge (PICC)

The following monthly recurring surcharges will apply only to Customers who do not presubscribe their service to a long distance carrier.

Primary Line, Per Line	$1.04
Non-Primary Line, Per Line	$2.53

3. Local Number Portability (LNP) Recovery

Per Individual Line, All	$0.54

SECTION 6 - BASIC LOCAL SERVICE RATES, (CONT'D.)

6.1 Residence Local Exchange Service, (Cont'd.)

6.1.3 Usage Sensitive Charges and Allowances

A. Flat Rate Service

No measured or message charges apply to calls placed or received from Flat Rate service lines or trunks. Customers receive unlimited calling within their local calling area.

B. Measured Service

Local usage charges apply to calls placed between telephone numbers within the same local calling area. Local usage charges are billed to the party originating the call and not the called party.

A monthly usage allowance of $2.50 is provided for each line or trunk subscribed to by the Customer. Usage between the hours of 9:00 PM and 9:00 AM Monday through Friday and all day Saturday and Sunday will be discounted 50%. Usage exceeding $20.00 per line or trunk within a monthly billing period will be discounted thirty percent (30%).

Local usage is billed in one minute increments at the rates specified below. Usage will be billed in arrears according to the following rates:

Mileage Band	Initial Minute	Each Addition Minute
Intraexchange EAS	$0.05	$0.010
0 - 22	$0.07	$0.020
23 - 30	$0.09	$0.025
31 - 40	$0.11	$0.030
41 - 55	$0.13	$0.035

SECTION 6 - BASIC LOCAL SERVICE RATES, (CONT'D.)

6.2 Business Local Exchange Service

Business Local Exchange Service provides the Customer with analog, voice-grade telephonic communications channels which can be used to place or receive one call at a time. Individual exchange access lines or trunks are provided for connection to Customer-provided wiring, telephones, facsimile machines or other station equipment. PBX Trunks are available to Customers as inward, outward or two-way combination trunks where services and facilities permit.

Local exchange service lines and trunks are provided on a single party (individual) basis only. No multi-party lines or trunks are provided. An optional Hunting feature is available for multiline and multi trunk Customers which routes a call to the next idle line or trunk in a prearranged group when the called line or trunk is busy.

Service is available on a flat rate or measured rate basis depending on the type of service selected by the Customer. Not all service types (flat vs. measured) will be available in all areas.

Recurring charges for Business Local Exchange Service are billed monthly in advance. Usage charges, if applicable are billed in arrears. Usage charges may apply for calls placed from the Customer's lines or trunks. No usage charges will apply to calls received by the Customer. Non-recurring charges for installation or rearrangement of service are billed on the next bill immediately following work performed by the Company.

SECTION 6 - BASIC LOCAL SERVICE RATES, (CONT'D.)

6.2 Business Local Exchange Service, (Cont'd.)

6.2.1 Monthly Recurring Charges

The following charges apply to Standard Business Local Exchange Service lines or PBX Trunks per month. The rates and charges below apply to service provided on a month-to-month basis.

A. Local Exchange Access Lines

Rate Group	Flat Rate Monthly	Measured Rate Monthly	Non-Recurring
A	$27.25	$28.65	$47.00
B	$23.60 (BRA) $26.60 (OBRA)	$25.00 (BRA) $28.00 (OBRA)	$47.00
C	$29.65	$28.65	$47.00
D	$26.00 (BRA) $29.00 (OBRA)	$25.00 (BRA) $28.00 (OBRA)	$47.00
E	$32.45	$28.65	$47.00
G	$36.60	$28.65	$47.00
I	$38.40	$28.65	$47.00

SECTION 6 - BASIC LOCAL SERVICE RATES, (CONT'D.)

6.2 Business Local Exchange Service, (Cont'd.)

6.2.1 Monthly Recurring Charges (cont'd.)

B. PBX Trunks

Rates and charges listed below apply to flat rate PBX service provided by the Company. Monthly recurring charges for PBX Trunk service provided on a measured rate basis are the same as those for Measured Rate Business Access Lines as shown in Section 6.2.1.A of this tariff. Hunting is included with 2-Way and Inward PBX Trunks. No additional Hunting charges apply.

1. All Trunks, Non-Recurring Charges

An installation charge of $47.00 applies for each trunk installed for use by the Customer.

2. Basic Trunks, Flat Rate Recurring Charges

Rate Group	Flat Rate 2-Way Monthly	Flat Rate 1-Way Inward Monthly	Flat Rate 1-Way Outward Monthly
A	$36.25	$33.90	$36.25
B	$32.60 (BRA) $35.60 (OBRA)	$30.25 (BRA) $33.25 (OBRA)	$32.60 (BRA) $35.60 (OBRA)
C	$38.65	$36.05	$38.65
D	$35.00 (BRA) $38.00 (OBRA)	$32.40 (BRA) $35.40 (OBRA)	$35.00 (BRA) $38.00 (OBRA)
E	$41.45	$38.55	$41.45
G	$45.60	$42.30	$45.60
I	$47.40	$43.95	$47.40

SECTION 6 - BASIC LOCAL SERVICE RATES, (CONT'D.)

6.2 Business Local Exchange Service, (Cont'd.)

6.2.1 Monthly Recurring Charges, (cont'd.)

B. PBX Trunks, (continued)

3. Non-Basic Trunks, Flat Rate Recurring Charges

Rate Group	Flat Rate 2-Way, 4-Wire Monthly	Flat Rate Inward w/ DID Monthly	Flat Rate Inward Analog For DID Call Transfer Monthly
A	$33.90	$77.65	$77.65
B	$30.25 (BRA) $33.25 (OBRA)	$74.00 (BRA) $74.00 (OBRA)	$74.00 (BRA) $74.00 (OBRA)
C	$36.05	$77.65	$77.65
D	$32.40 (BRA) $35.40 (OBRA)	$74.00 (BRA) $74.00 (OBRA)	$74.00 (BRA) $74.00 (OBRA)
E	$38.55	$77.65	$77.65
G	$42.30	$77.65	$77.65
I	$43.95	$77.65	$77.65

6.2.2 Other Monthly Recurring Charges

A. Touchtone Service

	Recurring	Installation
Per Business Line	$2.00	$2.15
Per Business Trunk	$2.00	$2.15

B. Hunting (for use with Business Access Lines only)

	Recurring	Installation
Series Hunting		
Per Line	$8.95	$11.00
Circular Hunting		
Per Line	$8.95	$11.00
Per Hunt Group	$3.00	$11.00
Preferential Hunting		
Per Line	$9.95	$12.00

SECTION 6 - BASIC LOCAL SERVICE RATES, (CONT'D.)

6.2 Business Local Exchange Service, (Cont'd.)

6.2.2 Other Monthly Recurring Charges, (cont'd.)

C. Monthly Surcharges

The following surcharges will be assessed to Business Customer's of the Company's local exchange services in addition to other rates and charges. Each surcharge will be based on a monthly snapshot of lines and trunks associated with each Customer's account. No fractional debits or credits will be given.

1. End User Common Line Charge (EUCL)

Single Line Business Customer	
Per Individual Line/Trunk	$3.50
Multiline Business Customer	
Per Individual Line/Trunk	$8.01

2. Presubscribed Interexchange Carrier Charge (PICC)

The following monthly recurring surcharges will apply only to Customers who do not presubscribe their line(s) to a long distance carrier.

Single Line Business Customer	
Per Individual Line/Trunk	$1.04
Multiline Business Customer	
Per Individual Line/Trunk	$3.42

3. Local Number Portability (LNP) Recovery

Per Individual Line, All	$0.34
Per Individual Trunk, All	$4.86

SECTION 6 - BASIC LOCAL SERVICE RATES, (CONT'D.)

6.2 Business Local Exchange Service, (Cont'd.)

6.2.3 Usage Sensitive Charges and Allowances

A. Flat Rate Service

No measured or measured charges apply to calls placed or received from Flat Rate service lines or trunks. Customers receive unlimited calling within their local calling area.

B. Measured Service

Local usage charges apply to calls placed between telephone numbers within the same local calling area. Local usage charges are billed to the party originating the call and not the called party.

A monthly usage allowance of $5.00 is provided for each line or trunk subscribed to by the Customer. Usage between the hours of 9:00 PM and 9:00 AM Monday through Friday and all day Saturday and Sunday will be discounted 50%. Usage exceeding $20.00 per line or trunk within a monthly billing period will be discounted thirty percent (30%).

Local usage is billed in one minute increments at the rates specified below. Usage will be billed in arrears according to the following rates:

Mileage Band	Initial Minute	Each Addition Minute
Intraexchange EAS	$0.05	$0.010
0 - 22	$0.07	$0.020
23 - 30	$0.09	$0.025
31 - 40	$0.11	$0.030
41 - 55	$0.13	$0.035

SECTION 6 - BASIC LOCAL SERVICE RATES, (CONT'D.)

6.3 Direct Inward Dialing (DID) Service

DID permits calls incoming to a PBX system or other CPE to be routed to a specific station without the assistance of an attendant. DID calls are routed directly to the station associated with the called number. DID service as offered by the Company provides the necessary trunks, telephone numbers, and out-pulsing of digits to enable DID service at a Customer's location. DID service requires special PBX software and hardware not provided by the Company. Such hardware and software is the Customer's responsibility.

The following charges apply to Customers subscribing to DID service provided by the Company. These charges are in addition to recurring and nonrecurring charges for PBX Trunks as shown in Section 6.2. The Customer will be charged for the number of DID Number Blocks regardless of the number of DID numbers used from the available block of numbers.

DID Number Blocks	Nonrecurring Charges	Monthly Recurring Charge - Month-to-Month
Each Non-Sequential DID Number	$ 1.00	$ 0.15
Each Block of 20 Sequential DID Numbers	$ 20.00	$ 3.00
Block Compromise Charge - Removal of Number from Sequential Block	$450.00	N/A
Block Compromise Charge - Temporary Removal of Number from Sequential Block	$ 50.00	N/A
DID Change Charge - Per Change of Number or Digits Outpulsed	$ 50.00	N/A
DID Trunk Terminations, per Trunk	$ 50.00	$35.00

SECTION 7 - SUPPLEMENTAL SERVICES

7.1 Optional Calling Features

The features in this section are made available to Residential and Business Customers on an individual basis or as part of multiple feature packages. All features are provided subject to availability. Certain features may not be available with all classes of service. Transmission levels for calls forwarded or calls placed or received using optional calling features may not be acceptable for all uses in some cases.

7.1.1 Feature Descriptions

Call Block: Allows the end-user to automatically block incoming calls from up to six end-user pre-selected telephone numbers programmed into the feature's screening list. Callers whose numbers have been blocked will hear a recorded message stating that their call has been blocked. The end-user controls when the feature is active, and can add or remove calling numbers from the feature's screening list.

Call Curfew: Allows the Customer the ability to block incoming and outgoing calls. The feature can be turned on and off manually or automatically by pre-set schedules which have been defined by the Customer. When the feature is activated, incoming calls will be blocked and the calling party will hear an announcement that the Customer is unavailable. For outgoing calls, the Customer will hear a fast busy and the call will not be completed.

Call Forwarding Busy Line: Permits the forwarding of incoming calls when the end-user's line is busy. The forwarded number is fixed by the end-user service order. The following versions of Call Forwarding Busy Line are offered:

- Intra-Switch Forwarding - Forwards calls to another predetermined number within the same central office switch
- Inter-Switch Forwarding - Forwards calls to another predetermined number in a different central office switch.

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.1 Optional Calling Features, (Cont'd.)

7.1.1 Feature Descriptions, (cont'd.)

Call Forwarding Busy Line/Don't Answer: Permits the forwarding of incoming calls when the end-user's line is busy or remains unanswered after a pre-designated ringing interval. The ringing interval before don't answer forwarding and the forward-to number are fixed by the service order. The following versions of Call Forwarding Busy Line/Don't Answer are offered:

- Intra-Switch Forwarding - Forwards calls to another predetermined number within the same central office switch
- Inter-Switch Forwarding - Forwards calls to another predetermined number in a different central office switch.

Call Forwarding Busy Line w/ Customer Control: Permits the forwarding of incoming calls when the end-user's line is busy. The end user may activate and deactivate the forwarding feature as well as establish or change the number to which calls will forward

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.1 Optional Calling Features, (Cont'd.)

7.1.1 Feature Descriptions, (cont'd.)

Call Forwarding Don't Answer: Permits the forwarding of incoming calls when the end-user's line remains unanswered after a pre-designated ringing interval. The ringing interval before forwarding and the forward-to number are fixed by the service order. The following versions of Call Forwarding Don't Answer are offered:

- Intra-Switch Forwarding - Forwards calls to another predetermined number within the same central office switch
- Inter-Switch Forwarding - Forwards calls to another predetermined number in a different central office switch.

Call Forwarding Don't Answer w/ Customer Control: Permits the forwarding of incoming calls when the end-user's line remains unanswered after a pre-designated ringing interval. The forward-to number and number of rings before forwarding can be controlled by the end user.

Call Forwarding Variable - Permits the end-user to automatically forward (transfer) all incoming calls to another telephone number, and to restore it to normal operation at their discretion. The end-user must dial an activation code from his/her exchange line along with the forward-to number in order to turn the feature on. A separate code is dialed by the end-user to deactivate the feature.

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.1 Optional Calling Features, (Cont'd.)

7.1.1 Feature Descriptions, (cont'd.)

Call Forwarding Variable w/ Remote Access - Permits the end-user to automatically forward (transfer) all incoming calls to another telephone number, and to restore it to normal operation at their discretion. The end-user must dial an activation code along with the forward-to number in order to turn the feature on. A separate code is dialed by the end-user to deactivate the feature. Feature activation may be performed from the end-user's exchange line or remotely from some other line. Remote access requires the end-user to 1) dial a special access number 2) enter their seven-digit telephone number and 3) enter a personal identification number prior to forwarding their calls.

Call Return: Allows the Customer to return a call to the last incoming call whether answered or not. Upon activation, it will re-dial the number automatically and continue to check the number every 45 seconds for up to 30 minutes if the number is busy. The Customer is alerted with a distinctive ringing pattern when the busy number is free. When the Customer answers the ring, the call is then completed.

Call Selector: Allows a Customer to assign a maximum of six (6) telephone numbers to a special list. The Customer will hear a distinctive ring when calls are received from telephone numbers on that list.

Call Tracing: Allows the tracing of nuisance calls to a specified telephone number suspected of originating from a given local office. The tracing is activated upon entering the specified dial code. The originating telephone number, outgoing trunk number or terminating number, and the time and date are generated for every call to the specified telephone number can then be identified.

Call Transfer: Enables a Customer to transfer an incoming call to a third party or add a third party to an existing call., forming a three party connection, and then to leave the connection without disconnecting the call.

Call Waiting: Call Waiting provides a tone signal to indicate to a Customer already engaged in a telephone call that a second caller is attempting to dial in. It permits the Customer to place the first call on hold, answer the second call and then alternate between both callers. Cancel Call Waiting is provided with the feature and allows a Call Waiting end-user to disable the Call Waiting feature for the duration of a single outgoing telephone call. Cancel Call Waiting is activated by dialing a special code prior to placing a call, and is automatically deactivated when the Customer disconnects from the call.

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.1 Optional Calling Features, (Cont'd.)

7.1.1 Feature Descriptions, (cont'd.)

Caller ID - Number: Permits the end-user to view a Directory Number of the calling party on incoming telephone calls. Information is displayed on a specialized CPE not provided by the Company. The feature also provides the date and time of each incoming call. It is the responsibility of the Customer to provide the necessary CPE.

Caller ID - Name and Number: Permits the end-user to view a Directory Name of the calling party on incoming telephone calls. Information is displayed on a specialized CPE not provided by the Company. The feature also provides the date and time of each incoming call. It is the responsibility of the Customer to provide the necessary CPE. In some situations, the calling party's city and state may be displayed rather than a Directory Name, depending on available call data.

Dial Lock: Allows a Customer the ability to manage their outbound calls (local, intraLATA and interLATA) by selectively blocking different types of calls paced from their line. This service will allow blocking of various types of non-emergency calls. The Customer selects the types of calls to block and may override the blocking at anytime through a personalized assigned PIN code.

Do Not Disturb: Allows the Customer to prevent the ringing of their telephone. When the feature is activated, callers hear a Customer selected greeting indicating that the Customer is not available.

Multiple Directory Number Distinctive Ringing: This feature allows an end user to determine the source of an incoming call from a distinctive ring. The end user may have up to two additional numbers assigned to a single line (i.e. Distinctive Ringing - First Number and Distinctive Ringing - Second Number). The designated primary number will receive a normal ringing pattern, other numbers will receive distinctive ringing patterns. The pattern is based on the telephone number that the calling party dials.

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.1 Optional Calling Features, (Cont'd.)

7.1.1 Feature Descriptions, (cont'd.)

Preferred Call Forwarding: Permits the end-user to automatically forward to another number calls received from up to six end-user pre-selected telephone numbers programmed into the features screening list. The end-user controls when the feature is active, the forward-to number and can add or remove calling numbers from the feature's screening list.

Repeat Dialing: Permits the end-user to have calls automatically re-dialed when the first attempt reaches a busy number. The line is checked every 45 seconds for up to 30 minutes and alerts the Customer with a distinctive ringing pattern when the busy number and the Customer's line are free. The Customer can continue to make and receive calls while the feature is activated. The following types of calls cannot be reached using Repeat Dialing:

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

Scheduled Forwarding: This feature allows the Customer to forward incoming calls to another telephone number based on time and date of the call. Using any touchtone telephone, the Customer may activate or deactivate the feature as well as change times, days, and forward-to numbers associated with the forwarding schedule.

Speed Calling: Permits the Customer to place calls to other telephone numbers by dialing a one or two digit code rather than the complete telephone number. The feature is available as either an eight (8) code list or a thirty (30) code list. Code lists may include local and/or toll telephone numbers. The Customer has the ability to add or remove telephone numbers and codes to/from the a speed calling list without assistance from the Company.

Three Way Calling: Permits the end-user to add a third party to an established connection. When the third party answers, a two-way conversation can be held before adding the original party for a three-way conference. The end-user initiating the conference controls the call and may disconnect the third party to reestablish the original connection or establish a connection to a different third party. The feature may be used on both outgoing and incoming.

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.1 Optional Calling Features, (Cont'd.)

7.1.2 Features Offered on a Usage Sensitive Basis

The following features are available to all local exchange Business and Business line Customers where facilities and services permit. Customers may utilize each feature by dialing the appropriate access code or taking other appropriate action to active the feature. The Customer will be billed the Per Feature Activation Charge shown in the following table each time a feature is used by the Customer. Customers may subscribe to these features on a monthly basis at their option to obtain unlimited use of these features for a fixed monthly charge.

Optional Calling Features	Per Feature Activation	
	Residence	Business
Call Return	$0.75	$0.75
Call Trace	$1.55	$2.00
Repeat Dialing	$0.75	$0.75
Three-Way Calling	$0.75	$0.75

Denial of per call activation for Three-Way Calling, Call Return and Repeat Dialing from any line or trunk is available to Customers upon request at no additional charge.

7.1.3 Features Offered on Monthly Basis

Optional Calling Features listed in this section are offered to Customers on a monthly basis. Customers are allowed unlimited use of each feature. No usage sensitive charges apply. Multiline Customers must order the appropriate number of features based on the number of lines which will have access to the feature.

The non-recurring installation charge below applies per line to add, change or remove one or more features:

	Non-Recurring Charge
Residence	$6.00
Business	$11.00

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.1 Optional Calling Features, (Cont'd.)

7.1.3 Features Offered on Monthly Basis, (continued)

Optional Calling Features	Residence	Business
Call Block	$4.50	$4.50
Call Curfew	$3.95	N/A
Call Forwarding Busy Line		
Intra-Switch	$0.25	$8.95
Inter-Switch	$0.25	$3.00
Call Forwarding Don't Answer		
Intra-Switch	$0.65	$4.00
Inter-Switch	$0.65	$4.00
Call Forwarding Busy/Don't Answer		
Intra-Switch	$0.80	$10.45
Inter-Switch	$0.80	$5.50
Call Forwarding Busy Line w/ Customer Control	$1.85	$8.95
Call Forwarding Don't Ans. w/ Customer Control	$2.60	$4.50
Call Forwarding Variable	$3.00	$5.00
Call Forwarding Variable - Remote Access	$5.00	$7.95
Call Return	$2.95	$3.00
Call Selector	$3.50	$3.50
Call Transfer	$6.00	$6.00

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.1 Optional Calling Features, (Cont'd.)

7.1.3 Features Offered on Monthly Basis, (continued)

Call Waiting	$5.00	$5.00
Caller ID with Number	$5.50	$7.50
Caller ID with Name and Number	$5.95	$7.95
Dial Lock	$3.95	$3.95
Do Not Disturb	$3.95	$3.95
Multiple Directory Number Distinctive Ringing		
1st Additional Telephone Number	$5.00	$7.45
2nd Additional Telephone Number	$2.50	$5.25
3rd Additional Telephone Number	$2.50	$5.25
Preferred Call Forwarding	$3.50	$3.50
Repeat Dialing	$3.50	$3.50
Scheduled Forwarding	$6.00	$8.95
Speed Calling (8-code)	$2.00	$4.00
Speed Calling (30-code)	$3.00	$9.10
Three Way Calling	$1.75	$4.00

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.2 Local Operator Assisted Service, (Cont'd.)

7.2.1 Operator Service Charges

A. Each Arrival operator assisted call incurs a per call operator service charge in addition to per-minute usage charges. Operator service charges are not discounted for time of day and are as follows:

(1) Customer Dialed Calling Card Call - This charge applies in addition to long distance usage charges for station to station calls billed to an authorized Calling Card or Commercial Credit Card. The Customer must dial the destination telephone number where the capability exists for the Customer to do so. A separate rate applies in the event operator assistance is requested for entering the Customer's card number for billing purposes.

(2) Operator Dialed Calling Card Call - This charge applies in addition to usage charges for station to station calls billed to an authorized Calling Card or Commercial Credit Card and the operator dials the destination telephone number at the request of the Customer.

(3) Operator Station - This charge applies in addition to usage charges for non-Person-to-Person calls placed using the assistance of a Company operator and billed to the originating line, Collect, or to a Third party.

(4) Person-to-Person - This charge applies in addition to usage charges for calls placed with the assistance of a Company operator to a particular party at the destination number. This charge applies regardless of billing method, including but not limited to billing to the originating line, a Calling Card, Commercial Credit Card, Collect, or to a Third Party. Charges do not apply unless the specified party or an acceptable substitute is available.

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.2 Local Operator Assisted Service

7.2.2 Available Billing Arrangements

Customers may select from one of the following billing arrangements when placing a local operator assisted call:

(A) Bill to Line - A billing arrangement whereby the originating caller may bill the charges for a call to the local exchange line from which the call is placed. The terms and conditions of the local exchange carrier providing the local exchange line apply to payment arrangements.

(B) Calling Card - A billing arrangement whereby the originating caller may bill the charges for a call to an approved local exchange carrier issued calling card. The terms and conditions of the issuing local carrier apply to payment arrangements.

(C) Commercial Credit Card - A billing arrangement whereby the originating caller may bill the charges for a call to an approved commercial credit card. The terms and conditions of the issuing credit card company apply to payment arrangements.

(D) Collect Billing - A billing arrangement whereby the originating caller may bill charges for a call to the called party, provided the called party agrees to accept the charges. The terms and conditions of the called party's local exchange company apply to payment arrangements.

(E) Third Party Billing - A billing arrangement by which the charges for a call may be billed to a telephone number that is different from the calling number and the called number. The terms and conditions of the third party's local exchange company apply to payment arrangements.

7.2.3 Operator Dialed Surcharge

This charge applies to Operator Station and Person-to-Person calls for which the caller has the ability to dial the called number, but chooses instead to have the Company operator perform the dialing. This charge is in addition to usage charges and applicable operator service charges.

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.2 Local Operator Assisted Service (Cont'd.)

7.2.4 Rates and Charges for Local Operator Services

A. Usage Charges

No additional usage charge applies for local operator assisted calls placed from flat rate residence or business access lines or trunks. Local measured or message rates as specified in Section 6 of this tariff apply if the Customer subscribes to a measured or message rate line or trunk.

B. Per Call Operator Service Charges

	Per call charge
Customer Dialed Calling/Credit Card	$0.55
Operator Dialed Calling/Credit Card	$2.10
Operator Station	
Billed Collect	$2.10
Billed to Third Party	$2.10
Billed to Line	$2.10
Person-to-Person	
All Billing Methods	$4.50
Operator Dialed Surcharge	$1.00

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.3 Busy Line Verification and Line Interrupt Service

Upon request of a calling party the Company will verify a busy condition on a designated local service line. The operator will determine if the line is clear or in use and report to the calling party. At the request of the Customer, the operator will interrupt the call on the busy line. Busy Line Interruption is only permitted in cases where the calling party indicates an emergency exists and requests interruption.

No charge will apply when the calling party advises that the call is to or from an official public emergency agency. Busy Verification and Interrupt Service is furnished where and to the extent that facilities permit.

The Customer shall indemnify and save the Company harmless against all claims that may arise from either party to the interrupted call or any person.

	Per Request
Busy Line Verification	$1.25
Busy Line Interruption	$2.00

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.4 Local Directory Assistance

Directory Assistance is available to Customers of the Company's local exchange services. Two requests may be made on each call to Directory Assistance. The Directory Assistance charge applies to each call, regardless of whether the Directory Assistance Bureau is able to furnish the requested telephone number. Customers are provided one (1) free direct dialed Directory Assistance call per month per line.

Per Direct Dialed Call (over allowance)	$0.40

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.5 Directory Listings

7.5.1 General

The following rules apply to standard listings in light face type in the white pages (alphabetical section) of the telephone directory and to the directory assistance records of the Company.

Only information necessary to identify the Customer is included in these listings. The Company may use abbreviations in listings. The Company may reject a listing it judges to be objectionable. A name made up by adding a term such as company, shop, agency, works, etc. to the name of a commodity or service will not be accepted as a listing unless the Customer is legally doing business under that name.

A name may be repeated in the white pages only when a different address or telephone number is used.

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.5 Directory Listings (Cont'd.)

7.5.2 Standard Listing

A standard listing includes a name, designation, address and telephone number of the Customer. It appears in the white pages of the telephone directory and in the Company's directory assistance records.

7.5.3 Free Listings

One listing is provided without charge for each individual exchange access line, initial PBX Trunk or Centrex system.

7.5.4 Rates for Additional Listings

The following rates and charges apply to additional listings requested by the Customer over and above those free listings provided under Section 7.5.3

	Recurring Charge	Non-Recurring Charge
Per Residence Listing	$1.50	$5.00
Per Business Listing	$5.00	$10.00

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.6 Non-Published Service

7.6.1 General

Nonpublished service means that the Customer's telephone number is not listed in the directory, nor does it appear in the Company's directory assistance records.

7.6.2 Regulations

This service is subject to the rules and regulations for E911 service, where applicable.

The Company will complete calls to a nonpublished number only when the caller dials direct or gives the operator number. No exceptions will be made, even if the caller says it is an emergency.

When the Company agrees to keep a number unlisted, it does so without any obligation. Except for cases of gross negligence or willful misconduct, the Company is not liable for any damages that might arise from publishing a nonpublished number in the directory or disclosing it to some. If, in error, the telephone number is published in the directory, the Company's only obligation is to credit or refund any monthly charges the Customer paid for nonpublished service.

The Customer indemnifies (i.e., promises to reimburse the Company for any amount the Company must pay as a result of) and save the Company harmless against any and all claims for damages caused or claimed to have been caused, directly or indirectly, by the publication of a nonpublished service or the disclosing of said number to any person.

7.6.3 Rates and Charges

There is a monthly charge for each nonpublished service. This charges does not apply if the Customer has other listed service at the same location; if the Customer lives in a hotel, boarding house or club with listed service; or if the service is installed for a temporary period.

	Recurring Charge	Non-Recurring Charge
Per Residence Listing	$3.00	$8.00
Per Business Listing	$3.00	$15.00

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.7 Non-Listed Service

7.7.1 General

Nonlisted service means that the Customer's telephone number is not listed in the directory, but it does appear in the Company's directory assistance records.

7.7.2 Regulations

This service is subject to the rules and regulations for E911 service, where applicable.

The Company will complete calls to a nonlisted number.

When the Company agrees to keep a number unlisted, it does so without any obligation. Except for cases of gross negligence or willful misconduct, the Company is not liable for any damages that might arise from publishing a nonlisted number in the directory or disclosing it to some. If, in error, the telephone number is listed in the directory, the Company's only obligation is to credit or refund any monthly charges the Customer paid for nonlisted service.

The Customer indemnifies (i.e., promises to reimburse the Company for any amount the Company must pay as a result of) and save the Company harmless against any and all claims for damages caused or claimed to have been caused, directly or indirectly, by the publication of a nonlisted service or the disclosing of said number to any person.

7.7.3 Rates and Charges

There is a monthly charge for each nonlisted service. This charges applies if the Customer has other listed service at the same location; if the Customer lives in a hotel, boarding house or club with listed service; or if the service is installed for a temporary period.

	Recurring Charge	Non-Recurring Charge
Per Residence Listing	$2.00	$8.00
Per Business Listing	$2.00	$10.00

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.8 Carrier Presubscription

7.8.1 General

Carrier presubscription is a procedure whereby a Customer designates its Primary Interexchange Carrier to use for routing of intraLATA and interLATA toll calls. Such calls are automatically directed to the designated carrier, without the need to dial carrier access codes to direct the call to the designated carrier. Presubscription does not prevent a Customer who has presubscribed to an intraLATA or interLATA toll carrier from using carrier access codes or additional dialing to direct calls to an alternative long distance carrier on a Casual Calling Basis.

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.8 Carrier Presubscription, (Cont'd.)

7.8.2 Presubscription Options

Customers may select the same carrier or separate carriers for intraLATA and interLATA long distance. The following options for long distance presubscription are offered where available. Availability may be limited based on the capabilities of the Customer's serving central office:

Option A: Customer selects the Company as the presubscribed carrier for IntraLATA and InterLATA toll calls subject to presubscription.

Option B: Customer may select the Company as the presubscribed carrier for IntraLATA calls subject to presubscription and some other carrier as the presubscribed carrier for interLATA toll calls subject to presubscription.

Option C: Customer may select a carrier other than the Company for intraLATA toll calls subject to presubscription and the Company for interLATA toll calls subject to presubscription.

Option D: Customer may select a carrier other than the Company for both intraLATA and interLATA toll calls subject to presubscription

Option E: Customer may select two different carriers, neither being the Company for intraLATA and interLATA toll calls. One carrier to be the Customers' primary intraLATA interexchange carrier. The other carrier to be the Customer's primary interLATA interexchange carrier.

Option F: Customer may select no presubscribed carrier for any toll calls, which will require the Customer to dial a carrier access code to route all intraLATA and interLATA toll calls to the carrier of choice for each call.

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.8 Carrier Presubscription, (Cont'd.)

7.8.3 Rules and Regulations

Customers will retain their Primary Interexchange Carrier until they request that their dialing arrangements be changed. Customers may select either Options A, B, C, D or E for presubscription. Option F allows the Customer to decline to choose any carrier. Customers may change their selected option or presubscribed toll carrier at any time subject to charges specified in 7.8.5.

7.8.4 Presubscription Procedures

A new Customer will be asked to select intraLATA and interLATA toll carriers at the time the Customer places an order for local exchange service. The Company will process the Customer's order for service. All new Customer's initial requests for intraLATA toll service presubscription will be provided free of charge.

If a new Customer is unable to select at the time it places an order for local exchange service, the Company will direct the Customer to the local telephone directory to select a carrier. Until the Customer informs the Company of its choice of primary toll carrier, the Customer will not have access to long distance services on a presubscribed basis, and will be required to dial a carrier access code to route all toll calls.

7.8.5 Presubscription Changes

After a Customer's initial selection of a PIC, any change in the Customer's intraLATA or interLATA carriers will incur a $5.00 change charge and any applicable service order charges specified in Section 4 of this tariff

SECTION 8 - COMPLEX SERVICES

8.1 Centrex Service

8.1.1 General

Centrex Service is a Central Office-based PBX service offered to Business Customers. A Centrex System consists of common system equipment and 2 or more Centrex Station Lines equipped with intercom calling and optional features.

8.1.2 Centrex Station Lines

Centrex Station Lines provide intercommunication on a two- to five-digit basis (activated by dialing the appropriate, pre-programmed intercom code for the terminating station) in addition to access to and from the local exchange network without Customer attendant assistance. Centrex Station Lines are assigned a 7-digit telephone number and are provided with Direct Inward Dialing (DID) capability. Centrex Station Lines can be provided with a variety of outgoing restrictions including toll, fully restricted, or 700/900/976 restricted.

8.1.3 Centrex Features

Centrex Station Lines may be equipped with one or more optional calling features including, but not limited to, the following:

- Automatic Callback Calling
- Call Forwarding - Don't Answer
- Call Hold
- Call Pickup
- Call Waiting - Originating
- Common Intercept
- Consultation Hold
- Last Number Redial
- Station Line Hunting
- Touch Tone
- Call Forwarding - Busy Line
- Call Forwarding - Variable
- Call Park
- Call Transfer
- Call Waiting - Terminating
- Conference Arrangements
- Executive Busy Override
- Speed Dialing
- Three Way Calling
- Uniform Call Distribution

8.1.4 Application of Rates and Charges

Centrex Services, when offered by the Company, will be provided on an Individual Case Basis (ICB) as Special Service Arrangements pursuant to Section 11.2 of this tariff.

SECTION 8 - COMPLEX SERVICES, (CONT'D)

8.2 Integrated Services Digital Network -ISDN - Service

8.2.1 General

Integrated Services Digital Network (ISDN) service is a digital architecture that provides integrated voice and data capability to the Customer premises, using the public switched network. ISDN distributes voice, data, video, image and facsimile by using either a Basic Rate Interface (BRI) or a Primary Rate Interface (PRI) serving arrangement. These serving arrangements conform to international standards adopted by the International Telecommunications Union.

8.2.2 Definitions Peculiar to ISDN

Basic Rate Interface (BRI) consists of one or two B (Bearer) channels and one D (Data) channel on one pair of wires. BRI is offered as Single Line ISDN Service.

B Channel is a facility that carries circuit-switched voice or data communications at speeds up to 64 kbps, from the Customer premise, over the loop facility, to the central office.

B Channel Circuit Switched Data provides the capability of making data calls over the public switched network. Information is transmitted the same way as digitized voice. Like a voice call, a circuit-switched data call ties up network resources for the duration of the call.

D Channel carries signaling and packet data information, at speeds up to 16 k/bits on BRI, and signaling-only information up to 64 k/bits for Primary Rate Service, from the Customer's premise to the central office. The D-channel has both data and signaling functions but it does not have voice capability.

D-Channel Packet-Switched Data capability to originate and receive X.25 data calls over the D-channel. Multiple data calls can be active simultaneously on a single D-channel.

Primary Rate Interface (PRI) is a 1.544 megabits per second (Mbps) service providing 23 B channels and one D channel. It is also known as 23 B+D access. The B-channels carry user information such as voice calls, circuit-switched data, or video, while the D-channel handles signaling or control information.

SECTION 8 - COMPLEX SERVICES, (CONT'D)

8.2 Integrated Services Digital Network -ISDN - Service (Continued)

8.2.3 Basic Rate Interface (BRI) Service

BRI or Single Line ISDN Service is compatible with national ISDN standards and includes circuit-switched voice, circuit-switched data and packet functionality. Service is offered for voice and data applications and for residential and home office or small business use. Single Line ISDN BRI features include, but are not limited to:

- 2B+D channels on U interface
- 56/64/112/128 Kbps Dialed Data
- Simultaneous Voice and Data Calling
- Touchtone Pass-Through
- Separate Signaling Channel

Other features may be available subject to equipment and facilities as well as the capabilities of any CPE utilized by the Customer.

8.2.4 Primary Rate Interface (PRI) Service

PRI ISDN Service is compatible with national ISDN standards and includes circuit-switched voice, circuit-switched data and packet functionality consisting of 23 B channels and one D channel, for a total transmission rate of 1.544 Mbps. Service is offered for voice, data and video applications for Business Customers. PRI ISDN features include, but are not limited to:

- Circuit Switched Data
- Direct Inward Dialing
- Direct Outward Dialing

Other features may be available subject to equipment and facilities as well as the capabilities of any CPE utilized by the Customer.

8.2.5 Application of Rates and Charges

ISDN Services, when offered by the Company, will be provided on an Individual Case Basis (ICB) as Special Service Arrangements pursuant to Section 11.2 of this tariff.

SECTION 9 - RESERVED FOR FUTURE USE

9.1 Reserved for Future Use

SECTION 10 - PROMOTIONAL OFFERINGS

10.1 Promotions - General

From time to time, the Company shall, at its option, promote subscription or stimulate network usage by offering to waive some or all of the nonrecurring, recurring and usage charges for the Customer (if eligible) of target services for a limited duration. Such promotions shall be made available to all similarly situated Customers in the target market area and will comply with all applicable Commission regulations. The Company will file notice of with the Commission prior to offering any promotions.

10.2 Demonstration of Service

From time to time the Company may demonstrate service for potential customers by providing free use of its network on a limited basis for a period of time, not to exceed one (1) month. Demonstration of service and the type and duration of service provided will be at the Company's discretion.

SECTION 11 - SPECIAL CONTACTS, ARRANGEMENTS AND CONSTRUCTION

11.1 Special Contract Arrangements

At the option of the Company, services may be offered on a contract basis to meet specialized pricing requirements of the Customer not contemplated by this tariff. The terms of each contract shall be mutually agreed upon between the Customer and Company and may include discounts off of rates contained herein and waiver of recurring, nonrecurring, or usage charges. The terms of the contract may be based partially or completely on the term and volume commitment, type of originating or terminating access, mixture of services or other distinguishing features. Service shall be available to all similarly situated Customers for a fixed period of time following the initial offering to the first contract Customer as specific in each individual contract.

11.2 Special Service Arrangements

11.2.1 If a Customer's requirements cannot be met by services included in this tariff, or pricing for a service is shown in this tariff as ICB, the Company will provide, where practical, special service arrangements at charges equal to the estimated cost of furnishing such features, facilities or services. These special service arrangements will be provided if the provision of such arrangements are not detrimental to any other services furnished under the Company's tariffs.

11.2.2 Rates for special service arrangements will be based on the estimated cost for furnishing the service. Estimated costs will be determined in accordance with Section 11.1.4 (Special Construction) of this tariff.

11.2.3 Special service arrangement rates are subject to revision depending on changing costs.

11.2.4 If and when a special service arrangement becomes a tariffed offering, the tariffed rate or rates will apply from the date of tariff approval.

11.3 Non-Routine Installation Charges

At the Customer's request, installation and/or maintenance may be performed outside the Company's regular business hours or in hazardous locations. 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 or night hours, additional charges may apply.

SECTION 11 - SPECIAL CONTACTS, ARRANGEMENTS AND CONSTRUCTION, (CONT'D)

11.4 Special Construction Charges

11.4.1 General

A. Special construction charges may apply for services provided to the Customer by the Company. Special construction includes but is not limited to that construction undertaken:

(1) where facilities are not presently available, and there is no other requirement for the facilities so constructed;

(2) of a type other than that which the Company would normally utilize in the furnishing of its services;

(3) over a route other than that which the Company would normally utilize in the furnishing of its services;

(4) in a quantity greater than that which the Company would normally construct;

(5) on an expedited basis;

(6) on a temporary basis until permanent facilities are available;

(7) involving abnormal costs;

(8) in advance of its normal construction; or

(9) when the Company furnishes a facility or service for which a rate or charge is not specified in the Company's tariff.

B. Where the Company furnishes a facility or service requiring special construction, charges will be based on the costs incurred by the Company and may include: (1) non-recurring charges; (2) recurring charges; (3) usage charges; (4) termination liabilities; or (5) a combinations thereof.

C. Rates and charges for special construction shall be determined and presented to the Customer for its approval prior to the start of construction. No construction will commence until and unless the Customer accepts in writing the rates and charges as presented by the Company.

SECTION 11 - SPECIAL CONTACTS, ARRANGEMENTS AND CONSTRUCTION, (CONT'D)

11.4 Special Construction Charges, (Cont'd.)

11.4.2 Basis for Cost Computation

(A) Costs for special construction may include one or more of the following items to the extent they are applicable:

(1) cost of installed facilities to be provided including estimated costs for the rearrangements of existing facilities. Cost may include:

installation of equipment and materials provided or used,
engineering, labor and supervision during construction,
transportation of materials, and
rights of way required for transmission facilities;

(2) cost of operation, maintenance, and administration of equipment and facilities;

(3) depreciation on the estimated cost installed of any facilities provided, based on the anticipated useful service life of the facilities with an appropriate allowance for the estimated net salvage;

(4) general administrative expenses, including taxes on the basis of average charges for these items;

(5) license preparation, processing and related fees;

(6) tariff preparation, processing and other related regulatory fees;

(7) any other item of expense associated with the particular special service arrangement; and

(8) an amount, computed on the estimated installed cost of the facilities used to provide the special service arrangement, for return on investment and contingencies.

SECTION 11 - SPECIAL CONTACTS, ARRANGEMENTS AND CONSTRUCTION, (CONT'D)

11.4 Special Construction Charges, (Cont'd.)

11.4.3 Termination Liability

(A) To the extent that there is no other requirement for use by the Company, a termination liability may apply for facilities or services specially constructed at the request of the Customer.

(B) The termination liability period is the estimated service life of the facilities provided.

(C) The amount of the maximum termination liability is equal to the estimated cost for installation and operation of the service during its service life. Costs include those items previously listed in Section 11.4.2.

(D) The applicable termination liability will be calculated based on the following:

(1) Multiplying the sum of the amounts determined as set forth in Section 11.4.3.C preceding by a factor related to the unexpired period of liability and the discount rate for return and contingencies.

(2) The amount determined in 11.4.3.D(a) preceding shall be adjusted to reflect the predetermined estimate net salvage, if any, including any reuse of the facilities provided.

(3) The final termination liability is then adjusted to reflect applicable taxes or regulatory fees.

SECTION 11 - SPECIAL CONTACTS, ARRANGEMENTS AND CONSTRUCTION, (CONT'D)

11.5 Other Special Charges

11.5.1 Application of Special Charges

Special charges may apply in addition to the usual service connection charges and monthly rates when unusual investment or expense will be incurred by the Company. Special charges will apply when:

(A) conditions or Customer request which requires the provision of special equipment or unusual or nonstandard methods of plant construction, installation or maintenance or a move of the Company's facilities;

(B) the Customer's location requires the use of costly private right-of-way; or

(C) the proposed service is of a temporary nature, and the plant to be placed would not be useful to the Company in the general conduct of its business after that service was discontinued.

11.5.2 Customer Requirements for Special Charges

(A) The Company shall retain title to all plant constructed, as specified within this tariff, provided wholly or partially at the Customer's expense.

(B) When attachments are made to poles of other companies, instead of providing construction for which the Customer would be charged under the provisions of this section, the Customer shall pay the Company's cost for such attachments.

(C) The Customer is required to pay the construction charges made by another telephone company providing facilities to connect with the facilities of the Company.

SECTION 11 - SPECIAL CONTACTS, ARRANGEMENTS AND CONSTRUCTION, (CONT'D)

11.5 Other Special Charges, (Cont'd.)

11.5.3 Construction on Private Property

(A) The Company will furnish an average amount of entrance and distribution facilities, provided the facilities are of the standard type normally furnished for the particular location or kind of service.

(B) If additional entrance or distribution facilities are required, or if conditions require special equipment, maintenance or methods of construction, if the installation is for a temporary purpose, or if for any other reason, the construction costs are excessive as compared with the revenue to be derived from the project, the applicant may be required to pay for costs over and above the costs applicable for a normal installation.

(C) The Customer will provide the Company upon request and without charge written permission for the placement of the Company's facilities on his property.

(D) The Customer is responsible for providing satisfactory entrance to the building and space for mounting any necessary network protection equipment.

11.5.4 Temporary Service

Where plant construction is required to provide any temporary service or facility, or where it is necessary to place temporary construction in advance of permanent construction in order to meet the Customer's requirements, the Customer shall be charged the estimated cost of construction and removal of the plant which would not be of value to the Company, less the estimated net recovery value of the material used.

SECTION 11 - SPECIAL CONTACTS, ARRANGEMENTS AND CONSTRUCTION, (CONT'D)

11.5 Other Special Charges, (Cont'd.)

11.5.5 Service Provided to Movable Premise

(A) When telephone service is provided to movable premise by means of aerial plant, the Customer shall provide a clearance pole if the Company considers it necessary. The clearance pole must comply with the Company's specifications. The Customer shall place, own and maintain the pole. However, if the Customer elects and the Company agrees, the Company will place, own and maintain the pole and bill the Customer the cost of placing the pole.

(B) Where plant construction is required to provide any service or facility to a movable premise, and it is necessary to place temporary construction in advance of permanent construction to meet the Customer's requirements, the Company may require the applicant to pay the non-recoverable costs of the temporary construction or to contract for service beyond the initial period, or both.

SECTION 11 - SPECIAL CONTACTS, ARRANGEMENTS AND CONSTRUCTION, (CONT'D)

11.5 Other Special Charges, (Cont'd.)

11.5.6 Service to Residential and Commercial Developments

(A) The construction charges, allowances and provisions previously specified in this section contemplate the extension of facilities into areas of normal growth and development. Where facilities are to be extended into new areas of residential or commercial real estate development which, in the Company's opinion, are of a promotional or speculative nature, the Company may require an advance payment equal to all or a portion of the costs of such construction, depending on the circumstances in each case. This advance payment will be payable prior to the start of construction.

(B) The Company and the developer may enter into a contractual agreement that provides for the periodic refund of portions of the deposit as Customers in the development receive telephone service, and other terms of the contract are met. The contract will specify the estimated number of telephone Customers expected to receive service within the area and the time required to complete the project (not to exceed five years). The contract will provide that the construction charge be re-computed to reflect regular tariff allowances, design changes made by the developer, damage to telephone facilities by persons other than Company employees or agents or unusual construction requirements. Periodic refunds to the developer will be adjusted accordingly.

(C) The applicant for telephone service to a development is required to provide the Company, at his own expense, the necessary easements for installation and maintenance of telephone facilities, clear the ground where facilities are to be installed according to Company specifications and request installation of telephone facilities at an appropriate time during construction of the project to avoid unnecessary costs to the Company.

SECTION 11 - SPECIAL CONTACTS, ARRANGEMENTS AND CONSTRUCTION, (CONT'D)

11.5 Other Special Charges, (Cont'd.)

11.5.7 Underground Service Connections

When a Customer requests that underground service connections be installed instead of aerial facilities which would ordinarily be used, or when aerial facilities are used to provide service, and the Customer subsequently requests that facilities be placed underground, the following regulations apply:

(A) the Customer shall pay the cost on constructing and maintaining underground conduits which will be built according to Company specifications;

(B) any ducts required in the underground conduit by the Company to furnish service shall be reserved for its exclusive use;

(C) if a Customer requests that cable be installed in a trench, the trench shall be constructed and back filled under the Company's supervision at the Customer's expense;

(D) the Company will maintain and replace cable installed in conduit where the Company has inspected and approved the conduit. The Company will repair or replace cable in conduit or trench necessitated by damage caused by the Customer or his representatives, only at the Customer's expense; and

(E) the Company may replace existing aerial facilities with underground facilities in connection with planned projects or during its normal operations. If a Customer requests the removal and replacement of existing aerial facilities with underground facilities prior to the time of normal replacement, the Customer will be responsible for the expense incurred by the Company in making the replacement.

ATTACHMENT VI

CERTIFICATED ESSEX STATES

Essex is just beginning its entry into the local exchange market. Thus far, Essex has obtained authority to provide local service in Connecticut, Florida, Massachusetts, Maryland, New York, Pennsylvania and Virginia, and has applications pending in Alabama, Arizona, California, Colorado, Georgia, Illinois, Louisiana, Michigan, Minnesota, Missouri, New Hampshire, Nevada, Oregon, Rhode Island, Vermont and West Virginia.

South Dakota Public Utilities Commission

WEEKLY FILINGS

For the Period of August 3, 2000 through August 9, 2000

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this filing. Phone: 605-773-3705 Fax: 605-773-3809

CONSUMER COMPLAINTS

CT00-094 In the Matter of the Complaint filed by Todd Huntimer on behalf of Global Polymer Industries, Inc., Arlington, South Dakota, against EqualNet Corporation Regarding Unauthorized Switching of Services.

The complainant alleges that EqualNet Corporation (EqualNet) switched his long distance services without authorization in September, 1999. Complainant further alleges that he attempted to cancel EqualNet services in February, 2000, to no avail. Complainant is requesting that EqualNet be required to credit the charges for the calls as EqualNet had earlier promised it would do; to reimburse him for the amount paid them for the previous re-rate, the amount of $70.27; and to compensate him for the time taken to resolve the matter or any other remedy allowable by law so EqualNet discontinues this practice.

Staff Analyst: Charlene Lund
Staff Attorney: Karen Cremer
Date Docketed: 08/08/00
Intervention Deadline: N/A

CT00-095 In the Matter of the Complaint filed by Charlotte L. Hansen, Rapid City, South Dakota, against Sprint Communications Company L.P. and Qwest Corporation Regarding Unauthorized Switching of Services.

Complainant alleges that on May 19, 2000, she set up new service and temporarily chose Sprint as her long distance carrier. The next day, May 20, 2000, she changed her carrier to AT&T. Sprint sent Complainant a phone card and Complainant called Sprint to ask why they sent it to her. She states that Sprint insisted she was a customer despite her local company's indication that she had been an AT&T customer since May 22, 2000. Complainant is asking the Commission to require Sprint to re-rate her charges consistant with her AT&T plan and to reimburse her for the additional charges billed by Sprint.

Staff Analyst: Leny Healy
Staff Attorney: Karen Cremer
Date Docketed: 08/08/00
Intervention Deadline: N/A

ELECTRIC

EL00-022 In the Matter of the Filing by MidAmerican Energy Company for Approval of Tariff Revisions.

MidAmerican Energy filed an application for approval of a revision to its South Dakota Public Utilities Commission Electric Tariff No. I, Section No. 6, characterized as 3rd Revised Sheet No. 2. The revision proposes to update the back of its standard bill form, Sheet No. 2. MidAmerican proposes an effective date of September 12, 2000.

Staff Analyst: Michele Farris
Staff Attorney: Karen Cremer
Date Docketed: 08/08/00
Intervention Deadline: 08/25/00

TELECOMMUNICATIONS

TC00-118 In the Matter of the Application of Uni-Tel Communications Group, Inc. for Certificate of Authority to Provide Telecommunications Services in South Dakota.

