TC00-128

TC00-128

TC00-128

DOCKET NO.

In the Matter of — IN THE MATTER OF THE APPLICATION OF PAC-WEST TELECOMM, INC. FOR A CERTIFICATE OF AUTHORITY TO PROVIDE TELECOMMUNICATIONS SERVICES IN SOUTH DAKOTA

Public Utilities Commission of the State of South Dakota

DATE		MEMORANDA
8/22	00	Filed and Docketed;
8/24	00	Weekly Filing;
11/20	00	Revised Tariff Pages;
11/21	00	Revised Tariff Page;
12/7	00	Order Granting COA;
12/7	00	Docket Closed

TC00-128

MORRISON & FOERSTER LLP

ATTORNEYS AT LAW

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LOS ANGELES
PALO ALTO
WALNUT CREEK
SACRAMENTO
ORANGE COUNTY
SAN DIEGO
DENVER
WASHINGTON, D.C.

NEW YORK
BUENOS AIRES
LONDON
BRUSSELS
BEIJING
HONG KONG
SINGAPORE
TOKYO

August 21, 2000

Writer's Direct Contact
(415) 268-7201
MWand@mofo.com

RECEIVED
AUG 22 2000
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

By Overnight Delivery

Mr. William Bullard, Jr.
Executive Director
South Dakota Public Utilities Commission
500 East Capital Avenue
Pierre, SD 57501-5070

Re: Application of Pac-West Telecomm, Inc. for a Certificate of Authority

Dear Mr. Bullard:

Enclosed please find an original and eleven copies of the Application of Pac-West Telecomm, Inc. for a Certificate of Authority to provide resold interexchange services within the state of South Dakota. A check in the amount of $250.00 for the filing fee is attached to this letter.

Please stamp the eleventh copy as having been received by your office and return it to me in the enclosed stamped and addressed envelope. I can be reached at the above number if you have any questions regarding this matter.

Sincerely,

Mary E. Wand

Mary E. Wand

Enclosures

sf-946270

TC00-128
ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

RECEIVED

AUG 22 2000

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

In the Matter of the Application of Pac-West Telecomm, Inc. for a Certificate of Authority to Provide Telecommunications Services in South Dakota	)))))	TC ______________

APPLICATION OF PAC-WEST TELECOMM, INC. FOR A
CERTIFICATE OF AUTHORITY

Pac-West Telecomm, Inc. ("Pac-West") pursuant to SDCL 49-31-3 and ARSD 20:10:24:02 submits this application for a certificate of authority to provide intrastate, interexchange telecommunications services within the state of South Dakota on a resold basis. In support of this Application, Pac-West provides the following information pursuant to ARSD 20:10:24:02.

1. Applicant is Pac-West Telecomm, Inc., its primary business address and phone number is 1776 West March Lane, Suite 250, Stockton, California, 95207, (209) 926-3300.

2 Applicant will provide services in South Dakota as Pac-West Telecomm, Inc.

3. (a) Pac-West is a California corporation, incorporated on May 15, 1996. A copy of its certified Articles of Incorporation is attached as Exhibit A. Pac-West was qualified to do business in South Dakota on May 25, 2000. A copy of its Certificate of Authority from the South Dakota Secretary of State is attached as Exhibit B.

(b) At this time Pac-West does not have an office located in the State of South Dakota. Pac-West's registered agent is the CT Corporation System, Inc., located at 319 S. Corteau, Pierre, South Dakota, 57501. The contact person at CT is Eugene Mayor.

(c) No corporation, association, partnership, cooperative, or individual holds more than 20 percent ownership or management interest in Pac-West.

(d) Applicant does not own or control any subsidiary companies.

4. Applicant is not a partnership.

5. Pac-West intends to provide intrastate interexchange telecommunications services including presubscribed message toll calling and a full range of other inbound and outbound voice and data services. Services will be available on a full-time basis, 24 hours a day, seven days a week originating from all points within South Dakota and terminating to points within the state, interstate, and internationally. Pac-West does not proposed to offer pre-paid calling cards or require deposits or advance payments at this time.

6. Pac-West currently does not own property, facilities, or equipment in South Dakota and does not have any plans for construction at this time. Initially Pac-West will provide its services by reselling the interexchange services of other authorized carriers.

7. Pac-West will provide its services throughout the entire state of South Dakota. A map showing Pac-West's proposed service area is included in its proposed tariff, attached as Exhibit C.

8. A copy of Pac-West's most recent annual report and report to stockholders is attached as Exhibit D. This Exhibit includes Pac-West's most recent audited financial statement for the period ending December 31, 1999. A copy of Pac-West's tariff with the terms and conditions of service is attached as Exhibit C.

9. All inquiries regarding complaints and regulatory matters should be directed to:

Mr. Robert Townsend
Director of Regulatory Affairs
1776 West March Lane, Suite 250
Stockton, CA 95207
(209) 926-3300 (telephone)
(209) 926-4585 (facsimile)

All Pac-West customer invoices are generated by its own Internal Billing Department. Invoices for end-user customers typically are mailed around the 10th of each month are due and payable fifteen days later. Late payment charges are assessed on charges not paid by the due date.

Pac-West has approximately 60 employees located at its Stockton California facility who are dedicated to addressing customer service matters. Customers may contact Pac-West's customer service department through a toll-free number (800) 390-1189, or via facsimile at (877) 926-3231. Customer Service representatives are available Monday through Friday from 6 AM to 9 PM (PST) and Saturday from 7:30 AM to 7 PM (PST).

10. Pac-West currently is certified or registered to provide telecommunications services in Nevada, Washington, Oregon, California, Montana, Arizona, Colorado, Texas, Idaho, and Utah. No state has denied Pac-West a certificate or registration.

11. Applicant initially plans to market interexchange data and voice services to business and residential customers through the use of print advertising and its dedicated sales force. When Pac-West offers voice services it will prevent unauthorized switching of customers' presubscribed carriers by obtaining a signed letter of authorization from all new customers. Pac-West will comply with South Dakota law and Federal Communications Commission regulations regarding how interexchange carriers may change a customer's Primary Interexchange Carrier. Pac-West does not engage in any

multilevel marketing practices. Attached to this Application as Exhibit E are copies of brochures used by the Company to market its services. The biography of Mr. Joel A. Effron, Applicant's Senior Vice President of Sales and Marketing, is attached as Exhibit F.

12. The Commission has classified long distance services as fully competitive. Pac-West does not propose to offer any non-competitive or emerging competitive services.

In reliance on the foregoing information, Pac-West Telecomm, Inc. respectfully requests that the Commission issue it a Certificate of Authority to provide intrastate, interexchange services in South Dakota on a resold basis.

Respectfully submitted,

By: Mary E. Wand

Mary E. Wand
MORRISON & FOERSTER LLP
425 Market Street
San Francisco, CA 94105
(415) 268-7000 (telephone)
(415) 268-7522 (facsimile)

Dated: August 21, 2000

VERIFICATION

State of California)
) s/s
County of San Joaquin)

I, Robert Townsend, being first duly sworn, depose and state that I am Director of Regulatory Affairs of Pac-West Telecomm, Inc., the Applicant in the subject proceeding; that I am authorized to make this Verification on its behalf; that I have read the foregoing Application and exhibits and know the content thereof; that the same are true and correct to the best of my information, knowledge and belief.

Executed this 17 day of August, 2000.

TIFFANY M. ENTE
Commission # 1180828
Notary Public - California
Stanislaus County
My Comm. Expires Apr 24, 2002

By: [signature]
Robert Townsend

Subscribed to sworn before me this 17th of August, 2000.

[signature]
TIFFANY M. ENTE
Notary Public

My Commission expires on April 24, 2002

EXHIBIT A

1960 1115 4RV

AGREEMENT OF MERGER

OF

PWT ACQUISITION CORP.

AND

PAC-WEST TELECOMM, INC.

FILED
in the office of the Secretary of State
of the State of California

SEP 16 1998

BILL JONES, Secretary of State

This AGREEMENT OF MERGER entered into on September 16, 1998 by PWT ACQUISITION CORP. and PAC-WEST TELECOMM, INC. as approved by the Board of Directors of each of said corporations:

1. PWT ACQUISITION CORP., which is a corporation incorporated in the State of California, and which is sometimes hereinafter referred to as the "disappearing corporation," shall be merged with and into PAC-WEST TELECOMM, INC. which is a corporation incorporated in the State of California, and which is sometimes hereinafter referred to as the "surviving corporation."

2. The separate existence of the disappearing corporation shall cease upon the effective date of the merger in accordance with the provisions of the General Corporation Law of the State of California.

3. The surviving corporation shall continue its existence under its present name pursuant to the provisions of the General Corporation Law of the State of California.

4. The Articles of Incorporation of the surviving corporation shall be amended and restated to read as set forth on Exhibit A attached hereto upon the effective date of the merger and shall continue in full force and effect until amended and changed in the manner prescribed by the provisions of the General Corporation Law of the State of California.

5. The bylaws of the disappearing corporation upon the effective date of the merger shall be the bylaws of said surviving corporation and shall continue in full force and effect until changed, altered or amended as therein provided and in the manner prescribed by the provisions of the General Corporation Law of the State of California.

6. The members of the Board of Directors of the disappearing corporation upon the effective date of the merger shall continue to be the members of the Board of Directors of the surviving corporation, all of whom shall hold their directorships until the election, choice, and qualification of their respective successors or until their tenure is otherwise terminated in accordance with the bylaws of the disappearing corporation.

7. The officers of the surviving corporation upon the effective date of the merger shall continue to be the officers of the surviving corporation, all of whom shall hold their office until the election,

IN WITNESS WHEREOF, the undersigned have executed this Agreement of Merger as of the 16th day of September, 1998.

PWT ACQUISITION CORP.

By: ______________________________
David G. Chandler, President

By: ______________________________
Lawrence I. Shagrin, Assistant Secretary

PAC-WEST TELECOMM, INC.

By: ______________________________
President

By: ______________________________
Secretary

NEXT

DOCUMENT (S)

BEST IMAGE

POSSIBLE

B. CAPITAL STOCK

Section 1. Liquidation. Upon any liquidation, dissolution or winding up of the Corporation (whether voluntary or involuntary), each holder of a share of Class A Preferred (a "Share") shall be entitled to be paid, before any Distribution or other payment is made upon any Junior Securities, an amount in cash equal to the amount which the holders of Class A Preferred are entitled to be paid pursuant to Section 3 hereof. Not less than 30 days prior to the payment date stated therein, the Corporation shall mail written notice of any such liquidation, dissolution or winding up to each record holder of Class A Preferred, setting forth in reasonable detail the amount of proceeds to be paid with respect to each Share in connection with such liquidation, dissolution or winding up. The consolidation or merger of the Corporation with or into any other entity or entities in which the Corporation is not the surviving entity, or any other form of recapitalization or reorganization affecting the Corporation in which the Corporation is not the surviving entity, shall be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of this Section 1, except for any such merger, consolidation, recapitalization or reorganization which is effected solely to change the state of incorporation of the Corporation.

Section 2. Priority of Class A Preferred on Distributions. So long as there is any Unpaid Yield or Unreturned Original Cost outstanding, without the prior written consent of the holders of a majority of the outstanding shares of Class A Preferred, the Corporation shall not, nor shall it permit any Subsidiary to, make any Distribution, directly or indirectly, with respect to any Class A Preferred or Junior Securities other than in accordance with the provisions of Section 3 below, except for (i) repurchases of Common Stock from present or former employees or consultants of the Corporation and its Subsidiaries upon termination of employment or consultancy in accordance with arrangements approved by the Corporation's board of directors and so long as no Event of Noncompliance is in existence immediately prior to or is otherwise caused by any such repurchase, (ii) any redemption or repurchase of Class A Preferred or Common Stock pursuant to any right of first refusal, first offer or similar right in favor of the Corporation approved by the Corporation's board of directors so long as no Event of Noncompliance is in existence immediately prior to or is otherwise caused by any such repurchase, and (iii) dividends payable in shares of Common Stock issued upon the outstanding shares of Common Stock in compliance with the provisions of Section 8 below.