Uni-Tel Communications Group, Inc. is seeking a Certificate of Authority to provide interexchange telecommunication services in South Dakota. The applicant intends to provide outbound and inbound telecommunication services, directory assistance services and calling card services through resale.

Staff Analyst: Keith Senger
Date Docketed: 08/03/00
Intervention Deadline: 8/25/00

TC00-119 In the Matter of the Filing for Approval of a Third Amendment to the Interconnection Agreement between McLeodUSA Telecommunications Services, Inc. and Qwest Corporation (Formerly U S WEST Communications, Inc.)

A third amendment to the interconnection agreement between McLeodUSA Telecommunications Services, Inc. and Qwest Corporation (formerly U S WEST Communications, Inc.) has been filed with the Commission. The Commission approved the original interconnection agreement between the two providers in Docket TC99-567. The third Amendment will add terms, conditions and rates for Load Coils/Bridge Taps and DS3 Capable Loop to the original agreement. Any party wishing to comment on the third amendment may do so by filing written comments with the Commission and the parties to the amendment no later than August 2 8, 2000. Parties to the amendment may file written responses to the comments no later than twenty days after the service of the comments.

Staff Attorney: Karen Cremer
Date Docketed: 08/08/00
Intervention Deadline: 08/25/00

TC00-120 In the Matter of the Application of Telcorp, Ltd. for a Certificate of Authority to Provide Telecommunications Services in South Dakota.

Telcorp, Ltd. is seeking a Certificate of Authority to provide interexchange telecommunication services in South Dakota. The applicant is a switch-based reseller who intends to offer 1+ and 101XXXX outbound dialing, toll-free inbound dialing and travel card/calling card services.

Staff Analyst: Heather Forney
Date Docketed: 08/09/2000
Intervention Deadline: 08/25/00

TC00-121 In the Matter of the Application of Essex Communications, Inc. d/b/a eLEC Communications for a Certificate of Authority to Provide Telecommunications Services, Including Local Exchange Services, in South Dakota.

Essex Communications, Inc. d/b/a eLEC Communications is seeking a Certificate of Authority to provide interexchange and local exchange telecommunication services in South Dakota. The applicant intends to provide inbound and outbound resold long distance telecommunication services as well as facilities-based local exchanges services to residential and business customers in South Dakota.

Staff Analyst: Keith Senger
Date Docketed: 08/09/2000
Intervention Deadline: 08/25/00

Notice of Agreement Between State Commissions and Qwest Communications To Conduct Collaborative Workshops to develop a Post-271 Entry Performance Assurance Plan and Notice of Opportunity to Participate.

See Attachment

You may receive this listing and other PUC publications via our website or via internet e-mail. You may subscribe or unsubscribe to the PUC mailing lists at http://www.state.sd.us/puc/

Date: August 8, 2000

TO: Interested Persons

SUBJECT: Notice of Agreement Between State Commissions and Qwest Communications To Conduct Collaborative Workshops to develop a Post-271 Entry Performance Assurance Plan and Notice of Opportunity to Participate.

In response to a request from ROC Chairman Ed Garvey and OSS Executive Committee Chairman Bob Rowe, the state commissions of 11 of the 14 states served by Qwest, formerly U S WEST Communications, Inc., agreed to participate in collaborative workshops to develop a Post 271 entry Performance Assurance Plan. In filings with most of the 14 States it serves, Qwest asked each state to consider the use of workshops or other collaborative processes for the consideration of at least some of the issues involved in the Company's current and future Section 271 filings. Qwest referenced the ROC 13 state regional testing of its Operational Support Systems (ROC OSS test), and indicated a desire to use regional or cooperative approaches in the consideration of some of the 14 point checklist items not addressed in the ROC OSS test.

An important aspect of 271 approval is the development of anti-backsliding incentives, or a post 271 performance plan. Such a plan developed in a multi-state forum would incorporate the performance measures already being developed in Qwest OSS testing efforts and would be designed to ensure the local market remains fully and irreversibly open after 271 approval has been granted. Furthermore, support for a regional post-271 performance plan effort has come from participants in the ROC OSS testing effort, due in part to the success that effort is currently having.

In its order approving Bell Atlantic's 271 application in New York, as well as its orders denying previous applications, the FCC has clearly indicated that a successful 271 application must have mechanisms in place to ensure that the efforts the RBOC has taken to open up the market are maintained after 271 approval. To date, the mechanism used in states reviewing 271 compliance has been performance assurance plans, or anti-backsliding plans. Such plans include performance requirements in a number of operational areas, including detailed descriptions of how such requirements are measured. They also identify the self-enforcing penalties to be imposed upon the company should it fail to meet the performance requirements.

Most, if not all, of the performance measurements that would be included in any post-271 performance plan duplicate those being developed in the ROC OSS test, which will provide a short-term, snapshot view of the company's performance. The post-271 performance plan will address ongoing performance and whether the short-term performance demonstrated through the OSS tests is being maintained. In addition, regional collaboration on backsliding issues should foster many of the same benefits as the ROC OSS test including more uniform service standards within the Qwest region, more efficient use of state and industry staff resources, and increased cooperation among the various parties.

Qwest has agreed to pay for new contracts between participating ROC states and the consultants currently working on the ROC OSS test, MTG and NRRI, to conduct a multi-state process to develop a post-271 performance plan. These efforts would run in parallel to the OSS tests, but would be kept as separate work efforts, due to the different natures of the final products.

A process similar to that used by the OSS testing collaborative is proposed for establishing the post-271 performance plan. Drafting will begin with the identification of high level principles and work towards a detailed document that could be endorsed by the parties to the collaboration. Parties are encouraged to participate through open meetings, conference calls, and written comments. An aggressive but manageable timetable created with the assistance of the collaborative would govern the work. Finalization and implementation of the performance measures used in the ROC OSS test are nearing completion, and auditing of these measures in the ROC process has begun. The second effort, on performance assurance will begin this fall, with preliminary conference calls beginning in August, and run in parallel to the OSS testing efforts.

Although the ROC collaborative effort cannot bind state commissions, it is expected that Qwest, as well as state Commissions and CLECs participating in these workshops comment and negotiate in good faith with the expectation that any anti-backsliding or post-271 performance plan resulting from the collaborative process will be considered by the state commissions in Qwest's individual state 271 filings.

State commissions invite participation in this effort by all interested parties. For ease of administration, we encourage parties to consolidate their participation. If your organization is interested in participating in the collaborative, you should register at http://psc.state.mt.us/scripts/porlist/post271-all.asp. All fields must be completed. A welcome/ initial conference call for participants will be held on Monday, August 21, 2000 at 12:00 MDT. More information, including the call in number, will be sent to participants via an email distribution list that will be created from registrations to the web site.

If you have any questions, you may contact Bob Center, at bcenter@mtgconsulting.com, (530) 477-1770, Frank Darr, of NRRI, at darr.1@osu.edu, (614) 688-5473 or Wendy Fuller, wfuller@br.state.ut.us, (801) 530-6775.

1 The states that will participate are Colorado, Idaho, Iowa, Nebraska, North Dakota, Montana, Oregon, South Dakota, Utah, Washington, and Wyoming. New Mexico may monitor the process. Minnesota and Arizona declined the invitation to be involved at this time.

Consumer Complaints: 1-800-646-6150
"An Equal Employment Opportunity Employer"

TECHNOLOGIES MANAGEMENT INC.

210 N. Park Ave
Winter Park, FL
32789

PO Drawer 200
Winter Park, FL
32790-0200

Tel: 407-740-8575
Fax: 407-740-0613
tmi@tminc.com

October 2, 2000
Overnight Delivery

RECEIVED
OCT 03 2000
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

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

RE: Data request response of **Essex Communications, Inc.**
Docket # TC00 - 121

Dear Mr. Bullard:

Enclosed for filing are the original and ten (10) copies of the registration request of Essex Communications, Inc. d/b/a eLEC Communications for authority to provide facilities-based local exchange service and intrastate interexchange telecommunications service within South Dakota.

Please acknowledge receipt of this filing by date stamping the extra copy of this cover letter and returning it to me in the self-addressed stamped envelope.

Any questions you may have regarding this filing may be directed to me at (407) 740-8575. Thank you for your assistance.

Sincerely,

Thomas M. Forte
Consultant to Essex Communications, Inc.

Enclosures

TMF/ks

cc: Patrick Freeman, Essex
file: Essex - SD Local
tms: SDl0000a

1. **Please provide the amount and character of the ownership or management interest for each corporation, association, partnership, cooperative, or individual holding a 20 percent or greater ownership or management interest in the applicant corporation (ARSD 20:10:32:03(3)(c).**

   Essex Communications, Inc. d/b/a eLEC Communications offers the following stockholder information as information regarding this application:

Name	% of Shares
eLEC Communications Corp.	100.0%

2. **Please provide the e-mail address of the applicant's representatives to whom all inquiries must be made regarding complaints and regulatory matters and a description of how the applicant handles customer billings and customer service matters (ARSD 20:10:32:03(9).**

   The company representative for complaints and regulatory matters is Patrick Freeman. He can be reached at the following e-mail address:

   pfreeman@elec-corp.com

3. **Please provide a list of the state in which the applicant is registered or certified to provide telecommunications services, whether the applicant has ever been denied registration or certification in any state and the reasons for any such denial, a statement as to whether or not the applicant is in good standing with the appropriate regulatory agency in the states where it is registered or certified, and a detailed explanation of why the applicant is not in good standing in a given state, if applicable (ARSD 20:10:24:02(10).**

   Essex Communications, Inc. d/b/a eLEC Communications has never been denied registration or certification in any state. Essex is in good standing with all states in which it is presently certified. A listing of the states in which Essex is registered or certified is enclosed as Exhibit I.

4. **Please provide copies of any company brochures used to assist in the sale of services (ARSD 20:10:24:02(10).**

   The company has not yet finalized their sales brochures.

5. **Please provide cost support rates shown in the company's tariff for all noncompetitive or emerging competitive services (ARSD 20:10:24:02(12).**

   Essex prices its services above cost. Cost for Essex is the base price it pays to the ILEC for the services Essex receives through its interconnection agreement. Essex's retail price will be 10% below the existing ILEC price for the same or similar service. Since the interconnection price is below the retail price, the company can state that its service will always be priced above its costs.

6. **Please provide the Federal Tax Identification Number (ARSD 20:10:24:02(13).**

   Essex's Federal Tas Identification Number is: 06-1500995

7. **Please provide the number and nature of complaints filed against the applicant with any state or federal regulatory commission regarding the unauthorized switching of a customer's telecommunications provider and the act of charging customers for services that have not been ordered (ARSD 20:10:24:02).**

Essex has had no complaints filed regarding the unauthorized switching of a customer's telecommunications provider and the act of charging customers for services that have not been ordered.

8. **The application makes note that Essex intends to provide both interexchange and local exchange services; however, the application does not provide the required information pursuant to ARSD 20:10:32:03. In order to provide local exchange services in South Dakota, Essex must also apply for a local exchange CoA. Please provide the information required by ARSD 20:10:32:03. It is imperative that the application provides ALL of the information or a written request for waiver (ARSD 20:10:32:03(22).**

An amended application, which incorporated all information required in the above mentioned rules, is attached as Exhibit II.

9. **In order to protect South Dakota consumers, the South Dakota Public Utilities Commission (SD PUC) requires applicants with unknown or marginal financial capabilities to submit a bond naming the South Dakota Public Utilities Commission and the consumers of South Dakota as beneficiaries. Based on the financial information received, the applicant has not demonstrated adequate financial capability. Therefore, the applicant submit a $25,000 surety bond. The bond requirement will be placed in the Commission order granting authority. The bond requirement will be placed in the Commission order granting authority. The applicant is free to apply to the Commission for removal of the bond requirement once financial capability improves or is made known. Included is a sample bond that the Commission has accepted in the past.**

Essex has applied for the above mentioned bond and it will be forwarded to the Commission upon its receipt.

10. **The Certificate of Authority to transact business in South Dakota, as provided in Attachment I of the application is for Essex Communications, while the application is for Essex Communications, Inc. d/b/a eLEC Communications. Therefore, the Commission cannot approve your application. Please get an amended Certificate of Authority with the South Dakota Secretary of State and provide the Commission with an amended copy.**

Attached is the Secretary of State Certificate of Authority, as well as the Certificate of Use in a Business of a Trade, Assumed or Fictitious Name. This was attached to the original application, and the second document clearly states that the d/b/a name if eLEC Communications.

Exhibit I

Approved States

ESSEX COMMUNICATIONS, INC. d/b/a eLEC Communications

State	Date Filed	Date Approved
Alabama	06/22/00	
Arkansas	08/02/00	
Arizona	06/02/00	
California	05/23/00	
Colorado	06/02/00	07/19/00
Connecticut	08/03/00	08/19/00
Delaware	08/30/00	
Florida	07/3/00	07/05/00
Georgia	05/22/00	
Idaho	08/08/00	
Iowa	06/02/00	
Illinois	06/05/00	
Indiana	08/30/00	08/31/00
Kansas	08/30/00	
Louisiana	06/16/00	
Maine	08/7/00	
Massachusetts	08/04/00	09/05/00
Maryland	03/25/99	
Michigan	06/05/00	08/31/00
Minnesota	06/02/00	
Missouri	06/15/00	
Mississippi	08/03/00	
Montana	07/28/00	08/14/00
Nebraska	08/07/00	
No. Dakota	08/31/00	
New Hampshire	06/05/00	
New Jersey	05/08/00	
Nevada	06/02/00	07/19/00
New York	07/03/00	07/19/00
Oregon	06/01/00	
Pennsylvania	04/27/00	05/12/00
Rhode Island	06/05/00	07/08/00
So. Carolina	06/15/00	
So. Dakota	08/08/00	
Tennessee	08/03/00	
Texas	09/01/00	
Virginia		01/13/99
Washington	09/05/00	
West Virginia	06/15/00	

Exhibit II

Amended Application

BEFORE THE SOUTH DAKOTA PUBLIC SERVICE COMMISSION

REGISTRATION OF
Essex Communications, Inc.
d/b/a eLEC Communications

Pursuant to Rule 20:10:24:02 of the Commission's Telecommunications Services Rules, Essex Communications, Inc. d/b/a eLEC Communications ("Essex") submits the following registration information:

1. **The applicant's name, address, telephone number, facsimile number , E-mail address and whether the applicant is a sole proprietorship, partnership, corporation, limited liability corporation, or limited liability partnership.**

Essex Communications, Inc.
d/b/a eLEC Communications
48 South Service Road, 3rd Floor
Melville, New York 11747
Telephone: (516) 293-2700
Facsimile: (516) 777-7679
Toll Free: (888) 389-1400
E-mail: pfreeman@elec-corp.com

Essex Communications, Inc. is a corporation and was incorporated in the State of New York on December 8, 1997.

2. **If sole proprietorship, the full name and business address of its owner; if a partnership, the full name and business address of each partner; if a corporation, a listing of the full name and business address of each corporate officer and director; if a limited liability corporation, the full name and business address of each partner.**

Essex Communications, Inc. is a corporation. The officers and directors, who may be reached at the Company's headquarters at 48 South Service Road, 3rd Floor, Melville, New York 11747, are as follows:

Officers

Joel Dupre	Chairman
Paul Riss	Chief Executive Officer, Chief Financial Officer and Treasurer
Gandolfo Verra	Controller and Assistant Secretary
Eric M. Hellige	Secretary

Directors
Joel Dupre
Eric M. Hellige
Paul H. Riss

3. **The name under which the applicant will provide local exchange services if different than in question (1) of this section:**

Essex Communications, Inc.
d/b/a eLEC Communications

4. **If a corporation:**

(a) **The location of its principal office, if any, in this state and the name and address of its current registered agent.**

Essex has no principal offices in South Dakota.

Registered Agent:	National Registered Agents, Inc. 300 So. Phillips Avenue, Suite 300 Sioux Falls, SD 57102

(b) **A list of shareholders owning twenty (20) percent or more of the interest in the business.**

Essex Communications, Inc. d/b/a eLEC Communications offers the following stockholder information as information regarding this application:

Name	% of Shares
eLEC Communications Corp.	100.0%

(c) **The state in which the applicant is incorporated, the date of incorporation and a copy of its certificate of incorporation.**

Essex Communications, Inc. was incorporated in the State of New York on December 8, 1997 . A copy of Essex's Articles of Incorporation is included as Attachment I.

(d) **If it si an out-of-state corporation, a copy of its certificate of authority to transact business in South Dakota from the Secretary of State.**

A copy of Essex's Certificate of Authority to transact business in South Dakota is included at Attachment II.

5. **A description of the applicant's experience providing any telecommunications services in South Dakota or in other jurisdictions, including the types of services provided, and the dates and nature of state or federal authorization to provide the services.**

A listing of the states in which Essex has filed for Local Exchange authority and the dates of approval is attached as Attachment III.

6. **Names and addresses of applicant's affiliates, subsidiaries, and parent organizations, if any.**

Essex Communications, Inc. is a wholly owned subsidiary of Sirco International Corp.(Sirco), a publically traded New York Corporation. Essex Communications, Inc.'s parent company is eLEC Communications Corp.

2. **A list and specific description of the types of services the applicant seeks to offer and the means by which the services will be provided including:**

(a) **Information indicating the class of customers the applicant intends to serve.**

Essex Communications, Inc. proposes to serve residential and business customers with InBound and outbound resold long distance telecommunications services.

(b) **Information indicating the extent to and time-frame by which applicant will provide service through the use of its own facilities, the purchase of unbundles network elements, or resale.**

The company also intends to provide local exchange service in So. Dakota as both a facilities based provider (UNE-P) and reseller of the incumbent local exchange company's ("ILEC") facilities.

(c) **A description of all facilities that the applicant will utilize to furnish the proposed local exchange services, including any facilities of underlying carriers.**

Essex will rely on its facilities-based underlying carriers for the operation and maintenance of the local exchange network.

(d) **Information identifying the types of services it seeks authority to provide by reference to the general nature of the service.**

Essex Communications, Inc. proposes to serve residential and business customers with InBound and outbound resold long distance telecommunications services.

3. **A service area map and narrative description indicating with particularity the geographic area proposed to be served by the applicant.**

Essex intends to offer its services throughout the State of South Dakota.

9. **Information regarding the technical competence of the applicant to provide its proposed local exchange services including:**

(a) **A description of the education and experience of the applicant's management personnel who will oversee the proposed local exchange services.**

A copy of current resumes of Essex's management personnel is attached at Attachment IV.

(b) **Information regarding policies, personnel, or arrangements made by the applicant which demonstrates the applicant's ability to respond to customer complaints and inquiries promptly and to perform facility and equipment maintenance necessary to ensure compliance with any commission quality of service requirements.**

Any questions regarding policies, personnel or the applicant's ability to respond to customer complaints should be directed to:

Patrick Freeman
Essex Communications, Inc.
d/b/a eLEC Communications
48 South Service Road, 3rd Floor
Melville, New York 11747
Telephone: (516) 293-2700
Facsimile: (516) 777-7679
Toll Free: (888) 389-1400
E-mail: pfreeman@elec-corp.com

10. **Information explaining how the applicant will provide customers with access to emergency services such as 911 or enhanced 911, operator services, interexchange services, directory assistance, and telecommunications relay services.**

Essex will not provide operator assisted services. All calls requiring operator assistance will be handled by the Applicant's underlying carrier. Emergency calls placed by dialing 911 will not be routed to or handled by Essex Communications. Such calls will be routed through the underlying carrier to the appropriate emergency agency serving the originating location. Essex Communications sets the rates for its services and handles its own customer service.

11. **Financial information including:**

(a) **For the most recent 12 month period, financial statements consisting of balance sheets, income statements, and cash flow statements.**

Essex is providing its most current Financial Statements as proof of its financial stability for the provision of service within South Dakota. The terms and conditions of service, as well as all rates and charges are provided in the applicant's proposed tariff in Attachment V.

(b) **If a public corporation, the applicant's latest annual report and report to stockholders.**

Please see Attachment V.

12. **Information detailing the following matters associated with interconnection to provide proposed local exchange services:**

(a) **The identity of all local exchange carriers with which the applicant plans to interconnect**

Essex plans to interconnect with the incumbent LEC presently operating in South Dakota.

(b) **The likely timing of initiation of interconnection service and a statement as to when negotiations for interconnection started or when negotiations are likely to start.**

Essex is will begin negotiations with incumbent LECs to establish interconnection agreements in the very near future.

(c) **A Copy of any request for intereonnection made by the applicant to any local exchange carrier.**

Please see (b) above.

13. **A tariff or price list indicating the prices, terms and conditions of each contemplated local service offering.**

Please see Attachment VI.

14. **Cost support for rates shown in the company's tariff or price list for rate or price regulated noncompetitive or emerging competitive services.**

Please see Attachment VII.

15. **A description of how the applicant intends to market its local exchange target market, whether the applicant engages in multilevel marketing, and copies of any company brochures that will be used to assist in the sale of the services.**

Essex utilizes telemarketing or direct sales employees to contact and market the company's services to new customers. The company does not utilize any form of multilevel marketing in the sale of its services.

16. **If the applicant is seeking authority to provide local exchange service in the service area of a rural telephone company, the date by which the applicant expects to meet the service obligation imposed pursuant to §20:10:32:15 and applicant's plan for meeting the service obligations.**

Essex is not seeking authority to provide local exchange service in the service area of a rural telephone company.

17. **A list of the states in which the applicant is registered or certified to provide telecommunications services, whether the applicant has ever been denied registration or certification in any state and the reasons for any such denial, a statement as to whether or not the applicant is in good standing with the appropriate regulatory agency in the states where it is registered or certified, and a detailed explanation of why the applicant is not in good standing in a given state, if applicable.**

Essex Communications, Inc. d/b/a eLEC Communications has never been denied registration or certification in any state. Essex is in good standing with all states in which it is presently certified. A listing of the states in which Essex is registered or certified is enclosed as Attachment III.

18. **The names, addresses, telephone numbers, E-mail addresses, and facsimile numbers of the applicant's representatives to whom all inquires must be made regarding customer complaints and other regulatory matters.**

Essex Communications, Inc.
d/b/a eLEC Communications
48 South Service Road, 3rd Floor
Melville, New York 11747
Telephone: (516) 293-2700
Facsimile: (516) 777-7679
Toll Free: (888) 389-1400
E-mail: pfreeman@elec-corp.com

19. **Information concerning how the applicant plans to bill and collect charges from customers who subscribe to its proposed local exchange services.**

Essex bills its customers based on call detail provided by the underlying carrier. Customers will wither be billed directly by LEC or the Company depending on the circumstances.

20. **Information concerning the applicant's policies relating to solicitation of new customers and a description of the efforts the applicant shall use to prevent the unauthorized switching of local service customers by the applicant, its employees, or agents.**

Essex utilizes telemarketing or direct sales employees to contact and market the company's services to new customers. The company does not utilize any form of multilevel marketing in the sale of its services. The company uses a written LOA to prevent the unauthorized switching of local service customers.

21. **The number and nature of complaints filed against the applicant with any state or federal commission regarding the unauthorized switching of a customer's telecommunications provider and the act of charging customers for services that have not been ordered.**

Essex has had no complaints filed regarding the unauthorized switching of a customer's telecommunications provider and the act of charging customers for services that have not been ordered.

22. A written request for waiver of those rules believed to be inapplicable.

Essex request no waivers from South Dakota rules.

23. Federal Tax Identification Number.

Essex's Federal Tas Identification Number is: 06-1500995

24. Other information requested by the commission needed to demonstrate that the applicant has sufficient technical, financial, and managerial capabilities to provide the local exchange services it intends to offer consistent with the requirements of this chapter and other applicable rules and laws.

Essex offers no additional information.

Submitted by:

By

Patrick Freeman, Vice President, Wholesale Services
Essex Communications, Inc.

ATTACHMENT I

Articles of Incorporation

CERTIFICATE OF INCORPORATION

OF

ESSEX COMMUNICATIONS, INC.

Filed by:

Alexander Minella, P.C.
2815 Middletown Road
Bronx, New York 10461

CERTIFICATE OF INCORPORATION

ESSEX COMMUNICATIONS, INC.

Under Section 402 of the Business Corporation Law.

The undersigned, for the purpose of forming a corporation pursuant to Section 402 of the Business Corporation Law of the State of New York, does hereby certify and set forth:

FIRST: The name of the corporation is ESSEX COMMUNICATIONS, INC.

SECOND: The purposes for which the corporation is formed are:

To engage in any lawful act or activity for which corporations may be organized under the business corporation law, provided that the corporation is not formed to engage in any act or activity which requires the act or approval of any state official, department, board, agency or other body without such approval or consent first being obtained.

To develop, experiment with, conduct research on, manufacture, produce, assemble, buy, rent or otherwise acquire, hold, own, use, operate, install, equip, replace, maintain, service, process, reprocess, repair, remodel, recondition, import, export, sell, lease, market, distribute, transport or otherwise dispose of and generally to deal in and with, as contractor, subcontractor, principal, agent, commission merchant, broker, factor or any combination of the foregoing and at wholesale or retail or both, any and all kinds of communications, communications equipment, supples and accessories and all allied apparatus, systems, parts, supplies, tools, implements; raw materials, natural products, manufactured articles and products, and goods, wares, merchandise and tangible property of every kind, used or capable of being used for any purpose whatever.

To establish, maintain and conduct a general service organization, to make and conduct investigations and render reports of such investigations relating to the communications industry, perform supervisory, inspection and testing services and any and all other activities relating to the analysis of communications equipment and systems. To act as a consultant to individuals, corporations,

associations, partnerships and others and to obtain services in their behalf for the supervision and testing of communications equipment and systems.

To maintain executive and operating personnel for the purpose of advising and assisting others in all matters relating to communications network management; to furnish programs, systems, formulate policies and generally to advise and assist others, under contract or otherwise, with relation to any aspect of communications systems. Generally to establish and operate a communications system in all its branches and departments.

To carry on a general mercantile, industrial, investing and trading business in all its branches; to devise, invent, manufacture, fabricate, assemble, install, service, maintain, alter, buy, sell, import, export, license as licensor or licensee, lease as lessor or lessee, distribute, job, enter into, negotiate, execute, acquire, and assign contracts in respect of, acquire, receive, grant, and assign licensing arrangements, options, franchises, and other rights in respect of, and generally deal in and with, at wholesale and retail, as principal, and as sales, business, special, or general agent, representative, broker, factor, merchant, distributor, jobber, advisor, or in any other lawful capacity, goods, wares, merchandise, commodities, and unimproved, improved, finished, processed and other real, personal and mixed property of any and all kinds, together with the components, resultants, and by-products thereof.

To acquire by purchase, subscription, underwriting or otherwise, and to own, hold for investment, or otherwise, and to use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every sort and description and wheresoever situated, including shares of stock, bonds, debentures, notes, scrip, securities, evidences of indebtedness, contracts or obligations of any corporation or association, whether domestic or foreign, or of any firm or individual or of the United States or any state, territory or dependency of the United States or any foreign country, or any municipality or local authority within or without the United States, and also to issue in exchange therefor, stocks, bonds or other securities or evidences of indebtedness of this corporation and, while the owner or holder of any such property, to receive, collect and dispose of the interest, dividends and income on or from such property and to possess and exercise in respect thereto all of the rights, powers and privileges of ownership, including all voting powers thereon.

To construct, build, purchase, lease or otherwise acquire, equip, hold, own, improve, develop, manage, maintain, control, operate, lease, mortgage, create liens upon, sell, convey or otherwise dispose of and turn to account, any and all plants, machinery, works, implements and things or property, real and personal, of every kind and description, incidental to, connected with, or suitable, necessary or convenient for

any of the purposes enumerated herein, including all or any part or parts of the properties, assets, business and goodwill of any persons, firms, associations or corporations.

The powers, rights and privileges provided in this certificate are not to be deemed to be in limitation of similar, other or additional powers, rights and privileges granted or permitted to a corporation by the Business Corporation Law, it being intended that this corporation shall have all rights, powers and privileges granted or permitted to a corporation by such statute.

THIRD: The office of the corporation is to be located in the County of Bronx, State of New York.

FOURTH: The aggregate number of shares which the corporation shall have the authority to issue is Two Hundred (200), all of which shall be without par value.

FIFTH: The Secretary of State is designated as the agent of the corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process against the corporation served on him is:

2815 Middletown Road
Bronx, New York 10461

SIXTH: The personal liability of directors to the corporation or its shareholders for damages for any breach of duty in such capacity is hereby eliminated except that such personal liability shall not be eliminated if a judgment or other final adjudication adverse to such director establishes that his acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law or that he personally gained in fact a financial profit or other advantage to which he was not legally entitled or that his acts violated Section 719 of the Business Corporation Law.

IN WITNESS WHEREOF, this certificate has been subscribed to this 5th day of December, 1997 by the undersigned who affirms that the statements made herein are true under the penalties of perjury.

GERALD WEINBERG
90 State Street
Albany, New York

STATEMENT OF INCORPORATOR IN LIEU OF ORGANIZATIONAL MEETING

The undersigned, being the sole incorporator of ESSEX COMMUNICATIONS, INC. does hereby certify as follows:

1. The certificate of incorporation of this corporation was duly filed in the Office of the Department of State of the State of New York on the 8th day of December 1997. A copy of the certificate of Incorporation and the filing notice received from the Department of State is annexed hereto and is to be inserted in the minutes.

2. The undersigned, as sole incorporator, has adopted the annexed by-laws as the by-laws of this corporation and directed that they be inserted in the minutes.

3. The following were duly elected as the directors of the corporation, to hold office until the first annual meeting of the shareholders of this corporation:

ANTHONY SCALICE - President
Robin L. Marshlow Vice President
Wesly Minella Secretary/Treasurer

The directors assumed their office.

DATED: December 8, 1997

INCORPORATOR

BY-LAWS

ARTICLE I

The Corporation

Section 1. Name. The legal name of this corporation (hereinafter called the Corporation) is

ESSEX COMMUNICATIONS, INC.

Section 2. Offices. The Corporation shall have its principal office in the State of New York. The Corporation may also have offices at such other places within and without the United States as the Board of Directors may from time to time appoint or the business of the Corporation may require.

Section 3. Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, New York." One or more duplicate dies for impressing such seal may be kept and used.

ARTICLE II

Meetings of Shareholders

Section 1. Place of Meetings. All meetings of the shareholders shall be held at the principal office of the Corporation in the State of New York or at such other place, within or without the State of New York, as is fixed in the notice of the meeting.

Section 2. Annual Meeting. An annual meeting of the shareholders of the Corporation for the election of directors and the transaction of such other business as may properly come before the meeting shall be held on the first Monday of January in each year if not a legal holiday, and if a legal holiday, then on the next secular day following, at ten o'clock A.M., Eastern Standard Time, or at such other time as is fixed in the notice of the meeting. If for any reason any annual meeting shall not be held at the time herein specified, the same may be held at any time

thereafter upon notice, as herein provided, or the business thereof may be transacted at any special meeting called for the purpose.

Section 3. Special Meetings. Special meetings of shareholders may be called by the President whenever he deems it necessary or advisable. A special meeting of the shareholders shall be called by the President whenever so directed in writing by a majority of the entire Board of Directors or whenever the holders of one-third (1/3) of the number of shares of the capital stock of the Corporation entitled to vote at such meeting shall, in writing, request the same.

Section 4. Notice of Meetings. Notice of the time and place of the annual and of each special meeting of the shareholders shall be given to each of the shareholders entitled to vote at such meeting by mailing the same in a postage prepaid wrapper addressed to each such shareholder at his address as it appears on the books of the Corporation, or by delivering the same personally to any such shareholder in lieu of such mailing, at least ten (10) and not more than fifty (50) days prior to each meeting. Meetings may be held without notice if all of the shareholders entitled to vote thereat are present in person or by proxy, or if notice thereof is waived by all such shareholders not present in person or by proxy, before or after the meeting. Notice by mail shall be deemed to be given when deposited, with postage thereon prepaid, in the United States mail. If a meeting is adjourned to another time, not more than thirty (30 days hence, or to another place, and if an announcement of the adjourned time or place is made at the meeting, it shall not be necessary to give notice of the adjourned meeting unless the Board of Directors, after adjournment fix a new record date for the adjourned meeting. Notice of the annual and each special meeting of the shareholders shall indicate that it is being issued by or at the direction of the person or persons calling the meeting, and shall state the name and capacity of each such person. Notice of each special meeting shall also state the purpose or purposes for which it has been called. Neither the business to be transacted at nor the purpose of the annual or any special meeting of the shareholders need be specified in any written waiver of notice.

Section 5. Record Date for Shareholders. For the purpose of determining the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or for the purpose of determining shareholders entitled to receive payment of any dividend or other distribution or the allotment of any rights, or entitled to exercise any rights in respect of any change, conversion, or exchange of stock or for the

purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than fifty(5) days nor less than ten (10) days before the date of such meeting, nor more than fifty (50) days prior to any other action. If no record date is fixed, the record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day next preceding the day on which notice is given, or, if no notice is given, the day on which the meeting is held; the record date for determining shareholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed; and the record date for determining shareholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of shareholders of record entitled to notice of or to vote at any meeting of shareholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 6. Proxy Representation. Every shareholder may authorize another person or persons to act for him by proxy in all matters in which a shareholder is entitled to participate, whether by waiving notice of any meeting, voting or participating at a meeting, or expressing consent or dissent without a meeting. Every proxy must be signed by the shareholder or by his attorney-in-fact. No proxy shall be voted or acted upon after eleven months from its date unless such proxy provides for a longer period. Every proxy shall be revocable at the pleasure of the shareholder executing it, except as otherwise provided in Section 608 of the New York Business Corporation Law.

Section 7. Voting at Shareholders' Meetings. Each share of stock shall entitle the holder thereof to one vote. In the election of directors, a plurality of the votes cast shall elect. Any other action shall be authorized by a majority of the votes cast except where the New York Business Corporation Law prescribes a different percentage of votes or a different exercise of voting power. In the election of directors, and for any other action, voting need not be by ballot.

Section 8. Quorum and Adjournment. Except for a special election of directors pursuant to Section 603 of the New York Business Corporation Law, the presence, in person or by proxy, of the holders of a majority of the shares of the stock of the Corporation outstanding and entitled to vote thereat shall be requisite and shall constitute a quorum at any meeting of the shareholders. When a quorum is once

present to organize a meeting, it shall not be broken by the subsequent withdrawal of any shareholders. If at any meeting of shareholders there shall be less than a quorum so present, the shareholders present in person or by proxy and entitled to vote thereat, may adjourn the meeting from time to time until a quorum shall be present, but no business shall be transacted at any such adjourned meeting except such as might have been lawfully transacted had the meeting not adjourned.

Section 9. List of Shareholders. The officer who has charge of the stock ledger of the Corporation shall prepare, make and certify, at least ten (1) days before every meeting of shareholders, a complete list of the shareholders, as of the record date fixed for such meeting, arranged in alphabetical order, and showing the address of each shareholder and the number of shares registered in the name of each shareholder. Such list shall be open to the examination of any shareholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city or other municipality or community where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any shareholder who is present. If the right to vote at any meeting is challenged, the inspectors of election, if any, or the person presiding thereat, shall require such list of shareholders to be produced as evidence of the right of the persons challenged to vote at such meeting, and all persons who appear from such list to be shareholders entitled to vote thereat may vote at such meeting.

Section 10. Inspectors of Election. The Board of Directors, in advance of any meeting, may, but need not, appoint one or more inspectors of election to act at the meeting or any adjournment thereof. If an inspector or inspectors are not appointed, the person presiding at the meeting may, and at the request of any shareholder entitled to vote thereat shall, appoint one or more inspectors. In case any person who may be appointed as an inspector fails to appear or act, the vacancy may be filled by appointment made by the Board of Directors in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, if any, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors, if any, shall determine the number of shares of stock outstanding and the voting power of each, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive

votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all shareholders. On request of the person presiding at the meeting or any shareholder entitled to vote thereat, the inspector or inspectors, if any, shall make a report in writing of any challenge, question or matter determined by him or them and execute a certificate of any fact found by him or them. Any report or certificate made by the inspector or inspectors shall be prima facie evidence of the facts stated and of the vote as certified by them.

Section 11. Action of the Shareholders Without Meetings. Any action which may be taken at any annual or special meeting of the shareholders may be taken without a meeting on written consent, setting forth the action so taken, signed by the holders of all outstanding shares entitled to vote thereon. Written consent thus given by the holders of all outstanding shares entitled to vote shall have the same effect as a unanimous vote of the shareholders.

ARTICLE III

Directors

Section 1. Number of Directors. The number of directors which shall constitute the entire Board of Directors shall be at least three, except that where all outstanding shares of the stock of the Corporation are owned beneficially and of record by less than three shareholders, the number of directors may be less than three but not less than the number of shareholders. Subject to the foregoing limitation, such number may be fixed from time to time by action of a majority of the entire Board of Directors or of the shareholders at an annual or special meeting, or, if the number of directors is not so fixed, the number shall be three or shall be equal to the number of shareholders (determined as aforesaid), whichever is less. Until such time as the corporation shall issue shares of its stock, the Board of Directors shall consist of two persons. No decrease in the number of directors shall shorten the term of any incumbent director.

Section 2. Election and Term. The initial Board of Directors shall be elected by the incorporator and each initial director so elected shall hold office until the first annual meeting of shareholders and until his successor has been elected and qualified. Thereafter, each director who is elected at an annual meeting of shareholders, and

each director who is elected in the interim to fill a vacancy or a newly created directorship, shall hold office until the next annual meeting of shareholders and until his successor has been elected and qualified.

Section 3. Filling Vacancies, Resignation and Removal. Any director may tender his resignation at any time. Any director or the entire Board of Directors may be removed, with or without cause, by vote of the shareholders. In the interim between annual meetings of shareholders or special meetings of shareholders called for the election of directors or for the removal of one or more directors and for the filling of any vacancy in that connection, newly created directorships and any vacancies in the Board of Directors, including unfilled vacancies resulting from the resignation or removal of directors for cause or without cause, may be filled by the vote of a majority of the remaining directors then in office, although less than a quorum or by the sole remaining director.

Section 4. Qualifications and Powers. Each director shall be at least eighteen years of age. A director need not be a shareholder, a citizen of the United States or a resident of the State of New York. The business of the Corporation shall be managed by the Board of Directors, subject to the provisions of the Certificate of Incorporation. In addition to the powers and authorities by these By-Laws expressly conferred upon it, the Board may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done exclusively by the shareholders.

Section 5. Regular and Special Meetings of the Board. The Board of Directors may hold its meetings, whether regular or special, either within or without the State of New York. The newly elected Board may meet at such place and time as shall be fixed by the vote of the shareholders at the annual meeting, for the purpose of organization or otherwise, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a majority of the entire Board shall be present; or they may meet at such place and time as shall be fixed by the consent in writing of all directors. Regular meetings of the Board may be held with or without notice at such time and place as shall from time to time be determined by resolution of the Board. Whenever the time or place of regular meetings of the Board shall have been determined by resolution of the Board, no regular

meetings shall be held pursuant to any resolution of the Board altering or modifying its previous resolution relating to the time or place of the holding of regular meetings, without first giving at least three days written notice to each director, either personally or by telegram, or at least five days written notice to each director by mail, of the substance and effect of such new resolution relating to the time and place at which regular meetings of the board may thereafter be held without notice. Special meetings of the Board shall be held whenever called by the President, Vice-President, the Secretary or any director in writing. Notice of each special meeting of the Board shall be delivered personally to each director or sent by telegram to his residence or usual place of business at least three days before the meeting, or mailed to him to his residence or usual place of business at least five days before the meeting. Meetings of the Board, whether regular or special, may be held at any time and place, and for any purpose, without notice, when all the directors are present or when all directors not present shall, in writing, waive notice of and consent to the holding of such meeting. All or any of the directors may waive notice of any meeting and the presence of the director at any meeting of the Board shall be deemed a waiver of notice thereof by him. A notice, or waiver of notice, need not specify the purpose or purposes of any regular or special meeting of the Board.

Section 6. Quorum and Action. A majority of the entire Board of Directors shall constitute a quorum except that when the entire Board consists of one director, then one director shall constitute a quorum, and except that when a vacancy or vacancies prevents such majority, a majority of the directors in office shall constitute a quorum, provided that such majority shall constitute at lease one-third of the entire Board. A majority of the directors present, whether or not they constitute a quorum, may adjourn a meeting to another time and place. Except as herein otherwise provided, and except as otherwise provided by the New York Business Corporation Law, the vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

Section 7. Telephonic Meetings. Any member or members of the Board of Directors, or of any committee designated by the Board, may participate in a meeting of the Board, or any such committee, as the case may be, by means of conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time, and participation in a meeting by such means shall constitute presence in person at such meeting.

Section 8. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 9. Compensation of Directors. By resolution of the Board of Directors, the directors may be paid their expenses, if any, for attendance at each regular or special meeting of the Board or of any committee designated by the Board and may be paid a fixed sum for attendance at such meeting, or a stated salary as director, or both. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor; provided however that directors who are also salaried officers shall not receive fees or salaries as directors.

ARTICLE IV

Committees

Section 1. In General. The Board of Directors may, by resolution or resolutions passed by the affirmative vote therefore of a majority of the entire Board, designate an Executive Committee and such other committees as the Board may from time to time determine, each to consist of three or more directors, and each of which, to the extent provided in the resolution or in the certificate of incorporation or in the By-Laws, shall have all the powers of the Board, except that no such Committee shall have power to fill vacancies in the Board, or to change the membership of or to fill vacancies in any Committee, or to make, amend, repeal or adopt By-Laws of the Corporation, or to submit to the shareholders any action that needs shareholder approval under these By-Laws or the New York Business Corporation Law, or to fix the compensation of the directors for serving on the Board or any committee thereof, or to amend or repeal any resolution of the Board which by its terms shall not be so amendable or repealable. Each committee shall serve at the pleasure of the Board. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence of disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

Section 2. Executive Committee. Except as otherwise limited by the Board of Directors or by these By-Laws, the Executive Committee, if so designated by the Board of Directors, shall have and may exercise, when the Board is not in session, all the powers of the Board of Directors in the management of the business and affairs of the Corporation, and shall have power to authorize the seal of the Corporation to be affixed to all papers which may require it. The Board shall have the power at any time to change the membership of the Executive Committee, to fill vacancies in it, or to dissolve it. The Executive Committee may make rules for the conduct of its business and may appoint such assistance as it shall from time to time deem necessary. A majority of the members of the Executive Committee, if more than a single member, shall constitute a quorum.

ARTICLE V

Officers

Section 1. Designation, Term and Vacancies. The officers of the Corporation shall be a President, one or more Vice-Presidents, a Secretary, a Treasurer, and such other officers as the Board of Directors may from time to time deem necessary. Such officers may have and perform the powers and duties usually pertaining to their respective offices, the powers and duties respectively prescribed by law and by these By-Laws, and such additional powers and duties as may from time to time be prescribed by the Board. The same person may hold any two or more offices, except that the offices of President and Secretary may not be held by the same person unless all the issued and outstanding stock of the Corporation is owned by one person, in which instance such person may hold all or any combination of offices.

The initial officers of the Corporation shall be appointed by the initial Board of Directors, each to hold office until the meeting of the Board of Directors following the first annual meeting of shareholders and until his successor has been appointed and qualified. Thereafter, the officers of the Corporation shall be appointed by the Board as soon as practicable after the election of the Board at the annual meeting of shareholders, and each officer so appointed shall hold office until the first meeting of the Board of Directors following the next annual meeting of shareholders and until his successor has been appointed and qualified. Any officer may be removed at any time, with or without cause, by the affirmative vote therefor of a majority of the entire Board of Directors. All other agents and employees of the Corporation shall hold office during

the pleasure of the Board of Directors. Vacancies occurring among the officers of the Corporation shall be filled by the Board of Directors. The salaries of all officers of the Corporation shall be fixed by the Board of Directors.

Section 2. President. The President shall preside at all meetings of the shareholders and at all meetings of the Board of Directors at which he may be present. Subject to the direction of the Board of Directors, he shall be the chief executive officer of the Corporation, and shall have general charge of the entire business of the Corporation. He may sign certificates of stock and sign and seal bonds, debentures, contracts or other obligations authorized by the Board, and may, without previous authority of the Board, make such contracts as the ordinary conduct of the Corporation's business requires. He shall have the usual powers and duties vested in the President of a corporation. He shall have power to select and appoint all necessary officers and employees of the Corporation, except those selected by the Board of Directors, and to remove all such officers and employees except those selected by the Board of Directors, and make new appointments to fill vacancies. He may delegate any of his powers to a Vice-President of the Corporation.

Section 3. Vice-President. A Vice-President shall have such of the President's powers and duties as the President may from time to time delegate to him, and shall have such other powers and perform such other duties as may be assigned to him by the Board of Directors. During the absence or incapacity of the President, the Vice-President, or, if there be more than one, the Vice-President having the greatest seniority in office, shall perform the duties of the President, and when so acting shall have all the powers and be subject to all the responsibilities of the office of President.

Section 4. Treasurer. The Treasurer shall have custody of such funds and securities of the Corporation as may come to his hands or be committed to his care by the Board of Directors. Whenever necessary or proper, he shall endorse on behalf of the Corporation, for collection, checks, notes, or other obligations, and shall deposit the same to the credit of the Corporation in such bank or banks or depositaries, approved by the Board of Directors as the Board of Directors or President may designate. He may sign receipts or vouchers for payments made to the Corporation, and the Board of Directors may require that such receipts or vouchers shall also be signed by some other officer to be designated by them. Whenever required by the Board of Directors, he shall render a statement of his cash accounts and such other

statements respecting the affairs of the Corporation as may be required. He shall keep proper and accurate books of account. He shall perform all acts incident to the office of Treasurer, subject to the control of the Board.

Section 5. Secretary. The Secretary shall have custody of the seal of the Corporation and when required by the Board of Directors, or when any instrument shall have been signed by the President duly authorized to sign the same, or when necessary to attest any proceedings of the shareholders or directors, shall affix it to any instrument requiring the same and shall attest the same with his signature, provided that the seal may be affixed by the President or Vice-President or other officer of the Corporation to any document executed by either of them respectively on behalf of the Corporation which does not require the attestation of the Secretary. He shall attend to the giving and serving of notices of meetings. He shall have charge of such books and papers as properly belong to his office or as may be committed to his care by the Board of Directors. He shall perform such other duties as appertain to his office or as may be required by the Board of Directors.

Section 6. Delegation. In case of the absence of any officer of the Corporation, or for any other reason that the Board of Directors may deem sufficient, the Board may temporarily delegate the powers or duties, or any of them, of such officer to any other officer or to any director.

ARTICLE VI

Stock

Section 1. Certificates Representing Shares. All certificates representing shares of the capital stock of the Corporation shall be in such form not inconsistent with the Certificate of Incorporation, these By-Laws or the laws of the State of New York and shall set forth thereon the statements prescribed by Section 508, and where applicable, by Sections 505, 616, 620, 709 and 1002 of the Business Corporation Law. Such shares shall be approved by the Board of Directors, and shall be signed by the President or a Vice-President and by the Secretary or the Treasurer and shall bear the seal of the Corporation and shall not be valid unless so signed and sealed. Certificates countersigned by a duly appointed transfer agent and/or registered by a duly appointed registrar shall be deemed to be so signed and sealed whether the signatures be manual or facsimile signatures and whether the seal be a facsimile seal or any other

form of seal. All certificates shall be consecutively numbered and the name of the person owning the shares represented thereby, his residence, with the number of such shares and the date of issue, shall be entered on the Corporation's books. All certificates surrendered shall be canceled and no new certificates issued until the former certificates for the same number of shares shall have been surrendered and canceled, except as provided for herein.

In case any officer or officers who shall have signed or whose facsimile signature or signatures shall have been affixed to any such certificate or certificates, shall cease to be such officer or officers of the Corporation before such certificate or certificates shall have been delivered by the Corporation, such certificate or certificates may nevertheless be adopted by the Corporation, and may be issued and delivered as though the person or persons who signed such certificates, or whose facsimile signature or signatures shall have been affixed thereto, had not ceased to be such officer or officers of the Corporation.

Any restriction on the transfer or registration of transfer of any shares of stock of any class or series shall be noted conspicuously on the certificate representing such shares.

Section 2. Fractional Share Interests. The Corporation, may, but shall not be required to, issue certificates for fractions of a share. If the Corporation does not issue fractions of a share, it shall (1) arrange for the disposition of fractional interests by those entitled thereto, (2) pay in cash the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined, or (3) issue scrip or warrants in registered or bearer form which shall entitle the holder to receive a certificate for a full share upon the surrender of such scrip or warrants aggregating a full share. A certificate for a fractional share shall, but scrip or warrants shall not unless otherwise provided therein, entitle the holder to exercise voting rights, to receive dividends thereon, and to participate in any distribution of the assets of the Corporation in the event of liquidation. The Board of Directors may cause scrip or warrants to be issued subject to the conditions that they shall become void if not exchanged for certificates representing full shares before a specified date, or subject to the condition that the shares for which scrip or warrants are exchangeable may be sold by the Corporation and the proceeds thereof distributed to the holders of scrip or warrants, or subject to any other conditions which the Board of Directors may impose.

Section 3. Addresses of Shareholders. Every shareholder shall furnish the Corporation with an address to which notices of meetings and all other notices may be

served upon or mailed to him, and in default thereof notices may be addressed to him at his last known post office address.

Section 4. Stolen, Lost or Destroyed Certificates. The Board of Directors may in its sole discretion direct that a new certificate or certificates of stock be issued in place of any certificate or certificates of stock theretofore issued by the Corporation, alleged to have been stolen, lost or destroyed, and the Board of Directors when authorizing the issuance of such new certificate or certificates, may, in its discretion, and as a condition precedent thereto, require the owner of such stolen, lost or destroyed certificate or certificates, or his legal representatives to give to the Corporation and to such registrar or registrars and/or transfer agent or transfer agents as may be authorized or required to countersign such new certificate or certificates, a bond in such sum as the Corporation may direct not exceeding double the value of the stock represented by the certificate alleged to have been stolen, lost or destroyed, as indemnity against any claim that may be made against them or any of them for or in respect of the shares of stock represented by the certificate alleged to have been stolen, lost or destroyed.

Section 5. Transfers of Shares. Upon compliance with all provisions restricting the transferability of shares, if any, transfers of stock shall be made only upon the books of the Corporation by the holder in person or by his attorney thereunto authorized by power of attorney duly filed with the Secretary of the Corporation or with a transfer agent or registrar, if any, upon the surrender and cancellation of the certificate or certificates for such shares properly endorsed and the payment of all taxes due thereon. The Board of Directors may appoint one or more suitable banks and/or trust companies as transfer agents and/or registrars of transfers, for facilitating transfers of any class or series of stock of the Corporation by the holders thereof under such regulations as the Board of Directors may from time to time prescribe. Upon such appointment being made all certificates of stock of such class or series thereafter issued shall be countersigned by one of such transfer agents and/or one of such registrars of transfers, and shall not be valid unless so countersigned.

ARTICLE VII

Dividends and Finance

Section 1. Dividends. The Board of Directors shall have power to fix and determine and to vary, from time to time, the amount of the working capital of the Corporation before declaring any dividends among its shareholders, and to direct and

determine the use and disposition of any net profits or surplus, and to determine the date or dates for the declaration and payment of dividends and to determine the amount of any dividend, and the amount of any reserves necessary in their judgment before declaring any dividends among its shareholder, and to determine the amount of the net profits of the Corporation from time to time available for dividends.

Section 2. Fiscal Year. The fiscal year of the Corporation shall end on the last day of December in each year and shall begin on the next succeeding day, or shall be for such other period as the Board of Directors may from time to time designate with the consent of the Department of Taxation and Finance, where applicable.

ARTICLE VIII

Miscellaneous Provisions.

Section 1. Stock of Other Corporations. The Board of Directors shall have the right to authorize any director, officer or other person on behalf of the Corporation to attend, act and vote at meetings of the Shareholders of any corporation in which the Corporation shall hold stock, and to exercise thereat any and all rights and powers incident to the ownership of such stock, and to execute waivers of notice of such meetings and calls therefor; and authority may be given to exercise the same either on one or more designated occasions, or generally on all occasions until revoked by the Board. In the event that the Board shall fail to give such authority, such authority may be exercised by the President in person or by proxy appointed by him on behalf of the Corporation.

Any stocks or securities owned by this Corporation may, if so determined by the Board of Directors, be registered either in the name of this Corporation or in the name of any nominee or nominees appointed for that purpose by the Board of Directors.

Section 2. Books and Records. Subject to the New York Business Corporation Law, the Corporation may keep its books and accounts outside the State of New York.

Section 3. Notices. Whenever any notice is required by these By-Laws to be given, personal notice is not meant unless expressly so stated, and any notice so required shall be deemed to be sufficient if given by depositing the same in a post

office box in a sealed postpaid wrapper, addressed to the person entitled thereto at his last known post office address, and such notice shall be deemed to have been given on the day of such mailing.

Whenever any notice whatsoever is required to be given under the provisions of any law, or under the provisions of the Certificate of Incorporation or these By-Laws a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

Section 4. Amendments. Except as otherwise provided herein, these By-Laws may be altered, amended or repealed and By-Laws may be made at any annual meeting of the shareholders or at any special meeting thereof if notice of the proposed alteration, amendment or repeal or By-Law or By-Laws to be made be contained in the notice of such special meeting, by the holders of a majority of the shares of stock of the Corporation outstanding and entitled to vote thereat; or by a majority of the Board of Directors at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors, if notice of the proposed alteration, amendment or repeal, or By-Law or By-Laws to be made, be contained in the Notice of such Special Meeting.

MINUTES OF FIRST MEETING

OF THE BOARD OF DIRECTORS

OF

ESSEX COMMUNICATIONS, INC.

Held: December 8 1997

The first meeting of the Board of Directors of the corporation was held on the above date at 3 P.M. o'clock P.M., at 826 James ST, Pelham NY at the call of a majority of the Board.

The following Directors constituting a quorum, were present:

Anthony Scalice -Chariman and President

Robin L. Marshlow - Vice President

Wesly Minella - Secretary and Treasurer

The meeting was called to order and **Anthony Scalice** was designated to act as chairman and as secretary of the meeting.

The chairman stated that the purpose of the meeting was to take all steps necessary to complete the organization of the corporation and to enable it to commence business.

The first order of business was the election or designation of officers at this corporation. There being no contest, the following were elected by proclamation to serve as officers until the next annual meeting of the Board or until their successors are elected and qualified:

Office	Name
President	ANTHONY SCALICE
Vice President	Robin L. Marshlow
Secretary	WESLY MINELLA
Treasurer	WESLY MINELLA

The president and secretary assumed their respective offices, in the places of those who temporarily acted as such for this meeting.

The minutes of the organizational meeting of the incorporator (s) held on December 5 1997, were read and it was thereupon unanimously

RESOLVED, that the actions and business transacted by the incorporator (s) at the organizational meeting held on December 5 1997, and entered on the minutes of that meeting, be and they are hereby ratified and adopted by this Board.

The annexed resolutions, deemed necessary to complete the organizational procedures, were introduced, discussed and adopted.

ORGANIZATIONAL RESOLUTIONS
ADOPTED BY THE BOARD OF DIRECTORS
OF

1. The seal, an impression of which is affixed to the left hereof, is adopted as the seal of the corporation.

2. The form of stock certificate annexed hereto is adopted as the form of stock certificate for the corporation.

3. (a) The corporation accepts the offer of the following persons to purchase the number of shares of stock of the corporation shown in exchange for the consideration set opposite their names:

Name of Subscriber	Number and Classes of Shares	Consideration Per Share	Aggregate Consideration
Anthony Scalici	10 \ Common	$ 10.00	100 00/100
Lynn Minella	45 \ Common	$ 10.00	450 00/100
TM Capital Corp.	45 \ Common	$ 10.00	450 00/100

(b) The president, and secretary or treasurer of the corporation are hereby authorized and empowered to issue to the foregoing named persons certificates evidencing the number of shares of the stock of the corporation set opposite each name upon receipt by the corporation of the aggregate consideration specified.

4. The corporation shall open a banking account or accounts with First Union Trust.

and execute the annexed banking resolution for that purpose.

5. (a) The president and treasurer of the corporation are authorized and empowered to pay all expenses incurred in connection with the organization of the corporation, including filing, license, attorneys' and accountants' fees.

(b) The corporation elects to deduct on its first federal income tax return the foregoing expenses ratably over a sixty month period, starting with the month in which the corporation begins business, pursuant to Section 248 of the Internal Revenue Code of 1954.

6. The president and all other officers of the corporation are authorized and directed to take all steps necessary to cause the corporation to engage in the business of Local and Long Distance Telephone Services and Resellers

7. (a) The president is authorized on behalf of the corporation to negotiate for and to Lease in the name of the corporation the premises commonly described as Med Fac Lease

upon the terms and conditions specified in Schedule annexed hereto, and upon such further terms and conditions as the president shall deem necessary, proper and in the best interests of the corporation.

(b) The president and secretary, or an assistant secretary, are authorized to execute in the name of the corporation all documents necessary in the judgment of the president to effectuate this resolution.

8. The following plan is adopted in order to issue stock pursuant to Section 1244 of the Internal Revenue Code of 1954:

WHEREAS, the corporation wants to attract investment in the corporation. And Compliance with Section 1244 of the Internal Revenue Code will enable shareholders who suffer a loss on the sale or exchange of their shares to treat that loss as an "ordinary loss" on their personal income tax returns:

NOW THEREFORE, BE IT RESOLVED, that the proper officers of the corporation are hereby authorized to sell and issue common shares provided that the aggregate amount of money and other property received by the corporation for stock, as a contribution to capital, and as paid-in surplus, does not exceed $1,000,000.00; and

RESOLVED, that the sale and issuance of such shares be conducted in accordance with IRC Sec. 1244; and

RESOLVED, that the corporation keep proper accounting records so that any shareholder who experiences a loss on the transfer of common shares may properly determine if they quality for "ordinary loss" treatment on their personal income tax returns.

Omit

9. (a) The corporation elects to be taxed for federal income tax purposes in accordance with the provisions of Subchapter S of the Internal Revenue Code of 1954.

(b) The officers of the corporation shall take all actions necessary and proper to effectuate the foregoing resolution, including obtaining the requisite consents from shareholders and executing and filing appropriate forms on behalf of the corporation within the time limits specified by law.

No further business being presented, the meeting was duly adjourned.

Secretary

Wesley Mirella

Dated: 4/2/97

ATTACHMENT II

Secretary of State Certificate

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 **ESSEX COMMUNICATIONS, INC. (NY)** to transact business in this state duly signed and verified pursuant to the provisions of the South Dakota Corporation Acts, have been received in this office and are found to conform to law.

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

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of South Dakota, at Pierre, the Capital, this July 27, 2000.

Joyce Hazeltine
Secretary of State

CERTIFICATE

OF

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

To: Register of Deeds
County of Minnehaha

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

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

Essex Communications, Inc.

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

EMC Communications

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

Essex Communications, Inc.
40 North Service Road
Melville, NY 11747

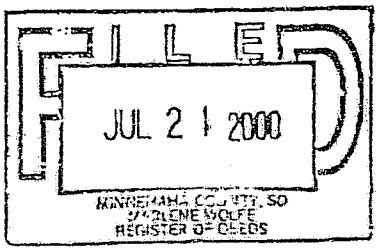
Essex Communications, Inc.
(Name of Corporation)

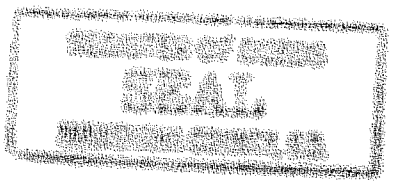
By: Paul H. Riss, Pres.
Paul H. Riss, President

By: Assistant Secretary
Assistant Secretary

10994

- COPY -


FILED
JUL 21 2000
KINNEMAHA COUNTY, SD
MARLENE WOLFE
REGISTER OF DEEDS


SEAL

ATTACHMENT III

Listing of Existing Approved States

ESSEX COMMUNICATIONS, INC. d/b/a eLEC Communications

State	Date Filed	Date Approved
Alabama	06/22/00	
Arkansas	08/02/00	
Arizona	06/02/00	
California	05/23/00	
Colorado	06/02/00	07/19/00
Connecticut	08/03/00	08/19/00
Delaware	08/30/00	
Florida	07/3/00	07/05/00
Georgia	05/22/00	
Idaho	08/08/00	
Iowa	06/02/00	
Illinois	06/05/00	
Indiana	08/30/00	08/31/00
Kansas	08/30/00	
Louisiana	06/16/00	
Maine	08/7/00	
Massachusetts	08/04/00	09/05/00
Maryland	03/25/99	
Michigan	06/05/00	08/31/00
Minnesota	06/02/00	
Missouri	06/15/00	
Mississippi	08/03/00	
Montana	07/28/00	08/14/00
Nebraska	08/07/00	
No. Dakota	08/31/00	
New Hampshire	06/05/00	
New Jersey	05/08/00	
Nevada	06/02/00	07/19/00
New York	07/03/00	07/19/00
Oregon	06/01/00	
Pennsylvania	04/27/00	05/12/00
Rhode Island	06/05/00	07/08/00
So. Carolina	06/15/00	
So. Dakota	08/08/00	
Tennessee	08/03/00	
Texas	09/01/00	
Virginia		01/13/99
Washington	09/05/00	
West Virginia	06/15/00	

ATTACHMENT IV

Resumes of Management

ESSEX COMMUNICATIONS, INC.
d/b/a eLEC Communications

Management Profiles

Legend of Companies

eLEC Communications Corporation ("eLEC") (Parent Company)
Essex Communications, Inc. ("Essex") a wholly owned subsidiary of eLEC
Telecentric Services Inc. a wholly owned subsidiary of eLEC
Wingfill Internet Services, a wholly owned subsidiary of eLEC

Paul H. Riss, Chief Financial Officer, Chief Executive Officer and Treasurer

Mr. Riss began his career at Ernst & Young as Senior Audit Manager in 1979. In 1987 he became the Chief Financial Officer and Treasurer of Peter's Bag Corporation in New York. Mr. Riss also held the positions of Chief Financial Officer at ComponentGuard, Inc. and Sequins International, Inc. before joining eLEC Communications Corp. (formerly known as Sirco International Corp.) as Chief Financial Officer in 1996. In this position he manages internal and external reporting and provides financial analysis for acquisition of Access service provider and Bell Atlantic CLEC. Mr. Riss has served as a Director of Access One Communications (a 60,000 line CLEC in the Bell South territory) from 1997 through the present.

Wesly Mindlin, Interim COO of Essex

Mr. Mindlin is one of the original investors and board member/secretary of Access One, an affiliated CLEC with over 60,000 installed local access lines. At Essex, he supervises the billing manager, customer service and sales support. He is also responsible for operations with respect to the conversion to the in-house billing system.

Anthony Scaller, Director

Mr. Scaller has been a Director of Essex Communications, Inc. since 1998. He also served as the President of Essex and Vice President of eLEC Communications Corp. from February 1998 to September 1999. Mr. Scaller was President of Pinnacle Telephone Consultants, Inc., a telecom consulting firm specializing in the private payphone industry from June 1997 to February 1998; President of Crescent Telephone Company, Inc., a private payphone sales and servicing company, from May 1995 to May 1997; President of Pinnacle Telecommunications Consultants, Inc., a telecom consulting firm specializing in the private payphone industry from July 1991 to May 1995; and has served as a Director of the Independent Payphone Association of NY (IPANY) from June 1996 to the present.

ESSEX COMMUNICATIONS, INC.
d/b/a eLEC Communications

Management Profiles, (Cont'd.)

Joel Degere, Director

Mr. Degere has been a Director of eLEC since 1990, Chairman of the Board since March 1995; President of the Shoe Division of Interbrand L.L.C., a manufacturer and distributor of apparel accessories and luggage, from August 1999 to March 2000; CEO of Sireo from March 1995 to August 1999.

Eric M. Hellige, Director

Mr. Hellige has been a Director of eLEC since 1995, as well as Secretary of eLEC . Prior to joining eLEC, he was a Partner for more than five years of Pryor Chashman Sherman & Flynn LLP, counsel to eLEC.

Michael F. Lagana, 65, President of Telecarrier Services, Inc.

Mr. Lagana, holds the position of President of Telecarrier Services, Inc., and VP Sales and Marketing for eLEC and Essex. In 1973, he founded Standard Telecommunications, Inc., which sold and serviced telephone systems. He sold the business to JWP Inc. in 1987. As Vice-Chairman of JWP Information Systems, Inc. he implemented an acquisition and expansion plan, which acquired several telephone, computer and network companies that totaled approximately $100 million in revenues. In 1992, he founded TSI by purchasing the long distance resale division from JWP. He built TSI into a CLEC with annual revenues of over $2 million, and sold it to eLEC in 2000. Mr. Lagana earned a BEE Degree from Manhattan College of New York in 1956.

Henry Acer, CTO of eLEC Communications Corp.

Mr. Acer is presently the CTO of eLEC as well as the President and CEO of WebQuill Internet Services. Prior to the founding of WebQuill, he was Vice President of North American Technical Business Operations for Reuters America and served on the RAM Strategic Board of Executives for 5 years. Prior to this he was employed for ten years at Quotron Systems, a pioneer of electronic data distribution in the Securities Industry, as the Southeastern Regional Manager.

Management Profiles, (Cont'd.)

Patrick Freeman, Vice President, Wholesale Services.

Mr. Freeman has recently joined eLEC to automate and manage the billing, network provisioning and customer care functions of the company and to manage the wholesale services function. In June 1990 he joined Information and Telephone Services Inc. (ITS) and became a Vice President of Operations and major shareholder in 1992. He is credited with ITS' automation and the creation of its propriety billing system and interfacing with the local and long distance carriers to provide connectivity to their customer base. After his separation from ITS, Mr. Freeman formed Telecom Software Solutions (TSS). TSS was purchased by eLEC in 2000. Mr. Freeman is a graduate of Purdue University in 1990 with a BS Degree in Economics and minors in Mathematics and Business Management.

Kevin Stolz, Director of Operations

Mr. Stolz has held various positions within the telecommunications industry for the past 20 years. Prior to joining eLEC he was employed by Access One Communications as Director of Operations from June 1998 to November 1999. Prior to joining Access One, he was employed by AMNEX from March 1993 to May 1998, holding various positions including Network Design Supervisor, Director of Customer Service and Director 1+ Coin Sent Paid. Prior to joining AMNEX, Mr. Stolz managed a call completion center for Telesphere Communications and also spent ten years employed by NYNEX in various customer support positions.

Tina L. Hassel, Director of Administration

Ms. Hassel is presently the Vice President of Administration for Telecarrier Services, Inc. as well as the Director of Administration for eLEC. From 1982 through 1990, Ms. Hassel held various managerial/executive positions at Standard Telecommunications/JWP Telecom. She was also responsible for the management of several branch office locations of JWP. From 1977 to 1982, Ms. Hassel held various managerial positions in the health care field, including Chief Operating Officer of a 400+ bed facility. Ms. Hassel also manages her own marketing/management consulting company. She earned her BS Degree at the School of Management of SUNY Binghamton in 1975 and a MBA Degree from CUNY Baruch/Mt. Sinai School of Medicine in 1977.

ATTACHMENT V

Financial Information

10-K

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

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

For the fiscal year ended November 30, 1999

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

For the transition period from to .

Commission File No. 0-4465
eLEC COMMUNICATIONS CORP.

(Exact name of Registrant as specified in its charter)

New York	13-2511270
(State or other jurisdiction of incorporation or organization)	(IRS employer identification no.)
105 Westport Avenue, Norwalk, Connecticut (Address of principal executive offices)	06851 (zip code)

Registrant's telephone number, including area code: (203) 750-1000.

Securities registered pursuant to Section 12(b) of the Act:
None
Securities registered pursuant to Section 12(g) of the Act:
Common Stock, par value $.10 per share

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 [X] No [ ].

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

As of February 15, 2000, the aggregate market value of the voting stock held by non-affiliates of the Registrant was $46,098,656.

As of February 15, 2000, there were 11,524,664 shares outstanding of the Registrant's Common Stock.

Documents Incorporated by Reference

Portions of the Registrant's definitive proxy statement to be filed with the Securities and Exchange Commission in connection with the Registrant's 2000 Annual Meeting of Stockholders are incorporated by reference into Part III.

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The statements contained in this Report that are not historical facts are "forward-looking statements" which can be identified by the use of forward-looking terminology, such as "estimates," "projects," "plans," "believes," "expects," "anticipates," "intends," or the negative thereof or other variations thereon, or by discussions of strategy that involve risks and uncertainties. Management wishes to caution the reader of the forward-looking statements, that such statements, which are contained in this Report, reflect the current beliefs with respect to future events and involve known and unknown risks, uncertainties and other factors, including, but not limited to, economic, competitive, regulatory, technological, key employee, and general business factors affecting the Company's operations, markets, growth, services, products, licenses and other factors discussed in the Company's other filings with the Securities and Exchange Commission, and that these statements are only estimates or predictions. No assurances can be given regarding the achievement of future results, as actual results may differ materially as a result of risks facing the Company, and actual events may differ from the assumptions underlying the statements that have been made regarding anticipated events. Factors that may cause actual results, performance or achievements of the Company, or industry results, to differ materially from those contemplated by such forward-looking statements include, without limitation: (1) the availability of additional funds to successfully pursue the Company's business plan; (2) the Company's ability to establish, expand and integrate internal management, technical information and management information systems; (3) the time and expense to construct the Company's planned network operating center and digital subscriber line network; (4) the cooperation of incumbent carriers in implementing the unbundled network elements platform required by the Federal Communications Commission; (5) the Company's ability to market its services to current and new customers and generate customer demand for its products and services in the geographical areas in which the Company can operate; (6) the Company's success in gaining regulatory approval to access new markets; (7) the Company's ability to negotiate and maintain suitable interconnection agreements with the incumbent carriers; (8) the availability and maintenance of suitable vendor relationships, in a timely manner, at reasonable cost; (9) the impact of changes in telecommunications laws and regulations; (10) the intensity of competition; and (11) general economic conditions. All written and oral forward looking statements made in connection with this Report that are attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Given the uncertainties that surround such statements, prospective investors are cautioned not to place undue reliance on such forward-looking statements.

Part I

In this Annual Report on Form 10-K, we will refer to eLEC Communications Corp., a New York Corporation, as "eLEC," the "Company," "we," "us," and "our."

Item 1. - Business

Overview

eLEC Communications Corp. is a full-service telecommunications company that focuses on developing integrated telephone service in the emerging competitive local exchange carrier industry. We offer an integrated set of telecommunications products and services, including local exchange, local access, domestic and international long distance telephone, calling cards, paging, Internet access, dedicated access, Web site design, Web site hosting, Internet-based yellow-pages directory listings and other enhanced and value-added telecommunications services tailored to meet the needs of our

[redacted] customers and the growing marketplace demand from small- and medium-sized businesses for reliability and speed. As part of our nationwide expansion plan, we have completed the deployment of our first network node in a planned 18-node build-out to provide high speed Internet access via digital subscriber lines ("DSL"), and for the anticipated provisioning of Voice over DSL.

We believe that the Telecommunications Act of 1996 (the "Telecommunications Act"), which opened the local exchange market to competition, has created an attractive opportunity for competitive local exchange carriers ("CLECs"), such as eLEC. Like most CLECs, our entry in this industry was dependent upon the provisions of the Telecommunications Act that allow CLECs to lease various elements of the networks of the incumbent local exchange carriers ("ILECs") that are necessary to provide local telephone service in a cost-effective manner. This aspect of the Telecommunications Act is referred to as "unbundling" the ILEC networks, and allows us to lease unbundled network elements on an as-needed basis and provide such elements to our customers at a lower cost than that which the ILEC is charging.

The majority of our installed access lines are provisioned on the unbundled network elements platform ("UNE-P"). We believe that the use of this platform is the most cost-effective manner in which we can provide voice service. Other CLECs have invested a substantial amount of capital to buy switches and collect fiber, only to find that their equipment is severely underutilized and that there is a significant shortfall in their revenue stream when compared to their capital investment. We refer to this strategy as a "facilities-first" strategy, because the CLEC has invested in its equipment and placed the equipment in service before the CLEC has developed a customer base. Our strategy is a "customer-first," or a "deferred-build" strategy. We therefore lease facilities on an as-needed basis from ILECs while we build our customer base. After we have a substantial geographical concentration of customers, we make decisions regarding the purchase and installation of our own network equipment. This strategy allows us to be very flexible with our customer base as we grow our business. We can move our customer base to alternative access, if appropriate, and we do not become a captive of our own underutilized equipment, as can happen with a "facilities-first" CLEC. The technological advances in equipment and the lowering of equipment prices have validated our deferred-build strategy and have enabled us to preserve our capital.

Our strategy for building our data network is similar to our strategy for building our voice network. We currently provide dial-up access and dedicated access on our own network in Connecticut, where we have a geographical concentration of customers, and we lease facilities from another Internet service provider to provide our customers with nation-wide dial-up access. As of February 15, 2000, we have installed one Point of Presence ("POP") in Miami, Florida for high-speed Internet access via DSL and for Voice over DSL. We chose the Miami location because we have, through an affiliated company, an established customer base in the Miami area of approximately 2,000 customers. We are planning to build out an 18-node data network throughout the East coast to carry DSL and Voice over DSL to our customer base.

We believe we can provide competitive service in every state in which we can utilize UNE-P and we plan a nationwide rollout to take advantage of a recent Federal Communications Commission ("FCC") ruling mandating the UNE-P service offering. Our marketing and expansion efforts are focused primarily on states that have quickly adopted the UNE-P service offerings, which initially included the nine states served by BellSouth Corporation ("BellSouth"), plus New York and Massachusetts. Under UNE-P, we can provide service with significantly lower capital requirements than either fiber-based or wireless CLECs, and offer our services to a broader customer base faster and at a lower cost. The ability to quickly provision accounts and to deliver reliable service at a lower cost than offered by the ILECs should provide us with certain competitive advantages as we market our services to small- and medium-sized businesses.

[redacted]
Development of Business

The Company was incorporated in the state of New York under the name Stern Sports Products Co. Inc. in 1964, and we subsequently changed our name to Stern International Corp. We initially developed a line of high quality leather, vinyl, luggage and sport bags to be sold at competitive prices. In 1993, we divested our handbag operations, which had experienced several years of operating losses. Although we were profitable in fiscal 1996, declining revenues in our next two fiscal years, combined with operating losses, forced us to explore other business opportunities. In August 1997, to help bolster luggage division sales and to provide a channel of distribution to a mobile customer base that could be a potential target for online Internet sales, we acquired a retail operation, Airline Ventures, Inc. ("AVI"), which sells travel and aviation related products to professional airline crew members.

In October 1997, we made our first investment in a CLEC, Access One Communications, Inc. ("Access One"), when we purchased approximately 28% of Access One's outstanding capital stock. Access One was a newly-formed CLEC with approximately 2,000 installed local access lines that looked to us for growth capital to meet its business plan. Our Board of Directors believed that Access One's "customer-first" growth strategy of obtaining a customer base first and later building an equipment network around a geographically concentrated customer base was a compelling strategy that would utilize capital wisely and yield high valuations in the future. At February 15, 2000, we were the largest shareholder of Access One, owning approximately 21% of Access One's capital stock. Access One has advised us that, at February 15, 2000, they had approximately 60,000 installed local access lines.

We commenced operations in the telecommunications industry in fiscal 1998 by acquiring on February 27, 1998, Essex Communications, Inc. ("Essex"), a newly-formed CLEC formed to attract and retain a geographically concentrated customer base in the metropolitan New York region, primarily through the resale of products and services of incumbent and alternative facilities-based local providers. We provisioned our first line in May 1998 and, including lines for which we have contracts to install, we had over 20,000 lines as of February 15, 2000. Essex has customers in Florida, Massachusetts, New York, New Jersey and Virginia.

In furtherance of our telecommunications strategy, on August 14, 1999, we acquired WebQuill Internet Services, LLC ("WebQuill"), an Internet service provider ("ISP") based in Connecticut. WebQuill is a full-service, value-added ISP providing national dial-up access, dedicated access, high-speed DSL access, Web site design, Web site hosting, Internet-based yellow-pages directory listing, and E-commerce sites.

Due to our increased focus on E-commerce sites, Internet access and telecommunications services, and the significant decrease in luggage division sales in recent fiscal years, our Board of Directors decided in July 1999 to divest the Company's luggage division, and we sold a substantial portion of the assets of our U.S. luggage operations in August 1999. Since such time, we have liquidated the remaining operating assets of our U.S. and Canadian luggage businesses. Our luggage segment has been classified as a discontinued operation in our income statement, and this segment has reported significant net operating losses for each of the last three fiscal years. See Note 8 of the Notes to Consolidated Financial Statements.

[redacted]

To signify our new business focus, we recommended, and in December 1999 our shareholders approved, a name change to eLEC Communications Corp. Our main business focus had changed to the local exchange market, which is estimated to be more than $60 billion in annual revenues and one of the most profitable segments in the communications industry. With this new focus, we wanted our company name to include the letters LEC, representing our focus on being a local exchange carrier. However, in this electronic age and with our ability to provide Internet access, DSL services and Web site design and hosting, we believed the term "e" LEC more appropriately described our new business operations. We consequently changed our name to eLEC Communications Corp., our Nasdaq symbol to ELEC and our domain name to www.elec.net.

In January 2000, we acquired a New Jersey-based CLEC, Telecarrier Services, Inc. ("Telecarrier"). Telecarrier currently operates as a CLEC in the states of Massachusetts, New Jersey, New York and Rhode Island. It also resells long distance service in 13 states. The addition of Telecarrier is an important step in creating an additional marketing channel for eLEC. See "Sales and Marketing Strategies."

Information concerning sales, business segment operations and identifiable assets attributable to each of our reportable industry segments can be found in Note 9 of the Notes to Consolidated Financial Statements and is incorporated herein by reference.

[redacted]'s Telecommunications Services

We tailor our service offerings to meet the specific needs of small businesses, not-for-profit organizations, governmental agencies and other institutional customers in our target markets. We primarily market our services through three different distribution channels. We use third-party telemarketers to attract small-business accounts (typically two to ten lines in size), we use third-party agents and interconnect companies to attract medium-sized business accounts (typically ten to 100 lines in size), and we use our own management team to attract wholesale accounts (typically 100 lines or more in size). Based upon feedback received from our customers and analysis of the types of services the entities in each of these groups need, we tailor a basic telecommunications service package, which can be promptly adjusted to the specific needs of individual customers. We creatively package our services to provide "one-stop shopping" solutions for our customers, so they can purchase all their communications services directly from us. Listed below are the basic categories of services that we offer:

- Local Exchange Services. We offer local exchange services, starting with local dial tone, plus numerous features, the most common of which are call waiting, call forwarding, caller ID and dial back features. By offering local dial tone, we also receive originating and terminating access charges for intercexchange calls placed or received by our subscribers.

- Long Distance. In addition to our local telephone service, we offer long distance services as part of a bundled product to customers through agreements we have with a national long distance carrier. The long distance services include domestic service, such as interLATA, which are calls that pass from one "Local Access and Transport Area" or "LATA" to another LATA, and intraLATA, which are calls that stay within the LATA in which they originated, but are beyond the distance limits of the local calling plan. Our services also include international calling, toll-free services (800, 888, 877), calling card and other enhanced services.

- Internet and Data Services. We offer dedicated and dial-up Internet access services via conventional modem connections, integrated services digital network, T-1s and higher speed dedicated connections. In addition, we have installed our first node to carry DSL services, and we plan to offer Voice over DSL before the end of fiscal year 2000.

- Web Site Design and Hosting Services. We offer Web site design services and Web site hosting on our own computer servers to provide customers with a complete, user-friendly product for presence on the World Wide Web. We have built and are currently providing for our customers E-commerce sites, an interactive comparative insurance rater site, and an interactive auction site.

- Yellow Pages Directory Services. Our local telephone service customers are given a free Web page for six months in our Internet yellow pages directory. This page is also sold for $24.95 per month to non-telephone customers. The site is accessed by more than 80% of Internet search engines, and offers links to other sites and the ability for our customers to receive a fax or email message directly from the user who has found the site. In the second quarter of fiscal 2000, we intend to market this product on a wholesale basis for business-to-business applications.

- Facilities and System Integration Services. We offer individual business consultation services with regard to the design and implementation of complete telecommunications systems to meet customers' specific needs, including the selection of customer premises equipment, interconnection of local area networks and wide area networks, and implementation of virtual private networks.

- Hosted Applications. We plan to offer hosted applications to our customers, especially to small-sized businesses that do not have the resources to hire their own management information services director. We anticipate that such application hosting will be important to entities that use high-speed Internet access services, such as DSL, and will help differentiate us from other DSL providers that only provide access services.

Business Strategy

Our goal is to be a premier facilities-based integrated communications provider to small- and medium-sized businesses. We are taking the following action steps in order to achieve this goal:

- Target Small- and Medium-sized Businesses. We focus our telecommunications sales efforts for local and long distance services on small- and medium-sized businesses having two to 100 business lines in any one location. We believe that these customers prefer a single source for all their telecommunications services. We have chosen to focus on this segment based on our ability to obtain ample gross margins on UNE-P for the services provided to these customers. We also believe that, as compared to larger businesses, the ILECs and facilities-first CLECs may be less likely to apply significant resources to obtaining or retaining these customers. We expect to attract and retain these customers through telemarketers and agents, by offering bundled local and long distance services at competitive rates, as well as enhanced telecommunication services, by responsive customer service and support and by offering new and innovative products, such as our yellow pages directory Web offering known as QuickPages.

- Achieve Market Share with Competitive Pricing. We always price our services at a discount to the exact same services provided by an ILEC. We believe we know what the ILECs charge because we have access to the rates they have filed with the various state public service commissions, and we typically review the telephone bill of a potential customer before we switch them to our service so that we are aware of the prices they were paying and of any contractual obligations. We anticipate that some ILECs may reduce their prices as increased competition begins to erode their market share. We believe, however, that we will be able to compete as prices decrease, because of our low network costs and because we will be providing a variety of bundled telecommunications services and will not have to rely on price alone to maintain our core customer base.

- Develop Brand Awareness. With the change of our name to eLEC Communications Corp., we are applying for the right to do business under the brand name eLEC Communications in all of the states in which we operate. We want to position the successors of our wholly-owned subsidiaries, Essex, WebQuill and Telecarrier, under the eLEC Communications name, and use the eLEC name to create and develop a brand awareness in the territories in which we operate. We are positioning eLEC as a high quality, service-orientated company that provides reliable telecommunications quality, service and advice at competitive prices.

- Rapidly Deploy New Customers. We intend to take advantage of our ability to rapidly provision new accounts in our existing service areas, and to rapidly enter new service areas because of our low capital requirements to enter new states. Our choice of states on which to focus will depend on when the Commission's state adopts the use of UNE-P. We anticipate that Pennsylvania and Texas will be the next two major states that we target. We typically provision a new account within two or three days after we have received a letter of authorization to place a new customer on our network. We know of no facilities-based carrier that can provision lines this quickly.

- Provide our Customers More than Local Telephone Services. Although our focus is on the more than $50 billion local exchange market, and we anticipate that the sales growth and margins associated with this market will represent our core business, the additional products and services we offer, including Internet access, email addresses, Web site design and Web site hosting, yellow pages directory listing, DSL access, applications hosting and virtual private networks, will be an important attraction to our customers. We believe the more services we can provide, the more integral we will become to our customers.

Sales and Marketing Strategies

We offer an integrated package of local exchange, local access, domestic and international long distance, and calling cards and a full suite of Internet access, Web site design and Web site hosting to small- and medium-sized businesses. Virtually all of our customers have no telecommunications manager and look to us to suggest an appropriate telecommunications solution. Each account is assigned a customer service representative and we answer the telephone during business hours with a live person instead of sending our customers through several voice mail loops before reaching a person to whom they can speak. We have a three-tiered sales and marketing strategy to sell to our target market.

- Telemarketing Programs. We use third-party telemarketing firms to sell our smaller accounts. Most accounts in this group choose our telephone service because they do not like the customer service they receive from their ILEC and because they will save money using our services. We have proven that this strategy works for us, as almost all of our first 10,000 customer lines

sales from the telemarketing channel, and most of the organic growth at our affiliate, Access One, came from third-party telemarketers. This method allows us to keep our marketing costs variable-based and minimizes the need to have fixed overhead committed to our sales force.

o Agent and Interconnect Company Programs. We also use agents and interconnect companies to generate leads for new customers. We pay a success fee to the agents and interconnect companies for recommending our services. Most of these referrals are current equipment customers or long distance customers of the agent or interconnect company. Therefore, it is important that the agents and interconnect companies understand the benefits of the services that we offer because they do not want to tarnish an existing customer relationship by inappropriately recommending us. We find that our pricing and the flexibility of our services, combined with our special customer service group for the interconnect companies, allows us to satisfy the needs of the referrals we receive in this distribution channel. Two executives from our recently acquired subsidiary, Telecarrier, have extensive established business relationships with interconnect companies. Many of their current accounts were referrals from established business relationships, and we believe our Telecarrier employees will continue to develop for us this market segment.

o Wholesale Programs. We offer special wholesale pricing for accounts with several hundred local access lines. One such customer has agreed to provide us with a minimum of 9,000 local access lines, and we anticipate that during fiscal 2000 we will be able to attract other wholesale customers who will bring us thousands of new lines. We use a direct sales effort to sell in this market. Separate customer service representatives are assigned to support this customer base.

This sales and marketing strategy minimizes the need for us to invest in fixed sales and marketing overhead. Unlike the facilities-first CLECs, who need to rapidly attract customers for their underutilized telecommunications equipment, and who invest substantial amounts of salary and rent expense to open sales offices in their targeted markets, we do not have the same pressure to find qualified leads for our facilities. Furthermore, under UNE-P, our reach is ubiquitous, as we can serve any customer that is being served by the ILEC. A facilities-first CLEC typically searches only for customers that it can provision on the switches and fiber that it has installed in the hope of finding customers to utilize such equipment. Consequently, we believe our deferred-build strategy not only saves us from unnecessarily building a network without customers, it also allows us to more wisely expend our sales and marketing dollars by limiting the amount of fixed overhead that is required to rapidly grow our business.

Competition in the Telecommunications Industry

Local Telecommunications Market

The local telecommunications market is a highly competitive environment and is dominated by the Regional Bell Operating Companies ("RBOCs") and other ILECs. Based upon the geographical locations in which we currently sell services, Bell Atlantic Corporation ("Bell Atlantic") and BellSouth are our largest competitors. Both entities have "win-back" programs through which they approach former customers lost to a CLEC or other competitor in an attempt to have the former customers switch back to the RBOC. Most of our actual and potential competitors, including most of the facilities-first CLECs, have substantially greater financial, technical, marketing and other resources (including brand name recognition) than we do. Furthermore, the continuing trend toward business alliances in the telecommunications industry and the lack of substantial barriers to entry in the data and Internet services markets could help to generate substantial new competition. We anticipate that we will be able to compete based upon our pricing, reliability, customer service and rapid ability to provision accounts and respond to customer requests. Our established competitors, such as the RBOCs, are able to compete effectively because they have long-term existing relationships with their customers, strong name recognition, abundant financial resources, and the ability to cut prices of certain services by subsidizing such services with revenues generated from other products. Although the Telecommunications Act reduced barriers to entry into the local market, future regulatory decisions could provide RBOCs with more pricing flexibility, which would result in increased price competition.

We also face competition in the local market from new entrants to the fixed wireless market, such as Winstar Communications, Inc., Teligent, Inc. and Nextlink Communications, Inc. Many of these entrants have the strategy of bypassing the RBOCs in order to provide local access to their customers. By not having to rely on the RBOC for local service connections, the fixed wireless companies are able to keep more of their sales dollar for themselves. However, if this access method becomes more price competitive and reliable, we believe we will have the flexibility, with our current local customer base, to switch all or a portion of our customer base to the wireless facilities by negotiating appropriate terms with one or more wireless carriers.

In addition to competition from RBOCs, other CLECs and wireless entities, several other entities currently offer or are capable of offering local service, such as long distance carriers, cable television companies, electric utilities and microwave carriers. These entities, upon entering into appropriate interconnection agreements or resale agreements with ILECs, can offer single source local and long distance services like those we offer. For example, long distance carriers, such as AT&T Corp., MCI WorldCom and Sprint Corporation, among other carriers, have each begun to offer local telecommunications services in major U.S. markets using the unbundled network elements platform or by reselling the ILECs' services.

Long Distance Telecommunications Market

The long distance market, in comparison to the local market, has relatively insignificant barriers to entry and has been populated by numerous companies that compete for the same customers by frequently offering promotional incentives and lower rates. We compete with numerous such companies who do not offer any service other than long distance, and we compete with established major carriers such as AT&T and MCI WorldCom. We believe our bundled package of local services and a variety of data services will help us compete in this

[redacted]
access. We will also have to maintain high quality and low cost services to compete effectively. In many instances, we must be in a position to reduce our rates to remain competitive. Such reduction could be harmful to us if we do not also provide other services to our long distance customers. With the advent of long distance voice services over the Internet, and our launch of Voice over DSL during fiscal year 2000, we anticipate substantial price reductions in long distance services for those customers who purchase a bundled package from us that includes routing the long distance voice traffic over the Internet.

Internet And Other Data Services

The Internet and data service industry is intensely competitive. We receive significant competition in the delivery of Internet services to small- and medium-sized businesses, our target market. Other ISPs, ILECs and CLECs are attempting to provide various dial-up, dedicated and high-speed Internet access services. We believe we can remain competitive to a certain extent because we also provide Web site design, Web site hosting, E-commerce sites, audio sites, yellow-pages service directory, DSL services and hosted applications, in addition to being a local telecommunications company. We anticipate that this diverse product range will help us attract new customers and reduce customer churn.

Government Regulation

Local and long distance telecommunications services are subject to regulation by the FCC and by state regulatory authorities. Among other things, these regulatory authorities impose regulations governing the rates, terms and conditions for interstate and intrastate telecommunications services and require us to file tariffs for interstate and international service with the FCC and obtain approval for intrastate service provided in the states in which we currently market our services. We must obtain and maintain certificates of public convenience and necessity from regulatory authorities in the states in which we operate. We are also required to file and obtain prior regulatory approval for tariffs and intrastate services. In addition, we must update or amend the tariffs and, in some cases, the certificates of public convenience and necessity, when rates are adjusted or new products are added to the local and long distance services we offer. Changes in existing laws and regulations, particularly regulations resulting in increased price competition, may have a significant impact on our business activities and on our future operating results. We are also subject to Federal Trade Commission regulation and other federal and state laws relating to the promotion, advertising and direct marketing of our products and services. Certain marketing practices, including the means to convert a customer's long distance telephone service from one carrier to another, have recently been subject to increased regulatory review of both federal and state authorities. Even though we have implemented procedures to comply with applicable regulations, increased regulatory scrutiny could adversely affect the transitioning of customers and the acquisition of new customer base. Amendments to existing statutes and regulations, adoption of new statutes and regulations and expansion of our operations into new geographic areas and new services could require us to alter our methods of operation or obtain additional approvals, at costs which could be substantial. There can be no assurance that we will be able to comply with applicable laws, regulations and licensing requirements. Failure to comply with applicable laws, regulations and licensing requirements could result in civil penalties, including substantial fines, as well as possible criminal sanctions.

<PAGE>
Backlog

When we invoice our customers for our telecommunications services, we invoice features and services in advance and usage in arrears. Due to the nature of our contractual agreements with the RBOCs, there is typically only an immaterial amount of backlog of unprovisioned customers at any given time, as a customer is typically switched from the RBOC to our network within two days of processing the provisioning order. As of February 15, 2000, we had orders from two customers for approximately 14,000 lines for which we were waiting to receive the provisioning information. Such lines may take up to one month to provision because of the large quantity of lines requested to be provisioned from just two customers. We are working with our customers to provision blocks of lines at a time so that there is an orderly transition of lines to our network.

eLEC's Retail Services

Our retail division is operated by our wholly-owned subsidiary, AVI, which is headquartered in Dallas, Texas. The objective of our retail division is to be a leading supplier of travel-related and telecommunications products to pilots and flight attendants. We operate in three retail stores that sell travel-related products primarily to American Airline employees, including the official pilot uniform and study guides for pilots. The stores also sell identification cards, uniform supplies and travel needs to flight attendants. In addition, the stores rent pagers to flight attendants who are on reserve duty and offer Internet access services and local and long distance telephone services. We plan to use the knowledge and experience gained with American Airlines to provide similar products and services to employees of other airlines and to develop effective E-commerce sites.

We believe professional airline crew members are excellent targets for online retail purchases, as they are constantly mobile and frequently stay in touch with family and job-related duties via the Internet. We have developed and will continue to develop E-commerce sites to augment our in-store sales with sales to these and other online purchasers. We currently market our travel related products through the E-commerce sites, www.avishop.com and www.800bags.com.

The target market for the retail division is professional airline crew members. Currently, we sell to pilots and flight attendants from American, Delta and Southwest Airlines. The business with American Airlines is the largest, as it includes selling the American Airlines pilot uniform and various approved apparel for both pilots and flight attendants. Two of the three retail locations we utilize are leased from American Airlines. Retail sales employees service walk-in customers and phone orders, and warehouse personnel process Internet orders.

The sale of product to crew members has not demonstrated any seasonality, as the customers are using the products on a daily basis as part of their normal work routine.

Our retail division operates without a backlog, as Internet orders and catalog orders are typically shipped within one day of receipt.

We purchase products for our retail division from various domestic suppliers who have license agreements to sell product displaying the American Airlines, Inc. logo or trade name. We also buy non-logo product from a variety of domestic sources.

The competition for retail sales to professional airline crew members is highly fragmented and has few barriers to entry. Our ability to compete effectively is directly related to the level of cooperation and publicity that airlines generate for our retail outlets. Currently, we enjoy an advantage with American Airlines because we are allowed to sell certain products to American Airlines' employees on a payroll deduct program and we are allowed to sell pilot uniforms. These agreements, in addition to two leases from American Airlines for retail sites in Dallas, Texas, help to limit the extent of competition in the Dallas area. However, we compete nationwide against several online retailers and against retail stores in various cities that are important airline hubs.

Intellectual Property

We rely on a combination of copyright, trademark and trade secret laws and contractual restrictions to establish and protect our intellectual property. We do not currently have any registered copyrights or trademarks. All key employees have signed confidentiality agreements and we intend to require each newly hired employee to execute a confidentiality agreement. These agreements provide that confidential information developed by or with an employee or consultant, or disclosed to such person during his or her relationship with us, may not be disclosed to any third party except in certain specified circumstances. These agreements also require our employees to assign their rights to any inventions to us. The steps taken by us may not, however, be adequate to prevent misappropriation of our proprietary rights or technology.

We use several service marks in our business and intend to apply to register such service marks to protect our usage of such marks. There can be no assurance that we will be able to secure significant protection for all or any of our service marks. Our competitors or others could adopt product or service marks similar to our marks, or try to prevent us from using our marks, thereby impeding our ability to build brand identity and possibly lead to customer confusion.

We have received correspondence from an unrelated third party claiming that our use of the mark "Essex" in connection with telephone services infringes one of the company's United States registered trademarks and requesting that we cease and desist from using the Essex mark. We have responded by denying any infringement and no legal proceedings have been commenced against us with respect to this matter.

We are also aware of several other parties that use marks that are the same or similar to marks that we use, though in most instances, to the best of our knowledge, these parties are not in the same business as we are. There can be no assurance that others with marks similar to our marks will not bring suit to prevent us from using a particular mark. Defending or losing any litigation relating to intellectual property rights could materially adversely affect our business, results of operations and financial condition.

Other Affiliates

In addition to our investment in Access One, we have made investments in other entities for which we have performed Web site design services and may have future strategic relationships. At February 15, 2000, we had investments in the following entities: (See Note 14 of Notes to Financial Statements).

[redacted]

RiderPoint, Inc. RiderPoint specializes in the development of comparative rating insurance software and sells motorcycle insurance through its wholly-owned subsidiary, RP Insurance Agency, Inc. RiderPoint provides fully integrated insurance solutions for carriers, agents, dealers and consumers through its innovative integration of the insurance process with Internet technology. Through its comparison rating insurance Web site, www.riderpoint.com, consumers are able to receive instant online motorcycle insurance quotes from top-rated insurance carriers, which gives the consumer the ability to comparatively shop for and purchase motorcycle insurance at one location.

SkyClub Communications Holding Corp. SkyClub offers digital satellite systems for the reception of direct television (over 200 channels of programming) and high speed Internet services. SkyClub features direct to home (DTH) satellite products from Hughes Network Systems, RCA, Sony and other licensed DIRECTV manufacturers. SkyClub markets satellite services that include DIRECTV and DirecPC's Turbo Internet, which provides customers with high-speed (up to 400 kbps) Internet services. SkyClub also recently began offering DIRECTV Para Todos(TM) to Spanish speaking communities.

[redacted]

At February 15, 2000, we employed 63 employees, of which 59 were employed on a full-time basis and five were employed on a part-time basis. At such date, 17 of our employees were employed in our executive offices in Norwalk, Connecticut; 28 were employed in Melville, New York, at our wholly-owned subsidiary, Essex; 12 were employed in our retail division stores in Dallas, Texas; five were employed in Edison, New Jersey, at our telecommunications subsidiary, Telecarrier; and one was employed in Mississauga, Canada. We are not subject to any collective bargaining agreement and believe that our relationship with our employees is good.

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Item 2. - Properties

The following table sets forth pertinent facts concerning our material properties at February 15, 2000, all of which are owned or leased by us or one of our subsidiaries:

<TABLE>
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Property Owned:

Location	Use	Approximate Square Feet
<S>	<C>	<C>
[redacted] Dixwell Road [redacted] Ontario, Canada L5T 1M6	Rental property (2)	35,000 (leases out 35,000 SF)

<CAPTION>
Properties Leased:

Location	Use	Approximate Square Feet	Lease Expires	Annual Rent(1)
<S>	<C>	<C>	<C>	<C>
[redacted] Westport Ave Norwalk, CT 06851	Executive Office	14,000	2/28/05	$132,000
[redacted] Service Road Melville, NY 11747	Office	5,486	4/30/03	$ 93,000
[redacted] King Georges Post Rd Edison, NJ 08837	Sales Office	2,500	10/31/01	$ 40,000
[redacted] Richmond Hill Avenue Stamford, CT 06901	Office	3,000	4/06/00	$ 42,000
[redacted] W. Airfield Drive DFW Airport, TX 75261	Warehouse	2,000	7/31/00	$ 39,000
[redacted] DFW Airport, TX 75261	Retail	1,700	8/24/00	$ 30,000
[redacted] Sterling Suite B Irving, TX 75063	Warehouse	2,470	9/30/00	$ 15,000
[redacted] North Avenue Norwalk, CT 06851 </TABLE>	Office	2,400	expired	$ 30,400

(1) We are required to pay our proportionate share of any increase during the term of the lease in real estate taxes and expenses of maintaining the premises computed on the basis of the percentage of the total square footage of the premises occupied by us.

(2) The property owned in Mississauga, Canada was formerly used as a warehouse for our luggage operations that have been discontinued. It is fully rented to two tenants.

Our owned and leased space is fully utilized for the purposes set forth in the table above under the caption "Use," except for the new space in Orwell, Connecticut which is currently being developed as our new executive offices and a network operating center. We believe the existing properties are suitable and adequate for our existing business.

Item 3. - Legal Proceedings

Other than the license and regulatory proceedings that routinely occur for telecommunication entities, as described under "Government Regulation," we are not currently a party to any legal proceeding that we believe will have a material adverse effect on our financial condition or results of operations.

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

We held our 1999 Annual Meeting of Shareholders on November 10, 1999. The following are descriptions of the matters voted on and the results of each meeting:

Matter Voted On	Number of Shares For	Against	Abstain
1. Election of Directors			
Joel Papre	9,895,868		44,496
Gary M. Kellig	9,897,968		42,396
Paul H. Riss	9,896,978		43,386
Anthony Scalice	9,896,978		43,386
2. Proposal to change the name of the Company to eLEC Communications Corp.	9,907,332	30,332	2,700
3. Approval of an amendment to the Atrix International Corp. 1998 Employee Stock Option Plan to increase the number of shares of Common Stock reserved for issuance thereunder by 1,200,000 shares.	5,581,798	242,234	9,200

Part II

Item 5. - Market for the Company's Common Equity and Related Stockholder Matters

Our common stock trades on The Nasdaq Small Cap Stock Market(R) under the symbol ELEC. The high and low sales price for each quarterly period of our last two fiscal years are listed below:

		High	Low
Fiscal 1998			
	1st Quarter	$5.750	$1.563
	2nd Quarter	7.188	3.563
	3rd Quarter	6.750	1.000
	4th Quarter	1.969	0.656
Fiscal 1999			
	1st Quarter	$4.000	$0.750
	2nd Quarter	6.000	1.250
	3rd Quarter	2.594	1.313
	4th Quarter	3.219	1.250

As of February 15, 2000, there were 215 holders of record of the common stock and approximately 3,200 beneficial holders.

We have not declared any cash dividends during the past fiscal year with respect to the common stock. The declaration by our Board of Directors of any cash dividends in the future will depend upon the determination of as to whether, in light of our earnings, financial position, cash requirements and other relevant factors existing at the time, it appears advisable to do so. We do not plan to declare any dividends on our common stock in the foreseeable future.