Section 3. Distributions. At the time of each Distribution, such Distribution shall be made to the holders of Class A Preferred and Common Stock in the following priority:

3A. Distribution of Unpaid Yield. The holders of Class A Preferred shall be entitled to receive all or a portion of such Distribution (ratably among such holders based upon the aggregate Unpaid Yield of the Shares of Class A Preferred held by each such holder as of the time of such Distribution) equal to the aggregate Unpaid Yield on the outstanding shares of Class A Preferred as of the time of such Distribution, and no Distribution or any portion thereof shall be made under paragraphs 3B or 3C below until the entire amount of the Unpaid Yield on the outstanding Shares of Class A Preferred as of the time of such Distribution has been paid in full. The Distributions made pursuant to this paragraph 3A to holders of Class A Preferred shall constitute a payment of Yield on the Class A Preferred.

Corporation shall provide written notice of any redemption of Shares of Class A Preferred pursuant to paragraph 4A to all holders of Class A Preferred within 3 days after the receipt of any redemption notice delivered pursuant to this paragraph 4A. Any redemption pursuant to this paragraph 4A shall take place on a date fixed by the Corporation, which date shall not be more than three days after the Corporation's receipt of the proceeds of any Public Offering. Except as to the Shares so redeemed, redemptions of Shares pursuant to thi: paragraph 4A shall not relieve the Corporation of its obligation to redeem Shares pursuant to paragraph 4B below.

4B. Optional Redemptions by Holders. At any time and from time to time after December 31, 2003, the holders of a majority of the outstanding Class A Preferred may request redemption of all or any portion of their Shares of Class A Preferred by delivering written notice of such request to the Corporation. Within five days after receipt of such request, the Corporation shall give written notice of such request to all other holders of Class A Preferred, and such other holders may request redemption of all or any portion of their Shares of Class A Preferred by delivering written notice to the Corporation within ten days after receipt of the Corporation's notice. The Corporation shall be required to redeem all Shares with respect to which such redemption requests have been made at a price per Share determined pursuant to paragraph 4C below within 60 days after receipt of the initial redemption request therefor. Except as to the Shares so redeemed, redemptions pursuant to this paragraph 4B shall not relieve the Corporation of its obligation to redeem Shares pursuant to paragraph 4A above.

4C. Redemption Payments. For each Share which is to be redeemed hereunder, the Corporation shall be obligated on the Redemption Date to pay to the holder thereof (upon surrender by such holder at the Corporation's principal office of the certificate representing such Share) an amount in immediately available funds equal to the Unreturned Original Cost plus Unpaid Yield with respect to such Share. Notwithstanding anything herein to the contrary, if the funds of the Corporation (i) legally available pursuant to the General Corporation Law of California for the redemption of Shares on any Redemption Date or (ii) permitted to be used for the redemption of Shares pursuant to any debt financing agreement of the Corporation on any Redemption Date are in either case insufficient to redeem the total number of Shares to be redeemed on such date, those funds which are available pursuant to the California General Corporation Law and permitted to be used pursuant to any such debt financing agreement of the Corporation shall be used to redeem the maximum possible number of Shares pro rata among the holders of the Shares to be redeemed based upon the aggregate Unreturned Original Cost plus Unpaid Yield of the Shares held by each such holder. At any time thereafter when additional funds of the Corporation are available pursuant to the foregoing sentence for the redemption of Shares, such funds shall immediately be used to redeem the balance of the Shares which the Corporation has become obligated to redeem on any Redemption Date but which it has not redeemed.

4D. Partial Redemptions. In case fewer than the total number of Shares represented by any certificate are redeemed, a new certificate representing the number of unredeemed Shares shall be issued to the holder thereof without cost to such holder within three business days after surrender of the certificate representing the redeemed Shares.

plus Unpaid Yield with respect to such Share by the price per share of Conversion Stock to the public in such Public Offering (the "Offering Price").

(ii) Each conversion of Class A Preferred shall be deemed to have been effected upon the consummation of such Public Offering. At such time, the rights of the holder of such Class A Preferred as a holder of Class A Preferred shall cease and the Person or Persons in whose name or names any certificate or certificates for shares of Conversion Stock are to be issued upon such conversion shall be deemed to have become the holder or holders of record of the shares of Conversion Stock represented thereby.

(iii) As soon as possible after a conversion has been effected (but in any event within five (5) business days after such conversion), the Corporation shall deliver to the converting holder, upon surrender to the Corporation at its principal office by the converting holder of its certificate for the converted Class A Preferred, a certificate or certificates representing the number of shares of Conversion Stock issuable by reason of such conversion in the name or names and in such denominations as such converting holder has specified.

(iv) The issuance of certificates for shares of Conversion Stock upon conversion of Class A Preferred shall be made without charge to the holders of such Class A Preferred for any issuance tax in respect thereof or other cost incurred by the Corporation in connection with such conversion and the related issuance of shares of Conversion Stock. Upon conversion of each Share of Class A Preferred, the Corporation shall take all such actions as are necessary in order to insure that the Conversion Stock issuable with respect to such conversion shall be validly issued, fully paid and nonassessable and free and clear of all liens, charges and encumbrances.

(v) The Corporation shall not close its books against the transfer of Class A Preferred or of Conversion Stock issued or issuable upon conversion of Class A Preferred in any manner which interferes with the timely conversion of such Shares.

(vi) If any fractional interest in a share of Conversion Stock would, except for the provisions of this subparagraph 5B(vi), be deliverable upon any conversion of the Class A Preferred, the Corporation, in lieu of delivering the fractional share therefor, may elect to pay an amount to the holder thereof equal to the Offering Price of such fractional interest as of the date of conversion.

(vii) The Corporation shall take all such actions as may be necessary to assure that all such shares of Conversion Stock may be so issued without violation of any applicable law or governmental regulation or any requirements of any domestic securities exchange upon which shares of Conversion Stock may be listed (except for official notice of issuance which shall be immediately delivered by the Corporation upon each such issuance).

(viii) In connection with any conversion pursuant to this Section 5, the Corporation shall take all actions necessary to make available out of its authorized but unissued shares of Conversion Stock, solely for the purpose of issuance upon the conversion of the Class A

Corporation) immediate redemption of all or any portion of the Class A Preferred owned by such holder or holders at a price per Share equal to the Unreturned Original Cost plus Unpaid Yield with respect to such Share. The Corporation shall give prompt written notice of such election to the other holders of Class A Preferred (but in any event within five days after receipt of the initial demand for redemption from the holder or holders of a majority of the Class A Preferred then outstanding), and each such other holder may demand immediate redemption of all or any portion of such holder's Class A Preferred by giving written notice thereof to the Corporation within seven days after receipt of the Corporation's notice. The Corporation shall redeem all Class A Preferred as to which rights under this paragraph 7B have been exercised within 30 days after receipt of the initial demand for redemption from the holder or holders of a majority of the Class A Preferred then outstanding.

(ii) If an Event of Noncompliance of the type described in subparagraph 7A(ii) has occurred, all of the Class A Preferred then outstanding shall be subject to immediate redemption by the Corporation (without any action on the part of the holders of the Class A Preferred) at a price per Share equal to the amount which the holders of Class A Preferred are entitled to be paid with respect to each Share pursuant to Section 3 above. The Corporation shall immediately redeem all Class A Preferred upon the occurrence of such Event of Noncompliance.

(iii) If any Event of Noncompliance exists, each holder of Class A Preferred shall also have any other rights which such holder is entitled to under any contract or agreement at any time and any other rights which such holder may have pursuant to applicable law.

Section 8. Stock Splits and Stock Dividends. The Corporation shall not in any manner subdivide (by stock split, stock dividend or otherwise) or combine (by stock split, stock dividend or otherwise) the outstanding shares of Class A Preferred or Common Stock, as the case may be, unless the outstanding shares of the other class shall be proportionately subdivided or combined. All such subdivisions and combinations shall be payable only in Class A Preferred to the holders of Class A Preferred and in Common Stock to the holders of Common Stock. In no event shall a stock split or stock dividend constitute a payment of Yield or a return of Original Cost.

Section 9. Registration of Transfer. The Corporation shall keep at its principal office a register for the registration of Class A Preferred. Upon the surrender of any certificate representing Class A Preferred at such place, the Corporation shall, at the request of the record holder of such certificate, execute and deliver (at the Corporation's expense) a new certificate or certificates in exchange therefor representing in the aggregate the number of Shares represented by the surrendered certificate. Each such new certificate shall be registered in such name and shall represent such number of Shares as is requested by the holder of the surrendered certificate and shall be substantially identical in form to the surrendered certificate, and dividends shall accrue on the Class A Preferred represented by such new certificate from the date to which dividends have been fully paid on such Class A Preferred represented by the surrendered certificate.

Section 10. Replacement. Upon receipt of evidence reasonably satisfactory to the Corporation (an affidavit of the registered holder shall be satisfactory) of the ownership and the loss, theft, destruction or mutilation of any certificate evidencing Shares of Class A Preferred, and in the case of any such loss, theft or destruction, upon receipt of indemnity reasonably satisfactory to the

"Original Cost" of each share of Class A Preferred shall be equal to $360.00 per share (as proportionally adjusted for all stock splits, stock dividends and other recapitalizations affecting the Class A Preferred).

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

"Public Offering" means any offering by the Corporation of its equity or debt securities or any rights to acquire any of its equity or debt securities to the public pursuant to an effective registration statement under the Securities Act of 1933, as then in effect, or any comparable statement under any similar federal statute then in force.

"Redemption Date" as to any Share means the date specified in the notice of any redemption at the Corporation's option or the applicable date specified herein with respect to any other redemption; provided that no such date shall be a Redemption Date unless the Unreturned Original Cost plus Unpaid Yield with respect to such Share is actually paid in full on such date, and if not so paid in full, the Redemption Date shall be the date on which such amount is fully paid.

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a limited liability company, partnership, association or other business entity, a majority of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall be or control the managing general partner of such limited liability company, partnership, association or other business entity.

"Wholly-Owned Subsidiary" means, with respect to any Person, a Subsidiary of which all of the issued and outstanding capital stock or other ownership interests are owned by such Person or another Wholly-Owned Subsidiary of such Person.

"Unpaid Yield" of any Share of Class A Preferred means an amount equal to the excess, if any, of (a) the aggregate Yield accrued on such Share, over (b) the aggregate amount of Distributions made by the Corporation that constitute payment of Yield on such Share.

"Unreturned Original Cost" of any Share of Class A Preferred means an amount equal to the excess, if any, of (a) the Original Cost of such Share, over (b) the aggregate amount of Distributions made by the Corporation that constitute a return of Original Cost of such Share.

CERTIFICATE OF APPROVAL OF AGREEMENT OF MERGER

John K. La Rue and Roger L. Westphal state and certify that:

1. They are the President and Secretary, respectively, of Pac-West Telecomm, Inc., a California corporation.

2. The Agreement of Merger in the form attached was duly approved by the Board of Directors and shareholders of the corporation.

3. There is only one class of shares and the total number of outstanding shares is 10,000.

4. The shareholder approval was by the holders of one hundred percent (100%) of the outstanding shares of the corporation.

5. The shareholders have approved the Amended and Restated Articles attached as Exhibit A to the Agreement of Merger.

On the date set forth below, in the City of San Francisco in the State of California, each of the undersigned does hereby declare under the penalty of perjury under the laws of the State of California that he signed the foregoing certificate in the official capacity set forth beneath his signature, and that the statements set forth in said certificate are true of his own knowledge.

Signed on September 16, 1998.

John K. La Rue, President

Roger L. Westphal, Secretary

EXHIBIT B

State of South Dakota

OFFICE OF THE SECRETARY OF STATE

Department of State

United States of America, }
} **Secretary's Office**
State of South Dakota }

This is to certify that the attached instrument of writing is a true, correct and examined copy of the Application for Certificate of Authority for PAC-WEST TELECOMM, INC. (CA) filed in this office on May 25, 2000

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the state of South Dakota at the city of Pierre, the capital, this May 25, 2000.

Joyce Hazeltine

Joyce Hazeltine
Secretary of State

Fees, $ 11.00

CertifiedCopyMerge.doc

EXHIBIT C

Description, regulations, and rates
applicable to the resale of
intrastate Competitive Network Services
within the operating territory of

Pac-West Telecomm, Inc., d/b/a

PAC - WEST TELECOMM

in the State of

SOUTH DAKOTA

as provided herein

CHECK SHEET

All sheets of this tariff are effective as of the date shown at the top of each respective sheet. Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the effective date of this sheet.

SHEET	REVISION NUMBER	SHEET	REVISION NUMBER
1	Original	33	Original
2	Original	34	Original
3	Original	35	Original
4	Original	36	Original
5	Original	37	Original
6	Original	38	Original
7	Original	39	Original
8	Original	40	Original
9	Original	41	Original
10	Original	42	Original
11	Original	43	Original
12	Original		
13	Original		
14	Original		
15	Original		
16	Original		
17	Original		
18	Original		
19	Original		
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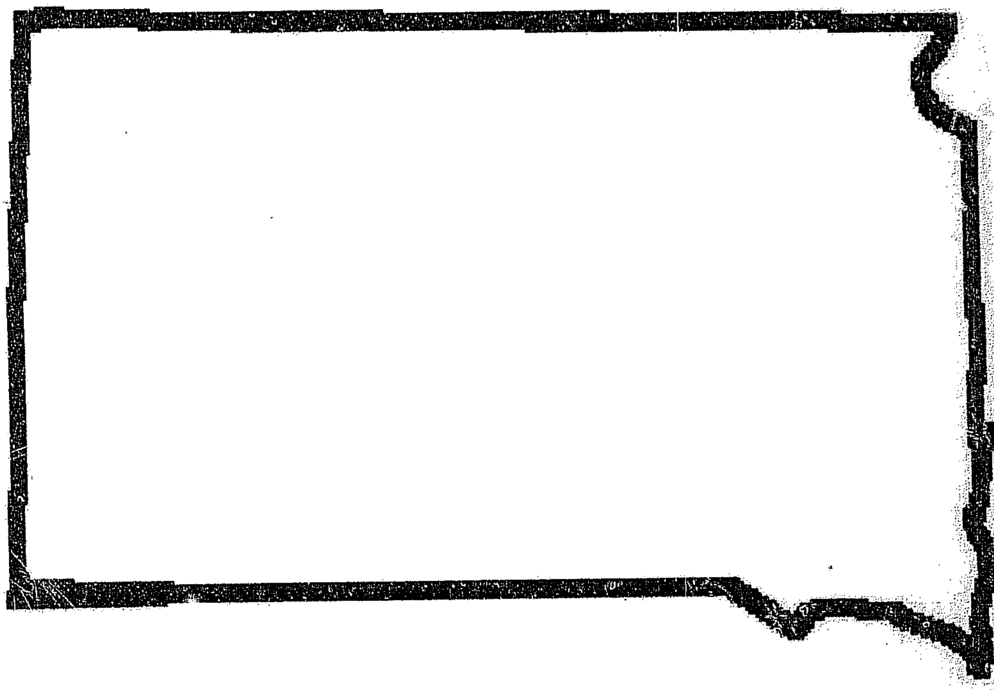
22	Original		
23	Original		
24	Original		
25	Original		
26	Original		
27	Original		
28	Original		
29	Original		
30	Original		
31	Original		
32	Original		

PRELIMINARY STATEMENT

Pac-West Telecomm has been granted authority by the South Dakota Public Utilities Commission to provide intrastate network services within the State of South Dakota. This tariff contains description, regulations and rates for telecommunications services provided by Pac-West Telecomm, Inc.

SERVICE AREA MAP

The Company provides resold network services in South Dakota.



GENERAL TABLE OF CONTENTS

GENERAL TABLE OF CONTENTS

SHEET

SECTION 2 - GENERAL RULES AND REGULATIONS (Cont'd)

SECTION 3 - TERMS AND CONDITIONS OF SERVICE

GENERAL TABLE OF CONTENTS

SHEET

SECTION 4 - LONG DISTANCE SERVICES

SECTION 5 - (RESERVED FOR FUTURE USE)

SECTION 6 - (RESERVED FOR FUTURE USE)

SECTION 7 - (RESERVED FOR FUTURE USE)

SECTION 8 - (RESERVED FOR FUTURE USE)

SECTION 9 - (RESERVED FOR FUTURE USE)

SECTION 10 - (RESERVED FOR FUTURE USE)

SECTION 11 - (RESERVED FOR FUTURE USE)

SECTION 12 - (RESERVED FOR FUTURE USE)

SECTION 13 - (RESERVED FOR FUTURE USE)

SECTION 14 - (RESERVED FOR FUTURE USE)

SECTION 15 - MISCELLANEOUS SERVICE CHARGES

SECTION 1 - APPLICATION AND REFERENCE

1.1 APPLICABILITY

This tariff contains the regulations and rates and charges applicable to resold intrastate Competitive Network Services provided by Pac-West Telecomm, hereinafter referred to as the Company, in the State of South Dakota.

1.2 TARIFF FORMAT

1.2.1 LOCATION OF MATERIAL

The General Table of Contents provides a numerical listing to find the desired section and page for each subject.

1.2.2 SHEET NUMBERING

Sheet numbers appear in the upper right corner of the sheet. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When new sheets fall between existing sheets the numbering of the new sheet will include a decimal followed by additional numbering. For example, a new sheet falling between existing sheets 34 and 35 will be designated as sheet 34.1.

1.2.3 SHEET REVISION NUMBERS

Revision numbers also ppear in the upper right corner of the sheet. These numbers are used to determine the most curr nt sheet version on file with the Commission. For example, 1st Revised Sheet 7 replaces Original Sheet 7.

1.2.4 PARAGRAPH NUMBERING SEQUENCE

This document uses nine levels of indentations referred to as Tariff Information Management (TIM) Codes. As outlined below, each level of coding is subservient to its next higher level of coding.

LEVEL	APPLICATION	EXAMPLE
1	Section Heading	1. APPLICATION AND REFERENCE
2	Sub Heading	1.2 TARIFF FORMAT
3	Sub Heading	1.2.1 LOCATION OF MATERIAL
4	Sub Heading/Text	A. Text
5	Sub Heading/Text	1. Text
6	Sub Heading/Text	a. Text
7	Sub Heading/Text	(1) Text
8	Sub Heading/Text	(a) Text
9	Footnotes	{1} Text

SECTION 1 - APPLICATION AND REFERENCE

1.2 TARIFF FORMAT (Cont'd)

1.2.5 CHECK SHEETS

When a tariff filing is made with the Commission, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the sheets contained in the tariff cross referenced to the current revision number. All revisions made in a given filing are designated by and (*). There will be no other symbols used on this sheet if these are the only changes made to it (i.e., the format, etc. remains the same). The tariff user should refer to the latest Check Sheet to find out if a particular sheet is the most current sheet on file with the Commission.

1.2.6 RATE TABLES

Within the rate tables, four (4) types of entries are allowed:

A. Rate Amount: The rate amount indicates the dollar value associated with the service.

B. N/A: N/A indicates that there is no rate for the service or that a rate amount is not applicable under the specific column header.

C. A footnote designator: The footnote designator indicates that further information is contained in a footnote.

D. ICB: The acronym "ICB" indicates that the product/service is rated on an individual case basis.

SECTION 1 - APPLICATION AND REFERENCE

1.3 EXPLANATION OF CHANGE SYMBOLS

SYMBOL	EXPLANATION
(C)	To signify changed regulation, term or condition
(D)	To signify discontinued material
(I)	To signify a rate increase
(M)	To signify material moved from or to another part of the Tariff with no change, unless there is another symbol present
(N)	To signify new material
(R)	To signify a rate reduction
(T)	To signify a change in text but no change is rate, regulation, term or condition

SECTION 1 - APPLICATION AND REFERENCE

1.4 EXPLANATION OF ABBREVIATIONS

Cont'd	Continued
F.C.C.	Federal Communications Commission
LATA	Local Access Transport Area
LD	Long Distance
MOU	Minutes of Use
MTS	Message Toll Service
NSF	Non-sufficient Funds
PBX	Private Branch Exchange
PUC	Public Utilities Commission
PWOC	Pac-West Order Code
TIM	Tariff Information Management (Code)
TOC	Table of Contents

SECTION 2 - GENERAL RULES AND REGULATIONS

2.1 RULE 1 - APPLICATION AND SCOPE OF TARIFF

2.1.1 APPLICATION

This tariff contains the rates, conditions, and regulations applicable to the regulated intrastate long distance services provided by Pac-West Telecomm, Inc. (Pac-West) between and among points within the state of South Dakota.

2.1.2 SCOPE

Pac-West's services are provided in South Dakota subject to the availability of facilities and subject to the terms and conditions of this tariff. All services within the jurisdiction of the South Dakota Public Utilities Commission provided by Pac-West between and among points in South Dakota are governed by this tariff.

2.1.3 INTERCONNECTION

Service provided by Pac-West will be provided over facilities provided by carriers other than Pac-West. However, service provided by Pac-West is not part of a joint undertaking with any other carrier providing telecommunications services.

2.1.4 BRIEF DESCRIPTION OF BASIC SERVICES

Pursuant to this tariff and as described in further detail herein, Pac-West provides resold intrastate long distance services.

2.2 RULE 2 - DEFINITIONS

Application for Service: A standard order form that includes all pertinent billing, technical, and other descriptive information that will enable the Company to provide the communications service(s) as required.

Applicant: The term "Applicant" means an individual, partnership, corporation, association, or government agency that applies to the Company for any new or additional telephone service.

Authorized User: An person, firm, corporation, or other entity authorized by the Customer to receive or send communications.

Base Rate Area: The term "base rate area" means a closely built up section of an exchange area as shown in the effective and current tariffs of the Local Exchange Companies.

SECTION 2 - GENERAL RULES AND REGULATIONS

2.2 RULE 2 - DEFINITIONS (Cont'd)

Business Hours: The phrase "business hours" means the time after 8:00 A.M. and before 5:00 P.M., Monday through Friday excluding holidays.

Cancellation of Order: A Customer initiated request to discontinue processing a service order, either in part or in its entirety, prior to its completion.

Commission: The term "Commission" means the South Dakota Public Utilities Commission.

Company: The term "Company" or "Utility" means Pac-West Telecomm.

Completed Calls: Completed calls are calls answered either manually or electronically at the distance end.

Customer: The person, firm, company, corporation, or other entity which orders or uses service and is responsible, by law, for of charges, as well as, compliance with the Company's regulations pursuant to this tariff.

Customer Provided Equipment: Terminal equipment provided by a Customer.

Delinquent or Delinquency: The terms "delinquent" and "delinquency" refer to an account for which payment has not been paid in full on or before the last day for timely payment.

Disconnection: The disabling of circuitry preventing outgoing and incoming toll communication service provided by the Company.

Local Calling Area: The term "Local Calling Area" means the extended service areas in which the Customer's premises is located, as shown in the current and effective tariffs of The Local Exchange Company(ies).

Local Access Transport Area ("LATA"): The phrase "Local Access Transport Area" means a geographical area established by the U.S. District Court for the District of Columbia in Civil Action No. 820192.