During the fourth quarter of fiscal 1999, we acquired from RiderPoint, Inc. 500,000 shares of common stock of RiderPoint, Inc., in consideration of the issuance by us of 300,000 shares of our common stock; we issued 1,255,555 shares of our common stock, in conjunction with a private placement to raise $1,412,500; we issued 100,000 shares of our common stock to the former shareholders of Essex in conjunction with the attainment of certain performance objectives agreed to in connection with the acquisition of Essex; We issued 272,000 shares of our common stock to Joel Dupre, the Chairman of the Board to cancel indebtedness to Mr. Dupre and others; and we issued 69,000 shares of our common stock in conjunction with the acquisition of Peconic Telco, Inc. Such transactions were effected pursuant to Section 4(2) of the Securities Act of 1933, as amended.

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Item 6. - Selected Financial Data

The following selected financial information has been taken from our consolidated financial statements. The information set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included elsewhere in this report.

<TABLE>
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	Fiscal Years Ended November 30,				
	1999	1998	1997	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>
Earnings Statement:					
Net Sales	$ 4,170	$ 1,485	$ 276	$ --	$ --
Gross Profit	1,167	541	92	--	--
(Loss) From Continuing Operations Before Provision for Income Taxes	(3,562)	(2,204)	(105)	--	--
Income (Loss) From Discontinued Operations	(3,943)	(2,772)	(2,763)	622	(996)
Net Income (Loss)	(7,506)	(4,977)	(2,868)	622	(996)
Net Income (Loss) From Continuing Operations per Common Share:					
Basic	(0.41)	(0.43)	(0.03)	--	--
Diluted	(0.41)	(0.43)	(0.03)	--	--
Cash Dividends	--	--	--	--	--
Balance Sheet:					
Working Capital	$ (101)	$ 334	$ 5,107	$ 1,553	$ 1,142
Property, Plant, Equipment	212	835	827	888	650
Total Assets	7,297	11,029	14,042	9,577	10,013
Long Term Debt (Less Current Maturities)	198	291	4,522	348	590
Stockholders' Equity	3,458	3,754	3,216	2,780	1,897

</TABLE>

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Item 7. Management's Discussions and Analysis of Financial Condition and Results of Operations

Certain statements set forth below under this caption constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Please refer to page 3 of this Annual Report on Form 10-K for additional factors relating to such statements.

Item 7. Management's Analysis and Discussion of Financial Condition and Results of Operations

Fiscal Year 1999 Compared to Fiscal Year 1998

Continuing operations

Net sales for fiscal 1999 increased by approximately $2,686,000 or approximately 181%, to approximately $4,170,000 as compared to approximately $1,484,000 reported in fiscal 1998. The following table presents our net sales by industry segment for the fiscal years ended November 30, 1999 and 1998:

«TABLE»
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	Fiscal years ended November 30,		
Industry segment	1999	1998	Increase
«S»	«C»	«C»	«C»
Retail sales	$1,895,000	$1,111,000	$ 784,000
Telecommunications	2,275,000	373,000	1,902,000
Total	$4,170,000	$1,484,000	$2,686,000

«/TABLE»

Net sales of our telecommunications division, which consisted of the operations of Essex and WebQuill, increased by approximately $1,902,000, or approximately 510%, to approximately $2,275,000 in fiscal 1999 as compared to approximately $373,000 in fiscal 1998. This increase was attributable to the rapid growth in the number of installed access lines provisioned by us during the third and fourth quarters of fiscal 1999. Installed access lines amounted to approximately 2,400 on August 1, 1999 and grew to approximately 9,100 lines on November 30, 1999. Revenue for each installed access line averages approximately $50 per month.

Net sales of our retail division, consisting of the operations of Airline Venture, Inc. ("AVI"), increased by approximately $784,000, or approximately 71%, to approximately $1,895,000 in fiscal 1999 as compared to approximately $1,111,000 in fiscal 1998. The increase was partially attributable to the acquisition in January 1999 of Tag Air and partially attributable to increased product offerings. AVI operates three retail stores in Texas for professional airline flight crew members and sells pilot uniforms, study guides and travel products. Its products are also sold on the E-commerce sites www.avishop.com and www.800bags.com.

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The Company's gross profit increased by approximately $626,000, to approximately $1,167,000 reported in fiscal 1999 from approximately $540,000 reported in fiscal 1998, and the gross profit percentage decreased to 28% in fiscal 1999 from 36% reported in fiscal 1998. The decrease in gross profit percentage was primarily attributable to the significant increase in sales of our telecommunications division, which has lower margins than our retail sales division. Gross profit percentages amounted to 41% for the retail division and 17% for the telecommunications division, respectively, for fiscal 1999. We expect the retail division's gross margin to continue at its current level and the telecommunication division's gross margin to increase as Essex converts its customer base from a resale service offering to the Unbundled Network Elements Platform ("UNE-P") service offering that is now available through Bell Atlantic Corporation in the States of New York and Massachusetts. Approximately 56% of our customer lines were converted from resale to UNE-P as of November 30, 1999. Furthermore, effective February 17, 2000, the FCC has mandated that the UNE-P service offering be offered in every state. This ruling should help us convert more of our installed access lines to UNE-P and obtain higher gross margins in our telecommunications division. We estimate that in most states, the gross profit achieved from the UNE-P service offering should be approximately 40%, as compared to a resold line, which generates a gross margin of approximately 9%.

Selling, general and administrative expenses increased by approximately $1,559,000, or approximately 132%, to approximately $2,741,000 in fiscal 1999 as compared to approximately $1,182,000 in fiscal 1998. A major portion of the increase was directly attributable to increased labor and facility expenses incurred by our telecommunications division. This increase in expense is directly related to the significant increase in sales in fiscal 1999 as compared to fiscal 1998.

Interest expense from continuing operations amounted to approximately $15,000 in fiscal 1999. There was less than $1,000 of interest expense from our continuing operations during fiscal 1998.

At November 30, 1999, we were the largest shareholder of Access One Communications Corp. ("Access One"), owning approximately 21% of Access One's capital stock. As our investment in Access One is accounted for under the equity method of accounting, we are required to include our portion of Access One's net loss, up to the amount of our investment in Access One, in our results of operations. In fiscal 1999, we have recorded a loss of approximately $1,662,000 as compared to a loss of approximately $1,423,000 in fiscal 1998. We have been advised by Access One that their losses related to funding aggressive customer growth and the related costs associated with hiring employees to provision lines and provide customer service. As a result of the losses, our investment is now carried at $0.

Discontinued operations

On August 11, 1999, we sold certain assets and assigned certain licenses of our domestic luggage division to Interbrand L.L.C., an unrelated accessories company, in furtherance of our previously announced plans to discontinue the operations of our wholesale luggage segment. In addition to purchasing inventory, equipment and other assets, Interbrand also hired certain of our employees, including our current Chairman of the Board, Joel Dupre. Upon being hired by Interbrand, Mr. Dupre resigned his position as our Chief Executive Officer, and we no longer employ him.

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The operating results of our wholesale luggage segment have been accounted for as a discontinued operation and the results of operations have been excluded from continuing operations in our consolidated statements of operations for all periods presented, including the prior period financial statements in which we have restated the operating results of our wholesale luggage segment as a discontinued operation. Interest expense relating to borrowings by our former wholesale luggage segment is included as operating expenses of such discontinued segment. For fiscal 1999, we reported a loss from discontinued operations of approximately $3,179,000 and a loss on disposal of discontinued operations of approximately $764,000. A cumulative loss on foreign currency translation adjustment of approximately $572,000, which formerly was presented as a separate component of shareholder's equity, is now reflected as a loss related solely to the discontinued segment.

Fiscal Year 1998 Compared to Fiscal Year 1997

Net sales for fiscal 1998 increased by approximately $1,209,000 to approximately $1,485,000 as compared to approximately $276,000 reported in fiscal 1997. Net sales of our retail division, consisting of the operations of AVI, increased by approximately $835,000 in fiscal 1998 to approximately $1,111,000 from approximately $276,000 in fiscal 1997 as we reported a full year of retail operations in fiscal 1998 as compared to only three months in fiscal 1997.

Net sales of our telecommunications division amounted to approximately $374,000 in fiscal 1998, its first year of operation. Essex operated as a reseller of local telephone services and value-added products in the states of Connecticut, Massachusetts, New Jersey, New York and Virginia. NetQuill, which was acquired in August 1998, provided dial-up and dedicated Internet access, Web design, hosting and E-commerce development to small-and medium-sized businesses.

Our gross margin increased in fiscal 1998 by approximately $448,000 to approximately $540,000 from approximately $92,000 in fiscal 1997. The gross margin percentage increased to 36% in fiscal 1998, as compared to 33% in fiscal 1997. The increase in gross margin percentage is primarily due to the 44% gross margin from the retail division in fiscal 1998 as compared to 33% in fiscal 1997. The increases both in gross margin and gross margin percentage of the retail division are attributable to the operation of that business for a full year in fiscal 1998, as compared to a partial year of operations in fiscal 1997, which included start-up costs and operational expenses related to establishing appropriate vendor relationships and product offerings. The telecommunications division reported a gross margin of 14% in its first year of operations.

Selling general and administrative expenses increased in fiscal 1998 by approximately $993,000, or approximately 525%, to approximately $1,182,000 from approximately $189,000 reported in fiscal 1997. This increase in expenses was primarily attributable to our telecommunications operations, which were not in operation in fiscal 1997, and to our retail division, which was only in operation for three months in fiscal 1997.

Interest expense amounted to less than $1,000 in fiscal 1998 as compared to no interest expense in fiscal 1997. Both divisions operated without requiring a lending facility.

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At the end of fiscal 1998, we were the largest shareholder of Access One, owning approximately 31%. As our investment in Access One is accounted for under the equity method of accounting, we were required to include our portion of Access One's net loss in our results of operations. For fiscal 1998, we recorded a loss of approximately $1,423,000 relating to our investment in Access One. We have been advised by Access One that Access One's losses in fiscal 1998 were primarily the result of funding aggressive customer growth and the related costs associated with hiring employees to verify and provision lines, to staff a customer service operation and to develop a management information system. In addition, in fiscal 1998, Access One purchased local telephone service from BellSouth at a wholesale discount of 16.8% and passed on almost half of its discount to its customer base. The gross profit on this business was not large enough to cover the selling, general and administrative expenses associated with operating a local telephone company.

Liquidity and Capital Resources

At November 30, 1999, the Company had cash and cash equivalents of approximately $591,000 and a working capital deficit of approximately $191,000, an increase of approximately $239,000 and a decrease of approximately $439,000, respectively, over amounts reported at November 30, 1998. The decrease in working capital resulted primarily from the losses incurred from our former luggage segment and the costs associated with disposing of that segment.

Net cash provided by (used in) operating activities (including discontinued operations) aggregated approximately $610,000, $1,783,000 and ($6,627,000) in fiscal 1999, 1998 and 1997, respectively. The decrease in the net cash provided by operating activities in fiscal 1999 as compared to fiscal 1998 is primarily due to our ability to reduce our accounts receivable balances in fiscal 1998 by approximately $1,289,000, as compared to a reduction in fiscal 1999 of approximately $213,000. Although we disposed of a substantial portion of the assets of our luggage division in August 1999, by November 30, 1999, we were successful in increasing the sales of our telecommunications division and consequently created new accounts receivable balances. The increase in net cash provided by operating activities (which primarily reflected the operations of our discontinued luggage division) in fiscal 1998 as compared to fiscal 1997, primarily reflected a decrease in inventory and accounts receivable offset by the increase in our net loss from operations. The reduction in inventory levels was primarily due to our ability to better manage purchases relative to sales forecasts and the lack of import quota purchase constraints in fiscal 1998 that existed in fiscal 1997. The reduction in accounts receivable primarily reflects tighter credit and collection policies.

Net cash used in investing activities aggregated approximately $95,000, $158,000 and $58,000 in fiscal 1999, 1998 and 1997, respectively. The principal uses of cash from investing activities in fiscal 1999, 1998 and 1997 were for the purchase of fixed assets. In addition, we used approximately $34,000 for the 1999 acquisition of Peconic Telco, Inc. and $150,000 for the 1998 payment of certain obligations in conjunction with the acquisition of WebQuill. In fiscal 1999, 1998 and 1997, the principal sources of net cash provided by investing activities were proceeds from the sale of a subsidiary.

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Net cash (used in) provided by financing activities aggregated approximately ($270,000), ($1,399,000) and $6,391,000 in fiscal 1999, 1998 and 1997, respectively. In fiscal 1999, net cash used in financing activities resulted in the repayment of a revolving credit line of approximately $3,769,000, which was partially offset by the proceeds from a private placement of common stock of approximately $2,026,000, a loan from an officer in the net amount of approximately $227,000, the proceeds from the issuance of preferred stock in the amount of approximately $196,000 and the proceeds from the exercise of stock options of approximately $44,000. In fiscal 1998, net cash used in financing activities resulted from a repayment of a revolving credit line of approximately $2,528,000, which was partially offset by proceeds of approximately $18,000 from the exercise of stock options, proceeds of approximately $651,000 from a private equity placement and proceeds of approximately $468,000 from the exercise of stock warrants. In fiscal 1997, repayments of short-term debt of approximately $1,601,000 were offset by an increase of approximately $5,714,000 in net cash provided by a revolving credit facility. This increase was the result of a working capital agreement (see below) under which we were able to borrow up to 80% of the dollar amount of our eligible accounts receivable and 50% of our eligible inventory. During fiscal 1997, we also received approximately $166,000 in proceeds from the exercise of stock options; approximately $609,000 in proceeds from a private equity placement; and approximately $1,509,000 in proceeds from the exercise of stock warrants.

On December 17, 1996, we entered into a financing agreement with Coast Business Credit ("Coast"), a division of Southern Pacific Thrift and Loan Association, pursuant to which Coast made available to us a line of credit of $7,000,000 with advances based on 80% of our eligible accounts receivable and 50% of our eligible inventory. This loan was scheduled to mature on December 31, 1999, and was paid in full on December 29, 1999.

On March 3, 1999, our subsidiary, Essex, entered into a Receivable Sale Agreement with Receivables Funding Corp. ("RFC") that provides for Essex to sell up to $500,000 of its eligible receivables to RFC on a periodic basis and to grant RFC a security interest in the receivables purchased by RFC. The Receivables Sale Agreement does not transfer the risk of loss to RFC, and has been treated by us as a financing for financial statement purposes. As of November 30, 1999, Essex was indebted to RFC for the principal amount of approximately $198,000. Essex borrows from RFC at approximately five percentage points above the prime rate, which was 8.5% per annum at November 30, 1999. In December 1999, Essex increased the amount of eligible receivables it can sell to RFC to $1,000,000.

Our Canadian subsidiary has a mortgage on its real property in the amount of $304,000. The mortgage is payable in monthly installments of approximately $3,000, which includes interest at the rate of 10.25% per annum, with a balloon payment of approximately $291,000 in the year 2000. We have received an appraisal of the building of approximately $1,000,000, and we intend to sell the building in an orderly manner during fiscal 2000. The rental income from the current tenants covers the debt service and maintenance requirements of the building.

In fiscal 1999, our capital expenditures amounted to approximately $121,000. We expect to make additional capital expenditures of approximately $350,000 for equipment for our telecommunications division over the next 12 months. Such expenditures will be made in conjunction with the establishment of a network operating center in Norwalk, Connecticut and with the planned expansion to become a nationwide CLEC. We anticipate we will be able to finance equipment purchases through equipment leases or with working capital.

At February 15, 2000 we owned approximately 21% of Access One, which had at such date approximately 60,000 installed access lines and revenues of approximately $3,000,000 per month. Although Access One has approximately 750 shareholders, it is not publicly traded, there is no readily ascertainable market for its stock, and the shares held by us bear a restrictive legend stating that the shares have not been registered under the Securities Act of 1933. Despite the trading restriction, we have received offers to purchase a portion of our Access One stock for amounts ranging from $4.00 to $5.00 per share and subsequent to November 30, 1999, we sold 17,000 shares of stock in this price range. At February 15, 2000 we owned 3,918,500 shares of Access One and warrants to purchase 500,000 additional shares at $1.20 per share. Our investment in Access One is recorded on our books by the equity method of accounting and is carried at $0 as of November 30, 1999.

We believe that the retail division's working capital and cash flow from operations will be sufficient to meet the cash and capital requirements for our retail division for the next 12 months. Our plan for the growth of our telecommunications division includes an aggressive strategy to finish fiscal 2000 with more than 65,000 installed access lines. Although we anticipate that we will have reached profitability on a monthly basis at this level of operation, we will need to expend cash and we expect to incur additional losses before we are able to grow our business to a profitable level. Subsequent to November 30, 1999, we received net proceeds of approximately $2,500,000 from the exercise of warrants and from a private placement of our common stock. We believe our cash and cash equivalents at February 28, 2000 provide us with enough liquidity to carry out our fiscal 2000 growth plans. The inability to carry out our plans may result in the continuance of unprofitable operations, which would adversely affect our financial condition and results of operations.

Impact of Year 2000

The Year 2000 ("Y2K") issue is the result of computer-controlled systems using two digits rather than four to define the applicable year. For example, computer programs that have time sensitive software may recognize a date using "00" as the year 1900 instead of the year 2000. This reading could result in a system failure or miscalculations and cause a disruption in operations, including, among other things, a temporary inability to process transactions, send invoices or engage in similar normal business activity.

Since 1998, we have devoted significant efforts to address Y2K issues. We have developed a comprehensive, company-wide plan to identify, evaluate and remediate Y2K issues. In addition to the planning and testing that occurred throughout fiscal 1999, our technical support team reevaluated all our systems during the month of December 1999, to assure the maintenance of uninterrupted service to our customers. In addition, our plan included a review of the Y2K readiness of our vendors and suppliers who have material relationships with us. The major phases of the plan with respect to each of these categories included an inventory of all hardware and software components with possible date implications, an assessment of the Y2K readiness of all Web sites and E-commerce sites, the remediation of all Y2K issues which have been identified in the assessment phase, and validation testing and certification as to Y2K compliance.

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Our estimate of the total cost of our Y2K compliance efforts, based on amounts expended to date, plus estimated amounts of additional remediation costs, if any, is immaterial to the operations of the Company. The estimated Y2K costs have not been independently verified and may vary in the event of unforeseen Y2K remediation costs or costs related to the unanticipated costs from a third party vendor. Certain costs budgeted for the procurement of upgrades or replacements of servers and business information systems have not been included in this amount since these upgrades or replacements were being made by us independent of Y2K readiness. The estimated Y2K costs did not include any internal costs, such as compensation and benefits of employees delegated Y2K responsibilities, related to our Y2K plan since such costs are not internally allocated by us. We expect to fund any additional Y2K compliance efforts with cash flows from operations.

We have contacted various mission-critical external parties and have conducted testing procedures with certain of these external parties in order to confirm Y2K readiness. Some of our internal data networks are interconnected with, or dependent upon, systems operated by third parties, including telecommunications/data service providers and public utilities. Since external parties are responsible for addressing their own Y2K readiness, we are only able to determine at this time an estimate as to the extent to which any such conditions exist, and if they do exist, the extent to which they may have a material impact on our results of operations, financial condition or liquidity. Subsequent to December 31, 1999, we experienced no significant events, nor received any significant reports indicating any material Y2K issues. We are unaware of any uncorrected problems regarding the Y2K issue at this time, but will continue to monitor for any potential problems throughout 2000.

New Accounting Standards

In 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard 130, "Reporting Comprehensive Income" ("Statement 130"). Statement 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income, as defined, is the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The provisions of Statement 130 are effective for periods beginning after December 15, 1997. Accordingly, we adopted this standard for our fiscal year ending November 30, 1999.

In 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards 131, "Disclosures about Segments of an Enterprise and Related Information" ("Statement 131"), which establishes standards for segment reporting and disclosure of additional information on products and services, geographic areas and major customers. The provisions of Statement 131 are effective for periods beginning after December 15, 1997. Accordingly, we adopted this standard for our fiscal year ending November 30, 1999.

Item 7A. - Quantitative and Qualitative Disclosure About Market Risk

Our debt is currently limited to $1,000,000 under our current borrowing arrangements and such borrowings are at an effective rate of five percent over the prime rate. We currently do not use interest rate derivative instruments to manage our exposure to interest rate changes.

<PAGE>

Item 8. - Financial Statements and Supplementary Data

The financial statements and supplementary data to be provided pursuant to this Item 8 are included under Item 14 of this Report.

Item 9. - Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Part III

Item 10. - Directors and Executive Officers of the Company

The information required by this Item is incorporated here by reference to our definitive proxy statement for our 2000 Annual Meeting of Stockholders.

Item 11. - Executive Compensation

The information required by this Item is incorporated here by reference to our definitive proxy statement for our 2000 Annual Meeting of Stockholders.

Item 12. - Security Ownership of Certain Beneficial Owners and Management

The information required by this Item is incorporated here by reference to our definitive proxy statement for our 2000 Annual Meeting of Stockholders.

Item 13. - Certain Relationships and Related Transactions

The information required by this Item is incorporated here by reference to our definitive proxy statement for our 2000 Annual Meeting of Stockholders.

<EXCEL>

PART IV

Item 14. - Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) 1. Financial Statements
2. Financial Statement schedules
3. Exhibits

(3) Articles of Incorporation and By-laws

(a) Certificate of Incorporation, as amended, incorporated by reference to the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on August 27, 1969 under Registration Number 2-34436.

(b) Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to the Company's definitive proxy statement filed with the Securities and Exchange Commission in connection with the Company's Annual Meeting of Shareholders held in May, 1984.

(c) Certificate of Amendment to the Certificate of Incorporation, incorporated by reference to Exhibit 3(b) to the Company's Annual Report on Form 10-K for the year ended November 30, 1988.

(d) Certificate of Amendment to the Certificate of Incorporation, incorporated by reference to Exhibit 3(e) to the Company's Annual Report on Form 10-K for the year ended November 30, 1994, as amended.

(e) Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 31, 1995.

(f) Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 31, 1998.

(g) Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 31, 1998.

(h) Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3(1) to the Company's Current Report on Form 8-K dated November 16, 1999.

(i) By-laws, amended and restated as of December 1996, incorporated by reference to Exhibit 3(e) to the Company's Annual Report on Form 10-K for the year ended November 30, 1996.

(10) Material Contracts

(a) 1995 Stock Option Plan, incorporated by reference to Exhibit 10(I) to the Company's Annual Report on Form 10-K for the year ended November 30, 1995, as amended.

(b) 1996 Restricted Stock Award Plan, incorporated by reference to Exhibit A to the Company's Proxy Statement dated October 24, 1996.

(c) Employment Agreement, dated November 5, 1996 between the Company and Paul Riss, incorporated by reference to Exhibit 10(f) to the Company's Annual Report on Form 10-K for the year ended November 30, 1996. (d) Agreement and Plan of Merger dated January 21, 2000 between eLEC Communications Corp., eLEC Communications Sub I, Inc., and Telecarrier Services, Inc., Michael Lagana and Zina Hassel, incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, dated January 21, 2000.

(22) Subsidiaries of Company - The significant subsidiaries of Company, all of which are wholly-owned by Company and included in its consolidated financial statements, are as follows:

Name	Jurisdiction of Organization
	<C>
American Telecom LLC	Connecticut
Airline Ventures, Inc.	Texas
Essex Communications, Inc.	New York
Peconic Telco, Inc.	New York
Sirco Industries, Limited	Hong Kong
Sirco International (Canada) Limited	Canada
Telecarrier Services, Inc.	Delaware
WebQuill Internet Services LLC	Connecticut

(23) Consent of Nussbaum Yates & Wolpow, P.C.
(27) Financial Data Schedule

(b) Reports on Form 8-K.

We filed a Current Report on Form 8-K dated August 11, 1999 reporting the approval by our Board of Directors of a corporate name change to eLEC Communications Corp., subject to shareholder approval, and providing the pro forma financial information with respect to the previously reported sale of certain assets of our former luggage division pursuant to the asset purchase agreement with Interbrand L.L.C. (Items 2 and 7).

We filed a Current Report on Form 8-K dated November 16, 1999 reporting the change of our corporate name from Sirco International Corp. to eLEC Communications Corp. (Item 5).

We filed a Current Report on Form 8-K dated January 21, 2000 reporting our acquisition of Telecarrier Services, Inc. At the time of the filing it was impracticable for us to provide the required pro forma financial information, if any, with respect to such transaction. We intend to file such information, if required, by amendment to the Form 8-K as soon as practicable, but in any event within 60 days of the filing of the initial Form 8-K.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized on the 28th day of February 2000.

eLEC COMMUNICATIONS CORP.
(Company)

By: /s/ Paul H. Riss

Paul H. Riss
Chief Executive Officer

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

<TABLE>
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Signature	Title	Date
	<C>	<C>
/s/ Paul H. Riss	Chief Executive Officer	February 28, 2000
Paul H. Riss	Chief Financial Officer (Principal Accounting Officer) Director	
/s/ Joel Dupre	Chairman of the Board of Directors	February 28, 2000
Joel Dupre		
/s/ Eric M. Hellige	Director	February 28, 2000
Eric M. Hellige		
/s/ Anthony Scalice	Director	February 28, 2000
Anthony Scalice		

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FORM 10-K

ITEM 14(a)(1) AND (2)

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES

LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

The following consolidated financial statements of eLEC Communications, Inc. and Subsidiaries are included in Item 8:

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Report of Independent Auditors — F-2

Consolidated balance sheets - November 30, 1999 and 1998 — F-3 - F-4

Consolidated statements of operations - Years ended November 30, 1999, 1998 and 1997 — F-5

Consolidated statements of stockholders' equity - Years ended November 30, 1999, 1998 and 1997 — F-6 - F-7

Consolidated statements of cash flows - Years ended November 30, 1999, 1998 and 1997 — F-8 - F-9

Notes to consolidated financial statements - Years ended November 30, 1999, 1998 and 1997 — F-10 - F-34

The following consolidated financial statement schedules of eLEC Communications, Inc. and Subsidiaries are included in Item 14(d):

Schedule II - Valuation and qualifying accounts - Years ended November 30, 1999, 1998 and 1997 — F-35

Access one Communications Corp. and Subsidiaries:

Report of Independent Auditors — F-36

Consolidated balance sheets - October 31, 1999 and 1998 — F-37

Consolidated statements of operations - Years ended October 31, 1999 and 1998 — F-38

Consolidated statements of stockholders' equity (deficiency) - Years ended October 31, 1999 and 1998 — F-39

Consolidated statements of cash flows - Years ended October 31, 1999 and 1998 — F-40

Notes to consolidated financial statements - Years ended October 31, 1999 and 1998 — F-41 - F-54

</TABLE>

All other schedules are omitted because they are not required, are inapplicable, or the information is included in the financial statements or notes thereto.

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Report of Independent Auditors

The Board of Directors and Shareholders
eLEC Communications, Inc.
Norwalk, Connecticut

We have audited the accompanying consolidated balance sheets of eLEC Communications, Inc. (formerly known as Sirco International Corp.) and Subsidiaries as of November 30, 1999 and 1998, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years ended November 30, 1999, 1998 and 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of eLEC Communications, Inc. and its subsidiaries as of November 30, 1999 and 1998, and the consolidated results of their operations and their consolidated cash flows for the years ended November 30, 1999, 1998 and 1997, in conformity with generally accepted accounting principles.

We have also audited Schedule II for each of the years in the period ended November 30, 1999. In our opinion, this schedule presents fairly, in all material respects, the information required to be set forth therein.

/s/NUSSBAUM YATES & WOLPOW, P.C.

NUSSBAUM YATES & WOLPOW, P.C.

Melville, New York
February 21, 2000 (February 25, 2000 as to the last paragraph of Note 15)

[redacted]

[redacted] COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
NOVEMBER 30, 1999 AND 1998

ASSETS

	1999	1998
[redacted]	<C>	<C>
[redacted] assets:		
[redacted] and cash equivalents	$ 591,299	$ 352,489
[redacted] receivable, principally trade - net of allowance of $624,000 and $337,000 in 1999 and 1998	1,245,078	1,565,727
[redacted]	876,460	4,397,635
[redacted] expenses	52,636	199,805
[redacted] current assets	177,680	36,791
[redacted] and building held for sale	596,304	--
[redacted] income taxes	--	149,902
Total current assets	3,539,457	6,702,349
[redacted], plant and equipment - at cost:		
[redacted]	--	185,279
[redacted]	--	459,788
[redacted] and equipment	322,734	941,127
[redacted] improvements	--	320,132
	322,734	1,906,326
[redacted] accumulated depreciation and amortization	111,036	1,070,852
	211,698	835,474
[redacted] assets:		
[redacted] in and advances to subsidiary	424,575	464,573
[redacted], net of accumulated amortization of $352,966 and $119,193 in 1999 and 1998	1,554,370	1,377,958
[redacted] in affiliate under equity method	0	1,476,434
[redacted] under cost method	1,469,929	---
[redacted]	97,108	172,254
	3,545,982	3,491,219
Total assets	$7,297,137	$11,029,042

[redacted]

See accompanying notes to consolidated financial statements.

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ELEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
NOVEMBER 30, 1999 AND 1998

LIABILITIES AND STOCKHOLDERS' EQUITY

	1999	1998
<S>	<C>	<C>
Current liabilities:		
Loans payable to financial institutions and current maturities of long-term debt	$ 523,695	$ 3,193,344
Due to related parties	34,725	519,596
Accounts payable	1,302,714	993,779
Accrued expenses and taxes	1,779,704	1,661,420
Total current liabilities	3,640,838	6,368,139
Long-term debt, less current maturities	197,772	290,994
Due to related parties and accounts payable refinanced	--	615,829

Commitments and contingencies
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Stockholders' equity:		
Preferred stock, Series A, $.10 par value; 1,000,000 shares authorized, 700 shares issued in 1998 (none in 1999), liquidation preference $1,000 per share	--	70
Preferred stock, Series B, $.10 par value; 1,300 shares authorized, 196 shares issued in 1999, liquidation preference $1,000 per share	20	--
Common stock, $.10 par value; 20,000,000 shares authorized in 1999 and 1998, 11,287,164 and 6,343,316 shares issued in 1999 and 1998	1,128,715	634,331
Capital in excess of par value	18,808,397	12,851,015
Deficit	(16,370,088)	(8,864,535)
Treasury stock at cost, 11,000 shares	(27,500)	(27,500)
Treasury stock held by equity investee	--	(159,196)
Accumulated other comprehensive income (loss), accumulated foreign currency translation adjustment	(81,017)	(679,905)
Total stockholders' equity	3,458,527	3,754,080
Total liabilities and stockholders' equity	$ 7,297,137	$11,029,042

</TABLE>

See accompanying notes to consolidated financial statements.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

	1999	1998	1997
<S>	<C>	<C>	<C>
Revenues:			
Telecommunications services	$ 2,275,474	$ 373,885	$ --
Specialty retail travel products	1,894,557	1,111,339	275,871
Total revenues	4,170,031	1,485,224	275,871
Costs and expenses:			
Costs of telecommunication services	1,884,949	321,430	--
Cost of specialty retail travel product sales	1,117,749	623,242	183,505
Selling, general and administrativ	2,741,264	1,181,873	188,860
Depreciation and amortization	330,054	139,451	8,678
Equity in loss of Access One Communications Corp	1,661,630	1,423,300	--
Total costs and expenses	7,735,646	3,689,296	381,043
Loss from operations	(3,565,615)	(2,204,072)	(105,172)
Other income (expense):			
Interest expense	(15,419)	(467)	--
Interest income	18,546	--	--
Loss from continuing operations	(3,562,488)	(2,204,539)	(105,172)
Discontinued operations:			
Loss from discontinued operations	(3,179,361)	(2,772,464)	(2,762,993)
Estimated loss on disposal of discontinued operations	(763,704)	--	--
Loss from discontinued operations	(3,943,065)	(2,772,464)	(2,762,993)
Net loss	($7,505,553)	($4,977,003)	($2,868,165)

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Basic and diluted loss per share:			
Continuing operations	($ .41)	($ .43)	($ .03)
Discontinued operations	($ .45)	($ .53)	($ .85)
Net loss	($ .86)	($ .96)	($ .88)
Weighted-average number of common shares outstanding	8,717,554	5,184,748	3,243,392

</TABLE>

See accompanying notes to consolidated financial statements.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

	Preferred Stock		Common Stock		Capital In Excess of		
	Shares	Amount	Shares	Amount	Par Value	Deficit	Stock
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, November 30, 1996	--	$--	2,630,400	$ 263,040	$ 4,136,014	($1,019,367)	($27,500)
Net loss	--	--	--	--	--	(2,868,165)	--
Translation adjustment	--	--	--	--	--	--	--
Comprehensive income (loss)	--	--	--	--	--	--	--
Exercise of stock options	--	--	145,000	14,500	151,750	--	--
Issuance of common stock in private placement	--	--	400,000	40,000	569,000	--	--
Exercise of warrants	--	--	700,000	70,000	1,439,104	--	--
Stock issued for equity investment in Access One Communications Corp.	--	--	425,000	42,500	1,457,500	--	--
Treasury stock acquired by equity investee	--	--	--	--	--	--	--
Balance, November 30, 1997	--	--	4,300,400	430,040	7,753,368	(3,887,532)	(27,500)
Net loss	--	--	--	--	--	(4,977,003)	--
Translation adjustment	--	--	--	--	--	--	--
Comprehensive income (loss)	--	--	--	--	--	--	--
Exercise of stock options	--	--	15,000	1,500	16,688	--	--
Stock issued for debt retirement	--	--	260,000	26,000	1,144,000	--	--
Exercise of warrants	--	--	212,000	21,200	446,704	--	--
Stock issued for acquisition of Essex Communications, Inc.	--	--	350,000	35,000	702,820	--	--
Stock issued for acquisition of Webquill Internet Services, LLC	--	--	375,000	37,500	637,500	--	--
Issuance of preferred stock	700	70	--	--	651,315	--	--
Stock issued for services	--	--	30,916	3,091	19,520	--	--
Stock issued for equity investment in Access One Communications	--	--	800,000	80,000	1,479,100	--	--
Reduction in treasury stock held by equity investee	--	--	--	--	--	--	--
Balance, November 30, 1998	700	70	6,343,316	634,331	12,851,015	(8,864,535)	(27,500)

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	Treasury Stock Held by Equity Investee	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
<S>	<C>	<C>	<C>
Balance, November 30, 1996	$ --	($571,691)	$ 2,780,496
Net loss	--	--	(2,868,165)
Translation adjustment	--	(61,060)	(61,060)
Comprehensive income (loss)	--	--	(2,929,225)
Exercise of stock options	--	--	166,250
Issuance of common stock in private placement	--	--	609,000
Exercise of warrants	--	--	1,509,104
Stock issued for equity investment in Access One Communications Corp.	--	--	1,500,000
Treasury stock acquired by equity investee	(420,000)	--	(420,000)
Balance, November 30, 1997	(420,000)	(632,751)	3,215,625
Net loss	--	--	(4,977,003)
Translation adjustment	--	(47,154)	(47,154)
Comprehensive income (loss)	--	--	(5,024,157)
Exercise of stock options	--	--	18,188
Stock issued for debt retirement	--	--	1,170,000
Exercise of warrants	--	--	467,904
Stock issued for acquisition of Essex Communications, Inc.	--	--	737,820
Stock issued for acquisition of Webquill Internet Services, LLC	--	--	675,000
Issuance of preferred stock	--	--	651,385
Stock issued for services	--	--	23,611
Stock issued for equity investment in Access One Communications	--	--	1,559,100
Reduction in treasury stock held by equity investee	260,604	--	260,604
Balance, November 30, 1998	(159,396)	(679,905)	3,754,080

(Continued)

</TABLE>

See accompanying notes to consolidated financial statements.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

	Preferred Stock		Common Stock		Capital In Excess of	
	Shares	Amount	Shares	Amount	Par Value	Deficit
	------	------	------	------	---------	-------
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, November 30, 1998	700	70	6,343,316	634,331	12,851,015	(8,864,535)
Net loss						(7,505,553)
Translation adjustment, including a reclassification adjustment of $592,170 related to dissolution of Hong Kong subsidiary	--	--	--	--	--	--
Comprehensive income (loss)	--	--	--	--	--	--
Stock issued for services	--	--	25,000	2,500	35,000	--
Issuance of common stock	--	--	1,890,055	189,005	1,836,719	--
Exercise of stock options	--	--	37,000	3,700	40,050	--
Stock issued for debt retirement	--	--	1,484,780	148,478	1,945,953	--
Stock issued for acquisition of Tag Air, Inc.	--	--	149,210	14,921	158,014	--
Stock issued for acquisition of Peconic Telco, Inc.	--	--	69,000	6,900	111,850	--
Stock issued for investment in Riderpoint, Inc.	--	--	550,000	55,000	1,201,250	--
Stock issued for investment in Skyclub Communications	--	--	120,149	12,015	158,801	--
Stock issued for equity investment in Access One Communications Corp	--	--	1,420,000	142,000	1,689,600	--
Access One Communications Corp. put exercise	--	--	(1,400,000)	(140,000)	(1,666,000)	--
Reduction in treasury stock held by equity investee	--	--	--	--	--	--
Stock issued for performance conditions of Essex Communications	--	--	225,000	22,500	212,650	--
Conversion of Series A preferred stock to common stock	(700)	(70)	373,654	37,365	(37,295)	--
Issuance of Series B preferred stock	196	20	--	--	195,309	--
Adjustment of expenses incurred in raising equity	--	--	--	--	72,681	--
		----------	----------	----------	----------	----------
Balance, November 30, 1999	196	$ 20	11,267,164	$1,128,715	$ 18,808,397	($16,370,088)
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	Treasury Stock	Treasury Stock Held by Equity Investee	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
<S>	<C>	<C>	<C>	<C>
Balance, November 30, 1998	(27,500)	(159,396)	(679,905)	3,754,080
Net loss				(7,505,553)
Translation adjustment, including a reclassification adjustment of $572,170 related to dissolution of Hong Kong subsidiary	--	--	598,888	598,888
Comprehensive income (loss)	--	--	--	(6,906,665)
Stock issued for services	--	--	--	37,500
Issuance of common stock	--	--	--	2,035,774
Exercise of stock options	--	--	--	43,750
Stock issued for debt retirement	--	--	--	2,094,431
Stock issued for acquisition of Teg Air, Inc.	--	--	--	172,935
Stock issued for acquisition of Peconic Telco, Inc.	--	--	--	130,750
Stock issued for investment in Riderpoint, Inc.	--	--	--	1,256,250
Stock issued for investment in Skyclub Communications	--	--	--	170,816
Stock issued for equity investment in Access One Communications Corp	--	--	--	1,811,800
Access One Communications Corp. put exercise	--	--	--	(1,806,000)
Reduction in treasury stock held by equity investee	--	159,396	--	159,396
Stock issued for performance conditions of Essex Communications	--	--	--	235,150
Conversion of Series A preferred stock to common stock	--	--	--	--
Issuance of Series B preferred stock	--	--	--	195,929
Adjustment of expenses incurred in raising equity	--	--	--	72,881
Balance, November 30, 1999	($27,500)	$ --	($ 81,017)	$ 3,458,527

</TABLE>

See accompanying notes to consolidated financial statements.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

	1999	1998	1997
<S>	<C>	<C>	<C>
Operating activities:			
Net loss	($7,505,553)	($4,977,003)	($2,868,165)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	375,958	227,005	110,168
Abandonment of property plant and equipment	227,232	--	--
Translation adjustment related to liquidation of Hong Kong subsidiary	572,170	--	--
Loss on equity investment including goodwill amortization of $375,000 in 1999 and 1998	1,661,630	1,423,100	--
Stock issued for services	37,500	22,611	--
Provision for losses on accounts receivable and other assets	108,000	299,000	278,000
Loss on sale of property, plant and equipment	7,499	--	7,012
Estimated gain on sale of land and building of discontinued operations	(169,650)	--	--
Changes in operating assets and liabilities, net of effects of acquisitions and other transactions:			
Accounts receivable	213,107	1,289,333	(594,077)
Inventories	3,526,891	3,275,479	(3,335,876)
Prepaid expenses	146,827	42,988	12,926
Other current assets	(140,889)	6,595	79,014
Other assets	75,146	41,839	(60,538)
Accounts payable, related parties and accrued expenses	1,324,545	156,498	182,538
Income taxes	149,902	(24,930)	(448,240)
Net cash provided by (used in) operating activities	610,315	1,782,715	(6,627,238)
Investing activities, net of effects of acquisitions:			
Purchases of property, plant and equipment	(120,935)	(57,765)	(87,045)
Proceeds from sale of property, plant and equipment	9,840	--	3,607
Cash inflow from agreement to sell subsidiary	39,998	50,224	25,700
Payment of certain obligations of WebQuill Internet Services, LLC	--	(150,000)	--
Acquisition of Peconic Telco, Inc., net of cash acquired	(24,053)	--	--
Net cash used in investing activities	(95,150)	(157,541)	(57,738)

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(Continued)

See accompanying notes to consolidated financial statements.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

	1999	1998	1997
<S>	<C>	<C>	<C>
Financing activities:			
Repayment of loans payable to financial institutions and short-term loans payable to related parties, net	$ --	$ --	($1,600,821)
Proceeds from (repayment of) revolving credit line, net	(2,768,944)	(2,527,977)	5,714,056
Repayment of long-term debt, net of exchange rate	6,073	(8,470)	(6,550)
Officer loan, net of repayment	227,000	--	--
Proceeds from exercise of stock options	43,750	18,188	166,250
Proceeds from private placement of common stock	2,025,774	--	609,000
Proceeds from exercise of warrants	--	467,904	1,509,104
Proceeds from issuance of preferred stock	195,929	651,385	--
Net cash provided by (used in) financing activities	(270,418)	(1,398,970)	6,391,039
Effect of exchange rate changes on cash	(5,937)	12,095	18,084
Increase (decrease) in cash and cash equivalents	238,810	238,299	(275,853)
Cash and cash equivalents at beginning of year	352,489	114,190	390,043
Cash and cash equivalents at end of year	$ 591,299	$ 352,489	$ 114,190
Cash paid during the year for:			
Interest	$ 297,209	$ 502,005	$ 510,869
Income taxes	$ --	$ --	$ 300,015

</TABLE>

Supplemental disclosure of non-cash investing and financing activities:

See Notes 2, 3, 7 and 8.

See accompanying notes to consolidated financial statements.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

1. Description of Business and Summary of Accounting Principles

Description of Business and Concentration of Credit Risk

eLEC Communications, Inc. ("eLEC" or the "Company") (formerly known as Sirco International Corp.) presently has two active business segments. The first active business segment, and the principal focus of the Company, is as a competitive local exchange carrier through its wholly-owned subsidiaries, Essex Communications, Inc. ("Essex") and WebQuill Internet Services LLC ("WebQuill"), to resell and provide low cost alternative telecommunication services and other bundled services, focusing on small and medium-sized business users. The second active business segment is as a specialty retail business through its wholly-owned subsidiary, Airline Ventures, Inc. ("AVI"), that sells travel products, uniforms and study guides via retail stores, E-commerce sites and a Web site primarily to professional airline crew members. Trade receivables potentially subject the Company to credit risk. The Company extends credit to its customers based upon an evaluation of the customer's financial condition and credit history and generally does not require collateral.

As part of its telecommunications strategy, the Company has acquired an ownership interest in Access One Communications, Inc. ("Access"), which is a competitive local exchange carrier and reseller of telecommunication services to businesses and residential customers in the southeastern United States. The Company's investment in Access is accounted for on the equity method.

During the fiscal year ended November 30, 1999, the Company discontinued the operations of its wholesale luggage business segment which, in prior years, had represented substantially all of the business operations of the Company (see "Discontinued Operations").

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries after elimination of significant intercompany balances and transactions. Investments in 20% to 50% owned affiliated companies are accounted for on the equity method. Investments of less than 20% in companies that do not have readily determinable fair values are carried at cost.

Inventories

Inventories, consisting primarily of finished goods purchased for resale, are stated at the lower of cost (first-in, first-out and average) or market.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

1. Description of Business and Summary of Accounting Principles (Continued)

Property, Plant and Equipment and Depreciation

Depreciation is computed primarily by use of accelerated and straight-line methods over the estimated useful lives of the assets. The estimated useful lives are 20 years for building, 5 to 10 years for machinery and equipment, and the life of lease for leasehold improvements.

Foreign Currency Translation

Assets and liabilities of the Company's foreign subsidiaries are translated at year-end exchange rates, and income and expenses are translated at average exchange rates prevailing during the year with the resulting adjustments accumulated in stockholders' equity.

Income Taxes

The Company accounts for income taxes according to the provisions of Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes." Under the liability method specified by SFAS 109, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates which will be in effect when these differences reverse and the effect of net operating loss carryforwards. Deferred tax expense is the result of changes in deferred tax assets and liabilities. A valuation allowance has been established to reduce the deferred tax assets as it is more likely than not that such portion of the deferred tax assets will not be realized.

Revenue Recognition

Revenue from providing telecommunication related services is recognized in the period related services are provided. Revenue from the Company's specialty retail business and from the Company's discontinued luggage business is recognized upon shipment or delivery of merchandise.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income by the weighted-average number of shares outstanding. Diluted earnings (loss) per share includes the dilutive effect of stock options, warrants and convertible preferred stock. Such options, warrants and convertible preferred stock have not been included in the computations as they were antidilutive in 1999, 1998 and 1997, but may become dilutive in the future.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

1. Description of Business and Summary of Accounting Principles (Continued)

Cash Equivalents

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

Goodwill and Other Intangible Assets

The excess cost over net assets acquired (goodwill) is being amortized on a straight-line basis over 7 years. Goodwill and other intangible assets are periodically reviewed for impairment based on an assessment of current and future levels of operating income and cash flows, as well as other factors.

Impairment of Long-Lived Assets

The Company reviews long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Use of Estimates

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

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

1. Description of Business and Summary of Accounting Principles (Continued)

Advertising

Advertising costs are expensed as incurred. Advertising expense, principally related to discontinued operations, amounted to approximately $48,000 in 1999, $78,000 in 1998, and $55,000 in 1997.

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of significant financial instruments:

o Cash and Cash Equivalents

The carrying amount approximates fair value because of the short maturity of those instruments.

o Investments in and Advances to Subsidiary

The fair value of investments in and advances to subsidiary is estimated based on discounted cash flow analyses using estimated interest rates and an appropriate allowance for uncollectibility. The carrying amount approximates its fair value.

o Long-Term Debt

The fair value of the Company's long-term debt is estimated based on current rates offered to the Company for debt of the same remaining maturities and approximates the carrying amount.

The Company has no instruments with significant off-balance-sheet risk.

Recent Accounting Pronouncements

Effective December 1, 1998 the Company adopted SFAS No. 130, "Reporting Comprehensive Income." SFAS 130 establishes standards for the display of comprehensive income and its components in a full set of financial statements. Comprehensive income (loss) includes all changes in equity during a period except those resulting from the issuance of shares of stock and distributions to shareholders.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

1. Description of Business and Summary of Accounting Principles (Continued)

Recent Accounting Pronouncements (Continued)

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which established accounting and reporting standards for derivative instruments and for hedging activities. In June 1999, the FASB issued SFAS No. 137 which deferred the effective date of SFAS No. 133 for the Company to the beginning of its fiscal 2001. Presently, the Company has no use of derivative financial instruments and believes that SFAS No. 133 will not have a material impact on its results of operations.

Reclassifications

Certain amounts have been reclassified to conform to the 1999 presentation.

2. Acquisitions

On February 27, 1998, the Company acquired all of the outstanding shares of common stock of Essex in exchange for 250,000 shares of the Company's common stock and warrants to purchase up to 225,000 shares of the Company's common stock at $2.75 per share, of which warrants to purchase 75,000 shares vested immediately and warrants to purchase 150,000 shares will vest if certain performance conditions are met, of which 75,000 became vested during the fiscal year ended November 30, 1999. In addition, if certain performance conditions are met, up to 600,000 additional shares of common stock may be issued. As of November 30, 1999, 325,000 of such shares had been issued to the former shareholders of Essex as certain performance conditions were met. The transaction was accounted for as a purchase. The purchase price exceeded the fair value of net assets acquired by approximately $737,000, which is being amortized on a straight-line basis over 7 years. The results of operations of Essex are included in the accompanying financial statements from the date of acquisition.

On August 14, 1998, the Company acquired all of the membership interests of WebQuill in exchange for 525,000 shares of the Company's common stock (of which 375,000 shares were delivered to the sellers and 150,000 shares were deposited in an escrow account and will be delivered upon attainment of certain performance conditions) and the payment of $150,000 of Webquill's obligations. As of November 30, 1999, such conditions were not met. The transaction was accounted for as a purchase. The purchase price exceeded the fair value of net assets acquired by approximately $750,000, which is being amortized on a straight-line basis over 7 years. The results of operations of WebQuill are included in the accompanying financial statements from the date of acquisition.

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

2. Acquisitions (Continued)

In January 1999, the Company acquired all of the outstanding shares of Tag Air, Inc. ("Tag Air") in exchange for 149,210 shares of the Company's common stock valued at approximately $173,000 in a transaction accounted for as a purchase. Tag Air is a retailer that sells name brand luggage, apparel and travel-related accessories to airline pilots and flight crews. This transaction was accounted for as a purchase. The purchase price exceeded the fair value of net assets acquired by approximately $47,000, which is being amortized on a straight-line basis over seven years. On November 17, 1999, the Company acquired all of the outstanding shares of common stock of Peconic Telco, Inc. ("Peconic") in exchange for 69,000 shares of its common stock, valued at $120,750, plus a cash payment of $28,000. Peconic is an installer of telephones and telephone equipment. The purchase price exceeded the fair value of net assets acquired by approximately $135,000, which is being amortized on a straight-line basis over seven years. Pro forma financial statements of the Tag Air and Peconic acquisitions as if they occurred as of December 1, 1997 have not been presented since the results were not material.

On April 6, 1999, the Company issued 250,000 shares of its common stock, valued at $412,500, in exchange for a 19% interest in RiderPoint Inc. ("RiderPoint"). On November 30, 1999, an additional 300,000 shares, valued at $862,500, were issued, thereby increasing its ownership in Riderpoint to 27% on such date. RiderPoint is a developer, marketer, and administrator of insurance and financial service programs. On May 25, 1999, the Company issued 120,149 shares of its common stock, valued at $170,816, in exchange for a 19% interest in Skyclub Communications Holding Corp. ("Skyclub"). Skyclub provides digital satellite systems for the reception of direct television and high-speed Internet services. The investment is carried at cost.