Message: A completed telephone call by a Customer or User.

Premises: The space occupied by an individual customer in a building or in adjoining buildings occupied entirely by the Customer, or on contiguous property occupied by the Customer separated only by a public thoroughfare, a railroad right-of-way, or a natural barrier.

Service Connection Fee: The term "service connection fee" means the charge for establishing or re-establishing service to a Customer.

SECTION 2 - GENERAL RULES AND REGULATIONS

2.2 RULE 2 - DEFINITIONS (Cont'd)

Terminal Equipment: All telephone instruments, including pay telephone equipment, the common equipment of large and small key and PBX systems and other devices and apparatus, and associated wiring, which are intended to be connected electrically, acoustically, or inductively to the telecommunications system of the telephone utility.

2.3 RULE 3 - DESCRIPTION OF SERVICE

The Company provides intrastate network services to Customer's for their direct transmission of voice, data, and other types of telecommunications.

Communications originate when the Customer accesses the Company directly or through the facilities of the local service carrier via one or more access lines, equal access or on a dial-up basis. The local service carrier 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.

The Company's services are provided on a monthly basis, (30 days) and are available twenty-four (24) hours per day, seven (7) days per week.

2.3.1 APPLICATION OF RATES

The application of rates to the services provided by the Company is governed by the actual or obvious use made of the service by the Customer.

2.3.2 LIMITATION OF SERVICE

The Company does not undertake, by this tariff, to provide, maintain, repair, or operate any wiring, equipment, facilities, or service on the Customer's side of the point of demarcation The point of demarcation is specified in the demarcation tariff schedules of the Local Exchange Company(ies) filed with the Commission that are current and effective as of the effective date of this tariff sheet.

All services are subject to the initial and continuing availability of the Company's facilities and necessary services and facilities furnished by any underlying carriers. The Company reserves the right to refuse to provide service in cases where the costs of providing such service, including charges to the Company for necessary facilities and services furnished by underlying carriers, render the Company, in its sole judgement, unable to furnish service on an economical basis.

SECTION 2 - GENERAL RULES AND REGULATIONS

2.4 RULE 4 - APPLICATION OF SERVICE

Application for new or additional services may be made by mail or in person. If the Company has reason to believe that an Applicant has defrauded, is defrauding, or intends to defraud the Company, or if other good cause exists, the Company may refuse to accept an application for service by mail and may, instead, require the Applicant to apply for service in person and to provide identification acceptable to the Company and to sign a completed service order. In addition, Applicants may be required to meet credit requirements as set forth in this tariff.

At the time of all initial contacts for service, Applicants will be informed of the basic services available to the class of Customer to which the Applicant belongs.

In the event the Company, at its sole option, accepts an oral request for service, the Company will, within 10 days of initiating the service order, provide a confirmation letter setting forth a brief description of the services ordered and itemizing all charges that will appear on the customer's bill. The letter will be in the language in which the sale was made.

Applicants whose requests for service are accepted by the Company are responsible for all charges for services provided by the Company, including any charges to the Company is assessed by any underlying carrier for special arrangements or services undertaken on the Applicant's behalf. In the event an Applicant cancels, the Applicant remains responsible for any non-recoverable costs incurred by the Company in meeting the Applicant's request prior to cancellation, change, deferral, or modification, including any charges to the Company assessed by any underlying carrier for special arrangements or services undertaken on the Applicant's behalf. Notwithstanding the foregoing, an Applicant will not be liable for any charges or non-recoverable costs that were not disclosed to the Applicant by the Company before initiating service.

Applicants who are denied service due to failure to establish credit will be given the reason for the denial in writing within 10 days of the denial of service.

2.5 RULE 5 - CONTRACTS

The Company and a Customer may enter into a contract for service to be provided under a specified rate plan for a specified term, which term may be automatically renewed if agreed to by the parties. Unless otherwise provided, contracts may be terminated by the Customer only upon providing the Company with thirty (30) days advance written notice. In the event the effective date of termination is prior to the end of the current contract term the Customer will be liable for a termination fee equal to the sum of the recurring service charges specified for the remainder of the contract.

SECTION 2 - GENERAL RULES AND REGULATIONS

2.6 RULE 6 - SPECIAL INFORMATION REQUIRED ON FORMS

2.6.1 CUSTOMER BILLS

The Company will be identified on each bill. Each bill will prominently display a toll-free number for service or billing inquiries, along with an address where the Customer may write. If the Company uses a billing agent, the Company will also include the name of the billing agent. Each bill for telephone service will contain notations concerning the following areas:

- When to pay the bill;
- Billing detail including the period of service covered by the bill;
- Late payment charge and when applied;
- How to pay the bill;
- Questions about the bill;
- Network access for interstate calling;
- In addition to the above, each bill will include the following statement:

The bill is due and payable upon receipt; it becomes subject to a late payment charge if not paid within 15 calendar days of the due date, which is the date of mailing, as shown by the postmark on the billing envelope, or such later date as shown on the bill itself. An explanation of the bill may be requested from the Company.

2.7 RULE 7 - ESTABLISHMENT AND REESTABLISHMENT OF CREDIT

Each Applicant must provide credit information satisfactory to the Company.

2.7.1 ACCEPT \BLE CREDIT HISTORY

The Applicant provides a credit history acceptable to the Company. Credit information contained in an Applicant's account record may include, without limitation, account establishment date, 'can-be-reached' number, name of employer, employer's address, driver's license number or other acceptable personal identification, billing name, and location of current and previous service. Credit will not be denied for failure to provide a social security number. A cosigner or guarantor with a credit history acceptable to the Company agrees in writing to be responsible for all charges.

SECTION 2 - GENERAL RULES AND REGULATIONS

2.8 RULE 8 - RESERVED FOR FUTURE USE

2.9 RULE 9 - PROVISION OF NOTICES AND INFORMATION

2.9.1 GENERAL

Unless otherwise provided by these Rules, any notice by the Company to a Customer may be given either verbally to the Scriber or to the Customer's authorized representative, by written notice mailed to the Customer's last known address. Where written notice is given, the notice will be of legible size and printed in type having a minimum point size of 10. Mailed notices will be deemed given on the date of mailing as shown by the postmark on the notice or envelope that contains the notice.

Unless otherwise provided by these Rules, any notice by the Customer or its authorized representative may be given verbally to the Company by telephone or at the Company's business office or by written notice mailed to the Company's business office.

Customers are responsible for notifying the company of their desire to discontinue service on or before the date of disconnection. Such notice either may be verbal or written.

2.9.2 RATE INFORMATION

Rate information and information regarding the terms and conditions of service will be provided in writing upon request by an Applicant or Customer. Customers will be advised of optional service plans in writing as they become available. In addition, Customers will be advised of changes to the terms and conditions of service nc later than the Company's next billing cycle.

SECTION 2 - GENERAL RULES AND REGULATIONS

2.9 RULE 9 - PROVISION OF NOTICES AND INFORMATION (Cont'd)

2.9.3 NOTICE OF TERMINATION

Notices to discontinue service for nonpayment of bills will be provided in writing by first class mail to the Customer not less than 7 calendar days prior to termination. Each notice will include all of the following information:

- The name and address of the Customer.
- The amount that is delinquent
- The date when payment or arrangements for payment must be made in order to avoid termination.
- The procedure the Customer may use to initiate a complaint or to request an investigation concerning service or charges.
- The telephone number of the Company's representative who can provide additional information or institute arrangements for payment.
- The telephone number or the address of the Commission's Consumer Services Branch where the Customer may direct inquiries.

2.9.4 CHANGE OF OWNERSHIP OR IDENTITY

The Company will notify Customers in writing of a change in ownership or identity in the Company's next monthly billing cycle.

2.9.5 PRIVACY

The Company will, in accordance with the provisions below, furnish Customers with a written description of how it handles Customers' private information and a disclosure of any ways that such information might be used or transferred that would not otherwise be obvious to the Customer. This information will be provided at the time service is initiated and annually thereafter.

- Disclosure of Telephone Numbers During 800, 888 and 900 Calls

  The Company will provide an annual written notice to all Customers that use of 800, 888, and 900 numbers may result in disclosure of the Customer's telephone number to the called party.

SECTION 2 - GENERAL RULES AND REGULATIONS

2.9 RULE 9 - PROVISION OF NOTICES AND INFORMATION - (Cont'd)

2.9.5 PRIVACY (Cont'd)

The foregoing provision does not apply to: (i) identification services used within the same limited system, including, but not limited to, a Centrex or private branch exchange system, as the recipient telephone; (ii) identification services that are used on public agencies' emergency telephone lines or on lines that receive the primary emergency telephone number (911); (iii) identification services provided in connection with legally sanctioned call tracing or tapping procedures and (iv) identification services in connection with 800, 888, or 900 access code services.

2.9.6 OTHER

On request, the Company will provide each Applicant and Customer with the following information:

The South Dakota Public Utilities Commission identification number or its registration to operate as a telecommunications corporation within South Dakota.

The address and telephone number of the South Dakota Public Utilities Commission to verify its authority to operate.

A toll free number to call for service or billing inquiries, along with an address where the Applicant or Customer may write the Company.

A full disclosure of all fictitious names under which the Company operates.

The names of billing agents the Company used in place of performing the billing function itself.

2.10 RULE 10 - RENDERING AND PAYMENT OF BILLS

2.10.1 ISSUANCE OF BILLS

Customers' bills are issued monthly. The Customer will receive bills on or about the same day of each month. Months are presumed to have 30 days. The billing date is dependent on the billing cycle assigned to the Customer. Each bill contains monthly recurring charges billed in advance, usage charges billed in arrears, and the last date for timely payment. Recurring charges will be prorated in the event that the service for which the charges are made is less than 30 days.

2.10.2 BILLING STATEMENT DUE DATE

Bills are due and payable as specified on the bill. Bills may be paid by mail or in person at the Company's business office or an agency authorized to receive such payment. All charges for service are payable only in United States currency. Payment may be made by cash, check, money order or cashier's check.

SECTION 2 - GENERAL RULES AND REGULATIONS

2.10 RULE 10 - RENDERING AND PAYMENT OF BILLS (Cont'd)

2.10.3 CUSTOMERS' PAYMENTS

Customer's payments are considered prompt when received by the Company or its agent within 15 days of the due date. The Company or its agent will credit payments within 24 hours of receipt. The due date is the date the bill is mailed, as shown by the postmark on the billing envelope, or such later date as set forth on the Customer's bill.

2.10.4 DEMAND FOR PAYMENT

However, if a Customer's service has been discontinued within the past 12 months or if a Customer incurs usage charges during a billing period which are equal to at least 200% of the amount of the guarantee, payment may be demanded for the usage charges by a telephone call to the Customer followed by written notification of such demand sent by first class mail. If the usage charges remain unpaid for five days from the rendition of the written notification or a mutually established late payment arrangement date or 30 days from the date of the bill, the usage charge will be deemed delinquent.

2.10.5. LATE PAYMENT CHARGES

Charges deemed delinquent will be subject to a late payment charge accruing at the rate of 1.5% per month from the due date on all delinquent amounts.

2.10.6 CURRENT CHARGES

A bill will not include any previously unbilled charge for service furnished prior to three months immediately preceding the date of the bill, except charges for collect calls, credit card calls, third party calls and "error file" calls (those calls that cannot be billed due to the unavailability of complete billing information to the Company), which shall have a six month back billing period.[1]

2.10.7 RETURN CHECK CHARGE

In the event a Customer pays all or any portion of a bill by check and the check is returned unpaid for any reason, the Customer will be assessed a charge per returned check as shown in 15.1.4, following. The Company may require the Customer to make payment in cash, by money order, certified check, or other means which guarantee the Customer's payment. A Customer who tenders and insufficient check shall in no way be relieved of the obligation to render payment to the Company under the original terms of the bill nor defer the Company's provision for termination of service for non-payment of bills.