3. Loans Payable to Financial Institutions and Long-Term Debt

In connection with the financing of its discontinued luggage business, the Company had entered into a financing agreement with Coast Business Credit, a division of Southern Pacific Thrift and Loan Association. As of November 30, 1999 and 1998, the Company had a loan outstanding of $219,363 and $3,186,079 under the agreement. The loan was repaid in full in December 1999. The loan, which was available to the Company based upon a portion of the eligible inventory and accounts receivable of the discontinued luggage business, had an interest rate of 2% above the prime rate, was collateralized by a security interest in substantially all assets of the Company, and contained various restrictions, including a restriction on the payment or declaration of any cash dividends.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

3. Loans Payable to Financial Institutions and Long-Term Debt (Continued)

On March 3, 1999, Essex entered into a Receivable Sales Agreement ("the Agreement") with Receivables Funding Corporation ("RFC"). The Agreement provides for Essex to sell up to $500,000 ($1,000,000 effective December 1999) of its eligible receivables (as defined) to RFC on a periodic basis and to grant RFC a security interest in the receivables purchased by RFC. As of November 30, 1999, approximately $190,000 was outstanding under the Agreement. The Agreement, in substance, does not transfer the risk of loss to RFC, and has been treated as a financing for financial statement purposes. In substance, Essex borrows under the Agreement at approximately five percentage points above the prime rate. The Agreement has a termination date of the earlier of (a) March 3, 2001; (b) a termination event as defined in the Agreement; (c) the occurrence of an event of seller default as defined in the Agreement; or (d) ninety days following the Company's delivery of written notice to RFC setting forth the Company's desire to terminate the Agreement and the payment of a termination fee (as defined).

The Company's Canadian subsidiary has a real property mortgage of approximately $368,000, payable in monthly installments of approximately $3,138 including interest at 10.25% with a balloon payment of approximately $291,000 in the year 2000. Substantially all of the assets of the Canadian subsidiary have been pledged as collateral for the above loans. The Canadian subsidiary has agreed to certain financial covenants (current ratio, debt-to-equity ratio, debt service coverage) and may not pay dividends to the parent.

Long-term debt consists of the following:

«TABLE»
«CAPTION»

	1999	1998
«S»	<C>	<C>
Loan payable to Coast	$219,363	$3,106,079
Loan payable to RFC	197,772	-
Subsidiary mortgage payable	304,332	298,259
	721,467	3,404,338
Less current maturities	523,695	3,193,344
	$197,772	$ 290,994

«/TABLE»

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

3. Loans Payable to Financial Institutions and Long-Term Debt (Continued)

Principal payments are due as follows:

Year ended November 30,

2000	$523,695
2001	197,772
	$721,467

4. Income Taxes

At November 30, 1999, the Company had net operating loss carryforwards for Federal income tax purposes of approximately $15,000,000 expiring in the years 2001 through 2019. There is an annual limitation of approximately $187,000 on the utilization of approximately $2,300,000 of such net operating loss carryforwards under the provisions of Internal Revenue Code Section 382.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of November 30, 1999 and 1998 are as follows:

<TABLE>
<CAPTION>

	1999	1998
Deferred tax assets:		
<S>	<C>	<C>
Net operating loss carryforwards	$5,250,000	$ 3,250,000
Allowance for doubtful accounts and accruals	120,000	270,000
Inventory	10,000	230,000
Depreciation	80,000	100,000
	5,460,000	3,850,000
Deferred tax liabilities:		
Installment sale of investment	--	(50,000)
Valuation allowance	5,460,000	(3,800,000)
Net deferred tax assets	$ --	$ --

</TABLE>

The valuation allowance at November 30, 1997 was $3,040,000.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

4. Income Taxes (Continued)

The following is a reconciliation of the tax provisions for the three years ended November 30, 1999 with the statutory Federal income tax rates:

<TABLE>
<CAPTION>

	Percentage of Pre-Tax Income		
	1999	1998	1997
<S>	<C>	<C>	<C>
Statutory Federal income tax rate	(34.0%)	(34.0%)	(34.0%)
State and local income taxes, net of Federal income tax benefit		--	.1
Equity loss on investment in Access One	(7.5)	(9.7)	--
Utilization of foreign tax loss carryforwards/ carryback	--	(3.2)	(4.3)
Operating losses generating no current tax benefit, United States	41.5	43.7	34.0
Other items, net	--	--	.1
	--	(3.2%)	(4.1%)

</TABLE>

5. Pension Plans

The Company has a defined benefit plan covering substantially all of its domestic employees. The benefits provided are primarily based upon years of service and compensation, as defined. The Company's funding policy is to contribute annually the minimum amount required to cover the normal cost and to fund supplemental costs, if any, from the date each supplemental cost was incurred. Contributions were intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. Plan assets consist primarily of investments in money market funds.

Effective June 30, 1995, the plan was frozen, ceasing all benefit accruals and resulting in a plan curtailment.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

9. Pension Plans (Continued)

Net periodic pension cost (gain) included the following components:

<TABLE>
<CAPTION>

	1999	1998	1997
<S>	<C>	<C>	<C>
Interest cost on projected benefit obligation	$ 57,734	$ 56,393	$ 57,257
Return on assets	(61,874)	(63,704)	(66,110)
Net amortization and deferral	(584)	(4,112)	(4,112)
	($ 4,724)	($11,423)	($12,965)

</TABLE>

Following is a summary of significant actuarial assumptions used:

<TABLE>
<CAPTION>

	1999	1998	1997
<S>	<C>	<C>	<C>
Weighted-average discount rates	7.0%	7.0%	7.5%
Rates of increase in compensation levels	5.0%	5.0%	5.0%
Expected long-term rate of return on assets	8.0%	8.0%	8.0%

</TABLE>

The following table sets forth the Plan's funded status and amounts recognized in the Company's statement of financial position at:

<TABLE>
<CAPTION>

	November 30, 1999	November 30, 1998
<S>	<C>	<C>
Accumulated benefit obligation, including vested benefits of $835,772 and $820,734 at November 30, 1999 and 1998, respectively	($837,685)	($823,568)
Projected benefit obligation for service rendered to date	($869,592)	($823,568)
Plan assets at fair value, primarily money market funds	744,098	786,343
Plan assets in excess of (deficiency in) unfunded projected benefit obligation	(125,494)	(37,225)
Accrued pension cost	($125,494)	($ 37,225)

</TABLE>

<PAGE>

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

6. Commitments

The Company conducts a substantial portion of its operations utilizing leased facilities. Rent expense, charged to operations, was $705,000, $825,000 and $704,000 in 1999, 1998 and 1997, respectively. In addition to the annual rent, the Company pays real estate taxes, insurance and other occupancy costs on its leased facilities.

The minimum annual rental commitments under all operating leases including a lease entered into on February 4, 2000 that have remaining non-cancelable terms in excess of one year are approximately as follows:

Year ended November 30,	
2000	$ 291,000
2001	275,000
2002	294,000
2003	229,000
2004	169,000
Thereafter	43,000
	$ 1,301,000

The Company had previously entered into various licensing agreements under which it had obtained the right to market children's bags, tote bags and related products with trade names. The terms of such agreements varied through 2001. The agreements provided for royalties based upon net sales with certain stated minimum annual amounts. In connection with the discontinued operation, the Company has negotiated releases on certain of these obligations and has accrued for the estimated liability remaining on those obligations for which the Company has not yet obtained a release. Royalty expense amounted to $208,000, $545,000 and $660,000 in fiscal 1999, 1998 and 1997, respectively. As of November 30, 1999 and 1998, approximately $447,000 and $560,000, respectively, had been accrued for unpaid royalties.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

7. Related Party Transactions

As of November 30, 1998, the Company owed its Chairman, Mr. Joel Dupre ("Dupre"), approximately $8,000. During 1999, the Company borrowed an additional $235,000 from Dupre, resulting in a balance due of approximately $243,000. On September 10, 1999, the Company issued 272,000 shares of common stock (with a market value of approximately $357,000) and Dupre agreed to cancel indebtedness of $204,000, and Dupre also agreed to repay certain luggage creditors approximately $153,000 of the Company's indebtedness to such creditors, relieving the Company of its obligations to such creditors. As of November 30, 1999, the Company owes Dupre approximately $35,000, which is payable upon demand, and bears interest at 8%.

The Company imported substantially all of its luggage segment inventory from foreign vendors. In May 1998, the Company issued 260,000 shares to foreign vendors valued at $1,700,000 or $4.50 per share in satisfaction of certain existing trade accounts payable to foreign vendors. Included in this amount were 155,556 shares issued to companies controlled by then existing shareholders. The agreement with such vendors provided that if the vendors were to sell such shares within one year at a price below $4.50 per share (subject to a $2.25 floor), up to an additional 260,000 shares would be issued to the vendors. Subsequent thereto, the Company incurred additional obligations to foreign vendors, and the price of the Company's common stock fell substantially below $4.50 per share. During fiscal 1999, the Company agreed to issue 1,152,780 shares of the Company's common stock in complete satisfaction of indebtedness to such vendors. In fiscal 1999, the Company recorded an increase in stockholders' equity of approximately $1,803,000 related to this issuance along with a related decrease in accounts payable.

During the years ended November 30, 1999, 1998 and 1997, the Company purchased approximately $809,000, $2,287,000 and $891,000, respectively, of luggage and backpack products from companies controlled by stockholders. During the years ended November 30, 1999, 1998 and 1997, the Company incurred buying commission of approximately $103,000, $312,000 and $208,000, respectively, to companies controlled by stockholders. As of November 30, 1999 and 1998, there was outstanding $11,312 and $926,205 to such related parties.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

8. Discontinued Operations

On July 19, 1999, the Board of Directors of the Company adopted a plan to discontinue the Company's luggage business as part of the Company's strategic focus on telecommunications and Internet services. The expected manner of disposal of the luggage business is by sale of assets. As of November 30, 1999, a substantial portion of the luggage business had already been disposed of, and the Company anticipates that the remainder of the luggage business will be fully disposed of by June 30, 2000. The luggage business segment has been accounted for as discontinued operations in accordance with Accounting Principles Board Opinion (APB) 30, which, among other provisions, requires the plan of disposal to be carried out within one year. The estimated loss on disposal of the luggage business included a charge of $572,170 applicable to a previously recorded foreign translation adjustment for the Company's Hong Kong subsidiary which was dissolved during 1999. Interest expense allocated to the discontinued operation is based on the direct borrowings of such operations and amounted to approximately $306,000 in 1999, $514,000 in 1998, and $574,000 in 1997.

The operating results and remaining assets of the discontinued operations are summarized as follows:

<TABLE>
<CAPTION>

	1999	1998	1997
<S>	<C>	<C>	<C>
Sales	$ 6,774,265	$ 15,552,285	$ 15,732,112
Net loss	(3,943,065)	(2,772,464)	(2,762,993)
Net loss per share of common stock	(.45)	(.53)	(.85)

<CAPTION>

	1999	1998
<S>	<C>	<C>
Current assets	$1,300,726	$6,156,872
Property and equipment net	426,654	686,662
Other assets	9,118	94,986
	$1,736,498	$6,938,520

</TABLE>

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997 F-23

9. Segment Reporting

Effective for the fiscal year ended November 30, 1999, the Company adopted SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information." Prior period amounts have been restated to conform to the requirements of this statement. The accounting policies of the operating segments are the same as those described in the summary of accounting policies. The Company evaluates the performance of its operating segments based on the operating income of the respective business units. Geographical information is not presented, as the continuing operations of the Company operate solely within the United States. A summary of business data for the Company's reportable segments for the fiscal years 1999, 1998 and 1997 are as follows:

<TABLE>
<CAPTION>

		Telecom-munications	Retail Related Travel Products	Investments Carried Under Cost Method	Total of Continuing Operations
<S>	<C>	<C>	<C>	<C>	<C>
Revenue (external customers)	1999	$ 2,275,474	$ 1,894,557	$ -	$ 4,170,031
	1998	373,885	1,111,339	-	1,485,224
	1997	-	275,671	-	275,671
Segment income (loss)	1999 (1)	($3,619,345)	$ 56,857	$ -	($ 3,562,488)
	1998 (1)	(2,116,530)	(88,009)	-	(2,204,539)
	1997	-	(105,172)	-	(105,172)
Segment assets	1999	$2,750,759	$ 915,376	$ 1,894,504	$ 5,560,639
	1998	3,239,015	386,934	464,573	4,090,522
	1997	1,080,000	-	514,797	1,594,797
Depreciation and amortization	1999 (2)	$ 667,667	$ 37,387	$ -	$ 705,054
	1998 (2)	504,370	11,790	-	516,160
	1997	-	5,145	-	5,145
Interest expense	1999	$ 15,419	$ -	$ -	$ 15,419
	1998	467	-	-	467
	1997	-	-	-	-
Segment capital expenditures	1999	$ 72,501	$ 48,434	$ -	$ 120,935
	1998	39,713	-	-	39,713
	1997	-	45,127	-	45,127

</TABLE>

(1) Losses from the investment in Access have been included in the Telecommunications business.

(2) Includes amortization of goodwill related to investment in Access of $375,000 in 1999 and 1998.

<PAGE>
<TABLE>
<CAPTION>

		Discontinued Operations of Luggage Segment	Total Company
<S>	<C>	<C>	<C>
Revenue (external customers)	1999	$ 6,774,265	$ 10,944,296
	1998	15,552,245	17,037,469
	1997	15,732,112	16,007,983
Segment income (loss)	1999 (1)	($ 3,943,065)	($ 7,505,553)
	1998 (1)	(2,772,464)	(4,977,003)
	1997	(2,762,993)	(2,868,165)
Segment assets	1999	$ 1,736,498	$ 7,297,137
	1998	6,938,520	11,029,042
	1997	12,446,851	14,041,648
Depreciation and amortization	1999 (2)	$ 45,904	$ 750,958
	1998 (2)	85,845	502,005
	1997	105,023	110,168
Interest expense	1999	$ 305,518	$ 320,937
	1998	513,566	514,033
	1997	573,544	573,544
Segment capital expenditures	1999	$ -	$ 120,935
	1998	18,052	57,765
	1997	41,918	87,045

</TABLE>

(1) Losses from the investment in Access have been included in the Telecommunications business.

(2) Includes amortization of goodwill related to investment in Access of $375,000 in 1999 and 1998.

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

9. Segment Reporting (Continued)

Major Customers of Discontinued Operations

Sales to one customer amounted to 31%, 23%, and 27% of net sales in fiscal 1999, 1998 and 1997, respectively. Sales to another customer amounted to 19%, 23% and 17% of net sales in fiscal 1999, 1998 and 1997, respectively. Sales to another customer amounted to 14% of net sales in fiscal 1997.

10. Investment In and Advances to Subsidiary

Effective July 15, 1992, the Company entered into an agreement to sell all of the stock of its then wholly-owned subsidiary, Sirco Leatherwares Limited (the "Subsidiary"). In exchange for the stock, the Company received a non-interest bearing $650,000 note. The note is guaranteed by an officer of the Subsidiary who is also an officer of the buyer and, until December 1996, served on the Board of Directors of the Company. The agreement also requires the Company to forgive a portion of the amounts due to it from the Subsidiary. The Company's ability to collect the note receivable and the balance of the receivable from the Subsidiary is dependent upon cash flows from the Subsidiary's operations and/or the buyer's ability to refinance the obligations. As the risks and other incidents of ownership have not transferred to the buyer with sufficient certainty, this transaction has not been accounted for as a sale for accounting purposes.

The Company recorded a loss on this transaction in fiscal 1992, as the present value of the amounts to be received under the note and the revised accounts receivable were less than (i) the carrying value of the Company's investment in the Subsidiary plus (ii) the amounts receivable from the Subsidiary.

The non-interest bearing $650,000 note received in exchange for stock in the Subsidiary ("the Stock Note") was due in thirty-two equal quarterly installments of $20,213 beginning in August 1992. During fiscal 1996, the parties agreed to a one-year payment moratorium as to the Stock Note. On February 6, 1997, the parties agreed to modify the remaining repayment terms and to resume payments. The note, as modified, is to be repaid as follows: $10,156 on February 7, 1997, $10,156 on March 10, 1997, four quarterly payments of $10,156 commencing on May 1, 1997 and ending on February 1, 1999, five quarterly payments of $20,313 commencing on May 1, 1998 and ending on May 1, 1999, and four quarterly payments of $50,781 commencing on August 1, 1999 and ending on May 1, 2000. Payments are being received on a current basis.

<PAGE>

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

10. Investment In and Advances to Subsidiary (Continued)

Also, pursuant to the agreement to sell the Company's investment in the Subsidiary, the Subsidiary agreed to pay interest quarterly at 8.5% per annum on a receivable of approximately $720,000. If the Subsidiary is not in default on the payment of interest, the Company will forgive a portion of the receivable, in amounts as defined, through May 1, 2000. An amount of $60,000 was forgiven in 1998, and $50,000 in each of 1997 and 1996. The total amount forgiven will be $420,000. The remaining receivable of approximately $300,000 is payable in ten equal quarterly installments commencing in August 2000. Amounts outstanding after May 1, 2000 will bear interest at the prime rate.

At November 30, 1998, the aggregate principal balance of $665,000 due on the above notes has been reduced for imputed interest of approximately $40,000 and an allowance of approximately $160,000 for uncollectibility, resulting in a net balance of $465,000 at November 30, 1998.

During the fiscal year ended November 30, 1999, the notes were consolidated into a new note. The new note requires quarterly payments ranging from $17,840 to $34,350 through November 1, 2005. The present value of the new note, with interest imputed at 7.25%, was approximately $500,000, which has a remaining balance of approximately $465,000 at November 30, 1999. An allowance of $40,000 has been established for potential uncollectibility, resulting in a net carrying value of approximately $425,000 at November 30, 1999.

11. Stockholders' Equity

The Company accounts for its stock option plans under APB Opinion No. 25, "Accounting for Stock Issued to Employees," under which no compensation expense is recognized. In fiscal 1997, the Company adopted Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123), for disclosure purposes; accordingly, no compensation expense has been recognized in the results of operations for its stock option plans as required by APB Opinion No. 25.

On August 17, 1995, the stockholders of the Company (i) approved an increase in the number of authorized shares of common stock from 3,000,000 shares to 10,000,000 shares; (ii) authorized the Company to issue 1,000,000 shares of preferred stock, par value $.10 per share, with rights and privileges to be determined by the Board of Directors; and (iii) approved the 1995 Stock Option Plan of the Company (the "Plan"). The Plan provides for the grant of incentive stock options, non-qualified stock options, tandem stock appreciation rights, and stock appreciation rights exercisable in conjunction with stock options to purchase a specified number of shares of common stock. During fiscal 1997, the stockholders of the Company approved an amendment to the Plan to increase the number of shares of common stock that may be issued to 1,200,000 shares. In 1999, the stockholders of the Company approved an amendment to the Plan to increase the number of shares of common stock that may be issued to 2,400,000 shares.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

11. Stockholders' Equity (Continued)

In June 1998, the Company issued 700 shares of Series A preferred stock "Series A shares" having a par value of $.10 per share. Each Series A share is convertible at the option of the holder into common shares at a conversion rate of 300 shares of common stock through May 31, 1999; after May 31, 1999, $1,000 divided by the lesser of $3.33 or the market price of the Company's common stock subject to a floor of $1.67. The Company may cause the conversion of the Series A shares at any time after May 31, 1999 based upon the above conversion formula. The preferred shares have the same voting and dividend rights as common shares based upon the number of shares of common stock into which the preferred stock is convertible to. The preferred shares have a liquidation preference of $1,000 per share. During 1999,at the election of the shareholders, all of the Series A shares were converted into common shares, resulting in the issuance of 373,654 shares of common stock.

During 1999, the Company established a new series of stock, Series B Preferred stock, $.10 par value. The Company may issue up to 1,300 shares of the Series B Preferred stock, and such stock in entitled to receive dividends when as, and if dividends are declared by the Company on its common stock. Each holder of Series B preferred stock has the right, at the option of the holder, to convert each share of such stock into 1,000 shares of common stock. The Company has the right to convert each share of Series B preferred stock into common stock at the same conversion ratio. The conversion price of shares of Series B preferred stock is subject to adjustment in the event of any reclassification, subdivision or combination of the Company's outstanding common stock into a greater or smaller number of shares by a stock split, stock dividend or other similar event. In the event of a dissolution, liquidation or winding up of the Company, the holders of Series B preferred stock are entitled to receive, if available, prior and in preference to the holders of common stock, an amount equal to $1,000 per share. Thereafter, any remaining assets, if any, would be distributed ratably to the holders of common stock. The holders of shares of Series B preferred stock are entitled to that number of votes on all matters presented to shareholders equal to the number of shares of common stock then issuable upon conversion of such shares of preferred stock. Without the approval of the holders of at least a majority of the Series B preferred stock then outstanding voting separately as a class, the Company may not amend its Certificate of Incorporation in any way that adversely affects the rights and preferences of the holders of the Series B preferred stock as a class. During 1999, 196 shares of Preferred Series B were issued, resulting in net proceeds to the Company of $195,929.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

11. Stockholders' Equity (Continued)

The following is a summary of outstanding options:

<TABLE>
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	Number of Shares	Exercise Price Per Share	Weighted-Average Exercise Price
<S>	<C>	<C>	<C>
Outstanding December 1, 1996	383,000	$1.00 - $1.6875	$ 1.26
Granted during year ended November 30, 1997	160,000	$1.94 - $2.13	$ 2.03
Exercised/canceled during year ended November 30, 1997	(148,000)	$1.00 - $1.6875	$ 1.12
Outstanding November 30, 1997	395,000	$1.00 - $2.13	$ 1.63
Granted during year ended November 30, 1998	299,500	$2.79 - $3.13	$ 2.96
Exercised/canceled during year ended November 30, 1998	(38,000)	$1.00 - $2.84	$ 2.20
Outstanding November 30, 1998	656,500	$1.00 - $3.13	$ 2.30
Granted during year ended November 30, 1999	1,013,500	$1.00 - $2.25	$ 1.49
Exercised/canceled during year ended November 30, 1999	(229,000)	$1.00 - $2.84	$ 2.46
Outstanding November 30, 1999	1,441,000		$ 1.63
Options exercisable, November 30, 1997	140,000	$1.00 - $1.44	$ 1.11
Options exercisable, November 30, 1998	322,500	$1.00 - $2.13	$ 1.70
Options exercisable, November 30, 1999	661,500	$1.00 - $2.84	$ 1.71

</TABLE>

<PAGE>

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

11. Stockholders' Equity (Continued)

The following table summarizes information about the options outstanding at November 30, 1999:

<TABLE>
<CAPTION>

	Options Outstanding				Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number Outstanding	Weighted-Average Exercise Price
<S> <C>	<C>	<C>	<C>	<C>	<C>
$1.00 - $1.94	1,120,500	3.85	$1.42	492,500	$1.41
$2.13 - $2.84	320,500	3.72	$2.42	169,000	$2.50

</TABLE>

For disclosure purposes, the fair value of each stock option grant is estimated on the date of grant using the Black Scholes option-pricing model with the following weighted-average assumptions used for stock options granted: annual dividends of $0.00 for all years, expected volatility of 88% for 1997, 117% for 1998 and 126% for 1999, risk-free interest rate of 6.03% for 1997, 5.66% for 1998 and 5.53% for 1999, and expected life of five years for all grants. The weighted-average fair value of stock options granted in 1999, 1998 and 1997 was $.97, $2.36 and $.91, respectively.

Under the above model, the total value of stock options granted in 1999, 1998 and 1997 was $924,707, $652,976 and $146,041, respectively, which would be amortized ratably on a pro forma basis over the related vesting periods, which generally range from five to ten years. Had the Company determined compensation cost for these plans in accordance with SFAS No. 123, the Company's pro forma net loss would have been ($7,655,167) in 1999, ($5,131,806) in 1998, and ($2,906,052) in 1997, and the Company's pro forma loss per share would be ($.88) for 1999, ($.99) for 1998, and ($.90) for 1997.

In April 1997, the Company raised $609,000, net of placement agent fees, through the private placement issuance of 400,000 units at $1.75 per unit, with each unit consisting of one share of common stock, one common stock Class A warrant exercisable at $2.06 per share for one year, and one common stock Class B warrant exercisable at $2.56 per share for one year. Additionally, 120,000 Class A warrants were granted to the placement agent and a consulting firm in connection with the transaction. As of November 30, 1998, substantially all the warrants had been exercised and the remaining warrants expired.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

11. Stockholders' Equity (Continued)

On October 24, 1996, the shareholders of the Company adopted the eLEC Communications, Inc. 1996 Restricted Stock Award Plan (the "Restricted Stock Award Plan"). An aggregate of 400,000 shares of common stock of the Company has been reserved for issuance in connection with awards granted under the Restricted Stock Award Plan. Such shares may be awarded from either authorized and unissued shares or treasury shares. The maximum number of shares that may be awarded under the Restricted Stock Award Plan to any individual officer or key employee is 100,000. Approximately five employees of the Company and its subsidiaries are currently eligible to participate in the Restricted Stock Award Plan. No shares were awarded during 1999, 1998 and 1997.

12. Fourth Quarter Adjustment

During the fourth quarter of the year ended November 30, 1997, the Company recorded an adjustment of approximately $615,000 to write down certain inventory.

13. Investment in and Transactions with Affiliates

Access One Communications Corp.

On October 22, 1997, the Company acquired 3,000,000 common shares of Access One Communications Corp. and Subsidiaries ("Access"), formerly known as CLEC Holding Corp., in exchange for 375,000 shares of the Company's common stock, subject to certain price protection adjustments which required the Company to issue an additional 50,000 shares of common stock.

During fiscal 1998, there were two additional exchanges of shares with Access. The first exchange occurred on April 23, 1998 when the Company exchanged 350,000 shares of its common stock for 300,000 shares of Access common stock. This exchange was valued at $1,233,750. Additionally, Access agreed to reimburse the Company $150,000 for expenses. The second exchange occurred on September 10, 1998 when the Company exchanged 400,000 shares of its common stock for 400,000 shares of Access common stock. This exchange was valued at $221,280. In February 1998, the Company exchanged 50,000 shares of its common stock for 200,000 shares of Access common stock during 1998 with a private investor. This exchange was valued at $104,070.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

11. Investment in and Transactions with Affiliates (Continued)

Access One Communications Corp. (Continued)

In March 1999, the Company issued to Access 1,420,000 shares of common stock in consideration for the issuance by Access to the Company of 1,775,000 shares of its common stock. In connection with such transaction, Access was granted an option to put to the Company for repurchase at any time on or before December 1, 1999 at the original purchase price, all or a portion of the shares of common stock it purchased in March 1999. In connection with any such exercise of its put option, in whole or in part, Access was required to issue to the Company warrants to purchase 500,000 shares of Access One common stock at a purchase price of $1.00 per share, which are carried at no value. Prior to October 31, 1999, Access notified the Company of its intention to exercise its option. On December 1, 1999, Access exercised its option with respect to 1,400,000 shares of our common stock, which has been reflected in the accompanying financial statements as of November 30, 1999.

The Company's investment in Access is carried on the equity method of accounting. At November 30, 1998, the cost of the investment in Access had been reduced by $159,396, attributable to the Company's portion (at cost) of the Company's common stock held by Access, with a corresponding charge to treasury stock. As of November 30, 1998, the Company owned approximately 28% of Access. The Company, for its fiscal year ended November 30, 1999 and 1998, included its share of Access' operations based on Access' year-end of October 31, 1998. All of the Company's investment at November 30, 1998 represents goodwill, which was being amortized over seven years, based on original cost. The Company recorded a loss of $1,661,030 and $1,423,000 (including goodwill amortization of $375,000 in 1999 and 1998) on its equity in the operations of Access for the years ended November 30, 1999 and 1998. As of November 30, 1999, the Company's investment in Access has been reduced to zero.

Access was formed in 1991 and was inactive until September 1997, when Access acquired 95% of the capital stock of The Other Phone Company, Inc. ("OPC"), an integrated telecommunications provider based in Florida. Substantially all of Access' revenues represent the resale of telephone services pursuant to a resale agreement with one supplier, BellSouth Corporation.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

13. Investment in and Transactions with Affiliates (Continued)

Access One Communications Corp. (Continued)

The results of operations for the years ended October 31, 1999, 1998 and 1997 and financial position of Access as of October 31, 1999 and 1998 are summarized below:

<TABLE>
<CAPTION>

Condensed Income Statement Information

	1999	1998	1997
<S>	<C>	<C>	<C>
Revenue	$15,412,640	$5,811,038	$ 479,516
Cost of service	12,177,793	5,045,514	366,243
Gross profit	3,234,847	765,524	113,273
Net loss	(4,994,124)	(4,761,333)	(158,098)

<CAPTION>

Condensed Balance Sheet Information

	1999	1998
<S>	<C>	<C>
Current assets, including investment in eLEC Communications, Inc. common shares carried at $675,000 and $396,175 at October 31, 1999 and 1998	$3,111,715	$1,621,733
Non-current assets	852,680	430,344
Goodwill and other intangible assets	2,322,714	1,433,732
Current liabilities	4,806,419	1,200,705
Non-current liabilities	6,837,119	181,124
Stockholders' equity (deficiency)	(5,356,429)	(896,430)

</TABLE>

In addition, options have been granted by Access to purchase common shares of Access to the Chief Executive Officer of the Company (150,000 shares at $1.20 per share) and to another officer of the Company who serves on the Board of Directors of Access (100,000 shares at $1.00 per share).

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

13. Investment in and Transactions with Affiliates (Continued)

Riderpoint, Inc.

On April 15,1999, the Company purchased 600,000 shares of the voting stock (19%) of Riderpoint, Inc. ("Riderpoint") by issuing 250,000 shares of its common stock, in a transaction valued at $412,500. On November 30, 1999, the Company increased its ownership interest in Riderpoint by purchasing an additional 500,000 shares of the voting stock of Riderpoint by issuing 300,000 shares of its common stock, in a transaction valued at $862,500, thereby increasing its ownership interest in Riderpoint to 27% on such date. For the year ended November 30, 1999, the investment in Riderpoint was accounted for on the cost method. Commencing on December 1, 1999, the Company will begin to account for its investment in Riderpoint on the equity method of accounting. In 1999, the Company charged Riderpoint a $75,000 fee for assistance in developing Riderpoint's website.

Riderpoint was incorporated in 1997. Riderpoint has developed an Internet website which provides an online insurance rating program for, comparing, and buying motorcycle insurance.

The following summarizes the results of operations and net assets (unaudited) of Riderpoint.

Condensed Income Statement Information

	Year ended December 31,	
	1999	1998
Revenue	$251,244	$ 26,539
Costs and expenses	617,452	110,502
Net loss	($366,208)	($ 83,963)

<PAGE>

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

13. Investment in and Transactions with Affiliates (Continued)

Riderpoint, Inc. (Continued)

Condensed Balance Sheet Information

<TABLE>
<CAPTION>

	December 31, 1999	December 31, 1998
<S>	<C>	<C>
Current assets	$ 34,319	$ 12,437
Non-current assets (1)	1,196,780	31,813
Current liabilities	198,581	-
Non-current liabilities	90,339	-
Stockholders' equity (2)	942,179	44,250

</TABLE>

(1) Including 400,000 shares of common stock of eLEC at December 31, 1999.

(2) Including, in 1999, $1,275,000 of capital in a capital transaction with eLEC common stock.

14. Risks and Uncertainties

The Company buys substantially all of the telecommunication services that it resells from one supplier, Bell Atlantic Corporation, and is, therefore, highly dependent upon Bell Atlantic Corporation. Management of the Company believes that its relationship with Bell Atlantic Corporation is good. Management of the Company believes that there are less desirable suppliers of telecommunication services in the geographical location in which the Company conducts business. In addition, the Company is at risk to regulatory agreements that govern the rates to be charged to the Company. In light of the foregoing, it is reasonably possible that the loss of the Company's relationship with Bell Atlantic Corporation or a significant unfavorable change in the regulatory agreements structure would have a severe near-term impact on the Company's ability to conduct its telecommunications business.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

15. Subsequent Events

On January 21, 2000, the Company acquired Telecarrier Services, Inc. ("Telecarrier"), a competitive local exchange carrier located in New Jersey. The acquisition will be accounted for as a purchase and was effectuated by the Company issuing 500,000 shares of its common stock for all the issued and outstanding shares of Telecarrier, of which 400,000 shares were issued at the closing of the merger and 100,000 shares were reserved for issuance upon completion of an audit of Telecarrier's financial statements, and an additional 280,000 shares of the Company's common stock which will be issued in such amounts and at such times as set forth in the related merger agreement. In addition, the Company repaid certain promissory notes of Telecarrier by issuing a total of 32,000 shares of the Company's common stock and paying $14,200 in cash.

Subsequent to November 30, 1999 and through February 25, 2000, the Company received net proceeds of approximately $2,000,000 from the exercise of warrants for 345,750 shares and a private placement of 538,000 shares of common stock.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

Column A Description	Column B Balance at Beginning of Period	Column C Charged to Costs and Expenses*	Column D Additions Accounts Written Off	Column E Balance at End of Period
<S>	<C>	<C>	<C>	<C>
Year ended November 30, 1999:				
Allowance for doubtful accounts	$ 337,000	$ 205,000	$118,000	$ 424,000
Valuation allowance for deferred tax asset	$3,800,000	$1,650,000	$ --	$5,450,000
Year ended November 30, 1998:				
Allowance for doubtful accounts	$ 200,000	$ 299,000	$162,000	$ 337,000
Valuation allowance for deferred tax asset	$3,040,000	$ 760,000	--	$3,800,000
Year ended November 30, 1997:				
Allowance for doubtful accounts	$ 276,000	$ 278,000	$354,000	$ 200,000
Valuation allowance for deferred tax asset	$1,970,000	$1,070,000	--	$3,040,000

</TABLE>

* Net of recoveries

<DOCUMENT>
<TYPE> 10-Q
<TEXT>

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended February 29, 2000.

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 0-4465

eLEC Communications Corp.

(Exact Name of Registrant as Specified in Its Charter)

New York	13-2511270
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
509 Westport Avenue, Norwalk, Connecticut	06851
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code 203-750-1000

(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 [X] No [ ].

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 13,324,525 shares of Common Stock, par value $.10 per share, as of April 1, 2000.

<PAGE>

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

<TABLE>
<CAPTION>

eLEC Communications Corp. and Subsidiaries
Condensed Consolidated Balance Sheets

	Feb. 29, 2000	Nov. 30, 1999
<S>	<C>	<C>
Assets		
Current assets:		
Cash and cash equivalents	$ 2,424,453	$ 591,299
Accounts receivable	2,142,968	1,245,078
Inventory	551,989	876,460
Prepaid expenses	133,073	52,636
Other current assets	234,822	177,680
Land and building held for sale	605,419	596,304
Total current assets	6,092,724	3,539,457
Property and equipment at cost	486,846	322,734
Less accumulated depreciation	126,051	111,036
Net property and equipment	362,795	211,698
Other assets		
Investment in and advances to subsidiary	124,971	97,108
Investments under the equity method	410,021	424,575
Investments under cost method	1,060,991	--
Goodwill	194,929	1,469,929
	3,473,938	1,554,370
	5,264,850	3,545,982
Total assets	$ 11,720,369	$ 7,297,137
Liabilities and stockholders' equity Current liabilities:		
Loans payable to financial institutions and current maturities of long-term debt	$ 457,743	$ 523,695
Due to related parties	22,725	34,725
Accounts payable	1,728,186	1,302,714
Accrued expenses and taxes	1,808,271	1,779,704
Total current liabilities	4,016,925	3,640,838
Long-term debt, less current maturities	463,169	197,772

</TABLE>

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<TABLE>
<CAPTION>
<S>

	<C>	<C>
Stockholders' equity:		
Preferred stock, $.10 par value, 1,000,000 shares authorized		
Series B issued, 196 shares in 2000 and 1999	20	20
Common stock $.10 par value, 20,000,000 shares authorized,		
11,108,414 issued (2000), 11,287,164 issued (1999)	1,310,840	1,128,715
Capital in excess of par value	23,171,070	19,808,337
Retained earnings (deficit)	(17,018,988)	(16,370,088)
Treasury stock at cost	(27,500)	(27,500)
Treasury stock held by equity investee	(116,684)	--
Accumulated other comprehensive income (loss),		
accumulated foreign currency translation adjustment	(58,479)	(81,017)
Total stockholders' equity	7,240,279	3,458,527
Total liabilities and stockholders' equity	$ 11,720,164	$ 3,333,337

</TABLE>

See notes to the condensed financial statements

Note: The balance sheet at November 30, 1999 has been derived from audited financial statements at that date but does not include all the information and footnotes required by generally accepted accounting principles.

<PAGE>
<TABLE>
<CAPTION>

eLEC Communications Corp. and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended	
	Feb. 29, 2000	Feb. 28, 1999
<S>	<C>	<C>
Revenues:		
Telecommunications services	$ 1,750,843	$ 362,663
Specialty retail products	475,390	352,247
Total revenues	2,226,233	714,910
Costs and expenses:		
Costs of telecommunication services	1,212,956	322,551
Costs of specialty retail product sales	271,500	203,772
Selling and general and administrative	1,264,358	371,807
Depreciation and amortization	105,365	98,427
Equity in loss of investee	77,321	424,701
Total costs and expenses	2,931,500	1,411,258
Loss from operations	(705,267)	(696,348)
Other (income) expense:		
Interest expense	19,163	680
Interest income	(8,251)	(33)
Miscellaneous income, net	(67,279)	--
	(56,367)	647
Loss from continuing operations	(648,900)	(696,995)
Loss from discontinued operations	--	(820,978)
Net loss	($ 648,900)	($1,517,973)
Basic and diluted loss per share		
Continuing operations	($ 0.06)	($ 0.11)
Discontinued operations	--	($ 0.12)
Net loss	($ 0.06)	($ 0.23)
Weighted average number of common shares outstanding	11,739,156	6,537,492

</TABLE>

See notes to the condensed consolidated financial statements.

<PAGE>
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eLEC Communications Corp. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the Three Months Ended	
	Feb. 29, 2000	Feb. 28, 1999
<S>	<C>	<C>
Net loss	($ 648,900)	($1,517,973)
Adjustments to reconcile net loss		
to net cash used in operating activities:		
Depreciation and amortization	105,365	88,427
Provision for losses in accounts receivable	100,000	33,323
Loss in equity of investee	77,321	424,701
Changes in operating assets and liabilities:		
Accounts receivable	(997,890)	519,198
Inventory	324,471	(204,266)
Prepaid expenses	(80,437)	(40,071)
Other current assets	(66,257)	49,443
Other assets	(27,863)	19,943
Accounts payable and accrued expenses	454,039	425,660
Net cash used in operating activities:	(760,151)	(201,615)
Cash flows from investing activities:		
Purchase of property and equipment	(164,112)	(32,578)
Acquisition of Telecarrier Services Inc.	(7,718)	--
Proceeds from agreement to sell subsidiary	14,554	--
Net cash used in inventing activities	(157,276)	(32,578)
Cash flows from financing activities:		
Increase in loans payable to financial institutions and related parties	187,445	6
Proceed from issuance of preferred stock	--	196,000
Proceeds from exercise of warrants	929,375	--
Proceeds from private placement of common stock	1,379,500	--
Proceeds from exercise of stock options	214,250	4,125
Net cash provided by financing activities	2,710,570	200,131
Effect of exchange rate changes on cash	40,011	(126)
Increase (decrease) in cash and cash equivalents	1,833,154	(34,150)
Cash and cash equivalents at beginning of period	591,299	352,489
Cash and cash equivalents at the end of period	$ 2,424,453	$ 318,339

</TABLE>

<PAGE>

eLEC COMMUNICATIONS CORP.

Notes To Condensed Consolidated Financial Statements (Unaudited)

Note 1-Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month period ended February 29, 2000 are not necessarily indicative of the results that may be expected for the year ended November 30, 2000. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended November 30, 1999.

For the three-month periods ending February 29, 2000 and February 28, 1999, there were no significant non-owner sources of income or expense. Accordingly, a separate statement of comprehensive income has not been presented herein.

Note 2-Financing Arrangements

On March 3, 1999, our subsidiary, Essex Communications, Inc. ("Essex"), entered into a Receivable Sale Agreement with Receivables Funding Corp. ("RFC") that provides for Essex to sell up to $500,000 of its eligible receivables to RFC on a periodic basis and to grant RFC a security interest in the receivables purchased by RFC. In December 1999, Essex increased the amount of eligible receivables it can sell to RFC to $1,000,000. The Receivables Sales Agreement does not transfer the risk of loss to RFC, and has been treated by us as a financing for financial statement purposes. As of February 29, 2000, Essex was indebted to RFC for the principal amount of approximately $452,000. Essex borrows from RFC at approximately five percentage points above the prime rate, which was 8.75% per annum at February 29, 2000.

The Company's subsidiary, Telecarrier Services Inc. ("Telecarrier"), has a $150,000 line of credit with a bank. Amounts drawn on the line of credit bear interest at the rate of 9.75% per annum. The line is payable on demand subject to sixty (60) days written notice. At February 29, 2000, the entire line was utilized.

The Company's Canadian subsidiary, Sirco International (Canada) Ltd., has a real property mortgage with its bank, National Bank of Canada. The mortgage is payable in monthly installments of approximately $3,300, including interest at 10.25% per annum, with a balloon payment of approximately $300,000 due in June 2000. At February 29, 2000, the mortgage was approximately $307,000.

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Note 3-Investment in Subsidiary

On January 20, 2000, the Company acquired all the outstanding common stock of Telecarrier in exchange for 500,000 shares of the Company's common stock and a cash payment of $44,200 in a transaction valued at approximately $1,669,000. Additionally, the Company issued 32,000 shares of the Company's common stock to retire certain indebtedness of Telecarrier. The purchase agreement provides for additional shares of the Company's common stock to be issued if certain performance objectives are achieved. Telecarrier is a full service telecommunications provider for small and mid-sized companies. The acquisition has been accounted for as a purchase.

Note 4-Discontinued Operations

In August 1999, the Company sold certain assets and assigned certain licenses of its former domestic luggage division to Interbrand L.L.C., a non-related accessory company, and subsequently discontinued operations of its wholesale luggage segment.

The operating results of the former wholesale luggage segment have been accounted for as a discontinued operation and the results of operations have been excluded from continuing operations in the condensed consolidated statements of operations for all periods presented, including the prior period financial statements in which the Company has restated the operating results of its former wholesale luggage segment as a discontinued operation. Interest expense relating to borrowings by the former wholesale luggage segment is included as operating expenses of such discontinued segment. Operating results of the discontinued operation for the three-month periods ending February 29, 2000 and February 28, 1999 are as follows:

<TABLE>
<CAPTION>

	Three Months Ended	
	February 29, 2000	February 28, 1999
<S>	<C>	<C>
Net sales	$ --	$1,772,000
Cost of sales	--	1,542,000
Operating expenses	--	1,082,000
Other income	--	(31,000)
Loss from discontinued operations	$ --	($ 821,000)

</TABLE>

<PAGE>
Item 2. Management's Analysis and Discussion of Financial Condition and Result of Operations

The statements contained in this Report that are not historical facts are "forward-looking statements" which can be identified by the use of forward-looking terminology, such as "estimates," "projects," "plans," "believes," "expects," "anticipates," "intends," or the negative thereof or other variations thereon, or by discussions of strategy that involve risks and uncertainties. Management wishes to caution the reader of the forward-looking statements, that such statements, which are contained in this Report, reflect management's current beliefs with respect to future events and involve known and unknown risks, uncertainties and other factors, including, but not limited to, economic, competitive, regulatory, technological, key employee, and general business factors affecting the Company's operations, markets, growth, services, products and other factors discussed in the Company's other filings with the Securities and Exchange Commission, and that these statements are only estimates or predictions. No assurances can be given regarding the achievement of future results, as actual results may differ materially as a result of risks facing the Company, and actual events may differ from the assumptions underlying statements that have been made regarding anticipated events. Factors that may cause actual results, performance or achievements of the Company, or industry results, to differ materially from those contemplated by such forward-looking statements include, without limitation: (1) the availability of additional funds to successfully pursue the Company's business plan; (2) the Company's ability to maintain, attract and integrate internal management, technical information and management information systems; (3) the time and expense to construct the Company's planned network operating center and digital subscriber line network; (4) the cooperation of incumbent carriers in implementing the unbundled network elements platform required by the Federal Communications Commission; (5) the Company's ability to market its services to current and new customers and to generate customer demand for its products and services in the geographical areas in which the Company can operate; (6) the Company's success in gaining regulatory approval to access new markets; (7) the Company's ability to negotiate and maintain suitable interconnection agreements with incumbent carriers; (8) the availability and maintenance of suitable vendor relationships, in a timely manner, at reasonable cost; (9) the impact of changes in telecommunication laws and regulations; (10) the intensity of competition; and (11) general economic conditions. All written and oral forward-looking statements made in connection with this Report that are attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Given the uncertainties that surround such statements, prospective investors are cautioned not to place undue reliance on such forward-looking statements.

Three Months Ended February 29, 2000 vs. February 28, 1999

Continuing operations

Net revenues for the three months ended February 29, 2000 increased by approximately $1,511,000, or approximately 211%, to approximately $2,226,000 as compared to approximately $715,000 reported for the three months ended February 28, 1999.

<PAGE>
Net revenues of the Company's telecommunications division increased by approximately $1,388,000, or approximately 382%, to approximately $1,751,000 for the three-month period ending February 29, 2000 from approximately $363,000 reported in the three-month period ending February 28, 1999. The increase was attributable to the rapid growth in the number of installed access lines provisioned by the Company. The Company is certified to resell local telephone services and value-added products in the states of Connecticut, Florida, Massachusetts, New Jersey, New York, Rhode Island and Virginia, and is seeking certification in an additional 23 states. The Company also provides dial-up, dedicated and high-speed Digital Subscriber Line ("DSL") Internet access, Web design, hosting and E-commerce development to small and medium-sized businesses.

Net revenues of the Company's specialty retail sales division, consisting of the operations of Airline Ventures, Inc. ("AVI"), increased for the three-month period ending February 29, 2000 by approximately $123,000, or approximately 35%, to approximately $475,000 from approximately $352,000 reported in the three-month period ending February 28, 1999. AVI operates three retail stores in Texas for professional airline flight crew members and sells pilot uniforms, study guides and travel products. Its products are sold on the E-commerce site, www.avishop.com, and on a Web site, www.tagintl.com.

The Company's gross profit for the three-month period ending February 29, 2000 increased by approximately $553,000 to approximately $742,000 from approximately $189,000 reported in the three-month period ending February 28, 1999, and the gross profit percentage increased to 33.3% from 26.4% reported in the prior fiscal period. The increase in gross profit percentage is primarily attributable to Company's ability to utilize the unbundled network elements platform ("UNE-P") for customers in New York and Massachusetts. Approximately 70% of the customers were on the UNE-P service offering as of February 29, 2000, as compared to no customers at February 28, 1999. The Federal Communications Commission has mandated this service offering in all 50 states. The Company anticipates that the nationwide usage of UNE-P will enable it to expand into new geographical territories and maintain gross margins of over 30%. Management expects the gross margin of its specialty retail segment to continue at its current level of over 40%.

Selling, and general and administrative expenses increased by approximately $892,000, or approximately 240%, to approximately $1,264,000 for the three-month period ending February 29, 2000 from approximately $372,000 reported in prior fiscal period. A major portion of this increase was attributable to the labor and facility expenses incurred by the Company's telecommunications division. This increase in expense is directly related to the significant increase in telecommunications revenues in the three-month period ending February 29, 2000 as compared to the prior fiscal period in 1999.

At February 29, 2000, the Company owned approximately 27% of the capital stock of RiderPoint, Inc. ("RiderPoint"). RiderPoint specializes in the development of comparative rating insurance software and sells motorcycle insurance through a wholly-owned subsidiary. As the Company's investment in RiderPoint is accounted for under the equity of accounting, the Company is required to include its portion of RiderPoint's net loss in the Company's results of operations. For the three-month period ending February 29, 2000, the Company has recorded a loss of approximately $77,000 relating to its investment in RiderPoint. The Company had no investment in RiderPoint in the prior fiscal period. At February 28, 1999, the Company was the largest shareholder of Access One Communications Inc.

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("Access One"), owning approximately 30.6% of Access One's capital stock. As the Company's investment in Access One was accounted for under the equity method of accounting, the Company was required to include its portion of Access One's net loss in the Company's results of operations. For the three-month period ending February 28, 1999, the Company recorded a loss of approximately $425,000 relating to its investment in Access One. The Company recorded losses in fiscal 1999 equal to its investment in Access One. As a result, the Company's investment in Access One has been reduced to zero.

Interest expense for the three-month period ending February 29, 2000 increased by approximately $18,000 from the amount reported in the three-month period ending February 28, 1999 primarily due to increased average borrowings.

Miscellaneous income for the three-month period ending February 29, 2000 of $67,000 resulted primarily from the sale of Access One shares.

Discontinued operations

In August 1999, the Company sold certain assets and assigned certain licenses of its former domestic luggage division to Interbrand L.L.C., a non-related accessory company, and subsequently discontinued operations of its wholesale luggage segment.

The operating results of the former wholesale luggage segment have been accounted for as a discontinued operation and the results of operations have been excluded from continuing operations in the condensed consolidated statements of operations for all periods presented, including the prior period financial statements in which the Company has restated the operating results of its former wholesale luggage segment as a discontinued operation. Interest expense relating to borrowings by the former wholesale luggage segment is included as operating expenses of such discontinued segment. The Company reported no results from discontinued operations for the three-month period ending February 29, 2000 as compared to a loss of approximately $821,000 for the three-month period ending February 28, 1999.

Liquidity and Capital Resources

At February 29, 2000, the Company had cash and cash equivalents available of approximately $2,424,000, and working capital of approximately $2,076,000 as compared to cash and cash equivalents available of approximately of $318,000, and working capital of approximately $321,000 in the prior fiscal period.

Net cash used in operating activities (including discontinued operations in the first fiscal period of 1999) aggregated approximately $760,000 and $202,000 in fiscal quarters ended February 29, 2000 and February 28, 1999, respectively. The increase in net cash used in operating activities of approximately $558,000 is primarily the result of an increase of approximately $998,000 in accounts receivable, due to the significant increase in revenues recorded by the Company's telecommunications division, as compared to the comparable quarterly period in 1999, for which accounts receivable was a source of cash of approximately $519,000. This impact of this change in accounts receivable was partially offset by the decrease in the net loss in the first fiscal quarter of fiscal 2000 as compared to the prior year period. On March 3, 1999, the Company's subsidiary, Essex Communications, Inc. ("Essex"), entered into a Receivable Sale Agreement with Receivables Funding Corp. ("RFC") that provides

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for Essex to sell up to $500,000 of its eligible receivables to RFC on a periodic basis and to grant RFC a security interest in the receivables purchased by RFC. In December 1999, Essex increased the amount of eligible receivables it can sell to RFC to $1,000,000. The Receivables Sales Agreement does not transfer the risk of loss to RFC, and has been treated by the Company as a financing for financial statement purposes. As of February 29, 2000, Essex was indebted to RFC for the principal amount of approximately $452,000. Essex borrows from RFC at approximately five percentage points above the prime rate, which was 8.75% per annum at February 29, 2000.