[1] Applies to usage only.

SECTION 2 - GENERAL RULES AND REGULATIONS

2.11 RULE 11 - DISPUTED BILLS

In the event a Customer disputes the amount of a bill for the Company's service, the Customer shall pay the undisputed portion of the bill and notify the Company that such unpaid amount is in dispute prior to the delinquent date of the bill. Upon receipt of the Customer's notice of dispute, the Company will conduct and investigation and review the disputed amount. If the Company is notified of such dispute in writing, the Company will notify the Customer of receipt of a written dispute within five (5) working days.

The Company will withhold disconnection of service until the investigation is completed and the Customer is informed of the results. Once the Customer has received the results of such investigation, the Customer shall submit payment of any outstanding charges within five (5) working days. Failure to make full payment shall be grounds for termination of service.

In the event the Customer and the Company cannot resolve a service and or bill dispute, the Company shall inform the Customer of his right of appeal to the Commission prior to the termination of service.

Any unresolved disputes may be directed to:

South Dakota Public Utilities Commission
Consumer Affairs
500 E. Capitol Ave.
Pierre, South Dakota 57501-5070

Toll Free 1-800-332-1782

To avoid having service dis connected payment arrangements acceptable to the Company should be made pending the outcome of the Commission's Consumer Services review. The Consumer Services Division of the Commission shall review the basis of the billed amount, communicate the results of its review to the parties and inform you of your recourse to pursue the matter further with the Commission.

All bills rendered during the resolution of the dispute by the Commission, unless made part of the initial dispute, shall be due and payable on the current statement's due date. If the Customer fails to pay such bills, the Company may implement normal termination procedures.

SECTION 2 - GENERAL RULES AND REGULATIONS

2.12 RULE 12 - DISCONTINUANCE AND RESTORATION OF SERVICE

2.12.1 DISCONTINUANCE BY CUSTOMER

Customers may discontinue service by giving the Company proper notice as specified in the Company's tariff. The subscriber is responsible for payment of all charges incurred for the period during which service is rendered. In addition, if termination occurs prior to the end of a current contract term, the customer may be liable of a termination fee as provided in Rule 5, proceeding.

No minimum or termination charge will apply if service is terminated because of condemnation, destruction, or damage to the property by fire or other causes beyond the control of the Customer.

2.12.2 DISCONTINUANCE BY THE COMPANY

The Company may discontinue service under the following circumstances:

Incurring charges not covered by a guarantee and evidencing an intent not to pay such charges when due.

Nonpayment of any sum due to the Company for service more than 15 days beyond the due date. This include charges for services at a previous location, or if the Customer receives service at one or more than one location, at any such location.

In the event an action is brought for nonpayment, the non-prevailing party may be liable for reasonable court costs and attorney's fees as determined by the Commission or by the court.

A violation of, or failure to comply with, any regulation governing the furnishing of service.

Failure to post a required guarantee.

In the event that the Customer supplied false or inaccurate information of a material nature in order to obtain service.

Incurring charges not covered by a guarantee and evidencing an intent not to pay such charges when due.

Any violation of the conditions governing the furnishing of service.

The Company may refuse service, refuse to resume service, or terminate service without giving notice otherwise required by these rules:

- If an unsafe or hazardous condition related to the service exists on the premises of the Customer;

SECTION 2 - GENERAL RULES AND REGULATIONS

2.12 RULE 12 - DISCONTINUANCE AND RESTORATION OF SERVICE (Cont'd)

2.12.2 DISCONTINUANCE BY THE COMPANY (Cont'd)

- If the use of the service on the premises of the Customer is determined by the Company to be detrimental or damaging to the facilities or services of the Company or its other Customers
- Upon the order of any court of competent jurisdiction or the South Dakota Public Utilities Commission;
- Upon written determination by a magistrate that there is probable cause to believe that the service:
- Is prohibited by law; or
- Is being used or is to be used, directly or indirectly, to violate or assist in violation of the law.
- If the Company determines, based upon the acts of the Customer or the condition of the Customer's premises, that the Customer has defrauded, is defrauding, or intends to defraud the Company, unless the conditions constituting the fraud have been corrected;
- If an event in nature of force majeure or vis major occurs that requires the termination of service; or
- If the loc ation at which the service is provided has been abandoned.

Except as otherwise provided in this tariff, the Company will provide notice to the Customer of its intent to terminate service.

Service may be discontinued during business hours on or after the date specified in the notice of discontinuance, which date will be at least 7 days after such notice is given. Service will not be discontinued on any Saturday, Sunday, legal holiday, or any other day when the Company's offices are not available to facilitate reconnection of service.

2.12.3 RESTORATION OF SERVICE

The Company will restore service to a Customer upon full payment of all amounts due and the Customer's reestablishment of credit. However, the Company may refuse to accept a personal check if the Customer's check for payment of service has been dishonored, excepting bank error, within the last twelve months. The Company will impose a charge for restoration of service after disconnection in accordance with its tariff.

Or, the Company will resume service upon the order of any court of competent jurisdiction or the South Dakota Public Utilities Commission.

SECTION 2 - GENERAL RULES AND REGULATIONS

2.13 RULE 13 - INFORMATION TO BE PROVIDED TO THE PUBLIC

A copy of this tariff will be available for public inspection in the Company's business office during regular business hours.

A copy of this tariff will be provided by the Company on request upon payment of a nominal fee to cover postage and copying costs.

2.14 RULE 14 - CONTINUITY OF SERVICE

In the event that the Company has advance knowledge of an interruption of service for a period exceeding 24 hours, the Company will attempt to notify Customers in writing at least one week in advance.

Upon reasonable notice, any equipment provided by the Company shall be made available to the Company for such tests and adjustments as may be necessary to maintain them in satisfactory condition. No interruption allowance will be granted for the time during which such tests and adjustments are made.

2.15 RULE 15 - LIMITATION OF LIABILITY

The provisions of this rule do not apply to errors and omissions caused by willful misconduct, fraudulent conduct, or violations of law.

In the event an error or omission is caused by the gross negligence of the Company, the liability of the Company shall be limited to and in no event exceed the sum of $10,000.

2.15.1 INDEMNIFICATION

A Customer shall indemnify and save the Company harmless against all claims arising out of the Customer's use of the Company's service, including but not limited to the following:

- Acts of omissions of other companies when their facilities are used to provide service; and
- Claims for libel, slander, or infringement of copyright arising from material transmitted over said facilities; claims for infringement of patents arising from the Customer's combining apparatus and systems of the Customer with, or using apparatus and systems of the Customer in connection with, the facilities of another company; and
- all other claims arising out of any act or omission of the Customer in connection with facilities provided by any Company.

Fraudulent usage of employees or third persons, including but not limited to usage originating outside the Customer's premises but routed through the Customer's PBX or other equipment or facilities.

SECTION 2 GENERAL RULES AND REGULATIONS

2.15 RULE 15 - LIMITATION OF LIABILITY (Cont'd)

2.15.2 FURNISHING OF SERVICES

The Company's obligation to furnish service is dependent upon its ability to secure and retain suitable facilities and rights for the provision of the service without unreasonable expense. The Company makes no warranty, whether express, or implied or statutory, as to the description, quality, merchantability, completeness or fitness for any purpose of service or local access, or as to any other matter, all of which warranties by the Company are hereby excluded and disclaimed.

2.15.3 TRANSMITTING MESSAGES

The Company shall not be liable for errors in transmitting, receiving, or delivering oral messages by telephone over the lines of the Company and connecting utilities.

2.15.4 LIABILITY OF THE COMPANY

The Company's liability, if any, for damages arising out of its negligent provision of any service or failure to provide any service, or for mistakes, omission, interruptions, delays, error, or defects in transmission during the course of furnishing service, shall in no event exceed an amount equivalent to the Company's charges for service during the period affected by such negligence, or in which such mistakes, omissions, interruptions, delays, errors, or defects in transmission occurred, provided that the Company will have no such liability for such damages incurred at any time prior to 48 hours following the time the Customer notifies the Company of the negligence, or mistake, omission, interruption, delay, error, or defect in transmission. In no event will the Company be responsible for any lost profits, consequential damages, or incidental damages of the Customer or any other party, or for any claim of damage by the Customer or against the Customer by any other party. Any mistakes, omissions, interruptions, delays, errors, or defects in transmission or service that are caused by or contributed to by the negligence or willful acts of the Customer, or that arise from facilities or equipment used by the Customer, shall not result in the imposition of any liability upon the Company.

The Company will not be liable for any act, omission to act, negligence, or defect in the quality of service of any underlying carrier or other service provider whose facilities or services are used in furnishing any portion of the service received by the Customer.

The Company will not be liable for any failure of performance due to causes beyond its control, including by not limited to cable dig-up by a third party, acts of God, civil disorders, actions of governmental authorities, actions of civil or military authority, labor problems, national emergency, insurrection, riots, war, fire, flood, atmospheric conditions, or other phenomena of nature, such as radiation. In addition, the Company will not be liable for any failure of performance due to necessary network reconfiguration, system modifications for technical upgrades, or actions taken by any court or governmental agency having jurisdiction over the Company.

SECTION 2 - GENERAL RULES AND REGULATIONS

2.15 RULE 15 - LIMITATION OF LIABILITY (Cont'd)

2.15.4 LIABILITY OF THE COMPANY (Cont'd)

The Company will not be liable for any failure of performance caused by or the result of any act or omission by the Customer or any entity other than the Company who furnishes services, facilities, or equipment used in connection with the Company's services or facilities.

2.15.5 OVERPAYMENT

The Company will not be obligated to refund any overpayment by a Customer unless a written claim for such overpayment, together with substantiating evidence that will reasonably permit the Company to verify such claim, is submitted within 120 days of the alleged overpayment.

2.15.6 DISCLAIMER OF WARRANTIES

Except as expressly provided in this tariff, the Company makes no expressed or implied representations, or warranties, including warranties regarding merchantability of fitness for a particular purpose.

2.16 RULE 16 - USE OF SERVICE FOR UNLAWFUL PURPOSES

The Company's services are furnished subject to the condition that they will not be used for any unlawful purpose. Service will not be furnished if any law enforcement agency, acting within its jurisdiction advises that such services are being used or are likely to be used in violation of the law. If the Company receives other evidence giving reasonable cause to believe that such services are being or are likely to be so used, it will either discontinue or deny the services or refer the matter to the appropriate law enforcement agency.

2.17 RULE 17 - UNAUTHORIZED USE

Any individual who uses or receives the Company's service, other than under the provisions of an accepted application for service and a current Customer relationship, shall be liable for both the tariffed cost of the service received and the Company's cost of investigation and collection.

2.18 RULE 18 - LIMITATION OF AVAILABILITY

All services provided by the Company are subject to the initial and continuing availability of necessary facilities furnished by the Company and connecting carriers and may not be available in all locations.

2.19 RULE 19 - LOCAL TAXATION

Any county, municipality, or other taxing agency that requires the Company to pay a tax or fee based on revenues generated from the provision of services to Customers within the agency's jurisdiction shall furnish the Company with a listing of all address within its jurisdiction. Such listing must be on a magnetic computer media in a form acceptable to the Company that will allow the Company to identify all Customers to which the tax or fee applies.