Net cash used in investing activities aggregated approximately $157,000 and $33,000 in fiscal quarters ended February 29, 2000 and February 28, 1999, respectively. Cash from investing activities was used in the first fiscal quarter of 2000 for the purchase of fixed assets and the acquisition of Telecarrier. The source of cash provided from investing activities in the first fiscal quarter 2000 was the proceeds from the 1992 sale of a subsidiary. Cash from investing activities was used in the first fiscal quarter of 1999 for the purchase of fixed assets.

Net cash provided by financing activities aggregated approximately $2,711,000 and $200,000 in fiscal quarters ended February 29, 2000 and February 28, 1999, respectively. In the first quarter of fiscal 2000, net cash provided by financing activities resulted primarily from the proceeds of borrowings from financial institutions of approximately $188,000; the proceeds from the exercise of warrants of approximately $929,000; the proceeds from a private placement of common stock of approximately $1,380,000; and the proceeds of the exercise of stock options of approximately $214,000. In the first quarter of fiscal 1999, net cash provided by financing activities resulted from the proceeds of the issuance of preferred stock of approximately $196,000 and the proceeds from the exercise of stock options of approximately $4,000.

The Company's subsidiary, Telecarrier, has a $150,000 line of credit with a bank. Amounts drawn on the line of credit bear interest at the rate of 9.75% per annum. The line is payable on demand subject to sixty (60) days written notice. At February 29, 2000, the entire line was utilized.

The Company's Canadian subsidiary, Sirco International (Canada) Ltd., has a real property mortgage with its bank, National Bank of Canada. The mortgage is payable in monthly installments of approximately $3,300, including interest at 10.25% per annum, with a balloon payment of approximately $300,000 in June 2000. At February 29, 2000, the mortgage was approximately $307,000.

For the quarter ended February 29, 2000, the Company incurred approximately $164,000 in capital expenditures. The Company plans to make an additional $300,000 in capital expenditures in fiscal 2000 in conjunction with the establishment of a network operations center in Norwalk, Connecticut and with the planned expansion to become a nationwide Competitive Local Exchange Carrier ("CLEC"). The Company anticipates financing these expenditures through equipment leases and by using its existing working capital.

As of February 29, 2000, the Company owned approximately 18% of Access One. On March 24, 2000, Talk.com Inc., a Delaware corporation ("Talk"), Aladdin Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of Talk ("Merger Sub"), and Access One, entered into an Agreement and Plan of Merger (the "Merger Agreement"), which provides, among other things, for the merger

<PAGE>
(the "Merger") of Merger Sub with and into Access One. Upon consummation of the Merger, Access One will become a wholly owned subsidiary of Talk. Under the terms of the Merger Agreement, Access One stockholders will receive 0.571428 shares of Talk's common stock in exchange for each share of Access One common stock held by such stockholders at the effective time of the Merger. It is expected that, as a result of the Merger, shareholders of Access One will receive an aggregate of approximately 14.3 million shares of Talk's common stock, of which the Company will receive approximately 2.5 million shares. The transaction has been approved by the Boards of Directors of each of Talk and Access One, but is contingent upon, among other things, approvals of both Talk's and Access One's stockholders, certain regulatory approvals (including approval under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and certain telecommunications regulatory approvals), and other customary conditions. Under a Voting Agreement entered into on March 24, 2000, the holders of approximately 67.8% of Access One's outstanding common stock have agreed to vote in favor of the Merger. In connection with the Merger, Access One has also entered into a five-year agreement to provide certain telecommunications services to Talk and its subsidiaries. Access One has the right to terminate that agreement if the merger with Talk.com is not consummated. Access One shareholders anticipate receiving Talk common stock that has been registered for resale, subject to an agreement to not sell the stock until three months after the registration statement is declared effective, or until October 31, 2000, whichever occurs sooner.

Management believes that the specialty retail sales division's working capital and cash flow from operations will be sufficient to meet the cash and capital requirements for the Company's specialty retail sales division for the next twelve months. This division operated profitably in the first quarter and anticipates being able to continue its current rate of growth for the next several quarters. Management anticipates that the Company has sufficient capital on hand to meet the operating needs of its telecommunications division over the next 12 months. In addition to the cash on hand and the shares of Talk that the Company may receive in conjunction with the Merger between Talk and Access One, the Company has sent redemption notices requiring the exercise of warrants to purchase approximately 622,000 shares of eLEC common stock from the Company at a price of $4.00 per share.

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eLEC COMMUNICATIONS CORP.

PART II-OTHER INFORMATION

Item 2. Changes in Securities

On January 19, 2000, the Company issued to the former member of WebQuill Internet Services LLC ("WebQuill") 150,000 shares of common stock of the Company in conjunction with the satisfaction of certain performance criteria established in connection with the acquisition of WebQuill. Such transaction was effected pursuant to Sections 4(2) of the Securities Act of 1933, as amended.

On January 20, 2000, the Company issued to the former shareholders of Telecarrier Services Inc. 500,000 shares of common stock of the Company in conjunction with the purchase of Telecarrier. Such transaction was effected pursuant to Sections 4(2) of the Securities Act of 1933, as amended.

On January 20, 2000, the Company issued 32,000 shares of common stock of the Company in conjunction with the retirement of certain indebtedness of Telecarrier. Such transaction was effected pursuant to Sections 4(2) of the Securities Act of 1933, as amended

On February 3 and February 29, 2000, the Company issued an aggregate of 391,750 shares of common stock of the Company in conjunction with the exercise of warrants. Such transaction was effected pursuant to Sections 4(2) of the Securities Act of 1933, as amended.

On December 28, 1999 and February 29, 2000, the Company issued an aggregate of 602,000 shares of common stock of the Company in conjunction with a private placement of stock. Such transaction was effected pursuant to Sections 4(2) of the Securities Act of 1933, as amended.

<PAGE>

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits.
None

27-- Financial Data Schedule.

(b) Reports on Form 8-K
None.

<PAGE>

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 hereunto duly authorized.

eLEC Communications Corp.

April 13, 2000

Date

By: /s/ Paul H. Riss

Paul H. Riss
Chief Executive Officer
(Principal Financial and
Accounting Officer)

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EXHIBIT INDEX

No.	Description	Page No.
27	Financial Data Schedule.	16

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ATTACHMENT VI

Proposed Tariff

Essex Communications, Inc.
d/b/a eLEC Communications
48 So. Service Road, 3rd Floor
Melville, New York 11747

LOCAL SERVICES TARIFF

Regulations and Schedule of Local Exchange Service Rates
Within the State of South Dakota

This tariff includes the rates, charges, terms and conditions of service for the provision of local exchange services by Essex Communications, Inc. d/b/a eLEC Communications ("Essex") between locations within the State of South Dakota.

In accordance with SDCL 20:10:06:02, this tariff is available for public inspection during normal business hours at the main office of Essex Communications, Inc. d/b/a eLEC Communications located at 48 So. Service Road, 3rd Floor, Melville, New York 11747.

CHECK SHEET

The pages listed below are effective as of the date shown. The original and revised pages contain all changes from the original tariff in effect on the date shown on each page.

Page	Revision	Page	Revision	Page	Revision
1	Original *	21	Original *	41	Original *
2	Original *	22	Original *	42	Original *
3	Original *	23	Original *	43	Original *
4	Original *	24	Original *	44	Original *
5	Original *	25	Original *	45	Original *
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19	Original *	39	Original *	59	Original *
20	Original *	40	Original *	60	Original *

* - indicates pages included in this filing

CHECK SHEET, (CONT'D)

The pages listed below are effective as of the date shown. The original and revised pages contain all changes from the original tariff in effect on the date shown on each page.

Page	Revision	Page	Revision	Page	Revision
61	Original *	81	Original *	91	Original *
62	Original *	82	Original *	92	Original *
63	Original *	83	Original *	93	Original *
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78	Original *	88	Original *		
79	Original *	89	Original *		
70	Original *	90	Original *		

* - indicates pages included in this filing

CONCURRING CARRIERS

None

CONNECTING CARRIERS

None

OTHER PARTICIPATING CARRIERS

None

EXPLANATION OF SYMBOLS

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

(C) To signify changed regulation.

(D) To signify discontinued rate or regulation.

(I) To signify increased rate.

(M) To signify a move in the location of text.

(N) To signify new rate or regulation.

(R) To signify reduced rate.

(T) To signify a change in text but no change in rate or regulation.

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SECTION 1 - DEFINITIONS AND ABBREVIATIONS

Access Code - Denotes a uniform code or number dialed by the Customer to reach a service provided by the Company (e.g., Casual Calling Service, Travel Card Service)

Access Line - An arrangement which connects the Customer's local exchange line to a Company designated switching center or point of presence.

Additional Period - The rate element used to bill chargeable time when a call continues beyond the Initial Period. The Additional Period starts when the Initial Period ends. Additional Period rates apply to any fraction of the time period for chargeable time beyond the Initial Period. Additional Periods vary by rate schedule and are specified in each individual rate table contained in later sections of this tariff.

Aggregator - A Customer of the Company, including any person, firm, corporation, or other legal entity which contracts with for installation of the Company's services and makes such services available for use by guests, patrons, visitors or other transient third parties at the Aggregator's location. The Aggregator is responsible for compliance with the terms and conditions of this tariff.

Answer Supervision - The transmission of the switch trunk equipment supervisory signal (off-hook or on-hook) to a carrier's Point of Presence or customer's terminal equipment as an indication that the called party has answered or disconnected.

Authorization Code - A numerical code, one or more of which are assigned to a Customer to enable access to the Company's network, and which is used by the Company both to prevent unauthorized use of its services and to identify the Customer for billing purposes.

Authorized User - Any person, firm, partnership, corporation or other entity who is authorized by the Customer to be connected to and utilize the Company's services under the terms and regulations of this tariff.

Automatic Number Identification (ANI) - The automatic transmission of a caller's billing account telephone number to a local exchange company, interexchange carrier or a third party Customer. The primary purpose of ANI is for billing toll calls.

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

Bps - Bits per second. The number of bits transmitted in a one second interval.

Business Customer - For the purposes of this tariff, a Business Customer is a Customer of the Company whose primary use of the Company's service is for business purposes.

SECTION 1 - DEFINITIONS AND ABBREVIATIONS, (CONT'D)

Casual Calling - Where access to the Company's network and the subsequent use of service by the Customer is initiated through the dialing of a toll-free number or Access Code. Casual Calling allows non-Presubscribed customers to utilize the services of the Company.

Central Office - The premises of the Company or another local exchange carrier containing one or more switches where Customer local exchange access lines are terminated for purposes of interconnection to other station loops, trunks or access facilities. The Company location from which the Customer's Premises would normally obtain local exchange service and dial tone from the Company or other local exchange carrier.

Channel - A communications path between two or more points.

CIC - An interexchange carrier identification code.

Commission - Refers to the South Dakota Public Utilities Commission, unless otherwise indicated.

Company or Carrier - Used throughout this tariff to indicate Essex Communications, Inc. d/b/a eLEC Communications

CPE - Customer Premises Equipment. All Terminal Equipment or other communications equipment and/or systems provided by the Customer for use with the Company's facilities and services.

Customer - A person, firm, partnership, corporation or other entity which arranges for the Company to provide, discontinue or rearrange telecommunications services on behalf of itself or others; uses the Company's telecommunications services; and is responsible for payment of charges, all under the provisions and terms of this tariff. The term Customer includes persons, firms, partnerships, corporations or other legal entities who do not have a pre-existing account or relationship with the Company but use the services of the Company on Casual Calling Basis or on a per call basis from Aggregator locations through equipment provided by an Aggregator.

Dedicated Access Origination/Termination - Where originating or terminating access between an end user and an interexchange carrier are provided via dedicated facilities, circuits or channels. A method of reaching the Company's or other IXC's communication and switching systems whereby the Customer is connected directly to the Company or other IXC's Point of Presence or designate without utilizing the services of the local switched network.

DID - Direct Inward Dialing

DS0 - Digital Signal Level 0; a dedicated, full duplex digital channel with line speeds of 2.4, 4.8, 9.6, 19.2, 56 or 64 Kbps.

SECTION 1 - DEFINITIONS AND ABBREVIATIONS, (CONT'D)

DS1 -Digital Signal Level 1; a dedicated, high capacity, full duplex channel with a line speed of 1.544 Mbps isochronous serial data having a line signal format of either Alternate Mark Inversion (AMI) or Bipolar with 8 Zero Substitution (B8ZS) and either Superframe (D4) or Extended Superframe (ESF) formats. DS1 Service has the equivalent capacity of 24 Voice Grade or DS0 services.

DS3 -Digital Signal Level 3; a dedicated, high capacity, full duplex channel with a line speed of 44.736 Mbps isochronous serial data having a line code of bipolar with three zero substitution (B3ZS). Equivalent capacity of 28 DS1 Services.

Dual Tone Multifrequency (DTMF) - Tone signaling, also known as touch tone signaling.

Equal Access - Where the local exchange company central office provides interconnection to interexchange carriers with Feature Group D circuits. In such End Offices, Customers can presubscribe their telephone line(s) to their preferred interexchange carrier. A form of dialed access provided by local exchange companies whereby telephone calls dialed by the Customer are automatically routed to the Company's network. Customers may also route calls to the Company's network by dialing an access code provided by the Company.

Essex - Used throughout this tariff to refer to Essex Communications, Inc. d/b/a eLEC Communications

Exchange - A group of lines in a unit generally smaller than a LATA established by the Company or other local exchange carrier for the administration of communications service in a specified area. An Exchange may consist of one or more central offices together with the associated facilities used in furnishing communications service within that area.

Gbps - Gigabits per second; billions of bits per second.

Host Office - An electronic switching system which provides call processing capabilities for one or more Remote Switching Modules or Remote Switching Systems.

Hunting - The routing a call to an idle station line in a prearranged group when the called station line is busy.

Incumbent Local Exchange Carrier ("ILEC") - A local exchange carrier whose services may be resold by the Company to Customers under the terms and conditions of this tariff.

SECTION 1 - DEFINITIONS AND ABBREVIATIONS, (CONT'D)

Individual Case Basis or ICB - A process whereby the terms, conditions, rates and/or charges for a service provided under the general provisions of this tariff are developed or modified based on the unique circumstances in each case. ICB rates are determined using the rules and regulations for Special Service Arrangements as contained in Section 11of this tariff.

Initial Period - The initial period is the length of a call for minimum billing purposes. Initial Periods vary by rate schedule and are specified in each individual rate table contained in other sections of this tariff.

Inward-Only - A service attribute that restricts outward dial access and routes incoming calls to a designated answer point.

Interexchange Carrier (IXC) - A long distance telecommunications services provider that furnishes services between exchange areas.

Kbps - Kilobits per second; 1000s of bits per second.

LATA - Local Access and Transport Area. A geographic area for the provision and administration of communications services existing on February 8, 1996, as previously established by the U.S. District Court for the District of Columbia in Civil Action No. 82-0192; or established by a Bell operating company after February 8, 1996 and approved by the FCC; or any other geographic area designated as a LATA in the National Exchange Carrier Association (NECA) Tariff F.C.C. No. 4.

LEC - Local Exchange Carrier.

Local Calling Area - A geographical area, as defined in the Company's local or general exchange service tariff in which a party may complete a call without incurring toll usage charges.

Marks - A collective term to mean such items as trademarks, service marks, trade names and logos, copyrighted words, artwork, designs, pictures or images; or any other device or merchandise to which legal rights or ownership are held or reserved by an entity.

Mbps - Megabits per second; millions of bits per second.

N/A - Not Applicable.

SECTION 1 - DEFINITIONS AND ABBREVIATIONS, (CONT'D)

Non-Recurring Charge ("NRC") - The initial charge, usually assessed on a one-time basis, to initiate and establish a service or feature.

NPA - Numbering Plan Area or area code.

OC-12 - A high capacity channel for full duplex, synchronous, optic transmission of digital signals based on the SONET Standard at a rate of 622.08 Mbps.

OC-3 - A high capacity channel for full duplex, synchronous, optic transmission of digital signals based on the SONET Standard at a rate of 155.52 Mbps.

OC-48 - A high capacity channel for full duplex, synchronous, optic transmission of digital signals based on the SONET Standard at a rate of 2.4 Gbps

One-Way - A service attribute that permits either outward dial capabilities for outbound calls or call termination for inbound calls.

Outward-Only - A service attribute that restricts inward calls to a Customer's line and permits only origination of calls.

Pay Telephone - Telephone instruments provided by the Company, Customer or other third party for use by the transient general public. Pay Telephones permit the user to place local and long distance calls and bill such calls on a non sent-paid or sent paid-basis. To facilitate sent-paid calling, Pay Telephones can be equipped with a credit card reader, coin box, or similar device that allows charges to be collected for each call at the instrument.

PBX - Private Branch Exchange

PIC Authorization - A Customer's or End User's selection of a PIC that meets the requirements of federal and state law.

PIC - Primary Interexchange Carrier.

SECTION 1 - DEFINITIONS AND ABBREVIATIONS, (CONT'D)

Point of Presence or POP - The physical location associated with an Interexchange Carrier's communication and switching systems.

Premises - A building, portion of a building in a multi-tenant building, or buildings on continuous property not separated by a highway.

Presubscription - An arrangement whereby a Customer selects and designate to the Company or other LEC a carrier he or she wishes to access, without an access code, for completing intraLATA and/or interLATA toll calls. The selected carrier is referred to as the Primary Interexchange Carrier.

Primary Interexchange Carrier - The IXC designated by the Customer as its first routing choice and primary overflow carrier for routing of 1+ direct dialed and operator assisted non-local calls.

Private Line - A service which provides dedicated path between one or more Customer Premises.

Recurring Charge - The charges to the Customer for services, facilities or equipment, which continue for the agreed upon duration of the service. Recurring charges do not vary based on Customer usage of the services, facilities or equipment provided.

Residence Customer - For the purposes of this tariff, a Residential Customer is a Customer of the Company whose primary use of the Company's service is for personal use in a home, apartment or other residential dwelling unit.

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 in the service order or this tariff, in which case the service commencement date is the date of the Customer's acceptance. The Company and Customer may mutually agree on a substitute service commencement date.

Service Order - A written request for network services executed by the Customer and the Company. The signing of a Service Order by the Customer and acceptance by the Company begins the respective obligations of the parties in that order services offered under this tariff. At the Company's discretion, a verbal request for service may also be accepted by the Company as a means of initiating a Service Order.

SECTION 1 - DEFINITIONS AND ABBREVIATIONS, (CONT'D)

Serving Wire Center - See Central Office.

Special Access - See Dedicated Access.

Station - Refers to telephone equipment or an exchange access line or trunk from or to which calls are placed.

Switched Access Origination/Termination - Where access between the Customer and an interexchange carrier is provided on local exchange company Feature Group circuits and the connection to the Customer is a LEC-provided business or residential access line. The cost of switched Feature Group access is billed to the interexchange carrier.

Telecommunications Device for the Deaf (TDD) - A machine that uses the transmission of coded signals instead of verbal communications to enable hearing impaired users to communicate with each other and with non-hearing impaired individuals.

Terminal Equipment - Telecommunications devices, apparatus and associated wiring on the Customer-designated premises.

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

Trunk Group - A set of trunks which are traffic engineered as a unit for the establishment of connections between switching systems in which all of the communications paths are interchangeable.

Two-Way - A service attribute that includes outward dial capabilities for outbound calls and can also be used to carry inbound calls to a central point for further processing.

V & H Coordinates - Geographic points which define the originating and terminating points of a call in mathematical terms so that the airline mileage of the call may be determined. Call mileage may be used for the purpose of rating calls.

SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of Essex

2.1.1 The Company undertakes to furnish communications service pursuant to the terms of this tariff in connection with one-way and/or two-way communications originating and terminating between points within the state of South Dakota.

2.1.2 The Company's services and facilities are available twenty-four (24) hours per day, seven (7) days per week.

2.1.3 The Company is responsible under this tariff only for the services and facilities provided hereunder, and it assumes no responsibility for any service provided by any other entity that purchases access to the Company network in order to originate or terminate its own services, or to communicate with its own customers.

2.1.4 Essex arranges for installation, operation, and maintenance of the communications services provided in this tariff for Customers in accordance with the terms and conditions set forth under this tariff. Company may act as the Customer's agent for ordering access connection facilities provided by other carriers or entities, when authorized by the Customer, to allow connection of a Customer's location to the Company's network. The Customer shall be responsible for all charges due for such service arrangements.

SECTION 2 - RULES AND REGULATIONS

2.2 Use of the Company's Service

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

2.2.2 The services 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.

2.2.3 Recording of telephone conversations of service provided by the Company under this tariff is prohibited except as authorized by applicable federal, state and local laws.

2.2.4 Any service provided under this tariff may be resold to or shared (jointly used) with other persons at the Customer's option. The Customer remains solely responsible for all use of service ordered by it or billed to its account(s) pursuant to this tariff, for determining who is authorized to use its service, and for promptly notifying the Company of any unauthorized use. The Customer may advise its customers that a portion of its service is provided by the Company, but the Customer shall not represent that the Company jointly participates with the Customer in the provision of the service. The Company may require applicants for service who intend to use the Company's offerings for resale, shared and/or joint use to file a letter with the Company confirming that their use of the Company's offerings complies with relevant laws and the Commission's regulations, policies, orders, and decisions.

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

2.3 Limitations

2.3.1 The Company does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for errors in transmission or for failure to establish connections.

2.3.2 The furnishing of service under this tariff is subject to the availability on a continuing basis of all the necessary facilities and equipment 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.

2.3.3 The Company reserves the right to limit or to 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.

2.3.4 Service may be limited or discontinued by the Company, without notice to the Customer, by blocking traffic to certain countries, cities, or NXX exchanges, or by blocking calls using certain Account Codes or Authorization Codes, when the Company deems it necessary to take such action to prevent unlawful use of its service. Service will be restored service as soon as it can be provided without undue risk.

2.3.5 The Company may block any signals being transmitted over its network by Customers which cause interference to the Company or other users. Customer shall be relieved of all obligations to make payments for charges relating to any blocked service and shall indemnify the Company for any claim, judgment or liability resulting from such blockage.

2.3.6 The Company reserves the right to discontinue service when the Customer is using the service in violation of the provisions of this tariff, or in violation of the law.

2.3.7 The Company reserves the right to discontinue service, limit service, or to impose requirements as required to meet changing regulatory or statutory rules and standards, or when such rules and standards have an adverse material affect on the business or economic feasibility of providing service, as determined by the Company in its reasonable judgment.

2.3.8 Local exchange services provided by the Company are offered for use by Customers of the Company's Digital Subscriber Line Service or other advanced data services which Essex may offer from time to time. At the Company's discretion, service may also be offered to non-DSL or non-advanced data customers.

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

2.4 Assignment and Transfer

2.4.1 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 to a) any subsidiary, parent Company or affiliate of the Company; b) under any sale or transfer of substantially all the assets of the Company within the state; or c) under any financing, merger or reorganization of the Company.

2.4.2 The Company will permit a Customer to transfer its existing service to another entity if the existing Customer has paid all charges owed to the Company for regulated communications services. Transfer of service is subject to credit validation of the transfer-to entity and that entity's providing any necessary deposits or advance payments.

2.4.3 No minimum or termination charge will apply (unless otherwise stated specifically in this tariff) where a new Customer takes over contract services subscribed to by a former Customer, provided the service is to be furnished at the same location without interruption and that the new Customer assumes all unpaid charges and termination liabilities of the original contract. Minimum and termination charges will apply for any new service furnished under contract which are not retained by the new Customer.

2.4.4 All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions of service.

2.5 Application or Service

2.5.1 Customers may be required to enter into written or oral service orders which shall contain or reference a specific description of the service ordered, the rates to be charged, the duration of the services, and the terms and conditions in this tariff. Customers will also be required to execute any other documents as may be reasonably requested by the Company.

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

2.6 Ownership of Facilities

2.6.1 The Customer obtains no property right or interest in the use of any specific type of facility, service, equipment, number, process, or code.

2.6.2 Title to all facilities utilized by the Company to provide service under the provisions of this tariff shall remain with the Company, its partners, agents, contractors or suppliers. Such facilities shall be returned to the Company, its partners, agents, contractors or suppliers by the Customer, whenever requested, within a reasonable period following the request in as good condition as reasonable wear permits.

2.6.3 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. Nothing in this provision shall be construed to be inconsistent with number portability requirements.

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

2.7 Liability of the Company

2.7.1 In view of the fact that the Customer has exclusive control of his communications over the facilities furnished him by the Company, and other uses for which facilities may be furnished him by the Company, and because of the unavoidableness of errors incident to the services and to the use of such facilities of the Company, the services and facilities furnished by the Company are subject to the regulations and limitations specified herein.

2.7.2 Except as provided otherwise in this Tariff, the Company shall not be liable to Customer or any other person, firm or entity for any failure of performance hereunder if such failure is due to any cause or causes beyond the reasonable control of the Company. Such causes shall include, without limitation, acts of God, fire, explosion, vandalism, cable cut, storm or other similar occurrence, any law, order, regulation, direction, action or request of the United States government or of any other government or of any other civil or military authority, national emergencies, insurrections, riots, wars, strikes, lockouts or work stoppages or other labor difficulties, supplier failures, shortages, breaches, or delays, or preemption of existing services to restore service in compliance with Part 64, Subpart D, Appendix A, of the FCC's Rules and Regulations.

2.7.3 No liability shall attach to the Company by reason of any defacement or damage to the Customer's premise resulting from the existence of the Company's equipment or facilities on such premise, or by the installation or removal thereof, when such defacement or damage is not the result of the negligence of the Company or its employees.

2.7.4 The Company does not guarantee nor make any warranty with respect to installations provided by it for use in an explosive atmosphere.

2.7.5 The Company makes no warranties or representations, express or implied, either in fact or by operation of law, statutory or otherwise, including warranties of merchantability or fitness for a particular use, except those expressly set forth herein.

2.7.6 Failure by the Company to assert its rights under a provision of this tariff does not preclude the Company from asserting its rights under other provisions.

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

2.7 **Liability of the Company, (Cont'd.)**

2.7.7 When the services, equipment or facilities of other companies are used separately or in conjunction with the Company's facilities, service or equipment, the Company shall not be liable for any act or omission of such other companies or their agents, servants or employees.

2.7.8 **With Respect to Release of Information in Conjunction with Provision of Emergency Number 911 Service:**

When a Customer with a nonpublished telephone number, as defined herein, places a call to the emergency 911 service, the Company will release the name and address of the calling party, where such information can be determined, to the appropriate local governmental authority responsible for emergency 911 service upon request of such governmental authority. By subscribing to service under this tariff, the Customer acknowledges and agrees with the release of information as described above.

2.7.9 The Company's liability for damages arising out of mistakes, interruptions, omissions, delays, errors, or defects in transmission which occur in the course of furnishing service or facilities, shall be determined in accordance with SDCL 49-13-1 and 49-13-1.1 and any other applicable law.

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

2.8 Liability of the Customer

2.8.1 The Customer will be liable for damages to the facilities of the Company and for all incidental and consequential damages caused by the negligent or intentional acts or omissions of the Customer, its officers, employees, agents, invites, or contractors where such acts or omissions are not the direct result of the Company's negligence or intentional misconduct.

2.8.2 To the extent caused by any negligent or intentional act of the Customer as described in 2.8.1, preceding, the Customer shall indemnify, defend and hold harmless the Company from and against all claims, actions, damages, liabilities, costs and expenses, including reasonable attorneys' fees, for (1) any loss, destruction or damage to property of any third party, and (2) any liability incurred by the Company to any third party pursuant to this or any other tariff of the Company, or otherwise, for any interruption of, interference to, or other defect in any service provided by the Company to such third party.

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

2.8 Liability of the Customer, (Cont'd.)

2.8.3 The Company shall not be liable for any damages, including usage charges, that the Customer may incur as a result of the unauthorized use of services provide to a Customer. Unauthorized use occurs when 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. The unauthorized use of the Company's services includes, but is not limited to, the placement of calls from the Customer's premise, and the placement of calls through equipment controlled and/or provided by the Customer, that are transmitted over the Company's network without the authorization of the Customer. The Customer shall be fully liable for all such usage charges. The following also apply to unauthorized use of company services:

(A) The Customer is liable for the unauthorized use of the network obtained through the fraudulent use of a Company Travel/Calling Card, if such a card is offered by the Company, or an accepted credit card, provided that the unauthorized use occurs before the Company has been notified.

(B) A Company Travel/Calling Card is a billing mechanism issued by the Company at the Customer's request, which enables the Customer or authorized user to place calls over the network and to have the charges for such calls billed to the Customer's account. 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 an renewal or substitute in accordance with this paragraph is an accepted credit card when received by the cardholder.

(C) The Customer must give the Company written or oral notice that an unauthorized use of a Company Travel/Calling Card or an accepted credit card has occurred or may occur as a result of loss or theft.

(D) The Customer is responsible for payment of all charges for Travel/Calling Card services furnished to the Customer or to users authorized by the Customer to use service provided under this tariff, unless due to the negligence of the Company. This responsibility is not changed due to any use, misuse, or abuse of the Customer's service or Customer-provided equipment by third parties, the Customer's employees, or the public.

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

2.9 Obligations of the Customer

2.9.1 The Customer is responsible for making proper application for service; placing any necessary orders; for complying with tariff regulations; and payment of charges for services provided. Specific Customer responsibilities include, but are not limited to the following:

(A) 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 non-compliance by the Customer, with these regulations; or by fire or theft or other casualty on the Customer premise, unless caused by the negligence or willful misconduct of the employees or agents of the Company;

(B) providing at no charge, as specified from time to time by the Company, any needed equipment, secured space, power, supporting structures, and conduit to operate Company facilities and equipment installed on the premise of the Customer, and the level of heating and air conditioning necessary to maintain the proper operating environment on such premise;

(C) obtaining, maintaining and otherwise having full responsibility for all rights-of-way and conduit necessary for installation of fiber optic cable and associated equipment used to provide communications services to the Customer from the cable building entrance or property line to the location of the equipment space described in Section 2.9 (b). Any and all 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;

(D) providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premise at which Company employees and agents shall be installing or maintaining the Company's facilities and equipment; the Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company's opinion, injury or damage to the Company employees or property might result from installation or maintenance by the Company; the Customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material (e.g., friable asbestos) prior to any construction or installation work;

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

2.9 Obligations of the Customer, (Cont'd.)

(E) complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of Company facilities and equipment in any Customer premise or the rights-of-way for which Customer is responsible under Section 2.9 (c); and granting or obtaining permission for Company agents or employees to enter the premise of the Customer at any time for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of the Company;

(F) not creating or allowing to be placed any liens or other encumbrances on the Company's equipment or facilities;

(G) making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance will be made for the period during which service is interrupted for such purposes;

(H) taking all steps necessary to cancel or otherwise discontinue any service(s) to be replaced by any of the Company's service(s) as described herein, and

(I) ensuring that any Customer provided equipment and/or systems are properly interfaced with Company facilities or services, that the signals emitted into Company's network are of the proper mode, bandwidth, power, and signal level for the intended use of the Customer and in compliance with the criteria set forth in this tariff, and that the signals do not damage equipment, injure personnel, or degrade service to other Customers.

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

2.10 Billing and Payment For Service

2.10.1 Responsibility for Charges

A. The Customer is responsible for payment of all charges for services and equipment furnished to the Customer for transmission of calls via the Company. In particular and without limitation to the foregoing, the Customer is responsible for any and all cost(s) incurred as the result of:

(1) any delegation of authority resulting in the use of his or her communications equipment and/or network services which result in the placement of calls via the Company;

(2) any and all use of the service arrangement provided by the Company, including calls which the Customer did not individually authorize;

(3) any calls placed by or through the Customer's equipment via any remote access feature(s);

(4) any calls placed via the Company's Travel Service as a result of the Customer's intentional or negligent disclosure of Authorization Codes or PIN numbers assigned to the Customer; and

(5) any and all calls placed to an toll-free (e.g., 800, 888) service number provided to the Customer by the Company.

2.10.2 Minimum Period

The minimum period for which services are provided and for which rates and charges are applicable is one (1) month unless otherwise specified in this tariff or by mutually agreed upon contract. When a service is discontinued prior to the expiration of the minimum period, charges are applicable, whether the service is used or not.

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

2.10 Billing and Payment For Service, (Cont'd.)

2.10.3 Payment for Service

(A) All charges due by the Customer are payable to the Company or any agent duly authorized to receive such payments. The billing agent may be the Company, a local exchange telephone company, credit card company, or other billing service. Terms of payment shall be according to the rules and regulations of the agent and subject to the rules of regulatory bodies having jurisdiction.

(B) Non-recurring charges for installations, service connections, moves or rearrangements are due and payable upon receipt of the Company's invoice by the Customer. At the Company's discretion, payment of all or a portion of any non-recurring charges may be required prior to commencement of facility or equipment installation or construction required to provide the services requested by the Customer.

(C) The Company shall present invoices for recurring charges monthly to the Customer, in advance of the month in which service is provided.

(D) When billing is based upon Customer usage, usage charges will be billed monthly in arrears for service provided in the preceding billing period.

(E) Customer billing will begin on the service commencement date, which is the day the Company notifies the Customer that the service or facility is available for use, except that the service commencement date may be postponed by mutual agreement of the parties, or if the service or facility does not conform to standards under this tariff or the service order. Billing accrues through and includes the day that the service, circuit, arrangement or component is discontinued.

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

2.10 Billing and Payment For Service, (Cont'd.)

2.10.3 Payment for Service, (continued)

(F) When service does not begin on the first day of the month, or end on the last day of the month, 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.

(G) Payment shall not be considered past due prior to fifteen (15) days after the mailing of an invoice by the Company requesting said payment.

(H) Customers with billing or service inquiries may contact the Company toll-free by dialing 1-888-389-1400 or by writing to the following address:

Essex Communications, Inc. d/b/a eLEC Communications
Attn: Customer Service Department
48 So. Service Road, 3rd Floor
Melville, New York 11747

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

2.10 Billing and Payment For Service, (Cont'd.)

2.10.4 Disputed Charges

A. Any objections to billed charges must be reported to the Company or its billing agent within one-hundred and eighty (180) days of the mailing of the bill issued to the Customer. Adjustments to Customers' bills shall be made to the extent that circumstances exist which reasonably indicate that such changes are appropriate.

B. In the event that a billing dispute occurs concerning any charges billed to the Customer by the Company, the Customer must submit a documented claim for the disputed amount. The Customer will submit all documentation as may reasonably be required to support the claim. All claims must be submitted to the Company within one hundred and eight (180) days of mailing date of the bill for the disputed services. If the Customer does not submit a claim as stated above, the Customer waives all rights to filing a claim thereafter.

C. If the dispute is resolved in favor of the Customer and the Customer has withheld the disputed amount, no interest credits or penalties will apply.

D. If the dispute is resolved in favor of the Company and the Customer has withheld the disputed amount, any payments withheld pending settlement of the disputed amount shall be subject to the late payment penalty as set forth in 2.10.5.

E. If the dispute is resolved in favor of the Customer and the Customer has paid the disputed amount, the Customer will receive an interest credit from the Company for the disputed amount times a late factor as set forth in 2.10.5.

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

2.10 Billing and Payment For Service, (Cont'd.)

2.10.4 Disputed Charges, (continued)

F. If the dispute is resolved in favor of the Company and the Customer has paid the disputed amount on or before the payment due date, no interest credit or penalties will apply.

G. If the Customer and the Company are unable to resolve the dispute to their mutual satisfaction, the Customer may file a complaint with the South Dakota Public Utilities Commission in accordance with the Commission's rules of procedure. The address of the Commission is as follows:

South Dakota Public Utilities Commission
500 East Capitol
Pierre, South Dakota 57501-5070
Toll-Free: (800) 332-1782
TTY Through Relay South Dakota: (800) 877-1113

2.10.5 Late Payment Fees

A. A late payment charge of 1.5% per month shall be due to the Company for any billed amount for which payment has not been received by the Company within fifteen (15) days of the mailing date of the Company's invoice for service or by the due date printed on the invoice, whichever is later, or if any portion of the payment is received by the Company in funds which are not immediately available upon presentment. If the last calendar day for remittance falls on a Sunday, legal holiday or other day when the offices of the Company are closed, the date for acceptance of payments prior to assessment of any late payment fees shall be extended through to the next business day.

2.10.6 Return Check Charge

A. A service charge equal to $25.00 will be assessed under South Dakota law for all checks returned by a bank or other financial institution for: insufficient or uncollected funds, closed account, apparent tampering, missing signature or endorsement, or any other insufficiency or discrepancy necessitating return of the instrument at the discretion of the drawee bank or other financial institution.

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

2.11 Taxes, Surcharges and Fees

2.11.1 All state and local taxes (i.e., gross receipts tax, sales tax, municipal utilities tax) are listed as separate line items on the Customer's bill and are not included in the quoted rates and charges set forth in this tariff. To the extent that a municipality, other political subdivision or local agency of government, or Commission imposes upon and collects from the Company a gross receipts tax, sales tax, occupation tax, license tax, permit fee, franchise fee, or other regulatory fee or tax, such and fees and taxes shall, insofar as practicable and allowed by law, be billed pro rata to Customers receiving service from the Company within the territorial limits of such municipality, other political subdivision or local agency of government. It shall be the responsibility of the Customer to pay any such taxes that subsequently become applicable retroactively.

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

2.11 Taxes, Surcharges and Fees, (Cont'd.)

2.11.2 The Company may adjust its rates and charges or impose additional rates and charges on its Customers in order to recover amounts it is required by governmental or quasi-governmental authorities to collect from or pay to others in support of statutory or regulatory programs. Examples of such programs include, but are not limited to, the Universal Service Fund (USF), the Presubscribed Interexchange Carrier Charge (PICC), compensation to pay telephone service providers, E911 Assessments and Relay Services. Fees or surcharges for such programs will be included in this section of the Tariff.

A. E911 Service Surcharge

All Customers will be assessed a per line surcharge to support local E911 Service Program. The E911 Surcharge will be based on a monthly snapshot of lines associated with each Customer's account. No fractional debits or credits will be given. This surcharge will appear as a separate line item on the Customer's bill. The amount of the surcharge will be equal to the per line assessment paid by the Company as determined by local jurisdictional assessments rounded up to the nearest whole cent, and may vary from time to time as required by South Dakota law, Commission rules or local jurisdiction requirements.

B. South Dakota Telecommunications Relay Service Surcharge

All Customers will be assessed a per line surcharge to support the South Dakota Telecommunications Relay Service ("SDTRS") program. The SDTRS Surcharge will be based on a monthly snapshot of lines associated with each Customer's account. No fractional debits or credits will be given. This surcharge will appear as a separate line item on the Customer's bill. The amount of the surcharge will be equal to the per line assessment paid by the Company as determined by South Dakota law or Commission rules rounded up to the nearest whole cent, and may vary from time to time as required by South Dakota law or Commission rules.

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

2.11 Taxes, Surcharges and Fees, (Cont'd.)

C. Pay Telephone Surcharge

In order to recover the Company's expenses to comply with the FCC's pay telephone compensation plan effective on October 7, 1997 (FCC 97-371), an undiscountable per call charge is applicable to all interstate, intrastate and international calls that originate from any domestic pay telephone used to access the Company's services. This surcharge, which is in addition to standard tariffed usage charges and any applicable service charges and surcharges associated with the Company's service, applies for the use of the instrument used to access the Company service and is unrelated to the Company's service accessed from the pay telephone.

Pay telephones include coin-operated and coinless phones owned by local telephone companies, independent companies and other interexchange carriers. The Pay Telephone Surcharge applies to the initial completed call and any reoriginated call (i.e., using the "#" symbol).

Whenever possible, the Pay Telephone Surcharge will appear on the same invoice containing the usage charges for the surcharged call. In cases where proper pay telephone coding digits are not transmitted to the Company prior to completion of a call, the Pay Telephone Surcharge may be billed on a subsequent invoice after the Company has obtained information from a carrier that the originating station is an eligible pay telephone.

The Pay Telephone Surcharge does not apply to calls placed from pay telephones at which the Customer pays for service by inserting coins during the progress of the call.

Rate per Call	$0.35

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

2.12 Deposits and Advanced Payments

2.12.1 General

The Company reserves the right to validate the creditworthiness of Customers and billed parties through available verification procedures. Where a Customer's creditworthiness is unacceptable to the Company, Essex may refuse to provide service, require a deposit or advance payment, or otherwise restrict or interrupt service to a Customer.

2.12.2 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 two (2) month's estimated billing or $130, whichever is less, payable in up to three (3) installments if the Customer is unable to pay the full amount. Advance payments do not accrue interest. An advance payment may be required in addition to a deposit.

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

2.12 Deposits and Advanced Payments, (Cont'd.)

2.12.2 Deposits

A. To safeguard its interests, the Company may require the Customer to make a deposit to be held as a guarantee for the payment of charges under Commission rules. A deposit may be required if the Customer's financial condition is not acceptable to the Company or is not a matter of general knowledge. A deposit does not relieve the Customer of the responsibility for the prompt payment of bills on presentation. A deposit may be required in addition to an advance payment.

B. The maximum amount of any deposit shall not exceed the equivalent of the customers estimated liability for two months service.

C. The Company will pay interest on deposits, to accrue from the date the deposit is made until it has been refunded, or until a reasonable effort has been made to effect refund. The Company will pay interest at the rate prescribed by the Commission.

D. If the amount of a deposit is proven to be less than required to meet the requirements specified above, the Customer shall be required to pay an additional deposit upon request.

E. Upon discontinuance of service, the Company shall promptly and automatically refund the Customer's deposit plus accrued interest, or the balance, if any, in excess of the unpaid bills including any penalties assessed for service furnished by the Company.

F. The Company shall annually and automatically refund the deposits of residential Customers who have paid bills for 12 consecutive months without having had service discontinued for nonpayment or had three (3) or more occasions on which a bill was not paid within the period prescribed and are not then delinquent in payment.

G. The Company shall annually credit all accrued interest to the customer's account.

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

2.13 Cancellation by Customer

2.13.1 General

Customers of the Company's service may cancel service by providing the Company with verbal or written notification thirty (30) days prior to the requested cancellation date. The Company shall hold the Customer responsible for payment of all bills for service furnished until the cancellation date specified by the Customer or until thirty (30) days after the date that the cancellation notice is received, whichever is later.

2.13.2 Cancellation of Contract Services

If a Customer cancels a service order or terminates services before the completion of the term or where the Customer breaches the terms in the service contract, the Customer may be requested by the Company to pay to Company termination liability charges. These charges shall become due and owing as of the effective date of the cancellation or termination. Unless otherwise specified in this tariff, the termination liability shall be equal to:

(1) all unpaid nonrecurring charges reasonably expended by the Company to establish service to Customer, plus;

(2) any disconnection, early cancellation or termination charges reasonably incurred and paid to third parties by the Company on behalf of Customer, plus;

(3) all recurring charges specified in the applicable service order for the balance of the then current term discounted at the prime rate announced in the Wall Street Journal on the third business day following the date of cancellation;

(4) minus a reasonable allowance for costs avoided by the Company as a direct result of Customer's cancellation.

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

2.13 Cancellation by Customer, (Cont'd.)

2.13.3 Cancellation of Application for Service

(A) Where the Company permits the 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.

(B) 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, less net salvage, shall apply, but in no case shall this charge exceed the sum of the charge for the minimum period of services ordered, including installation charges, and all charges others levy against the Company that would have been chargeable to the Customer had service begun.

(C) Where the Company incurs any expense in connection with special construction, or where special arrangements of facilities or equipment have begun, before the Company receives a cancellation notice, a charge equal to the costs incurred, less net salvage, may apply. In such cases, the charge will be based on such elements as the cost of the equipment, facilities, and material, the cost of installation, engineering, labor, and supervision, general and administrative expense, other disbursements, depreciation, maintenance, taxes, provision for return on investment, and any other costs associated with the special construction or arrangements.

(D) The charges described above will be calculated and applied on a case-by-case basis.

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

2.14 Cancellation by Company

2.14.1 Service continues to be provided until canceled by the Customer pursuant to Section 2.13 or until discontinued by the Company. The Company may render bills subsequent to the termination of service for charges incurred before termination. The Customer shall pay such bills in full in accordance with the payment terms of this tariff. The Company will not disconnect service on a Saturday, Sunday, or legal holiday or on any day that the Company's business office is not open to the public, except where an emergency exists.

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

2.14 Cancellation by Company (Cont'd.)

2.14.2 Essex may refuse or discontinue service to a Customer without notice under the following conditions:

(A) For violation of law or this tariff: Except as provided elsewhere in this tariff, the Company may refuse, suspend or cancel service, without notice, for any violation of terms of this tariff, for any violation of any law, rule, regulation, order, decree or policy of any government authority of competent jurisdiction, or by reason of any order or decision of a court or other government authority having jurisdiction which prohibits the Company from furnishing such service or prohibits Customer from subscribing to, using, or paying for such service.

(B) For the Company to comply with any order or request of any governmental authority having jurisdiction: The Company may refuse, suspend or cancel service, without notice, in order to permit the Company to comply with any order or request of any governmental authority having jurisdiction.

(C) In the event of Customer or Authorized User use of equipment in such a manner as to adversely affect the Company's equipment or service to others.

(D) In the event of tampering with the equipment or services owned by the Company or its agents.

(E) In the event of unauthorized or fraudulent use of service. Whenever service is discontinued for fraudulent use of service, the Company 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 revenues resulting from such fraudulent use.

(F) Without notice in the event of Customer use of equipment or services in such a manner as to adversely affect the Company's equipment or the Company's service to others.

(G) If any of the facilities, appliances, or apparatus on Customer's premise are found to be unsafe or causing harm to the Company's facilities, and may refuse to furnish service until the applicant or Customer shall have remedied the condition.

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

2.14 Cancellation by Company (Cont'd.)

2.14.3 Essex may refuse or discontinue service provided that, unless otherwise stated, the Customer shall be given five (5) days written notice to comply with any rule or remedy any deficiency:

(A) For nonpayment: The Company, by written notice to the Customer and in accordance with applicable law, may refuse, suspend or cancel service without incurring any liability when there is an unpaid balance for service that is past due.

(B) For returned checks: The Customer whose check or draft is returned unpaid for any reason, after two attempts at collection, shall be subject to refusal, suspension or cancellation of service in the same manner as provided for nonpayment of overdue charges.

(C) For neglect or refusal to provide reasonable access to the Company or its agents for the purpose of inspection and maintenance of equipment owned by the Company or its agents.

(D) For Customer use or Customer's permitting use of obscene, profane or grossly abusive language over the Company's facilities, and who, after five (5) days notice, fails, neglects or refuses to cease and refrain from such practice or to prevent the same, and to remove its property from the premise of such person.

(E) For failure of the Customer to make proper application for service or for use of telephone service for any other property or purpose than that described in the application.

(F) For Customer's breach of contract for service between the Company and the Customer.

(G) For periods of inactivity over sixty (60) days.

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

2.15 Restoration of Service

2.15.1 If service has been discontinued for nonpayment or as otherwise provided herein and the Customer wishes service continued, service shall be restored at the Company's discretion, when all past due amounts are paid or the event giving rise to the discontinuance (if other than nonpayment) is corrected. Customers whose service was disconnect for non-payment may be required to pay a deposit or advance payment prior to service restoration.

2.15.2 A restoration fee as specified in Section 4.3 applies to Customers whose service is restored following disconnection by the Company.

2.15.3 Restoration of disrupted services shall be in accordance with applicable Commission and/or Federal Communications Commission Rules and Regulations specified in Part 64, Subpart D, which specify the priority system for such activities.

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

2.16 Provision of Company Equipment and Facilities

2.16.1 The Company shall use reasonable efforts to maintain only the facilities and equipment 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 or equipment installed by the Company, except upon the written consent of the Company.

2.16.2 The Company may substitute, change or rearrange any equipment or facility at any time and from time to time, but shall not thereby alter the technical parameters of the service provided the Customer.

2.16.3 Equipment the Company provides or installs at the Customer premise shall not be used for any purpose other than that for which the equipment is provided.

2.16.4 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 under this tariff, the responsibility of the Company shall be limited to the furnishing of facilities offered under this tariff and to the maintenance and operation of such facilities. Subject to this responsibility, the Company shall not be responsible for:

(A) the through 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.

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

2.17 Interconnection

2.17.1 Service furnished by the Company may be interconnected with services or facilities of other authorized communications common carriers and with private systems, subject to technical limitations established by the Company. Service furnished by the Company is not part of a joint undertaking with such other common carriers or systems. Any special interface equipment or facilities necessary to achieve compatibility between the facilities of Company and other participating carriers shall be provided at the Customer's expense.

2.17.2 Connection with the facilities or services of other carriers shall be under the applicable terms and conditions of the other carriers tariffs. The Customer is responsible for taking all necessary legal steps for interconnecting his Customer-provided terminal equipment or communications systems with Company's facilities. Customer shall secure all licenses, permits, rights-of-way, and other arrangements necessary for such interconnection.

2.17.3 The Customer shall ensure that the facilities or equipment provided by another carrier are properly interconnected with the facilities or equipment of the Company. If the Customer maintains or operates the interconnected facilities or equipment in a manner which results or may result in harm to the Company's facilities, equipment, personnel, or the quality of service, the Company may, upon five (5) days written notice, require the use of protective equipment at the Customer's expense. If this written notice fails to eliminate the actual or potential harm, the Company may, upon additional five (5) days written notice, terminate the existing service of the Customer.

2.17.4 If harm to the Company's network, personnel or services is imminent due to interconnection with another carrier's services, the Company reserves the right to shut down Customer's service immediately, with no prior notice required.

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

2.18 Customer-Provided Equipment

2.18.1 The Company's services are designed primarily for the transmission of voice-grade telephonic signals, except as otherwise stated in this tariff. A user may transmit any form of signal that is compatible with the Company's equipment, but the Company does not guarantee that its services will be suitable for purposes other than voice-grade telephonic communication except as specifically stated in this tariff.

2.18.2 The Company's facilities and service may be used with or terminated in terminal equipment or communications systems such as a PBX, key system, or single line telephone. Such terminal equipment shall be furnished and maintained at the expense of the Customer. The Customer is responsible for all costs at his or her premises, including personnel, wiring, electrical power, and the like, incurred in the use of the Company's service.

2.18.3 Terminal equipment on the user's premise and the electric power consumed by such equipment shall be provided by and maintained at the expense of the Customer. The Customer is responsible for the provision of wiring or cable to connect its terminal equipment to the Company's network.

2.18.4 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 to other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense, subject to prior Customer approval of the equipment expense.

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

2.18 Customer-Provided Equipment, (Cont'd.)

2.18.5 Upon suitable notification to the Customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the Customer is complying with the requirements under this Section 2.18 for the installation, operation, and maintenance of Customer-provided facilities, equipment, and wiring in the connection of Customer-provided facilities and equipment to Company-owned facilities and equipment.

2.18.6 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 may, upon five (5) days written notice, require the use of additional protective equipment at the Customer's expense. If this written notice fails to remedy any protective deficiencies or potential harm, the Company may, upon additional five (5) days written notice, terminate the existing service of the Customer.

2.18.7 If harm to the Company's network, personnel or services is imminent, the Company reserves the right to shut down Customer's service immediately, with no prior notice required.

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

2.19 Inspection, Testing and Adjustments

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

2.19.2 Upon reasonable notice, the facilities or equipment provided by the Company shall be made available to the Company for such tests and adjustments as may be necessary for their maintenance in a condition satisfactory to the Company. No interruption allowance shall be granted for the time during which such tests and adjustments are made, unless such interruption exceeds twenty-four hours in length and is requested by the Customer.

2.19.3 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 applies to all service activities. The Company will work cooperatively with the Customer to determine the reasonable notification requirements. With some emergency or unplanned service-affecting conditions, such as an outage resulting from cable damage, notification to the Customer may not be possible.

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

2.20 Allowances for Interruptions in Service

2.20.1 General

(A) A credit allowance will be given when service is interrupted, except as specified in Section 2.20.2 following. 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.

(B) 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.

(C) If the Customer reports a service, facility or circuit to be interrupted but declines to release it for testing and repair, refuses access to its premise for test and repair by the Company, or continues to make voluntary use of the service, the service, facility or circuit 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.

(D) The Customer shall be responsible for the payment of Premises Visit and Trouble Isolation Service Charges as specified in Sections 4.1 and 4.2 of this Tariff for visits by the Company's agents or employees to the premise of the Customer when the service difficulty or trouble report results from the use of equipment or facilities provided by any party other than the Company, including but not limited to the Customer.

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

2.20 Allowances for Interruptions in Service (Cont'd.)

2.20.2 Limitations of Allowances

(A) No credit allowances will be provided for monthly recurring surcharges, taxes or fees including, but not limited, to the following:

(1) South Dakota E911 Assessment

(2) South Dakota Relay Services Surcharge

(3) End User Common Line Surcharge

(4) Primary Interexchange Carrier Charge

(5) Local Number Portability Surcharge

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

2.20 Allowances for Interruptions in Service (Cont'd.)

2.20.2 Limitations of Allowances, (cont'd.)

(B) No credit allowance will be made for any interruption in service:

(1) due to the negligence of or noncompliance with the provisions of this tariff by any person or entity other than the Company, including but not limited to the Customer;

(2) due to the failure of power, equipment, systems, connections or services not provided by the Company;

(3) due to circumstances or causes beyond the reasonable control of the Company;

(4) during any period in which the Company is not given full and free access to its facilities and equipment for the purposes of investigating and correcting interruptions;

(5) 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;

(6) that occurs or continues due to the Customer's failure to authorize replacement of any element of special construction; and

(7) that was not reported to the Company within 30 days of the date that service was affected.

(8) Cellular (wireless) transmission is subject to interruptions including but not limited to, dropped calls, interrupted calls, unintelligible calls, one way audio and other problems created by factors beyond Essex' ability to control. Therefore, under no circumstances will Essex provide credit or payment of any kind for calls which experience problems related to cellular (wireless) transmissions.

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

2.20 Allowances for Interruptions in Service (Cont'd.)

2.20.3 Use of Another Means of Communications

If the Customer elects to use another means of communications during the period of interruption, the Customer must pay the charges for the alternative service used.

2.20.4 Application of Credits for Interruptions in Service

A. If a Customer's service is interrupted other than by the negligence or willful act of the Customer, and it remains out of order for eight normal working hours or longer after access to the premise is made available and after being reported to be out of order, appropriate adjustments or refunds shall be made to the Customer, when such adjustment exceeds $1.00.

B. The amount of adjustment or refund shall be determined on the basis of the known period of interruption, generally beginning from the time the service interruption is first reported. The refund to the Customer shall be a pro rata part of the month's flat rate charges for the period of days and that portion of the service facilities rendered useless or inoperative. The refund may be accomplished by a credit on a subsequent bill for the service.

C. For purposes of credit computation every month shall be considered to have seven hundred and twenty (720) hours. For services with a monthly recurring charge, no credit shall be allowed for an interruption of continuous duration of less than eight (8) hours. The Customer shall be credited for an interruption of eight (8) or more hours at the rate of 1/720th of the monthly charge for the services affected for each day that the interruption continues. The formula used for computation of credits is as follows:

Credit = A/720 x B

A = outage time in hours (must be 8 or more)
B = total monthly recurring charge for affected service.

D. For usage sensitive services, credits will be limited to, at maximum, the price of the initial period of the individual call that was interrupted plus any per call service charges or surcharges required to reconnect the caller.

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

2.21 Notices and Communications

2.21.1 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.

2.21.2 The Company shall designate on the service order an address to which the Customer shall mail or deliver all notices and other communications, except that Company may designate a separate address on bills for service to which the Customer shall mail payment on that bill.

2.21.3 Notice of a pending disconnection of a Customer's service shall be delivered by U.S. Postal First Class Mail and shall contain the reason for the notice, the date of the notice, a description of any remedies the Customer may make, the time allotted for the Customer to make remedies (if any), and a toll free customer service number the Customer may call to obtain additional information.

2.21.4 Except as otherwise stated in this tariff, all other notices or communications required to be given under this tariff will be in writing.

2.21.5 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 second business day following placement 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.

2.21.5 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.

2.22 Other Rules and Regulations

2.22.1 Listing and Billing Name Rule

When the Customer provides a listing name or a name that will appear in Caller ID systems, the Company reserves the right to suppress names that are intentionally misleading or offensive. The Company will notify the Customer before suppressing the name or prior to initiating service to make alternative arrangements. If the Customer is dissatisfied with the Company's determination, the Customer has the right to appeal to the South Dakota Commission for a decision.

SECTION 3 - SERVICE AREAS

3.1 Exchange Service Areas

Local exchange services are provided, subject to availability of facilities and equipment, in areas currently served by the following incumbent LECs:

US West Communications

3.2 Rate Groups

Charges for local services provided by the Company may be based, in part, on the Rate Group associated with the Customer's Central Office. The Rate Group is determined by the total access lines and PBX trunks in the local calling area which can be reached from each Central Office as listed in the following table:

Rate Group	Exchange Access Lines and PBX Trunks In Local Calling Area - Upper Limit
A/B	1 to 1,000
C/D	1,001 to 5,000
E	5,001 to 20,000
G	20,001 to 45,000
I	45,001 and over

3.3 Local Calling Areas

Local Calling Areas and exchanges are equivalent to those specified by US West Communications in its Exchange and Network Services Tariff, Section 5.

SECTION 4 - SERVICE CHARGES

4.1 Service Order and Change Charges

Nonrecurring charges apply to process service orders for new service, for changes in service and for changes to the Customer's primary interexchange carrier (PIC) code. The following charges apply to the Company's services:

Nonrecurring Charges	Business	Residence
Service Order, new service, per primary station	N/A	N/A
Service Order, new service, per secondary station	N/A	N/A
Customer Requested Service Change	$10.00	$9.55
Trouble Isolation Charge	$80.00	$80.00

4.2 Installation and Maintenance Visit Charges

Premises visit charges apply when the Company dispatches personnel to a Customer's premises to perform work necessary for installing new service, effecting changes in service or resolving troubles reported by the Customer when the trouble is found to be caused by the Customer's facilities.

Charges incurred due to maintenance visits will be credited to the Customer's account in the event trouble is not found in the Company facilities, but the trouble is later determined to be in those facilities.

The time period for which installation and maintenance visit charges apply will commence when Company personnel are dispatched at the Customer premises and end when work is completed. Total installation and maintenance visit charges will vary by time per Customer request.

Premises Visit Charge, per Visit		$25.00
Duration of time, per technician		
Initial 30 minutes	$60.00	
Each additional 15 minute increment	$25.00	

SECTION 4 - SERVICE CHARGES

4.3 Restoration of Service

A restoration charge applies to the restoration of suspended or disconnected service and facilities because of nonpayment of bills or other Customer cause and is payable at the time that the restoration of the suspended or disconnected service and facilities is arranged. Where service has been completely disconnected, installation and service order charges apply in addition to a Restoration of Service Charge.

Nonrecurring Charge	**Business**	**Residence**
Per Occasion	$50.00	$25.00

SECTION 5 - GENERAL SERVICE DESCRIPTIONS

5.1 General

The rates, terms and conditions set forth in this tariff are applicable where the Company provides specified local exchange services to Customers through the use of its own facilities and equipment or through the resale of Incumbent LEC services. All rates set forth in this tariff are subject to change by the Company pursuant to notice requirements established by the Commission.

Basic Local Exchange Services as offered by the Company are contained in Section 6 of this Tariff and include, but are not limited to:

Residence Local Exchange Access Lines
Business Local Exchange Access Lines
Business Local Exchange PBX Trunks
Direct Inward Dial (DID) Service for use with PBX Trunks

Supplemental services are contained in other Sections of this tariff and include but are not limited to:

Optional Calling Features
Local Operator Services
Directory Assistance Services
Directory Listing Services
Interexchange Carrier Presubscription

5.2 Application of Rates

All services offered in this tariff are subject to service order and change charges as specified in Section 4 of this tariff where the Customer requests new services or changes in existing services, as well as indicated nonrecurring and monthly recurring charges.

5.3 Restrictions

Local service is offered for originating and terminating local calls. Service may not be used for originating or terminating non-local calls without paying applicable access charges and/or toll charges.

5.4 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 of this tariff.

SECTION 5 - GENERAL SERVICE DESCRIPTIONS, (CONT'D.)

5.5 Call Timing for Usage Sensitive Services

5.5.1 Billing for calls placed over the Company's network may be based in part on the duration of the call as follows, unless otherwise specified in this tariff:

5.5.2 Timing of each call begins when the called station is answered (i.e. when two way communications are established.) Answer detection is based on standard industry answer detection methods, including hardware and software answer detection. For Collect Calls, charges apply only if the called party accepts the responsibility for payment. For Person to Person Calls, charges apply only if the calling party is connected with the designated called party or an agreed upon substitute.

5.5.3 Chargeable time for calls ends when one of the parties disconnects from the call.

5.5.4 Unless otherwise specified in this tariff, the minimum Initial Period for billing purposes is one (1) minute.

5.5.5 Unless otherwise specified in this tariff, billing for Additional Periods (usage after the Initial Period) is in full one (1) minute increments.

5.5.6 The Company will not knowingly bill for unanswered calls. When a Customer indicates that he/she was billed for an incomplete call, the Company will reasonably issue credit for the call.

SECTION 5 - GENERAL SERVICE DESCRIPTIONS, (CONT'D.)

5.6 Time of Day Rate Periods

For time of day sensitive services, the following rate periods apply unless otherwise specified in this tariff:

<table>
<tr><th></th><th>MON</th><th>TUES</th><th>WED</th><th>THUR</th><th>FRI</th><th>SAT</th><th>SUN</th></tr>
<tr><td>8:00 AM
TO
5:00 PM*</td><td colspan="5">DAYTIME RATE PERIOD</td><td colspan="2" rowspan="2"></td></tr>
<tr><td>5:00 PM
TO
11:00 PM*</td><td colspan="5">EVENING RATE PERIOD</td></tr>
<tr><td>11:00 PM
TO
8:00 AM*</td><td colspan="7">NIGHT/WEEKEND RATE PERIOD</td></tr>
</table>

EVE

* Up to but not including.

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.

SECTION 5 - GENERAL SERVICE DESCRIPTIONS, (CONT'D.)

5.7 Local Exchange Access Lines and Trunks

Local exchange access lines and trunks provide a Customer with analog, voice-grade telephonic communications channels which can be used to place or receive one call at a time. Local exchange access lines and trunks provide a Customer with the ability to connect to the Company switching network which enables the Customer to:

place or receive calls to any calling station in the local calling area;

access 911 and/or Enhanced 911 Emergency Service;

access the interexchange carrier selected by the Customer for interLATA, intraLATA, interstate or international calling;

access operator assisted services for the local calling area;

access directory assistance for the local calling area;

place or receive calls to toll-free (e.g., 800, 8XX) telephone numbers;

access Telephone Relay Services; and

entitle the Customer to a directory listing of the main telephone number.

For incoming service, an optional hunting feature is available for multiline or multi trunk Customers which routes a call to an idle line or trunk in a prearranged group when the called line or trunk is busy. Where facilities permit, more than one type of optional hunting arrangement may be provided.

Local exchange access lines and trunks are provided for the connection of Customer-provided wiring and FCC Part 68 approved devices.

Local exchange access lines and trunks are provided on a single party (individual) basis only. No multi-party service is offered.

PBX Trunks, where facilities permit, may be arranged for inward, outward or two-way operation. Direct Inward Dialing (DID) is offered as an option for Customers subscribing to the Company's PBX Trunk Service.

SECTION 6 - BASIC LOCAL SERVICE RATES

6.1 Residence Local Exchange Service

Residence Local Exchange Service provides the Customer with analog, voice-grade telephonic communications channels which can be used to place or receive one call at a time. Individual exchange access lines or trunks are provided for connection to Customer-provided wiring, telephones, facsimile machines or other station equipment. PBX Trunks are available to Customers as inward, outward or two-way combination trunks where services and facilities permit.

Local exchange service lines and trunks are provided on a single party (individual) basis only. No multi-party lines or trunks are provided. An optional Hunting feature is available for multiline and multi trunk Customers which routes a call to the next idle line or trunk in a prearranged group when the called line or trunk is busy.

Service is available on a flat rate or message rate basis depending on the type of service selected by the Customer. Not all service types (flat vs. message) will be available in all areas.

Recurring charges for Residence Local Exchange Service are billed monthly in advance. Usage charges, if applicable are billed in arrears. Usage charges may apply for calls placed from the Customer's lines or trunks. No usage charges will apply to calls received by the Customer. Non-recurring charges for installation or rearrangement of service are billed on the next bill immediately following work performed by the Company.

SECTION 6 - BASIC LOCAL SERVICE RATES, (CONT'D.)

6.1 Residence Local Exchange Service, (Cont'd.)

6.1.1 Monthly Recurring Charges

The following charges apply to Residence Local Exchange Service lines and PBX Trunks per month. The rates and charges below apply to service provided on a month-to-month basis.

A. Local Exchange Access Lines, Per Line

Rate Group	Flat Rate Monthly	Message Rate Monthly	Non-Recurring
A	$15.05	*$11.05*	$25.00
B	$12.00 (BRA) $15.00 (OBRA)	*$ 8.00 (BRA)* *$11.00 (OBRA)*	$25.00
C	$15.75	*$11.05*	$25.00
D	$12.70 (BRA) $15.70 (OBRA)	*$ 8.00 (BRA)* *$11.00 (OBRA)*	$25.00
E	$16.55	*$11.05*	$25.00
G	$17.75	*$11.05*	$25.00
I	$18.25	*$11.05*	$25.00

B. PBX Trunks, Per Trunk

PBX Trunk service will be provided to Residential Customers are rates equal to Business PBX Trunk service as specified in Section 6.2 of this tariff.

SECTION 6 - BASIC LOCAL SERVICE RATES, (CONT'D.)

6.1 Residence Local Exchange Service, (Cont'd.)

6.1.2 Other Monthly Recurring Charges

A. Touchtone Service

	Recurring	Installation
Per Residence Line	$1.50	$1.10

B. Hunting

Hunting Service is not available to Residential Customers.

C. Monthly Surcharges

The following surcharges will be assessed to Residential Customer's of the Company's local exchange services in addition to other rates and charges. Each surcharge will be based on a monthly snapshot of lines and trunks associated with each Customer's account. No fractional debits or credits will be given.

1. End User Common Line Charge (EUCL)

Primary Line, Per Line	$3.50
Non-Primary Line, Per Line	$6.07

2. Presubscribed Interexchange Carrier Charge (PICC)

The following monthly recurring surcharges will apply only to Customers who do not presubscribe their service to a long distance carrier.

Primary Line, Per Line	$1.04
Non-Primary Line, Per Line	$2.53

3. Local Number Portability (LNP) Recovery

Per Individual Line, All	$0.54

SECTION 6 - BASIC LOCAL SERVICE RATES, (CONT'D.)

6.1 Residence Local Exchange Service, (Cont'd.)

6.1.3 Usage Sensitive Charges and Allowances

A. Flat Rate Service

No measured or message charges apply to calls placed or received from Flat Rate service lines or trunks. Customers receive unlimited calling within their local calling area.

B. Measured Service

Local usage charges apply to calls placed between telephone numbers within the same local calling area. Local usage charges are billed to the party originating the call and not the called party.

A monthly usage allowance of $2.50 is provided for each line or trunk subscribed to by the Customer. Usage between the hours of 9:00 PM and 9:00 AM Monday through Friday and all day Saturday and Sunday will be discounted 50%. Usage exceeding $20.00 per line or trunk within a monthly billing period will be discounted thirty percent (30%).

Local usage is billed in one minute increments at the rates specified below. Usage will be billed in arrears according to the following rates:

Mileage Band	Initial Minute	Each Addition Minute
Intraexchange EAS	$0.05	$0.010
0 - 22	$0.07	$0.020
23 - 30	$0.09	$0.025
31 - 40	$0.11	$0.030
41 - 55	$0.13	$0.035

SECTION 6 - BASIC LOCAL SERVICE RATES, (CONT'D.)

6.2 Business Local Exchange Service

Business Local Exchange Service provides the Customer with analog, voice-grade telephonic communications channels which can be used to place or receive one call at a time. Individual exchange access lines or trunks are provided for connection to Customer-provided wiring, telephones, facsimile machines or other station equipment. PBX Trunks are available to Customers as inward, outward or two-way combination trunks where services and facilities permit.

Local exchange service lines and trunks are provided on a single party (individual) basis only. No multi-party lines or trunks are provided. An optional Hunting feature is available for multiline and multi trunk Customers which routes a call to the next idle line or trunk in a prearranged group when the called line or trunk is busy.

Service is available on a flat rate or measured rate basis depending on the type of service selected by the Customer. Not all service types (flat vs. measured) will be available in all areas.

Recurring charges for Business Local Exchange Service are billed monthly in advance. Usage charges, if applicable are billed in arrears. Usage charges may apply for calls placed from the Customer's lines or trunks. No usage charges will apply to calls received by the Customer. Non-recurring charges for installation or rearrangement of service are billed on the next bill immediately following work performed by the Company.

SECTION 6 - BASIC LOCAL SERVICE RATES, (CONT'D.)

6.2 Business Local Exchange Service, (Cont'd.)

6.2.1 Monthly Recurring Charges

The following charges apply to Standard Business Local Exchange Service lines or PBX Trunks per month. The rates and charges below apply to service provided on a month-to-month basis.

A. **Local Exchange Access Lines**

Rate Group	Flat Rate Monthly	Measured Rate Monthly	Non-Recurring
A	$27.25	$28.65	$47.00
B	$23.60 (BRA) $26.60 (OBRA)	$25.00 (BRA) $28.00 (OBRA)	$47.00
C	$29.65	$28.65	$47.00
D	$26.00 (BRA) $29.00 (OBRA)	$25.00 (BRA) $28.00 (OBRA)	$47.00
E	$32.45	$28.65	$47.00
G	$36.60	$28.65	$47.00
I	$38.40	$28.65	$47.00

SECTION 6 - BASIC LOCAL SERVICE RATES, (CONT'D.)

6.2 Business Local Exchange Service, (Cont'd.)

6.2.1 Monthly Recurring Charges (cont'd.)

B. PBX Trunks

Rates and charges listed below apply to flat rate PBX service provided by the Company. Monthly recurring charges for PBX Trunk service provided on a measured rate basis are the same as those for Measured Rate Business Access Lines as shown in Section 6.2.1.A of this tariff. Hunting is included with 2-Way and Inward PBX Trunks. No additional Hunting charges apply.

1. All Trunks, Non-Recurring Charges

An installation charge of $47.00 applies for each trunk installed for use by the Customer.

2. Basic Trunks, Flat Rate Recurring Charges

Rate Group	Flat Rate 2-Way Monthly	Flat Rate 1-Way Inward Monthly	Flat Rate 1-Way Outward Monthly
A	$36.25	$33.90	$36.25
B	$32.60 (BRA) $35.60 (OBRA)	$30.25 (BRA) $33.25 (OBRA)	$32.60 (BRA) $35.60 (OBRA)
C	$38.65	$36.05	$38.65
D	$35.00 (BRA) $38.00 (OBRA)	$32.40 (BRA) $35.40 (OBRA)	$35.00 (BRA) $38.00 (OBRA)
E	$41.45	$38.55	$41.45
G	$45.60	$42.30	$45.60
I	$47.40	$43.95	$47.40

SECTION 6 - BASIC LOCAL SERVICE RATES, (CONT'D.)

6.2 Business Local Exchange Service, (Cont'd.)

6.2.1 Monthly Recurring Charges, (cont'd.)

B. PBX Trunks, (continued)

3. Non-Basic Trunks, Flat Rate Recurring Charges

Rate Group	Flat Rate 2-Way, 4-Wire Monthly	Flat Rate Inward w/ DID Monthly	Flat Rate Inward Analog For DID Call Transfer Monthly
A	$33.90	$77.65	$77.65
B	$30.25 (BRA) $33.25 (OBRA)	$74.00 (BRA) $74.00 (OBRA)	$74.00 (BRA) $74.00 (OBRA)
C	$36.05	$77.65	$77.65
D	$32.40 (BRA) $35.40 (OBRA)	$74.00 (BRA) $74.00 (OBRA)	$74.00 (BRA) $74.00 (OBRA)
E	$38.55	$77.65	$77.65
G	$42.30	$77.65	$77.65
I	$43.95	$77.65	$77.65

6.2.2 Other Monthly Recurring Charges

A. Touchtone Service

	Recurring	Installation
Per Business Line	$2.00	$2.15
Per Business Trunk	$2.00	$2.15

B. Hunting (for use with Business Access Lines only)

	Recurring	Installation
Series Hunting		
Per Line	$8.95	$11.00
Circular Hunting		
Per Line	$8.95	$11.00
Per Hunt Group	$3.00	$11.00
Preferential Hunting		
Per Line	$9.95	$12.00

SECTION 6 - BASIC LOCAL SERVICE RATES, (CONT'D.)

6.2 Business Local Exchange Service, (Cont'd.)

6.2.2 Other Monthly Recurring Charges, (cont'd.)

C. Monthly Surcharges

The following surcharges will be assessed to Business Customer's of the Company's local exchange services in addition to other rates and charges. Each surcharge will be based on a monthly snapshot of lines and trunks associated with each Customer's account. No fractional debits or credits will be given.

1. End User Common Line Charge (EUCL)

Single Line Business Customer	
Per Individual Line/Trunk	$3.50
Multiline Business Customer	
Per Individual Line/Trunk	$8.01

2. Presubscribed Interexchange Carrier Charge (PICC)

The following monthly recurring surcharges will apply only to Customers who do not presubscribe their line(s) to a long distance carrier.

Single Line Business Customer	
Per Individual Line/Trunk	$1.04
Multiline Business Customer	
Per Individual Line/Trunk	$3.42

3. Local Number Portability (LNP) Recovery

Per Individual Line, All	$0.54
Per Individual Trunk, All	$4.86

SECTION 6 - BASIC LOCAL SERVICE RATES, (CONT'D.)

6.2 Business Local Exchange Service, (Cont'd.)

6.2.3 Usage Sensitive Charges and Allowances

A. Flat Rate Service

No measured or measured charges apply to calls placed or received from Flat Rate service lines or trunks. Customers receive unlimited calling within their local calling area.

B. Measured Service

Local usage charges apply to calls placed between telephone numbers within the same local calling area. Local usage charges are billed to the party originating the call and not the called party.

A monthly usage allowance of $5.00 is provided for each line or trunk subscribed to by the Customer. Usage between the hours of 9:00 PM and 9:00 AM Monday through Friday and all day Saturday and Sunday will be discounted 50%. Usage exceeding $20.00 per line or trunk within a monthly billing period will be discounted thirty percent (30%).

Local usage is billed in one minute increments at the rates specified below. Usage will be billed in arrears according to the following rates:

Mileage Band	Initial Minute	Each Addition Minute
Intraexchange EAS	$0.05	$0.010
0 - 22	$0.07	$0.020
23 - 30	$0.09	$0.025
31 - 40	$0.11	$0.030
41 - 55	$0.13	$0.035

SECTION 6 - BASIC LOCAL SERVICE RATES, (CONT'D.)

6.3 Direct Inward Dialing (DID) Service

DID permits calls incoming to a PBX system or other CPE to be routed to a specific station without the assistance of an attendant. DID calls are routed directly to the station associated with the called number. DID service as offered by the Company provides the necessary trunks, telephone numbers, and out-pulsing of digits to enable DID service at a Customer's location. DID service requires special PBX software and hardware not provided by the Company. Such hardware and software is the Customer's responsibility.

The following charges apply to Customers subscribing to DID service provided by the Company. These charges are in addition to recurring and nonrecurring charges for PBX Trunks as shown in Section 6.2. The Customer will be charged for the number of DID Number Blocks regardless of the number of DID numbers used from the available block of numbers.

DID Number Blocks	Nonrecurring Charges	Monthly Recurring Charge - Month-to-Month
Each Non-Sequential DID Number	$ 1.00	$ 0.15
Each Block of 20 Sequential DID Numbers	$ 20.00	$ 3.00
Block Compromise Charge - Removal of Number from Sequential Block	$450.00	N/A
Block Compromise Charge - Temporary Removal of Number from Sequential Block	$ 50.00	N/A
DID Change Charge - Per Change of Number or Digits Outpulsed	$ 50.00	N/A
DID Trunk Terminations, per Trunk	$ 50.00	$35.00

SECTION 7 - SUPPLEMENTAL SERVICES

7.1 Optional Calling Features

The features in this section are made available to Residential and Business Customers on an individual basis or as part of multiple feature packages. All features are provided subject to availability. Certain features may not be available with all classes of service. Transmission levels for calls forwarded or calls placed or received using optional calling features may not be acceptable for all uses in some cases.

7.1.1 Feature Descriptions

Call Block: Allows the end-user to automatically block incoming calls from up to six end-user pre-selected telephone numbers programmed into the feature's screening list. Callers whose numbers have been blocked will hear a recorded message stating that their call has been blocked. The end-user controls when the feature is active, and can add or remove calling numbers from the feature's screening list.

Call Curfew: Allows the Customer the ability to block incoming and outgoing calls. The feature can be turned on and off manually or automatically by pre-set schedules which have been defined by the Customer. When the feature is activated, incoming calls will be blocked and the calling party will hear an announcement that the Customer is unavailable. For outgoing calls, the Customer will hear a fast busy and the call will not be completed.

Call Forwarding Busy Line: Permits the forwarding of incoming calls when the end-user's line is busy. The forwarded number is fixed by the end-user service order. The following versions of Call Forwarding Busy Line are offered:

- Intra-Switch Forwarding - Forwards calls to another predetermined number within the same central office switch
- Inter-Switch Forwarding - Forwards calls to another predetermined number in a different central office switch.

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.1 Optional Calling Features, (Cont'd.)

7.1.1 Feature Descriptions, (cont'd.)

Call Forwarding Busy Line/Don't Answer: Permits the forwarding of incoming calls when the end-user's line is busy or remains unanswered after a pre-designated ringing interval. The ringing interval before don't answer forwarding and the forward-to number are fixed by the service order. The following versions of Call Forwarding Busy Line/Don't Answer are offered:

- Intra-Switch Forwarding - Forwards calls to another predetermined number within the same central office switch
- Inter-Switch Forwarding - Forwards calls to another predetermined number in a different central office switch.

Call Forwarding Busy Line w/ Customer Control: Permits the forwarding of incoming calls when the end-user's line is busy. The end user may activate and deactivate the forwarding feature as well as establish or change the number to which calls will forward

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.1 Optional Calling Features, (Cont'd.)

7.1.1 Feature Descriptions, (cont'd.)

Call Forwarding Don't Answer: Permits the forwarding of incoming calls when the end-user's line remains unanswered after a pre-designated ringing interval. The ringing interval before forwarding and the forward-to number are fixed by the service order. The following versions of Call Forwarding Don't Answer are offered:

- Intra-Switch Forwarding - Forwards calls to another predetermined number within the same central office switch
- Inter-Switch Forwarding - Forwards calls to another predetermined number in a different central office switch.

Call Forwarding Don't Answer w/ Customer Control: Permits the forwarding of incoming calls when the end-user's line remains unanswered after a pre-designated ringing interval. The forward-to number and number of rings before forwarding can be controlled by the end user.

Call Forwarding Variable - Permits the end-user to automatically forward (transfer) all incoming calls to another telephone number, and to restore it to normal operation at their discretion. The end-user must dial an activation code from his/her exchange line along with the forward-to number in order to turn the feature on. A separate code is dialed by the end-user to deactivate the feature.

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.1 Optional Calling Features, (Cont'd.)

7.1.1 Feature Descriptions, (cont'd.)

Call Forwarding Variable w/ Remote Access - Permits the end-user to automatically forward (transfer) all incoming calls to another telephone number, and to restore it to normal operation at their discretion. The end-user must dial an activation code along with the forward-to number in order to turn the feature on. A separate code is dialed by the end-user to deactivate the feature. Feature activation may be performed from the end-user's exchange line or remotely from some other line. Remote access requires the end-user to 1) dial a special access number 2) enter their seven-digit telephone number and 3) enter a personal identification number prior to forwarding their calls.

Call Return: Allows the Customer to return a call to the last incoming call whether answered or not. Upon activation, it will re-dial the number automatically and continue to check the number every 45 seconds for up to 30 minutes if the number is busy. The Customer is alerted with a distinctive ringing pattern when the busy number is free. When the Customer answers the ring, the call is then completed.

Call Selector: Allows a Customer to assign a maximum of six (6) telephone numbers to a special list. The Customer will hear a distinctive ring when calls are received from telephone numbers on that list.

Call Tracing: Allows the tracing of nuisance calls to a specified telephone number suspected of originating from a given local office. The tracing is activated upon entering the specified dial code. The originating telephone number, outgoing trunk number or terminating number, and the time and date are generated for every call to the specified telephone number can then be identified.

Call Transfer: Enables a Customer to transfer an incoming call to a third party or add a third party to an existing call., forming a three party connection, and then to leave the connection without disconnecting the call.

Call Waiting: Call Waiting provides a tone signal to indicate to a Customer already engaged in a telephone call that a second caller is attempting to dial in. It permits the Customer to place the first call on hold, answer the second call and then alternate between both callers. Cancel Call Waiting is provided with the feature and allows a Call Waiting end-user to disable the Call Waiting feature for the duration of a single outgoing telephone call. Cancel Call Waiting is activated by dialing a special code prior to placing a call, and is automatically deactivated when the Customer disconnects from the call.

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.1 Optional Calling Features, (Cont'd.)

7.1.1 Feature Descriptions, (cont'd.)

Caller ID - Number: Permits the end-user to view a Directory Number of the calling party on incoming telephone calls. Information is displayed on a specialized CPE not provided by the Company. The feature also provides the date and time of each incoming call. It is the responsibility of the Customer to provide the necessary CPE.

Caller ID - Name and Number: Permits the end-user to view a Directory Name of the calling party on incoming telephone calls. Information is displayed on a specialized CPE not provided by the Company. The feature also provides the date and time of each incoming call. It is the responsibility of the Customer to provide the necessary CPE. In some situations, the calling party's city and state may be displayed rather than a Directory Name, depending on available call data.

Dial Lock: Allows a Customer the ability to manage their outbound calls (local, intraLATA and interLATA) by selectively blocking different types of calls paced from their line. This service will allow blocking of various types of non-emergency calls. The Customer selects the types of calls to block and may override the blocking at anytime through a personalized assigned PIN code.

Do Not Disturb: Allows the Customer to prevent the ringing of their telephone. When the feature is activated, callers hear a Customer selected greeting indicating that the Customer is not available.

Multiple Directory Number Distinctive Ringing: This feature allows an end user to determine the source of an incoming call from a distinctive ring. The end user may have up to two additional numbers assigned to a single line (i.e. Distinctive Ringing - First Number and Distinctive Ringing - Second Number). The designated primary number will receive a normal ringing pattern, other numbers will receive distinctive ringing patterns. The pattern is based on the telephone number that the calling party dials.

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.1 Optional Calling Features, (Cont'd.)

7.1.1 Feature Descriptions, (cont'd.)

Preferred Call Forwarding: Permits the end-user to automatically forward to another number calls received from up to six end-user pre-selected telephone numbers programmed into the features screening list. The end-user controls when the feature is active, the forward-to number and can add or remove calling numbers from the feature's screening list.

Repeat Dialing: Permits the end-user to have calls automatically re-dialed when the first attempt reaches a busy number. The line is checked every 45 seconds for up to 30 minutes and alerts the Customer with a distinctive ringing pattern when the busy number and the Customer's line are free. The Customer can continue to make and receive calls while the feature is activated. The following types of calls cannot be reached using Repeat Dialing:

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

Scheduled Forwarding: This feature allows the Customer to forward incoming calls to another telephone number based on time and date of the call. Using any touchtone telephone, the Customer may activate or deactivate the feature as well as change times, days, and forward-to numbers associated with the forwarding schedule.

Speed Calling: Permits the Customer to place calls to other telephone numbers by dialing a one or two digit code rather than the complete telephone number. The feature is available as either an eight (8) code list or a thirty (30) code list. Code lists may include local and/or toll telephone numbers. The Customer has the ability to add or remove telephone numbers and codes to/from the a speed calling list without assistance from the Company.

Three Way Calling: Permits the end-user to add a third party to an established connection. When the third party answers, a two-way conversation can be held before adding the original party for a three-way conference. The end-user initiating the conference controls the call and may disconnect the third party to reestablish the original connection or establish a connection to a different third party. The feature may be used on both outgoing and incoming.

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.1 Optional Calling Features, (Cont'd.)

7.1.2 Features Offered on a Usage Sensitive Basis

The following features are available to all local exchange Business and Business line Customers where facilities and services permit. Customers may utilize each feature by dialing the appropriate access code or taking other appropriate action to active the feature. The Customer will be billed the Per Feature Activation Charge shown in the following table each time a feature is used by the Customer. Customers may subscribe to these features on a monthly basis at their option to obtain unlimited use of these features for a fixed monthly charge.

Optional Calling Features	Per Feature Activation	
	Residence	Business
Call Return	$0.75	$0.75
Call Trace	$1.55	$2.00
Repeat Dialing	$0.75	$0.75
Three-Way Calling	$0.75	$0.75

Denial of per call activation for Three-Way Calling, Call Return and Repeat Dialing from any line or trunk is available to Customers upon request at no additional charge.

7.1.3 Features Offered on Monthly Basis

Optional Calling Features listed in this section are offered to Customers on a monthly basis. Customers are allowed unlimited use of each feature. No usage sensitive charges apply. Multiline Customers must order the appropriate number of features based on the number of lines which will have access to the feature.

The non-recurring installation charge below applies per line to add, change or remove one or more features:

	Non-Recurring Charge
Residence	$6.00
Business	$11.00

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.1 Optional Calling Features, (Cont'd.)

7.1.3 Features Offered on Monthly Basis, (continued)

Optional Calling Features	Residence	Business
Call Block	$4.50	$4.50
Call Curfew	$3.95	N/A
Call Forwarding Busy Line		
Intra-Switch	$0.25	$8.95
Inter-Switch	$0.25	$3.00
Call Forwarding Don't Answer		
Intra-Switch	$0.65	$4.00
Inter-Switch	$0.65	$4.00
Call Forwarding Busy/Don't Answer		
Intra-Switch	$0.80	$10.45
Inter-Switch	$0.80	$5.50
Call Forwarding Busy Line w/ Customer Control	$1.85	$8.95
Call Forwarding Don't Ans. w/ Customer Control	$2.60	$4.50
Call Forwarding Variable	$3.00	$5.00
Call Forwarding Variable - Remote Access	$5.00	$7.95
Call Return	$2.95	$3.00
Call Selector	$3.50	$3.50
Call Transfer	$6.00	$6.00

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.1 Optional Calling Features, (Cont'd.)

7.1.3 Features Offered on Monthly Basis, (continued)

Call Waiting	$5.00	$5.00
Caller ID with Number	$5.50	$7.50
Caller ID with Name and Number	$5.95	$7.95
Dial Lock	$3.95	$3.95
Do Not Disturb	$3.95	$3.95
Multiple Directory Number Distinctive Ringing		
1st Additional Telephone Number	$5.00	$7.45
2nd Additional Telephone Number	$2.50	$5.25
3rd Additional Telephone Number	$2.50	$5.25
Preferred Call Forwarding	$3.50	$3.50
Repeat Dialing	$3.50	$3.50
Scheduled Forwarding	$6.00	$8.95
Speed Calling (8-code)	$2.00	$4.00
Speed Calling (30-code)	$3.00	$9.10
Three Way Calling	$1.75	$4.00

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.2 Local Operator Assisted Service

The Company 's Local Operator Services are available for use by Customers subscribing to the Company's local exchange access lines or PBX trunks as well as transient end users served from aggregator locations. Arrival's Operator Services allow Customers or Authorized Users to obtain assistance in placing or billing local calls. Customers must dial "0" or other access number or code provided by the Company in order to reach a live or automated operator for assistance.

Charges for Operator Services vary based on type of call and billing method. Customers may bill the charges for a call to a the originating line, Calling Card, Commercial Credit Card, Collect to the called party, or to a Third Party. For calls made using a Calling Card or Commercial Credit Card as payment, acceptance of the card will be dependent upon the Company's ability to bill to the card and verify the card as valid. The Company reserves the right to verify acceptance of charges prior to billing Collect or to a Third Party telephone number.

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.2 Local Operator Assisted Service, (Cont'd.)

7.2.1 Operator Service Charges

A. Each Arrival operator assisted call incurs a per call operator service charge in addition to per-minute usage charges. Operator service charges are not discounted for time of day and are as follows:

(1) Customer Dialed Calling Card Call - This charge applies in addition to long distance usage charges for station to station calls billed to an authorized Calling Card or Commercial Credit Card. The Customer must dial the destination telephone number where the capability exists for the Customer to do so. A separate rate applies in the event operator assistance is requested for entering the Customer's card number for billing purposes.

(2) Operator Dialed Calling Card Call - This charge applies in addition to usage charges for station to station calls billed to an authorized Calling Card or Commercial Credit Card and the operator dials the destination telephone number at the request of the Customer.

(3) Operator Station - This charge applies in addition to usage charges for non-Person-to-Person calls placed using the assistance of a Company operator and billed to the originating line, Collect, or to a Third party.

(4) Person-to-Person - This charge applies in addition to usage charges for calls placed with the assistance of a Company operator to a particular party at the destination number. This charge applies regardless of billing method, including but not limited to billing to the originating line, a Calling Card, Commercial Credit Card, Collect, or to a Third Party. Charges do not apply unless the specified party or an acceptable substitute is available.

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.2 Local Operator Assisted Service

7.2.2 Available Billing Arrangements

Customers may select from one of the following billing arrangements when placing a local operator assisted call:

(A) Bill to Line - A billing arrangement whereby the originating caller may bill the charges for a call to the local exchange line from which the call is placed. The terms and conditions of the local exchange carrier providing the local exchange line apply to payment arrangements.

(B) Calling Card - A billing arrangement whereby the originating caller may bill the charges for a call to an approved local exchange carrier issued calling card. The terms and conditions of the issuing local carrier apply to payment arrangements.

(C) Commercial Credit Card - A billing arrangement whereby the originating caller may bill the charges for a call to an approved commercial credit card. The terms and conditions of the issuing credit card company apply to payment arrangements.

(D) Collect Billing - A billing arrangement whereby the originating caller may bill charges for a call to the called party, provided the called party agrees to accept the charges. The terms and conditions of the called party's local exchange company apply to payment arrangements.

(E) Third Party Billing - A billing arrangement by which the charges for a call may be billed to a telephone number that is different from the calling number and the called number. The terms and conditions of the third party's local exchange company apply to payment arrangements.

7.2.3 Operator Dialed Surcharge

This charge applies to Operator Station and Person-to-Person calls for which the caller has the ability to dial the called number, but chooses instead to have the Company operator perform the dialing. This charge is in addition to usage charges and applicable operator service charges.

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.2 Local Operator Assisted Service (Cont'd.)

7.2.4 Rates and Charges for Local Operator Services

A. Usage Charges

No additional usage charge applies for local operator assisted calls placed from flat rate residence or business access lines or trunks. Local measured or message rates as specified in Section 6 of this tariff apply if the Customer subscribes to a measured or message rate line or trunk.

B. Per Call Operator Service Charges

	Per call charge
Customer Dialed Calling/Credit Card	$0.55
Operator Dialed Calling/Credit Card	$2.10
Operator Station	
Billed Collect	$2.10
Billed to Third Party	$2.10
Billed to Line	$2.10
Person-to-Person	
All Billing Methods	$4.50
Operator Dialed Surcharge	$1.00

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.3 Busy Line Verification and Line Interrupt Service

Upon request of a calling party the Company will verify a busy condition on a designated local service line. The operator will determine if the line is clear or in use and report to the calling party. At the request of the Customer, the operator will interrupt the call on the busy line. Busy Line Interruption is only permitted in cases where the calling party indicates an emergency exists and requests interruption.

No charge will apply when the calling party advises that the call is to or from an official public emergency agency. Busy Verification and Interrupt Service is furnished where and to the extent that facilities permit.

The Customer shall indemnify and save the Company harmless against all claims that may arise from either party to the interrupted call or any person.

	Per Request
Busy Line Verification	$1.25
Busy Line Interruption	$2.00

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.4 Local Directory Assistance

Directory Assistance is available to Customers of the Company's local exchange services. Two requests may be made on each call to Directory Assistance. The Directory Assistance charge applies to each call, regardless of whether the Directory Assistance Bureau is able to furnish the requested telephone number. Customers are provided one (1) free direct dialed Directory Assistance call per month per line.

Per Direct Dialed Call (over allowance)	$0.40

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.5 Directory Listings

7.5.1 General

The following rules apply to standard listings in light face type in the white pages (alphabetical section) of the telephone directory and to the directory assistance records of the Company.

Only information necessary to identify the Customer is included in these listings. The Company may use abbreviations in listings. The Company may reject a listing it judges to be objectionable. A name made up by adding a term such as company, shop, agency, works, etc. to the name of a commodity or service will not be accepted as a listing unless the Customer is legally doing business under that name.

A name may be repeated in the white pages only when a different address or telephone number is used.

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.5 Directory Listings (Cont'd.)

7.5.2 Standard Listing

A standard listing includes a name, designation, address and telephone number of the Customer. It appears in the white pages of the telephone directory and in the Company's directory assistance records.

7.5.3 Free Listings

One listing is provided without charge for each individual exchange access line, initial PBX Trunk or Centrex system.

7.5.4 Rates for Additional Listings

The following rates and charges apply to additional listings requested by the Customer over and above those free listings provided under Section 7.5.3

	Recurring Charge	Non-Recurring Charge
Per Residence Listing	$1.50	$5.00
Per Business Listing	$5.00	$10.00

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.6 Non-Published Service

7.6.1 General

Nonpublished service means that the Customer's telephone number is not listed in the directory, nor does it appear in the Company's directory assistance records.

7.6.2 Regulations

This service is subject to the rules and regulations for E911 service, where applicable.

The Company will complete calls to a nonpublished number only when the caller dials direct or gives the operator number. No exceptions will be made, even if the caller says it is an emergency.

When the Company agrees to keep a number unlisted, it does so without any obligation. Except for cases of gross negligence or willful misconduct, the Company is not liable for any damages that might arise from publishing a nonpublished number in the directory or disclosing it to some. If, in error, the telephone number is published in the directory, the Company's only obligation is to credit or refund any monthly charges the Customer paid for nonpublished service.

The Customer indemnifies (i.e., promises to reimburse the Company for any amount the Company must pay as a result of) and save the Company harmless against any and all claims for damages caused or claimed to have been caused, directly or indirectly, by the publication of a nonpublished service or the disclosing of said number to any person.

7.6.3 Rates and Charges

There is a monthly charge for each nonpublished service. This charges does not apply if the Customer has other listed service at the same location; if the Customer lives in a hotel, boarding house or club with listed service; or if the service is installed for a temporary period.

	Recurring Charge	Non-Recurring Charge
Per Residence Listing	$3.00	$8.00
Per Business Listing	$3.00	$15.00

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.7 Non-Listed Service

7.7.1 General

Nonlisted service means that the Customer's telephone number is not listed in the directory, but it does appear in the Company's directory assistance records.

7.7.2 Regulations

This service is subject to the rules and regulations for E911 service, where applicable.

The Company will complete calls to a nonlisted number.

When the Company agrees to keep a number unlisted, it does so without any obligation. Except for cases of gross negligence or willful misconduct, the Company is not liable for any damages that might arise from publishing a nonlisted number in the directory or disclosing it to some. If, in error, the telephone number is listed in the directory, the Company's only obligation is to credit or refund any monthly charges the Customer paid for nonlisted service.

The Customer indemnifies (i.e., promises to reimburse the Company for any amount the Company must pay as a result of) and save the Company harmless against any and all claims for damages caused or claimed to have been caused, directly or indirectly, by the publication of a nonlisted service or the disclosing of said number to any person.

7.7.3 Rates and Charges

There is a monthly charge for each nonlisted service. This charges applies if the Customer has other listed service at the same location; if the Customer lives in a hotel, boarding house or club with listed service; or if the service is installed for a temporary period.

	Recurring Charge	Non-Recurring Charge
Per Residence Listing	$2.00	$8.00
Per Business Listing	$2.00	$10.00

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.8 Carrier Presubscription

7.8.1 General

Carrier presubscription is a procedure whereby a Customer designates its Primary Interexchange Carrier to use for routing of intraLATA and interLATA toll calls. Such calls are automatically directed to the designated carrier, without the need to dial carrier access codes to direct the call to the designated carrier. Presubscription does not prevent a Customer who has presubscribed to an intraLATA or interLATA toll carrier from using carrier access codes or additional dialing to direct calls to an alternative long distance carrier on a Casual Calling Basis.

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.8 Carrier Presubscription, (Cont'd.)

7.8.2 Presubscription Options

Customers may select the same carrier or separate carriers for intraLATA and interLATA long distance. The following options for long distance presubscription are offered where available. Availability may be limited based on the capabilities of the Customer's serving central office:

Option A: Customer selects the Company as the presubscribed carrier for IntraLATA and InterLATA toll calls subject to presubscription.

Option B: Customer may select the Company as the presubscribed carrier for IntraLATA calls subject to presubscription and some other carrier as the presubscribed carrier for interLATA toll calls subject to presubscription.

Option C: Customer may select a carrier other than the Company for intraLATA toll calls subject to presubscription and the Company for interLATA toll calls subject to presubscription.

Option D: Customer may select a carrier other than the Company for both intraLATA and interLATA toll calls subject to presubscription

Option E: Customer may select two different carriers, neither being the Company for intraLATA and interLATA toll calls. One carrier to be the Customers' primary intraLATA interexchange carrier. The other carrier to be the Customer's primary interLATA interexchange carrier.

Option F: Customer may select no presubscribed carrier for any toll calls, which will require the Customer to dial a carrier access code to route all intraLATA and interLATA toll calls to the carrier of choice for each call.

SECTION 7 - SUPPLEMENTAL SERVICES, (CONT'D.)

7.8 Carrier Presubscription, (Cont'd.)

7.8.3 Rules and Regulations

Customers will retain their Primary Interexchange Carrier until they request that their dialing arrangements be changed. Customers may select either Options A, B, C, D or E for presubscription. Option F allows the Customer to decline to choose any carrier. Customers may change their selected option or presubscribed toll carrier at any time subject to charges specified in 7.8.5.

7.8.4 Presubscription Procedures

A new Customer will be asked to select intraLATA and interLATA toll carriers at the time the Customer places an order for local exchange service. The Company will process the Customer's order for service. All new Customer's initial requests for intraLATA toll service presubscription will be provided free of charge.

If a new Customer is unable to select at the time it places an order for local exchange service, the Company will direct the Customer to the local telephone directory to select a carrier. Until the Customer informs the Company of its choice of primary toll carrier, the Customer will not have access to long distance services on a presubscribed basis, and will be required to dial a carrier access code to route all toll calls.

7.8.5 Presubscription Changes

After a Customer's initial selection of a PIC, any change in the Customer's intraLATA or interLATA carriers will incur a $5.00 change charge and any applicable service order charges specified in Section 4 of this tariff

SECTION 8 - COMPLEX SERVICES

8.1 Centrex Service

8.1.1 General

Centrex Service is a Central Office-based PBX service offered to Business Customers. A Centrex System consists of common system equipment and 2 or more Centrex Station Lines equipped with intercom calling and optional features.

8.1.2 Centrex Station Lines

Centrex Station Lines provide intercommunication on a two- to five-digit basis (activated by dialing the appropriate, pre-programmed intercom code for the terminating station) in addition to access to and from the local exchange network without Customer attendant assistance. Centrex Station Lines are assigned a 7-digit telephone number and are provided with Direct Inward Dialing (DID) capability. Centrex Station Lines can be provided with a variety of outgoing restrictions including toll, fully restricted, or 700/900/976 restricted.

8.1.3 Centrex Features

Centrex Station Lines may be equipped with one or more optional calling features including, but not limited to, the following:

- Automatic Callback Calling
- Call Forwarding - Don't Answer
- Call Hold
- Call Pickup
- Call Waiting - Originating
- Common Intercept
- Consultation Hold
- Last Number Redial
- Station Line Hunting
- Touch Tone
- Call Forwarding - Busy Line
- Call Forwarding - Variable
- Call Park
- Call Transfer
- Call Waiting - Terminating
- Conference Arrangements
- Executive Busy Override
- Speed Dialing
- Three Way Calling
- Uniform Call Distribution

8.1.4 Application of Rates and Charges

Centrex Services, when offered by the Company, will be provided on an Individual Case Basis (ICB) as Special Service Arrangements pursuant to Section 11.2 of this tariff.

SECTION 8 - COMPLEX SERVICES, (CONT'D)

8.2 Integrated Services Digital Network -ISDN - Service

8.2.1 General

Integrated Services Digital Network (ISDN) service is a digital architecture that provides integrated voice and data capability to the Customer premises, using the public switched network. ISDN distributes voice, data, video, image and facsimile by using either a Basic Rate Interface (BRI) or a Primary Rate Interface (PRI) serving arrangement. These serving arrangements conform to international standards adopted by the International Telecommunications Union.

8.2.2 Definitions Peculiar to ISDN

Basic Rate Interface (BRI) consists of one or two B (Bearer) channels and one D (Data) channel on one pair of wires. BRI is offered as Single Line ISDN Service.

B Channel is a facility that carries circuit-switched voice or data communications at speeds up to 64 kbps, from the Customer premise, over the loop facility, to the central office.

B Channel Circuit Switched Data provides the capability of making data calls over the public switched network. Information is transmitted the same way as digitized voice. Like a voice call, a circuit-switched data call ties up network resources for the duration of the call.