SECTION 2 - GENERAL RULES AND REGULATIONS

2.20 RULE 20 - SPECIAL PROMOTIONAL OFFERINGS

The Company may, from time to time upon prior notice to the Commission, engage in Special Promotional Offerings or Trial Service Offerings limited to certain dates, times, or locations designed to attract new subscribers or to increase subscribers awareness of a particular tariff offering

2.21 (RESERVED FOR FUTURE USE)

2.22 RULE 22 - CHANGE OF SERVICE PROVIDER

2.22.1 SOLICITATION OF CUSTOMER AUTHORIZATION FOR SERVICE TERMINATION OR TRANSFER

Solicitation by the Company or other carriers, or their agents, of a Customer authorization for termination of service with an existing carrier and the subsequent transfer to a new carrier must include current rate information on the new carrier and information regarding the terms and conditions of service with the new carrier. All such solicitations must be legible, clear, conspicuous and printed with a type of sufficient size and readable type to be clearly legible, comparable to the type size and style used in any promotional materials accompanying the sales/marketing offer. The authorization agreement shall also be in the same language as any promotional or inducement materials provided to the customer and include (1) the Customer's name and billing address, (2) a notation of each telephone number to be covered by any change in provider, (3) if applicable, a statement that the Customer intends to change from one provider to another, and (4) a statement that the Customer understands there may be a charge for the change in service. The authorization agreement shall be signed by the Customer before any change may be made in the Customer's provider, and before any charge for any product or service may be placed on the Customer's bill. The Company or their agents may not use a sweepstakes, contest or drawing entry as autho, ization to change or add services to a Customer's bill or change a Customer's telecommunications ser ice provider.

2.22.2 UNAUTHORIZED SERVICE TERMINATION AND TRANSFER

The Company or other carrier, as applicable, will be held liable for both the unauthorized termination of service with an existing carrier and the subsequent transfer to its own service. The Company and other carriers are responsible for the actions of their respective agents that solicit an authorized service termination and transfers. In addition, the telecommunications company which initiates a telecommunications company change without proper authorization shall pay the subscriber the amount required by SDCL 49-31-93 regardless of whether the subscriber has contacted the commission. Failure of the telecommunications company to pay the subscriber for an unauthorized change may result in a civil fine as authorized by law. If there is a dispute as to whether the change was properly authorized, the subscriber or telecommunications company may request a hearing before the commission.

2.23 (RESERVED FOR FUTURE USE)

SECTION 2 - GENERAL RULES AND REGULATIONS

2.24 RULE 24 - TAXES AND SURCHARGES

2.24.1 TAXES

In addition to the charges specifically pertaining to the Company's services, certain federal, state and municipal taxes and fees will be applied. These taxes and fees are based upon the amount billed to the Customer for the Company's intrastate services.

2.24.2 (RESERVED FOR FUTURE USE)

2.25 RULE 25 - CREDIT ALLOWANCES FOR INTERRUPTION OR IMPAIRMENT OF SERVICE

It shall be the obligation of the Customer to immediately notify the Company of any service interruption. Before giving such notice, the Customer shall ascertain that the trouble is not being caused by any action or omission by or within the Customer's control and is not in wiring or equipment connected to the Company terminal.

The Company will not provide a credit allowance for interruptions of service caused by the Customer's facilities, equipment, or systems.

Except as provided in 2.15.4 preceding, the liability of the Company for damages arising out of mistakes, omissions, interruptions, delays, errors, or defects in any of the services furnished by the Company under this tariff for intrastate long distance service, shall in no event exceed an amount equal to the pro-rated charges to the Customer for the period during which the services or facilities are affected by the mistake, omission, interruption, delay, error, or defect, provided, however, that where any mistake, omission, interruption, delay, error, or defect in any one service or facility affects or diminishes the value of any other service said liability shall include such diminution, but in no event shall the liability exceed the total amount of the charges to the Customer for all services or facilities for the period affected by the mistake, omission, interruption, delay, error, or defect.

A credit allowance for interruptions of service which are not due to the Company's testing or adjusting, to the negligence of the Customer, or to the failure of channels, equipment and/or communications systems provided by the Customer, are subject to the general liability provisions set forth in this tariff.

The Company shall have the right to make necessary repairs or changes in its facilities at any time and will have the right to suspend or interrupt service temporarily for the purpose of making the necessary repairs or changes in its system. When such suspension or interruption of service for any appreciable period is necessary, the Company will give the Customers who may be affected as reasonable notice thereof as circumstances will permit, and will prosecute the work with reasonable diligence, and if practicable at times that will cause the least inconvenience.

When the Company is repairing or changing its facilities, it shall take appropriate precautions to avoid unnecessary interruptions of conversations or Customer's service.

SECTION 3 - TERMS AND CONDITIONS OF SERVICE

3.1 TERMS AND CONDITIONS

All terms and conditions relating to the individual service offerings found in this tariff, as specified on the List of Services, following, can be found in the tariff sections indicated next to that service. All of these terms and conditions are applicable to the provision of service from this tariff.

3.1.1 LIST OF SERVICES

		Refer to Section
A.	Long Distance Service	4
	IntraLATA/interLATA Long Distance Service	4.1

SECTION 5 – (RESERVED FOR FUTURE USE)

SECTION 6 - (RESERVED FOR FUTURE USE)

SECTION 7 - (RESERVED FOR FUTURE USE)

SECTION 8 - (RESERVED FOR FUTURE USE)

SECTION 9 - (RESERVED FOR FUTURE USE)

SECTION 10 - (RESERVED FOR FUTURE USE)

SECTION 11 - (RESERVED FOR FUTURE USE)

SECTION 12 - (RESERVED FOR FUTURE USE)

SECTION 13 - (RESERVED FOR FUTURE USE)

SECTION 14 - (RESERVED FOR FUTURE USE)

SECTION 15 - MISCELLANEOUS SERVICE CHARGES

15.1 MISCELLANEOUS CHARGES

15.1.1 EARLY TERMINATION CHARGES

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

15.1.2 THIRD PARTY VENDOR CHARGES

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

15.1.3 SERVICE RESTORATION

This charge applies to restore service that has been temporarily suspended discontinued by the Company.

	Charge
-per residence line,	$20.00
- per business line or trunk	$40.00

15.1.4 NON-SUFFICIENT FUNDS CHARGES

This charge applies when a check has been returned by the bank for non-payment.

	Charge
Per occasion	$20.00

15.1.5 SUPERSEDURE

The Company will permit a change in the identity of the Customer to a working service, provided that the new Customer meets the Company's credit and other eligibility criteria and the new Customer's use of the service is in accordance with applicable tariff provisions. In cases where the service subject to supersedure is provided pursuant to an existing contract, the new Customer must agree to accept all obligations under the contract, including, but not limited to, any charges for early termination. Supersedure will not become effective until the Company receives notice from the outgoing Customer agreeing to supersedure and arrangements satisfactory to the Company are made to assure payment of all obligations due prior to supersedure.

SECTION 15 - MISCELLANEOUS SERVICE CHARGES

15.1 MISCELLANEOUS CHARGES (Cont'd)

15.1.5 SUPERSEDURE (Cont'd)

A. Charge

The Supersedure charge covers the change in billing only. All requests for changes in service at the time of supersedure are subject to normal charges.

	Charge
-per line or DS0 equivalent channel	$20.00

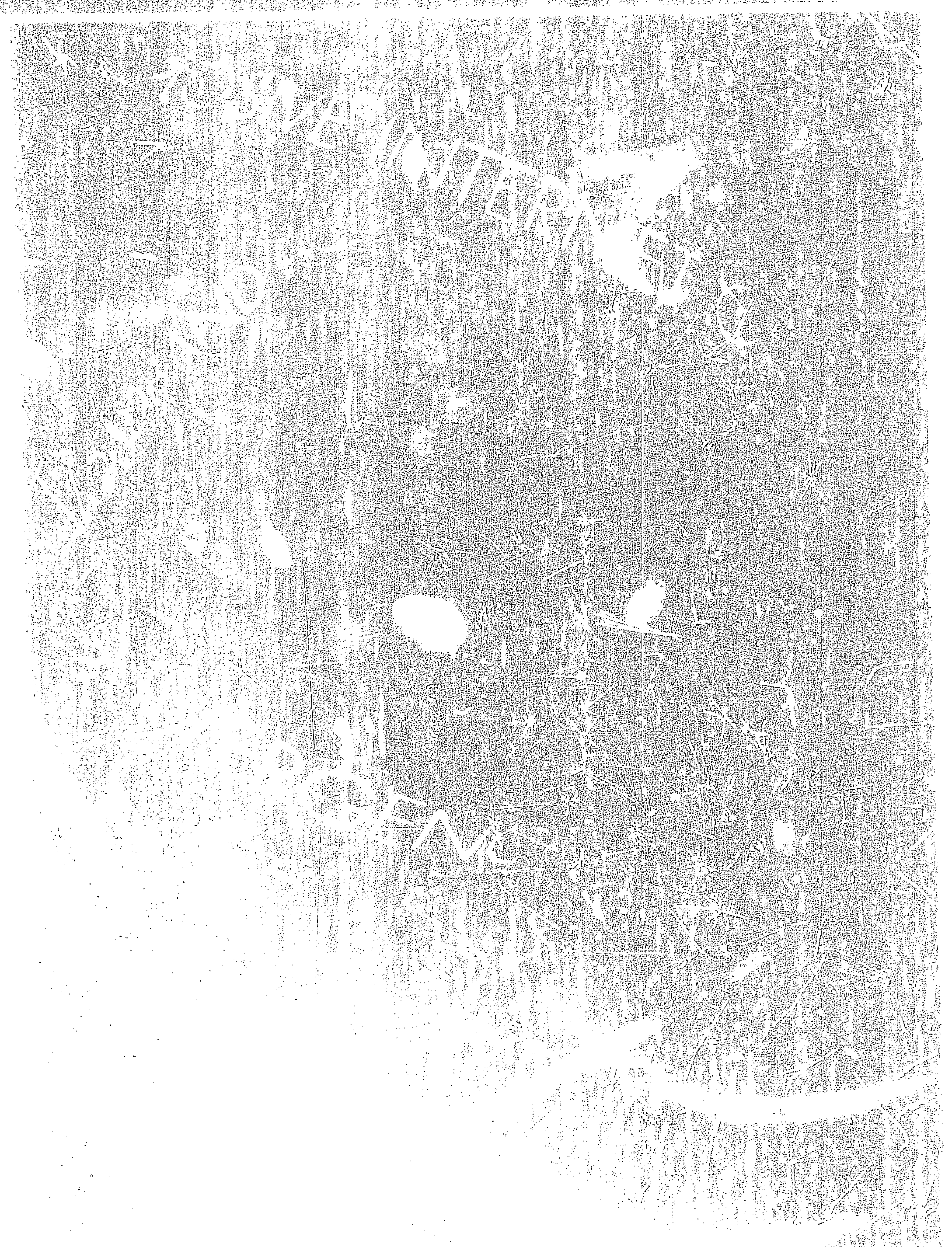
EXHIBIT D

NEXT

DOCUMENT (S)

BEST IMAGE

POSSIBLE

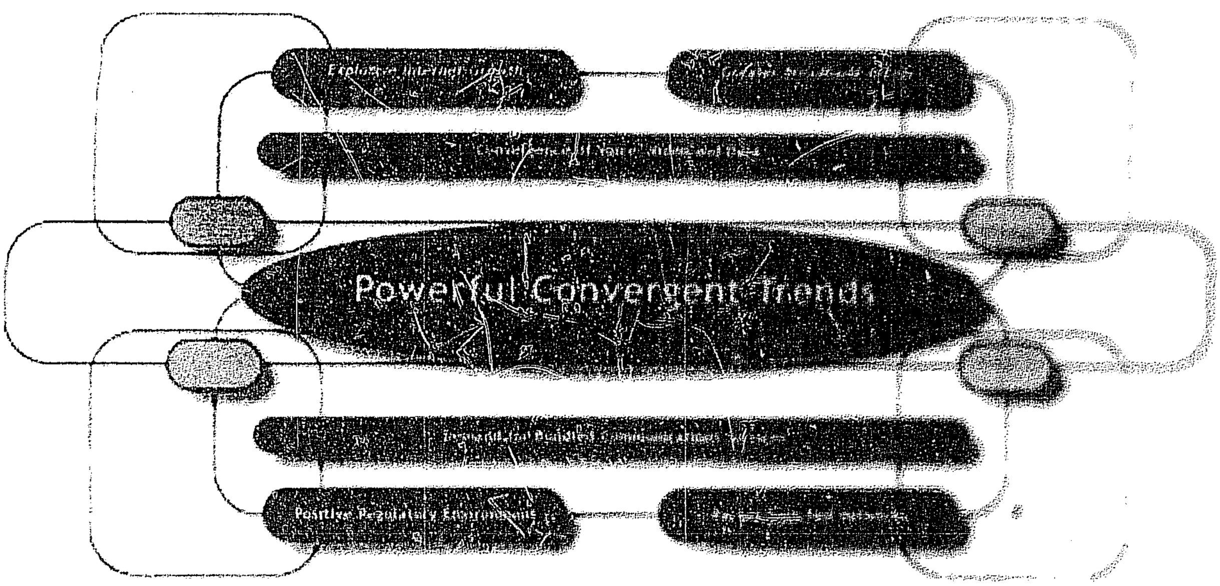


The One Source Solution

Founded in 1980, Pac-West's mission is to become the ONE [illegible] provider of integrated communications services to its target customers – Internet service providers and small and medium-sized businesses – in the fastest-growing communications market in the [illegible], the western states.

Pac-West bundles voice, data, and Internet services over ONE network connection, offering its customers the ease, convenience and cost savings of ONE company and ONE bill for all their telecommunications needs.

Pac-West's unique network architecture and cost-efficient [illegible] expansion strategy enable it to generate high network [illegible], [illegible] strong profit margins, positive cash flows and excellent returns on invested capital.



To Our Shareholders, Customers and Employees:

We are pleased to report record financial results for Pac-West [illegible] for 1999 in both of our customer groups. As a leading provider [illegible] infrastructure services to Internet service providers (ISPs), we provided over 800,000 households with access to the Internet through a local call, placing us at the center of the **explosive growth** in the Internet. In addition, we provided over 6,500 small and medium-sized businesses with integrated communications services, a 240 percent increase from 1,936 customers in 1998.

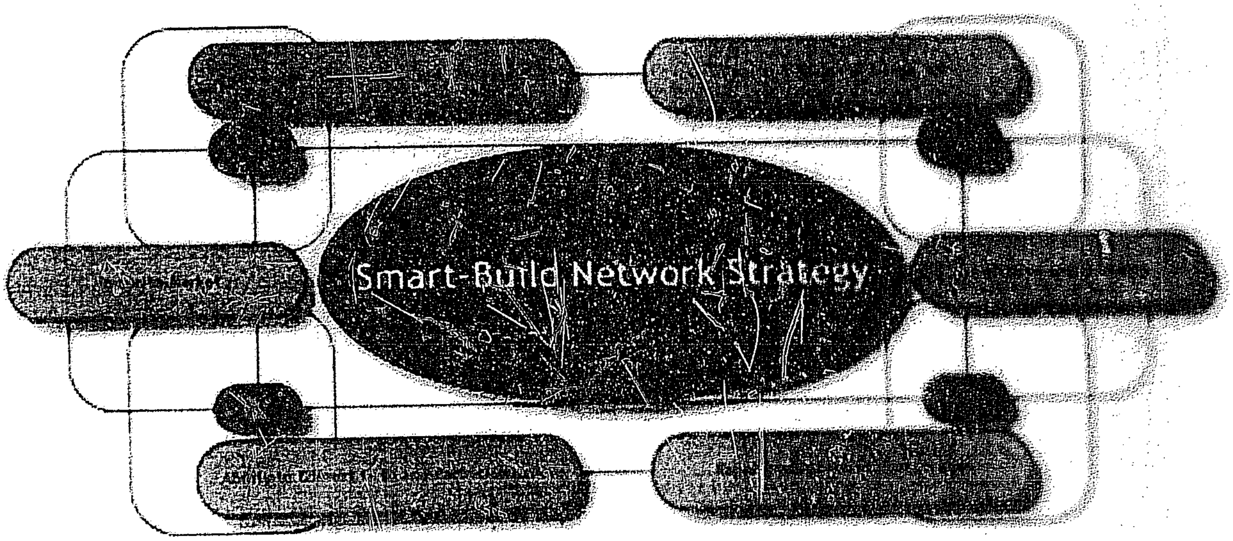
The unique usage patterns of these two customer groups generate **high utilization** of our network, with business customers utilizing our services during the day, and ISPs utilizing our services primarily during the evenings and weekends.

As we **expand** our geographic footprint from California, our primary market, into ten western states, our strategy of building and owning the intelligent components of our network, while leasing fiber lines from other carriers, provides us with significant cost and time-to-market advantages over competitors that own both their switches and fiber lines. This **smart-build** expansion strategy enables us to reduce up-front capital expenditures and rapidly enter new markets. According to ALTS, the Association for Local Telecommunications Services,

Pac-West is ONE of [illegible] carriers (CLECs) out of 375 [illegible] EBITDA for 1999 [illegible] **profitable** [illegible] continued [illegible] provide a [illegible]

[illegible]

- [illegible] $118 [illegible]
- Increased [illegible]
- Placed $150 [illegible]
- Secured [illegible]
- Increased [illegible]
- Increased [illegible]
- Expanded network [illegible]



...dium sized businesses

Pac-West is a **full-service provider** of integrated comm[illegible] equipment and services, including voice, data and interne[illegible] and medium-sized businesses, those businesses with [illegible] 100 employees. The fastest-growing segment of business, these customers have an insatiable demand for bundled communications services, and have been largely underserved by the incumbent local exchange carriers.

Pac-West is ONE of only a few companies able to offer business customers a complete integrated communications package. We bundle state-of-the-art telephone equipment, including design, installation, and maintenance, with local and long distance service, Internet access, and high-speed data service. This **complete package** offers business customers the ease, convenience, and cost savings of ONE company and ONE bill for all their telecommunications needs.

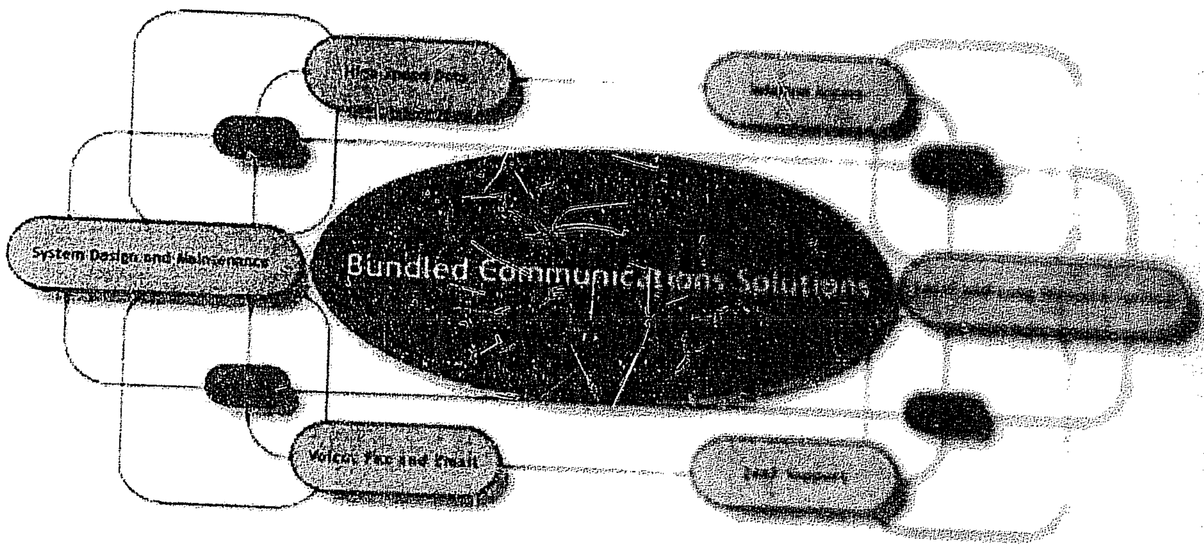
Pac-West is committed to providing **superior service**. We are rapidly increasing the number of sales, customer support, and technical services personnel in each of our markets, improving our billing and delivery systems, and adding new and innovative products and services to better serve the needs of our customers.

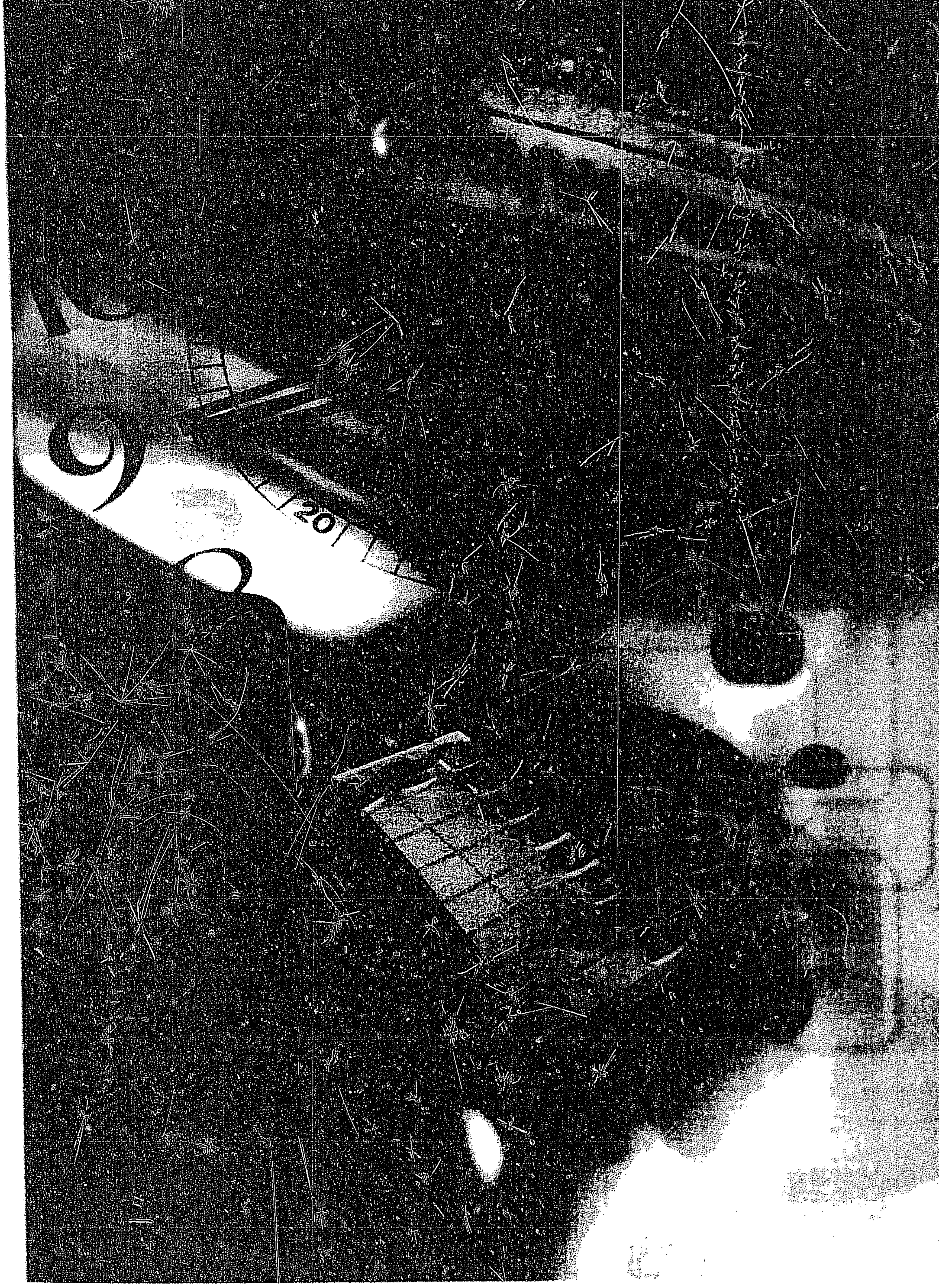
Internet Service Providers

[illegible] **grow** [illegible]

[illegible] **long-term relationships** [illegible]

[illegible] **geographic coverage** [illegible]

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Outlook for the Future

We have been **profitable** on a cash flow basis since 19[illegible] and we continue to generate positive cash flows from operations. [illegible] an efficient and scalable network, a large and rapidly growing customer base, an experienced management team and strong equity partners, we have all the pieces in place to continue to successfully execute our business plan.