D Channel carries signaling and packet data information, at speeds up to 16 k/bits on BRI, and signaling-only information up to 64 k/bits for Primary Rate Service, from the Customer's premise to the central office. The D-channel has both data and signaling functions but it does not have voice capability.

D-Channel Packet-Switched Data capability to originate and receive X.25 data calls over the D-channel. Multiple data calls can be active simultaneously on a single D-channel.

Primary Rate Interface (PRI) is a 1.544 megabits per second (Mbps) service providing 23 B channels and one D channel. It is also known as 23 B+D access. The B-channels carry user information such as voice calls, circuit-switched data, or video, while the D-channel handles signaling or control information.

SECTION 8 - COMPLEX SERVICES, (CONT'D)

8.2 Integrated Services Digital Network -ISDN - Service (Continued)

8.2.3 Basic Rate Interface (BRI) Service

BRI or Single Line ISDN Service is compatible with national ISDN standards and includes circuit-switched voice, circuit-switched data and packet functionality. Service is offered for voice and data applications and for residential and home office or small business use. Single Line ISDN BRI features include, but are not limited to:

- 2B+D channels on U interface
- 56/64/112/128 Kbps Dialed Data
- Simultaneous Voice and Data Calling
- Touchtone Pass-Through
- Separate Signaling Channel

Other features may be available subject to equipment and facilities as well as the capabilities of any CPE utilized by the Customer.

8.2.4 Primary Rate Interface (PRI) Service

PRI ISDN Service is compatible with national ISDN standards and includes circuit-switched voice, circuit-switched data and packet functionality consisting of 23 B channels and one D channel, for a total transmission rate of 1.544 Mbps. Service is offered for voice, data and video applications for Business Customers. PRI ISDN features include, but are not limited to:

- Circuit Switched Data
- Direct Inward Dialing
- Direct Outward Dialing

Other features may be available subject to equipment and facilities as well as the capabilities of any CPE utilized by the Customer.

8.2.5 Application of Rates and Charges

ISDN Services, when offered by the Company, will be provided on an Individual Case Basis (ICB) as Special Service Arrangements pursuant to Section 11.2 of this tariff.

SECTION 9 - RESERVED FOR FUTURE USE

9.1 Reserved for Future Use

SECTION 10 - PROMOTIONAL OFFERINGS

10.1 Promotions - General

From time to time, the Company shall, at its option, promote subscription or stimulate network usage by offering to waive some or all of the nonrecurring, recurring and usage charges for the Customer (if eligible) of target services for a limited duration. Such promotions shall be made available to all similarly situated Customers in the target market area and will comply with all applicable Commission regulations. The Company will file notice of with the Commission prior to offering any promotions.

10.2 Demonstration of Service

From time to time the Company may demonstrate service for potential customers by providing free use of its network on a limited basis for a period of time, not to exceed one (1) month. Demonstration of service and the type and duration of service provided will be at the Company's discretion.

SECTION 11 - SPECIAL CONTACTS, ARRANGEMENTS AND CONSTRUCTION

11.1 Special Contract Arrangements

At the option of the Company, services may be offered on a contract basis to meet specialized pricing requirements of the Customer not contemplated by this tariff. The terms of each contract shall be mutually agreed upon between the Customer and Company and may include discounts off of rates contained herein and waiver of recurring, nonrecurring, or usage charges. The terms of the contract may be based partially or completely on the term and volume commitment, type of originating or terminating access, mixture of services or other distinguishing features. Service shall be available to all similarly situated Customers for a fixed period of time following the initial offering to the first contract Customer as specific in each individual contract.

11.2 Special Service Arrangements

11.2.1 If a Customer's requirements cannot be met by services included in this tariff, or pricing for a service is shown in this tariff as ICB, the Company will provide, where practical, special service arrangements at charges equal to the estimated cost of furnishing such features, facilities or services. These special service arrangements will be provided if the provision of such arrangements are not detrimental to any other services furnished under the Company's tariffs.

11.2.2 Rates for special service arrangements will be based on the estimated cost for furnishing the service. Estimated costs will be determined in accordance with Section 11.1.4 (Special Construction) of this tariff.

11.2.3 Special service arrangement rates are subject to revision depending on changing costs.

11.2.4 If and when a special service arrangement becomes a tariffed offering, the tariffed rate or rates will apply from the date of tariff approval.

11.3 Non-Routine Installation Charges

At the Customer's request, installation and/or maintenance may be performed outside the Company's regular business hours or in hazardous locations. 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 or night hours, additional charges may apply.

SECTION 11 - SPECIAL CONTACTS, ARRANGEMENTS AND CONSTRUCTION, (CONT'D)

11.4 Special Construction Charges

11.4.1 General

A. Special construction charges may apply for services provided to the Customer by the Company. Special construction includes but is not limited to that construction undertaken:

(1) where facilities are not presently available, and there is no other requirement for the facilities so constructed;

(2) of a type other than that which the Company would normally utilize in the furnishing of its services;

(3) over a route other than that which the Company would normally utilize in the furnishing of its services;

(4) in a quantity greater than that which the Company would normally construct;

(5) on an expedited basis;

(6) on a temporary basis until permanent facilities are available;

(7) involving abnormal costs;

(8) in advance of its normal construction; or

(9) when the Company furnishes a facility or service for which a rate or charge is not specified in the Company's tariff.

B. Where the Company furnishes a facility or service requiring special construction, charges will be based on the costs incurred by the Company and may include: (1) non-recurring charges; (2) recurring charges; (3) usage charges; (4) termination liabilities; or (5) a combinations thereof.

C. Rates and charges for special construction shall be determined and presented to the Customer for its approval prior to the start of construction. No construction will commence until and unless the Customer accepts in writing the rates and charges as presented by the Company.

SECTION 11 - SPECIAL CONTACTS, ARRANGEMENTS AND CONSTRUCTION, (CONT'D)

11.4 Special Construction Charges, (Cont'd.)

11.4.2 Basis for Cost Computation

(A) Costs for special construction may include one or more of the following items to the extent they are applicable:

(1) cost of installed facilities to be provided including estimated costs for the rearrangements of existing facilities. Cost may include:

installation of equipment and materials provided or used,
engineering, labor and supervision during construction,
transportation of materials, and
rights of way required for transmission facilities;

(2) cost of operation, maintenance, and administration of equipment and facilities;

(3) depreciation on the estimated cost installed of any facilities provided, based on the anticipated useful service life of the facilities with an appropriate allowance for the estimated net salvage;

(4) general administrative expenses, including taxes on the basis of average charges for these items;

(5) license preparation, processing and related fees;

(6) tariff preparation, processing and other related regulatory fees;

(7) any other item of expense associated with the particular special service arrangement; and

(8) an amount, computed on the estimated installed cost of the facilities used to provide the special service arrangement, for return on investment and contingencies.

SECTION 11 - SPECIAL CONTACTS, ARRANGEMENTS AND CONSTRUCTION, (CONT'D)

11.4 Special Construction Charges, (Cont'd.)

11.4.3 Termination Liability

(A) To the extent that there is no other requirement for use by the Company, a termination liability may apply for facilities or services specially constructed at the request of the Customer.

(B) The termination liability period is the estimated service life of the facilities provided.

(C) The amount of the maximum termination liability is equal to the estimated cost for installation and operation of the service during its service life. Costs include those items previously listed in Section 11.4.2.

(D) The applicable termination liability will be calculated based on the following:

(1) Multiplying the sum of the amounts determined as set forth in Section 11.4.3.C preceding by a factor related to the unexpired period of liability and the discount rate for return and contingencies.

(2) The amount determined in 11.4.3.D(a) preceding shall be adjusted to reflect the predetermined estimate net salvage, if any, including any reuse of the facilities provided.

(3) The final termination liability is then adjusted to reflect applicable taxes or regulatory fees.

SECTION 11 - SPECIAL CONTACTS, ARRANGEMENTS AND CONSTRUCTION, (CONT'D)

11.5 Other Special Charges

11.5.1 Application of Special Charges

Special charges may apply in addition to the usual service connection charges and monthly rates when unusual investment or expense will be incurred by the Company. Special charges will apply when:

(A) conditions or Customer request which requires the provision of special equipment or unusual or nonstandard methods of plant construction, installation or maintenance or a move of the Company's facilities;

(B) the Customer's location requires the use of costly private right-of-way; or

(C) the proposed service is of a temporary nature, and the plant to be placed would not be useful to the Company in the general conduct of its business after that service was discontinued.

11.5.2 Customer Requirements for Special Charges

(A) The Company shall retain title to all plant constructed, as specified within this tariff, provided wholly or partially at the Customer's expense.

(B) When attachments are made to poles of other companies, instead of providing construction for which the Customer would be charged under the provisions of this section, the Customer shall pay the Company's cost for such attachments.

(C) The Customer is required to pay the construction charges made by another telephone company providing facilities to connect with the facilities of the Company.

SECTION 11 - SPECIAL CONTACTS, ARRANGEMENTS AND CONSTRUCTION, (CONT'D)

11.5 Other Special Charges, (Cont'd.)

11.5.3 Construction on Private Property

(A) The Company will furnish an average amount of entrance and distribution facilities, provided the facilities are of the standard type normally furnished for the particular location or kind of service.

(B) If additional entrance or distribution facilities are required, or if conditions require special equipment, maintenance or methods of construction, if the installation is for a temporary purpose, or if for any other reason, the construction costs are excessive as compared with the revenue to be derived from the project, the applicant may be required to pay for costs over and above the costs applicable for a normal installation.

(C) The Customer will provide the Company upon request and without charge written permission for the placement of the Company's facilities on his property.

(D) The Customer is responsible for providing satisfactory entrance to the building and space for mounting any necessary network protection equipment.

11.5.4 Temporary Service

Where plant construction is required to provide any temporary service or facility, or where it is necessary to place temporary construction in advance of permanent construction in order to meet the Customer's requirements, the Customer shall be charged the estimated cost of construction and removal of the plant which would not be of value to the Company, less the estimated net recovery value of the material used.

SECTION 11 - SPECIAL CONTACTS, ARRANGEMENTS AND CONSTRUCTION, (CONT'D)

11.5 Other Special Charges, (Cont'd.)

11.5.5 Service Provided to Movable Premise

(A) When telephone service is provided to movable premise by means of aerial plant, the Customer shall provide a clearance pole if the Company considers it necessary. The clearance pole must comply with the Company's specifications. The Customer shall place, own and maintain the pole. However, if the Customer elects and the Company agrees, the Company will place, own and maintain the pole and bill the Customer the cost of placing the pole.

(B) Where plant construction is required to provide any service or facility to a movable premise, and it is necessary to place temporary construction in advance of permanent construction to meet the Customer's requirements, the Company may require the applicant to pay the non-recoverable costs of the temporary construction or to contract for service beyond the initial period, or both.

SECTION 11 - SPECIAL CONTACTS, ARRANGEMENTS AND CONSTRUCTION, (CONT'D)

11.5 Other Special Charges, (Cont'd.)

11.5.6 Service to Residential and Commercial Developments

(A) The construction charges, allowances and provisions previously specified in this section contemplate the extension of facilities into areas of normal growth and development. Where facilities are to be extended into new areas of residential or commercial real estate development which, in the Company's opinion, are of a promotional or speculative nature, the Company may require an advance payment equal to all or a portion of the costs of such construction, depending on the circumstances in each case. This advance payment will be payable prior to the start of construction.

(B) The Company and the developer may enter into a contractual agreement that provides for the periodic refund of portions of the deposit as Customers in the development receive telephone service, and other terms of the contract are met. The contract will specify the estimated number of telephone Customers expected to receive service within the area and the time required to complete the project (not to exceed five years). The contract will provide that the construction charge be re-computed to reflect regular tariff allowances, design changes made by the developer, damage to telephone facilities by persons other than Company employees or agents or unusual construction requirements. Periodic refunds to the developer will be adjusted accordingly.

(C) The applicant for telephone service to a development is required to provide the Company, at his own expense, the necessary easements for installation and maintenance of telephone facilities, clear the ground where facilities are to be installed according to Company specifications and request installation of telephone facilities at an appropriate time during construction of the project to avoid unnecessary costs to the Company.

SECTION 11 - SPECIAL CONTACTS, ARRANGEMENTS AND CONSTRUCTION, (CONT'D)

11.5 Other Special Charges, (Cont'd.)

11.5.7 Underground Service Connections

When a Customer requests that underground service connections be installed instead of aerial facilities which would ordinarily be used, or when aerial facilities are used to provide service, and the Customer subsequently requests that facilities be placed underground, the following regulations apply:

(A) the Customer shall pay the cost on constructing and maintaining underground conduits which will be built according to Company specifications;

(B) any ducts required in the underground conduit by the Company to furnish service shall be reserved for its exclusive use;

(C) if a Customer requests that cable be installed in a trench, the trench shall be constructed and back filled under the Company's supervision at the Customer's expense;

(D) the Company will maintain and replace cable installed in conduit where the Company has inspected and approved the conduit. The Company will repair or replace cable in conduit or trench necessitated by damage caused by the Customer or his representatives, only at the Customer's expense; and

(E) the Company may replace existing aerial facilities with underground facilities in connection with planned projects or during its normal operations. If a Customer requests the removal and replacement of existing aerial facilities with underground facilities prior to the time of normal replacement, the Customer will be responsible for the expense incurred by the Company in making the replacement.

ATTACHMENT VII

Cost Support Information

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

RE: 2nd Data request response of **Essex Communications, Inc.**
Docket # TC00 - 121

Dear Mr. Bullard:

Enclosed for filing are the original and ten (10) copies of the registration request of Essex Communications, Inc. d/b/a eLEC Communications for authority to provide facilities-based local exchange service and intrastate interexchange telecommunications service within South Dakota.

Please acknowledge receipt of this filing by date stamping the extra copy of this cover letter and returning it to me in the self-addressed stamped envelope.

Any questions you may have regarding this filing may be directed to me at (407) 740-8575. Thank you for your assistance.

Sincerely,

Thomas M. Forte
Consultant to Essex Communications, Inc.

Enclosures

cc: Patrick Freeman, Essex
file: *Essex - SD Local*
tms: SDl0000b

RECEIVED
OCT 11 2000
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

1. ARSD 20:10:24:02(3)(a) and 20:10:32:03(4)(d) requires the applicant to submit "a copy of its certificate of authority to transact business in South Dakota from the secretary of state." The certificate received authorizes "Essex Communications, Inc." It does not authorize the applicant to use its d/b/a "eLEC Communications" in South Dakota. The applicant has also filed a copy of the "Use In a Business of a Trade, Assumed or Fictitious Name" report filed in Minnehaha County. This will allow the applicant to do business under "eLEC Communications" in Minnehaha County only. I will not recommend approval of this application using this d/b/a unless 1) the applicant provides a copy of an amended certificate from the Secretary of State's office which includes the d/b/a "eLEC Communications" or 2) the applicant supplies me with proof that the applicant has registered its fictitious name in every county in South Dakota in which the applicant will provide services.

Essex has filed with the Secretary of State to add the "d/b/a eLEC Communications" to its approval.

2. ARSD 20:10:32:03(5) asks for "a description of the applicant's experience providing any telecommunications services in South Dakota or in other jurisdictions, including the types of services provided, and the dates and nature of state or federal authorization to provide the services." The list of states submitted does not provide the required information. Please provide the required information.

Attachment I provides a listing of the CLEC and IXC application status of Essex. It also provides a detailed listing of states where the company is providing service.

3. ARSD 20:10:32 regards Local Exchange providers. However, the response to ARSD 20:10:32:03(7)(a) and (d) discusses "resold long distance telecommunications services." Please update.

Essex intends on providing local exchange service to single- and multi-line business customers as well as residential customers. The company will provide one party only services to this client base. The company also intends on providing PBX, DID, ISDN (PRI & BRI), DSL, Directory Assistance, Directory Services (non-published, etc.) and Custom Calling/Class services as well.

4. The response to ARSD 20:10:32:03(7)(b) does not address the "time-frame by which applicant will provide services through the use of its own facilities, the purchase of unbundled networks elements, or resale." Please provide the required information.

Essex anticipates providing service within 60 days after receiving approval from the Commission on this application and an approved interconnection agreement. The company has commitments from clients, but has not undertaken any operation issues to provide service to these clients.

5. The response to ARSD 20:10:32:03(8) states that "Essex intends to offer it services throughout the State of South Dakota." Essex cannot provide local exchange services in the service territory of rural telephone companies unless it comes before the Commission in another proceeding 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. As ARSD 20:10:32:03(8) requires, please provide "a service area map or narrative description indicating with particularity the geographic area proposed to be served by the applicant."

Essex initially intends to provide service throughout the US West territory within South Dakota.

6. The response to ARSD 20:10:32:03(10) does not provide "information explaining how the applicant will provide customers with access to" ... "interexchange services, directory assistance, and telecommunications relay services". Please provide this required information.

Essex will provide its customer base with access to directory assistance and interexchange services in two ways. First and foremost, the company will attempt to presubscribe each local customer to the company's interexchange service. Customers that do not want to presubscribe their interexchange service to Essex will be able to presubscribe to any interexchange carrier that is present in the customer's specific central office.

The company will also make emergency services and telecommunications relay services available to its customer base through the similar UNE-P interconnection agreement with the incumbent LEC.

7. The response to ARSD 20:10:32:03(12)(a) states that "Essex plans to interconnect with the incumbent LEC presently operating in South Dakota." There are over 50 independent, municipals, cooperative and foreign exchange companies operating as ILECs in South Dakota. Please identify by name the incumbent LEC(s) Essex plans to interconnect with.

Essex plans on interconnecting with US West.

8. The response to ARSD 20:10:32:03(12)(b) states that "Essex will begin negotiations with the incumbent LECs to establish interconnection agreements in the very near future" [emphases added]. Please be more specific by providing the time frame.

The company has initiated discussion with US West for interconnection throughout the fourteen state US West service territory, including South Dakota. The company will be focusing in on the South Dakota interconnection agreement within the next few weeks.

9. Response to ARSD 20:10:32:03(14) states "Please see Attachment VI". This attachment was not provided. Please provide "cost support for rates shown in the company's tariff for all noncompetitive or emerging competitive services."

The company requests a waiver of ARSD 20:10:32:03(14).

10. The response to ARSD 20:10:32:03(15) does not address or provide any brochures. Please address this issue.

Exhibit II contains the company's latest print collateral provided to customers during a sales call.

11. The response to ARSD 20:10:32:03(18) does not provide the names "of the applicant's representatives to whom all inquiries must be made regarding customer complaints and other regulatory matters." Be sure to include the remaining information required in this rule if different than originally provided.

Mr. Wes Minella
Telecommunications Manager
Essex Communications, Inc.
48 South Service Road, 3rd Floor
Melville, New York 11747
Telephone: (516) 293-2700
Facsimile: (516) 777-7679
Toll Free: (888) 389-1400

Exhibit I

Approved States

ESSEX COMMUNICATIONS, INC.
CERTIFICATION / SERVICE STATUS REPORT

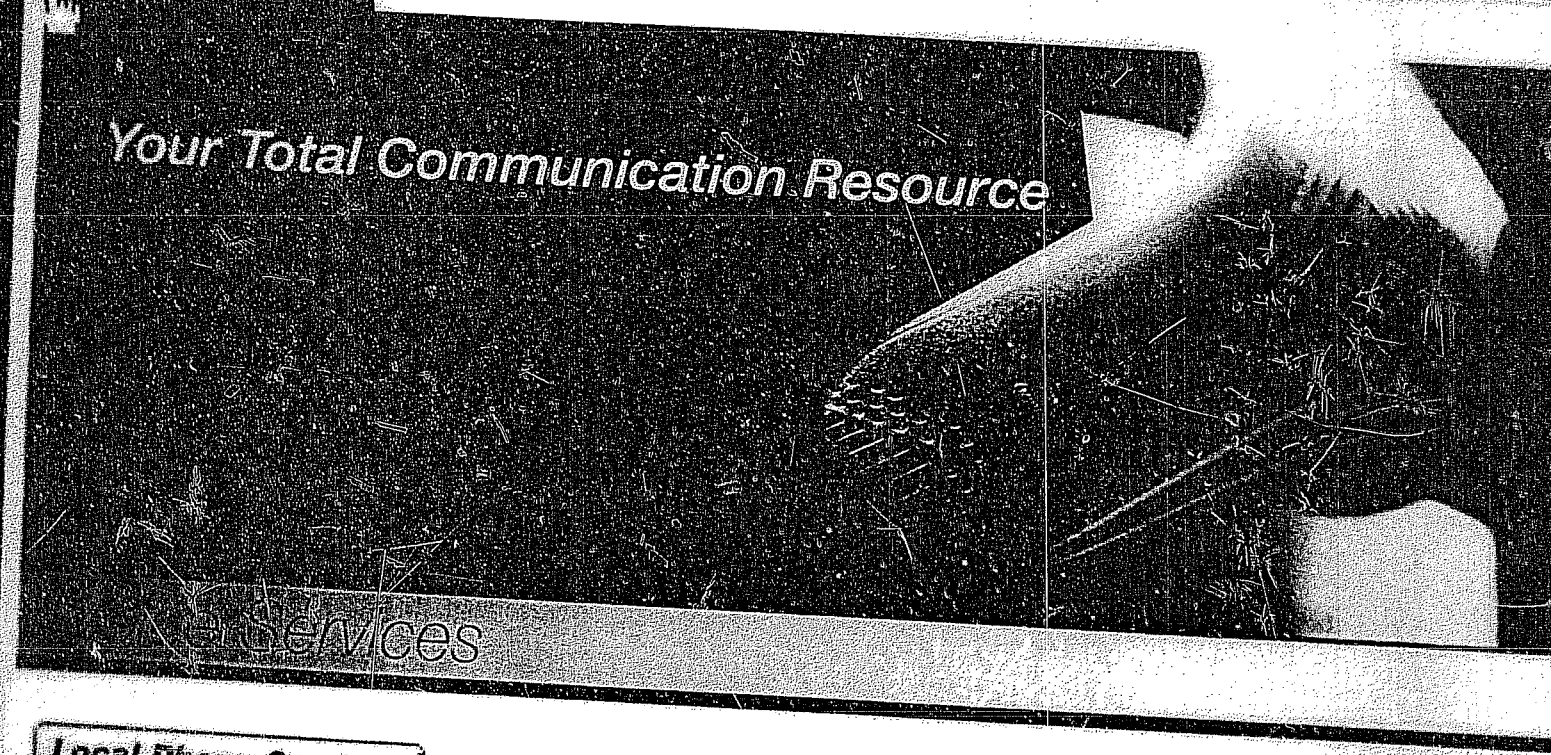
State	CLEC Date Filed	CLEC Date Approved	Offering Service	IXC Date Filed	IXC Date Approved	Offering Service
Alabama		09/15/00	No		09/15/00	No
Arkansas	08/02/00	Pending		08/02/00	Pending	
Arizona	06/02/00	Pending		06/02/00	Pending	
California	05/23/00	Pending			07/03/00	Yes
Colorado		07/19/00	Yes		05/25/00	Yes
Connecticut		08/26/98	Yes		08/26/98	Yes
Delaware	08/30/00	Pending		08/30/00	Pending	
Florida			Yes			Yes
Georgia	05/22/00	Pending		05/22/00	Pending	
Idaho	08/20/00	Pending		08/20/00	Pending	
Iowa		09/29/00	No		09/29/00	No
Illinois	06/05/00	Pending		06/05/00	Pending	
Indiana	08/30/00	Pending			08/31/00	No
Kansas	09/05/00	Pending		09/05/00	Pending	
Kentucky			Yes			Yes
Louisiana	06/16/00	Pending		06/16/00	Pending	
Maine	08/07/00	Pending		08/07/00	Pending	
Massachusetts			Yes			Yes
Maryland	03/25/99	Pending		06/01/00	Pending	
Michigan		08/31/00	No		05/24/00	Yes
Minnesota	06/02/00	Pending		06/02/00	Pending	
Missouri	06/15/00	Pending		06/15/00	Pending	
Mississippi	08/03/00	Pending		08/03/00	Pending	
Montana		08/14/00	Yes		08/14/00	Yes
Nebraska	08/07/00	Pending		08/07/00	Pending	
Nevada		7/19/00	No		07/19/00	No
North Carolina	09/21/00	Pending		09/21/00	Pending	
North Dakota	08/31/00	Pending			09/27/00	No
New Hampshire	06/05/00	Pending		06/05/00	Pending	
New Jersey			Yes			Yes
New Mexico	05/25/00	Pending		05/25/00	Pending	
New York			Yes			Yes

ESSEX COMMUNICATIONS, INC.
CERTIFICATION / SERVICE STATUS REPORT
(Continued)

State	CLEC Date Filed	CLEC Date Approved	Offering Service	IXC Date Filed	IXC Date Approved	Offering Service
Ohio	05/25/00	Pending		05/25/00	Pending	
Oklahoma	07/07/00	Pending		07/07/00	Pending	
Oregon	06/01/00	Pending		06/01/00	Pending	
Pennsylvania		05/12/00	Yes		05/12/00	Yes
Rhode Island		07/08/00	No		07/08/00	No
So. Carolina		09/25/00	No		09/25/00	No
So. Dakota	08/08/00	Pending		08/08/00	Pending	
Tennessee	08/03/00	Pending	No	08/03/00	Pending	No
Texas	09/01/00	Pending			09/29/00	Yes
Utah	09/28/00	Pending			Not Req.	No
Vermont	07/28/00	Pending		07/28/00	Pending	
Virginia			Yes		Not. Req.	Yes
Washington		09/27/00	No		09/27/00	No
Wisconsin	08/31/00	Pending		08/31/00	Pending	
West Virginia	06/15/00	Pending		06/15/00	Pending	
Wyoming	09/21/00	Pending		09/21/00	Pending	

Exhibit II

Marketing Brochures



Local Phone Services

Have you had enough of the high phone bills and poor customer support from that plain old telephone company? Well, you can sit back and relax. eLEC Communications provides clear, dependable local telephone service at a fraction of what you are currently paying.

Our friendly customer support staff can switch your existing service to eLEC without disruption, altering existing numbers, or interfering with normal workflow.

Long Distance Services

Communicating globally is hard enough; streamline your Long Distance service with eLEC. With eLEC, there are no monthly fees and no monthly minimums – just low rates 24 hours a day!

Our simplified billing system aggregates your eLEC telecommunication services into a single monthly bill. Additionally, as an eLEC long distance customer, you will appreciate one of the lowest rate plans available in the United States.

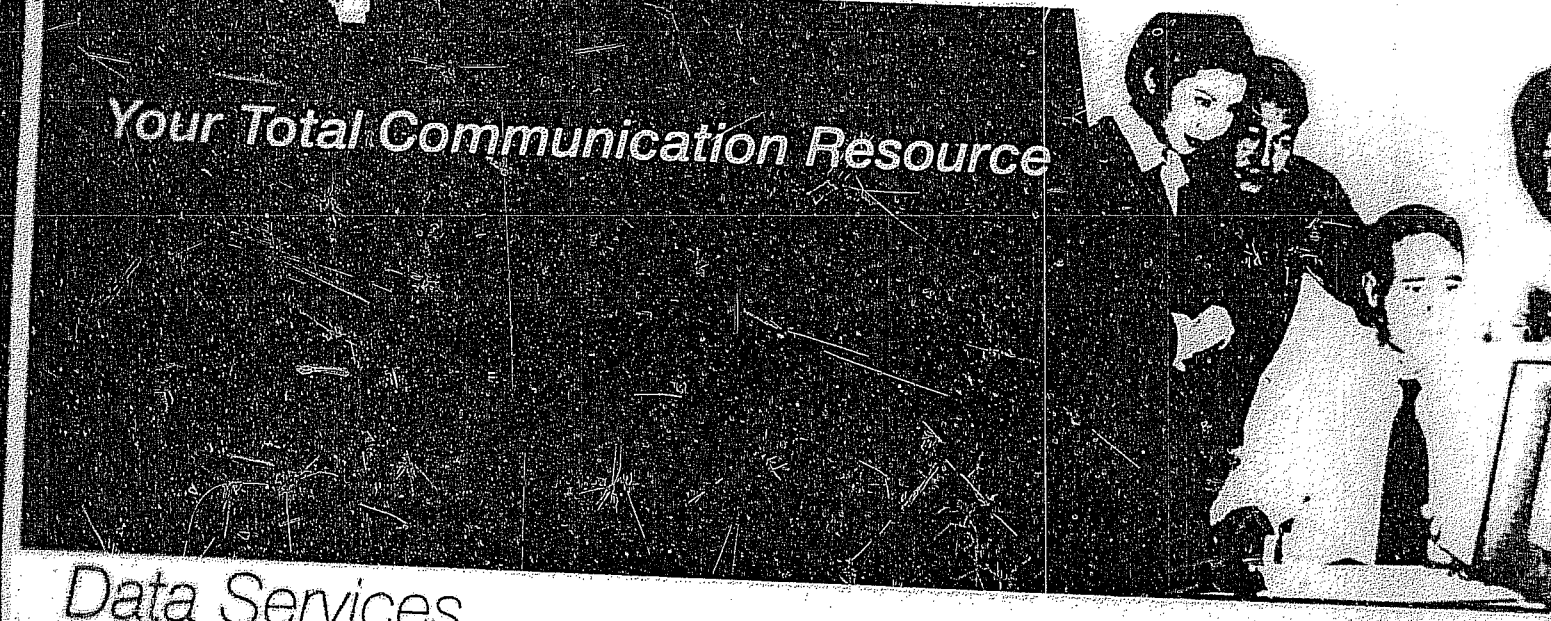
Calling Cards

With an eLEC Calling Card you are one step closer to your call, no matter where you are calling from, without having to carry around change or make expensive collect calls. Whether you're making a local or long distance call, the eLEC Calling Card will connect your call quickly and reliably.

Enjoy low rates at only 15¢ a minute nationwide! And, as always with eLEC, No Activation Charge!

Switch to eLEC today!

eLEC



Data Services

DSL

DSL provides instant Internet access at speeds up to 50 times faster than a 28.8 Kbps modem on a standard analog phone line. With the DSL Service provided by eLEC Communications, there are no dial-up delays or busy signals. Downloads that took hours now take only seconds.

With connection speeds up to 1.54 Mbps downstream, DSL is the best choice for power-hungry Internet users.

Dedicated

With a dedicated connection, there is no need to worry about others slowing your uploading and downloading speeds (unlike a cable modem, your connection will not be shared with others). Using Cisco routers, we offer dedicated dial-up, T1, ISDN, and Frame Relay connections for the power user.

Dial Up

Surf the web at 56K modem speeds with Nationwide Access through over 1000 local access numbers.

eLEC



Internet Services

Web Hosting

Need a home for your web site? *Does your current provider lack the bandwidth you need? eLEC Communications can help!*

When eLEC hosts your web site, it will be connected to our high-performance network with its diverse, fully-redundant, multiple OC-3 connections (156MB of bandwidth). eLEC allows your customers to bypass bottlenecks and slowdowns they typically encounter with other hosting facilities. Whether you want to house your family album or the next Amazon.com, eLEC has the facilities and experience to provide your web visitors with the experience they demand.

Web Design

With the number of web sites distracting your consumers, your business web site should be visually arresting and offer your customers the information and services they demand. eLEC will design your web site to provide your business with a complete, user-friendly web application for optimal presence on the WWW (World Wide Web).

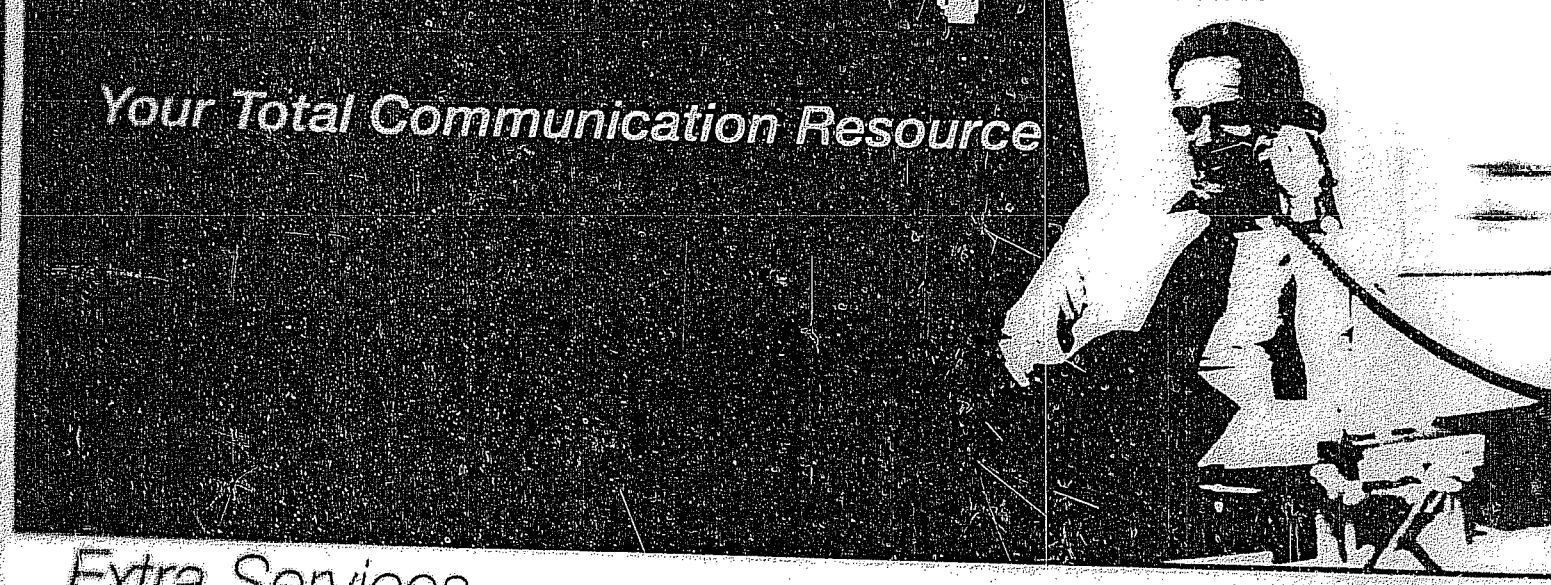
www.riderpoint.com
RiderPoint Insurance Quote, the Internet's only free online comparative rating program.

www.quillpages.com
Your Local Online Business Directory.

Hosted Services (Email)

It takes more than your web site to have that Professional "Look & Feel"! In this electronic age, nothing is more embarrassing than having your email address read "@aol.com". To provide that extra level of elegance, eLEC Communications can provide you with your own domain and email address "yourname@yourdomain.com".

eLEC communications



Extra Services

Equipment

eLEC Communications sells, installs, leases, and services most well-known brands of telephone systems and peripheral equipment, including Panasonic DBS (authorized dealer). Our friendly staff combines over 35 years of experience in small business systems and mid-size PBX (500+ stations). eLEC provides all of your business telecommunication needs in one place, with one bill, giving you back the time you need to make your business succeed!

Our Services include:

- *Sale, installation, and leasing of state-of-the-art telephone equipment*
- *Servicing of major brands of equipment*
- *Supplying business call accounting and voice mail*
- *Adding state-of-the-art equipment for call centers*
- *Providing personalized services*

QuillPages

eLEC can help your business gain broader recognition by providing you with the technology your business needs:

- ***Yellow Pages Listing**: eLEC's comprehensive online directory of local businesses, QuillPages, is accessed by more than 80% of Internet Yellow Pages such as: Netscape.com, ABCNEWS.com, IWon.com, USA.com, DowJones.com, Dogpile.com, XOOM.com. Your listing, which includes a link to your QuillPage, will be viewable on hundreds of web sites.*
- ***QuillPage**: Single web page/ad highlighting your business.*
- ***Online Communication Services**: QuillPages give web surfers the ability to call, fax, or email you directly from your QuillPage. Your customers can compose and send you faxes without owning a fax machine! You can even view all of the stored faxes and emails that were sent to you through your QuillPage.*
- ***Daily Statistics**: See how many visitors your page receives.*

eLEC: Your Total Communication Resource.

eLEC

Your Total Communication Resource



About Us

About Us

In February of 1996, Congress passed a landmark piece of legislation. The Telecommunications Act of 1996 fundamentally changed the telecommunications industry by mandating nationwide competition in the local telephone marketplace for the very first time. Instead of being served by a sluggish monopoly, consumers can now benefit by the competitive pricing, higher-quality services, and vigorous marketplace that has been created by companies such as eLEC Communications Corp.

This new era, which has lead to the formation of many competitive local exchange carriers (CLECs), is very similar to the historic breakup of the Bell System in 1984, when the nation witnessed the birth of many energetic long distance companies that brought new pricing and service models to the long distance telephone marketplace. eLEC is one of the CLECs (pronounced see-leks) that is taking advantage of the 1996 legislation.

But eLEC is different from most CLECs because we are not just another local service reseller. In 2000, we will file as a facilities-based carrier in more than 35 states so that we can build a national telecommunications company with ubiquitous service. We utilize the same reliable network that companies have always used, by leasing the loop, switch, and other network elements on an as-needed basis from the local Bell operating company. eLEC offers local calling, long distance calling, calling cards, email service, Internet dial-up service, high-speed Internet service, web site design and web site hosting. That is why we adopted the name "e"LEC, to signify the full range of e-services that we are able to offer our customers in addition to our telecommunications products.

We are a single-source communications entity that will provide you with one bill for all of your services, even if you have multiple locations nationwide. We provide businesses with all of the advantages made possible by the Telecommunications Act of 1996, including first-rate products with exceptional customer service at an affordable rate.

How Can We Do it?

Our entry into this industry was dependent upon the Telecommunications Act of 1996. The Act allows CLECs to lease various elements of the networks of the incumbent local exchange carriers ("ILECs") that are necessary to provide local telephone service in a cost-effective manner. This aspect of the Telecommunications Act is referred to as "unbundling" the ILEC networks, and allows us to lease unbundled network elements on an as-needed basis to our customers at a lower cost than what the ILECs offer.

The following is a listing of all our US locations, which vary in size and function.

Norwalk, CT
Edison, NJ
Steubenville, OH
Melville, NY
Orlando, FL

TECHNOLOGIES MANAGEMENT INC.

210 N. Park Ave.
Winter Park, FL
32789

P.O. Drawer 200
Winter Park, FL
32790-0200

Tel: 407-740-8575
Fax: 407-740-0613
tmi@tminc.com

December 27, 2000
Overnight Delivery

RECEIVED
DEC 28 2000
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

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

RE: Surety Bond on behalf of Essex Communications, Inc. d/b/a eLEC Communications
Docket # TC00 - 121

Dear Mr. Bullard:

Enclosed for filing are the original and ten (10) copies of a surety bond on behalf of Essex Communications, Inc. d/b/a eLEC Communications. This bond should be considered pursuant to Essex's application for authority to provide facilities-based local exchange service and intrastate interexchange telecommunications service within South Dakota.

This bond was originally provided to the Commission on December 20, 2000. It was returned to the company due to the absence of a signature from an office of the company.

Please acknowledge receipt of this filing by date stamping the extra copy of this cover letter and returning it to me in the self-addressed stamped envelope.

Any questions you may have regarding this filing may be directed to me at (407) 740-8575. Thank you for your assistance.

Sincerely,

Thomas M. Forte
Consultant to Essex Communications, Inc.

Enclosures

cc: Patrick Freeman, Essex
Keith Senger, SD Commission
file: Essex - SD Local
tms: SDl0000d

TECHNOLOGIES MANAGEMENT INC.

210 N. Park Ave.
Winter Park, FL
32789

P.O. Drawer 200
Winter Park, FL
32790-0200

Tel: 407-740-8575
Fax: 407-740-0613
tmi@tminc.com

December 19, 2000
Overnight Delivery

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

RE: Surety Bond on behalf of Essex Communications, Inc. d/b/a eLEC Communications
Docket # TC00 - 121

Dear Mr. Bullard:

Enclosed for filing are the original and ten (10) copies of a surety bond on behalf of Essex Communications, Inc. d/b/a eLEC Communications. This bond should be considered pursuant to Essex's application for authority to provide facilities-based local exchange service and intrastate interexchange telecommunications service within South Dakota.

Please acknowledge receipt of this filing by date stamping the extra copy of this cover letter and returning it to me in the self-addressed stamped envelope.

Any questions you may have regarding this filing may be directed to me at (407) 740-8575. Thank you for your assistance.

Sincerely,

Kathy Steinke

Kathy Steinke
Sr. Associate Consultant to Essex Communications, Inc.

Enclosures

cc: Patrick Freeman, Essex
Keith Senger, SD Commission
file: Essex - SD Local
tms: SD10000c

RECEIVED
DEC 20 2000
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

INDEMNITY BOND
to the
PEOPLE OF THE STATE OF SOUTH DAKOTA

Bond No. 16BSBAP2938

We, Essex Communications, Inc. d/b/a eLEC Communications, the principal and applicant for a CERTIFICATE OF AUTHORITY, to provide facilities-based local exchange and interexchange telecommunications services within the State of South Dakota, and HARTFORD FIRE INSURANCE, as an admitted surety insurer, bind ourselves unto the Public Utilities Commission of the State of South Dakota and the consumers of South Dakota as Obligee, in the sum of $ 25,000

The conditions of the obligation are such that the principal, having been granted such CERTIFICATE OF AUTHORITY subject to the provision that said principal purchase this Indemnity Bond, and if said principal shall in all respects fully and faithfully comply with all applicable provision of South Dakota State Law, and reimburse customers of Essex Communications, Inc. for any prepayment or deposits they have made which may be unable or unwilling to return to said customers as a result of insolvency or other business failure, then this obligation shall be void, discharges and forever exonerated, otherwise to remain in full force and effect.

This bond shall take effect as of the date hereon and shall remain in force and effect until the surety is released from liability by the written order of the Public Utilities Commission, provided that the surety may cancel this Bond and be relieved of further liability hereunder by delivering thirty (30) days written notice to the Public Utilities Commission. Such cancellation shall not affect any liability incurred or accrued hereunder prior to the termination of said thirty (30) day period.

Dated this 11TH day of DECEMBER, 2000

To be effective this 6TH day of DECEMBER, 2000

The original bond is in Melaine's bottom desk drawer

Essex Communications, Inc.
d/b/a eLEC Communications

Patrick Freeman
Vice President, Wholesale Services

HARTFORD FIRE INSURANCE COMPANY
(Insurance Company)

By: Teresa L Clark
TERESA L CLARK, ATTORNEY-IN-FACT
(Name, Title)

Countersigned this 12th day of December, 2000

Countersigned for South Dakota

By: Deacon E. Nelson
Resident Agent
McKinney, Allen & Assoc.

141 N. Main Ave.
Sioux Falls, SD 57104

THE HARTFORD

HARTFORD PLAZA
HARTFORD, CONNECTICUT 06115

☒ Hartford Fire Insurance Company
☐ Hartford Casualty Insurance Company
☐ Hartford Accident and Indemnity Company
☐ Hartford Underwriters Insurance Company

☐ Twin City Fire Insurance Company
☐ Hartford Insurance Company of Illinois
☐ Hartford Insurance Company of the Midwest
☐ Hartford Insurance Company of the Southeast

KNOW ALL PERSONS BY THESE PRESENTS THAT the *Hartford Fire Insurance Company, Hartford Accident and Indemnity Company* and *Hartford Underwriters Insurance Company*, corporations duly organized under the laws of the State of Connecticut, *Hartford Insurance Company of Illinois*, a corporation duly organized under the laws of the State of Illinois; *Hartford Casualty Insurance Company, Twin City Fire Insurance Company* and *Hartford Insurance Company of the Midwest*, corporations duly organized under the laws of the State of Indiana; and *Hartford Insurance Company of the Southeast*, a corporation duly organized under the laws of the State of Florida; having their home office in Hartford, Connecticut, (hereinafter collectively referred to as the "Companies") do hereby make, constitute and appoint, ***up to the amount of*** UNLIMITED:

K. ADRAGNA, DOUGLAS E. BARNETTE, MIKE BATTENFIELD, BEVERLY K. BOHNERT, JOEL CANNON, TERESA L. CLARK, SHAYNE DALY, KEITH DOZIER, LENORA L. EGGEBEEN, M FORD, S FULMER, S GAGNE, C HOLMES, SANDY JONES, DONALD L. LONGSHORE, V MCCORMICK, MARY T. MONICA, SUSAN J. NEWTON, LISA PETTINGILL, T REINERTSEN, BENJAMIN SCHILLINGER, KERRIS SHAFFER, DOUG SHAFFER, BRITANY SLABAUGH, DEBBI SLOAN, SANDI SMITH, MATTHEW J. STEVENS, SUZAN TURNER, T TRAJICK, RUSSELL E. VANCE, V WHEELER, L WILLIAMS, E WILLNER OF HARTFORD, CONNECTICUT

their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety(ies) only as delineated above by ☒, and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof, on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

In Witness Whereof, and as authorized by a Resolution of the Board of Directors of the Companies on September 12th, 2000, the Companies have caused these presents to be signed by its Assistant Vice President and its corporate seals to be hereto affixed, duly attested by its Assistant Secretary, this 19th day of September, 2000.

Paul A. Bergenholtz, Assistant Secretary

John P. Hyland, Assistant Vice President

STATE OF CONNECTICUT
COUNTY OF HARTFORD } ss. Hartford

On this 19th day of September, 2000, before me personally came John P. Hyland, to me known, who being by me duly sworn, did depose and say: that he resides in the County of Hartford, State of Connecticut; that he is the Assistant Vice President of the Companies, the corporations described in and which executed the above instrument; that he knows the seals of the said corporations; that the seals affixed to the said instrument are such corporate seals; that they were so affixed by authority of the Boards of Directors of said corporations and that he signed his name thereto by like authority.

CERTIFICATE

Jean H. Wozniak
Notary Public
My Commission Expires June 30, 2004

I, the undersigned, Assistant Vice President of the Companies, DO HEREBY CERTIFY that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is still in full force effective as of December 11, 2000

Signed and sealed at the City of Hartford.

Colleen Mastroianni, Assistant Vice President

POA2000

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE APPLICATION OF ESSEX COMMUNICATIONS, INC. D/B/A ELEC COMMUNICATIONS FOR A CERTIFICATE OF AUTHORITY TO PROVIDE INTEREXCHANGE TELECOMMUNICATIONS SERVICES AND LOCAL EXCHANGE SERVICES IN SOUTH DAKOTA	ORDER GRANTING CERTIFICATE OF AUTHORITY TC00-121

On August 9, 2000, the Public Utilities Commission (Commission) received an application for a certificate of authority from Essex Communications, Inc. d/b/a eLEC Communications (Essex).

Essex proposes to offer inbound and outbound resold long distance telecommunications service, as well as facilities-based local exchange services to residential and business customers in South Dakota. A proposed tariff was filed by Essex.

On August 10, 2000, the Commission electronically transmitted notice of the filing and the intervention deadline of August 25, 2000, to interested individuals and entities. No petitions to intervene or comments were filed and at its regularly scheduled January 4, 2001, meeting, the Commission considered Essex's request for a certificate of authority. Commission Staff recommended granting a certificate of authority, subject to a continuous $25,000 surety bond, and subject to rural safeguards. Commission Staff further recommended a waiver of ARSD 20:10:24:02(10) and ARSD 20:10:32:03(14).

The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapter 49-31, specifically 49-31-3 and 49-31-69 and ARSD 20:10:24:02, 20:10:24:03 and 20:10:32:03. The Commission finds that Essex has met the legal requirements established for the granting of a certificate of authority. Essex has, in accordance with SDCL 49-31-3 and 49-31-71, demonstrated sufficient technical, financial and managerial capabilities to offer telecommunications services in South Dakota. Further, the Commission finds that there is good cause to waive subparagraph (10) of ARSD 20:10:24:02 and subparagraph (14) of ARSD 20:10:32:03.

The Commission approves Essex's application for a certificate of authority, subject to a continuous $25,000 surety bond, and subject to rural safeguards. The certificate of authority for Essex shall authorize it to offer local exchange services in South Dakota, except in those areas served by a rural telephone company. In the future, should Essex choose to provide local exchange services statewide, with respect to rural telephone companies, Essex 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 Essex's application for a certificate of authority to provide interexchange telecommunications services and local exchange services is granted, subject to a continuous $25,000 surety bond; and it is

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

FURTHER ORDERED, that the Commission shall authorize Essex to offer its local exchange services in South Dakota, except in those areas served by a rural telephone company; and it is

FURTHER ORDERED, that the Commission finds good cause to waive subparagraph (10) of ARSD 20:10:24:02 and subparagraph (14) of ARSD 20:10:32:03.

Dated at Pierre, South Dakota, this 10th day of January, 2001.

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: Kellaine Kolbo

Date: 1/12/01

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

JAMES A. BURG, Chairman

PAM NELSON, Commissioner

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 January 4, 2001
Docket No. TC00-121

This is to certify that

ESSEX COMMUNICATIONS, INC.
D/B/A ELEC COMMUNICATIONS

is authorized to provide interexchange telecommunications services, including local exchange services in nonrural areas in South Dakota.

This certificate is issued in accordance with SDCL 49-31-3 and 49-31-69 and ARSD 20:10:24:02 and 20:10:32:03, and is subject to all of the conditions and limitations contained in the rules and statutes governing its conduct of offering telecommunications services.

Dated at Pierre, South Dakota, this 10th day of January, 2001.

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION:

JAMES A. BURG, Chairman

PAM NELSON, Commissioner

LASKA SCHOENFELDER, Commissioner

TECHNOLOGIES MANAGEMENT INC

210 N. Park Ave.
Winter Park, FL
32789

P.O. Drawer 200
Winter Park, FL
32790-0200

Tel: 407-740-8575
Fax: 407-740-0613
tmi@tminc.com

February 8, 2001
Overnight Delivery

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

RE: Local Tariff of Essex Communications, Inc. d/b/a eLEC Communications
Docket # TC00 - 121

Dear Mr. Bullard:

As per a request from Keith Senger, enclosed for filing is the original and one (1) copy of page 94 of Essex Communications, Inc. d/b/a eLEC Communications' local tariff.

Please acknowledge receipt of this filing by date stamping the extra copy of this cover letter and returning it to me in the self-addressed stamped envelope.

Any questions you may have regarding this filing may be directed to me at (407) 740-8575. Thank you for your assistance.

Sincerely,

Kathy Steinke

Kathy Steinke
Sr. Associate Consultant to Essex Communications, Inc.

Enclosures

cc: Patrick Freeman, Essex
Keith Senger, SD Commission
file: Essex - SD Local
tms: SDl0000f

RECEIVED
FEB 09 2001
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

SECTION 9.0 - LONG DISTANCE SERVICES

9.1 General

Essex offers direct dialed, inbound toll free service, travel card, debit card and directory assistance services for communications originating and terminating within the State of South Dakota under terms of this tariff. Operator Services will be furnished by Essex's underlying carrier.