We intend to **expand** our geographic footprint to cover ten western states by the end of 2000. We currently own and operate SuperPOPs in Stockton, Oakland, Los Angeles, Las Vegas, and Seattle, and have begun work on our Portland, Denver, Phoenix and Salt Lake City locations. We plan to continue to expand our network into Idaho, New Mexico and Texas.

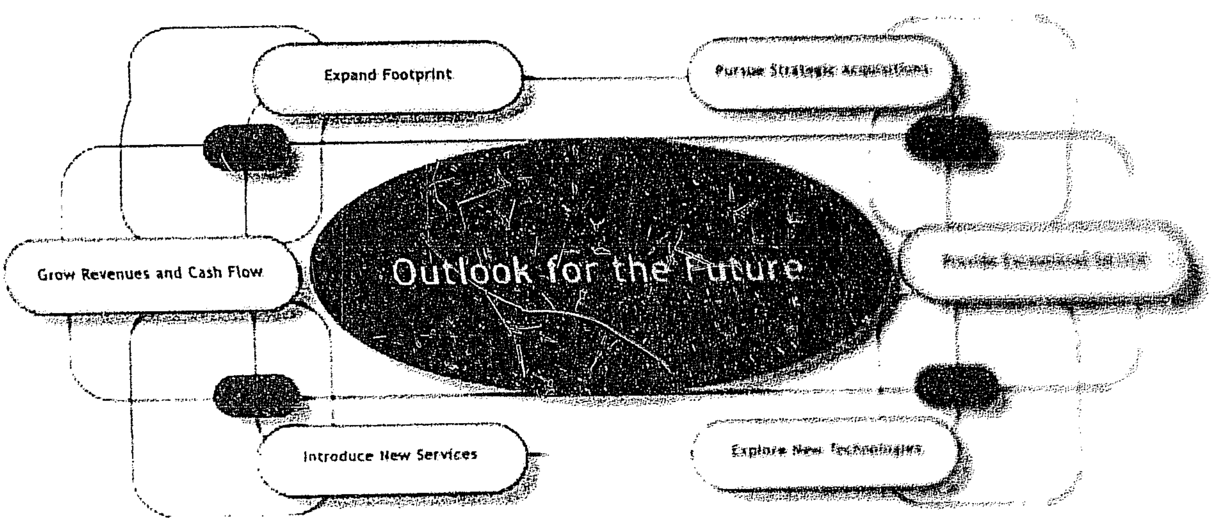
We plan to continue to pursue **strategic acquisitions** to grow our business. At the beginning of 2000, we acquired two companies, Installnet and Napa Valley Telecom. These acquisitions enable us to accelerate our growth in our target markets, expand our customer base, enhance our product mix, and add skilled and experienced personnel to our sales and delivery forces so we can better serve the needs of our customers.

I would like to extend my heartfelt **thanks** to the management team and staff at [illegible]. Our success can be attributed to their hard work and efforts during the past year of rapid growth and exciting changes. In addition, we have benefited greatly from the extensive support provided to us by the Safeguard Scientifics family, [illegible] Star Capital Partners, Bay Area [illegible] and our many [illegible] shareholders since our IPO.

We appreciate your **continued confidence** and support as we move forward into the 21st century, expanding our network and embracing new technologies so that we can continue to provide our customers with [illegible] and cost effective communications solutions to keep them competitive today and into the future.

Sincerely,

Wally Griffin
President and CEO



Corporate Information

Jerry L. Johnson
Executive Vice President
Safeguard Scientifics, Inc

Wallace W. Griffin
President and Chief Executive Officer
Pac-West Telecomm Inc

John K. La Rue
Founder and Executive Vice President
Pac-West Telecomm Inc

David G. Chandler
Managing Director
William Blair Capital Partners

Samuel A. Plum
Managing General Partner
SCP Private Equity Partners L P

Dr. Jagdish N. Sheth
Professor
Emory University

Mark S. Fowler
Co-Founder and Chairman
AssureSat Inc

Wallace W. Griffin
President and Chief Executive Officer

John K. La Rue
Founder and Executive Vice President

Richard E. Bryson
Chief Financial Officer

Brian K. Johnson
Senior Vice President and General Manager
Business Markets

Joel A. Effron
Senior Vice President Sales and Marketing

Dennis V. Meyer
Vice President Finance and Treasurer

Jason R. Mills
Vice President Network Operations

Gregory Joksch
Vice President Information Technologies

Harry W. Wilson
Vice President Human Resources

John F. Sumpter
Vice President Regulatory

H. Ravi Brar
Vice President Business Development

The Nasdaq National Market
Symbol PACW

1776 West March Lane, Suite 250
Stockton CA 95207
Tel 209 926 3300
Fax 209 926 4272
Web www.pacwest.com

Shareholders are cordially invited to attend
Pac-West's annual meeting

Date July 27 2000
Time 10:00 a m
Place The Brown Palace Hotel
Address 321 Seventeenth Street
Denver CO 80202
Phone 303 297 3111

Arthur Andersen LLP
101 Second Street, Suite 1100
San Francisco CA 94105

The Financial Relations Board
180 Montgomery St Suite 710
San Francisco CA 94104

Kirkland & Ellis
200 East Randolph Drive
Chicago, IL 60601

First Union National Bank
Shareholder Services Group
1525 West W T Harris Blvd
Charlotte, NC 28288-1153

A copy of Pac-West's Annual Report on Form 10-K as filed with the Securities and Exchange Commission, can be obtained at no charge, by written request to:
Pac-West Telecomm, Inc
1776 West March Lane, Suite 250
Stockton, CA 95207
Attn Investor Relations

www.pacwest.com

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders
of Pac-West Telecomm, Inc.:

We have audited the accompanying balance sheets of Pac-West Telecomm, Inc. (a California corporation) as of December 31, 1998 and 1999, and the related statements of operations, changes in stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 1999. 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 auditing standards generally accepted in the United States. 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, the financial statements referred to above present fairly, in all material respects, the financial position of Pac-West Telecomm, Inc. as of December 31, 1998 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

Arthur Andersen LLP

San Francisco, California,
February 10, 2000

Balance Sheets (as of December 31, 1998 and 1999)

ASSETS

	[illegible]	[illegible]
Current Assets:		
Cash and cash equivalents	[illegible]	[illegible]
Restricted cash	—	[illegible]
Short-term investments	—	[illegible]
Trade accounts receivable, net of allowances of $400,000 and $675,000 in 1998 and 1999, respectively	[illegible]	[illegible]
Accounts receivable from related parties	[illegible]	[illegible]
Income tax receivable	[illegible]	[illegible]
Inventories	[illegible]	[illegible]
Prepaid expenses and other current assets	[illegible]	[illegible]
Deferred financing costs, net	[illegible]	[illegible]
Deferred tax assets	[illegible]	[illegible]
Total current assets	[illegible]	[illegible]
Equipment, Vehicles and Leasehold Improvements:		
Network and other communication equipment	[illegible]	[illegible]
Office furniture and equipment	[illegible]	[illegible]
Vehicles	[illegible]	[illegible]
Leasehold improvements	[illegible]	[illegible]
Projects in progress (Note 2)	[illegible]	[illegible]
	[illegible]	[illegible]
Less: Accumulated depreciation and amortization	[illegible]	[illegible]
Equipment, vehicles and leasehold improvements, net	[illegible]	[illegible]
Other Assets, net	[illegible]	[illegible]
Total assets	[illegible]	[illegible]

The accompanying notes are an integral part of these financial statements.

Balance Sheets (as of December 31, 1998 and 1999)

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

	1998	1999
Current Liabilities:		
Current portion of notes payable	$ 132,000	$ 99,000
Accounts payable	5,147,000	13,158,000
Accrued payroll and related expenses	846,000	1,719,000
Accrued interest on Senior Notes	–	8,435,000
Other accrued liabilities	2,153,000	1,269,000
Income taxes payable	–	520,000
Total current liabilities	8,278,000	25,200,000
Senior Notes	–	150,000,000
Senior Secured Borrowings and Other Long-Term Obligations (Note 3)	100,000,000	–
Notes Payable, less current portion	116,000	17,000
Total long-term debt	100,116,000	150,017,000
Deferred Income Taxes	1,888,000	8,633,000
Total liabilities	110,282,000	183,850,000
Commitments and Contingencies (Note 5)		
Convertible Redeemable Preferred Stock, $0.001 par value; 1,750,000 shares authorized; 1,750,000 and 0 issued and outstanding at December 31, 1998 and 1999, respectively (preference in liquidation of $45,000,000, plus accrued cumulative dividends of $1,324,000 at December 31, 1998)	46,324,000	–
Stockholders Equity (Deficit):		
Common stock, $0.001 par value:		
Authorized shares – 50,000,000		
Issued and outstanding shares – 17,587,458 and 35,393,326 at December 31, 1998 and 1999, respectively	18,000	35,000
Additional paid-in capital	8,905,000	173,345,000
Notes receivable from stockholders	(233,000)	(233,000)
Retained earnings (deficit)	(82,803,000)	(66,897,000)
Total stockholders' equity (deficit)	(74,113,000)	106,250,000
Total liabilities and stockholders' equity (deficit)	$ 82,493,000	$ 290,100,000

The accompanying notes are an integral part of these financial statements.

Statements of Operations (for the years ended December 31, [illegible])

	[illegible]	[illegible]	[illegible]
Revenues (Note 5)	[illegible]	[illegible]	[illegible]
Costs and Expenses:			
Operating	[illegible]	[illegible]	[illegible]
Selling, general and administrative:			
Selling, general and administrative	[illegible]	[illegible]	[illegible]
Transaction bonuses and consultant's costs (Note 1)	—	[illegible]	—
Depreciation and amortization	[illegible]	[illegible]	[illegible]
Total costs and expenses	[illegible]	[illegible]	[illegible]
Income from operations	[illegible]	[illegible]	[illegible]
Other Expense (Income):			
Interest expense	[illegible]	[illegible]	[illegible]
Gain on disposal of answering service division	[illegible]	—	—
Costs of merger with PWT Acquisition Corp. and recapitalization	—	[illegible]	—
Other income, net	[illegible]	[illegible]	[illegible]
Total other expense, net	[illegible]	[illegible]	[illegible]
Income before provision for income taxes and extraordinary item	[illegible]	[illegible]	[illegible]
Provision for Income Taxes	[illegible]	[illegible]	[illegible]
Income (loss) before extraordinary item	[illegible]	[illegible]	[illegible]
Extraordinary Item:			
Loss on early extinguishment of debt, net of income tax benefit of $278,000	—	[illegible]	—
Net income (loss)	[illegible]	[illegible]	[illegible]
Accrued Preferred Stock Dividends	—	[illegible]	[illegible]
Net Income (Loss) Applicable to Common Stockholders	[illegible]	[illegible]	[illegible]
Income (Loss) Before Extraordinary Item Per Share:			
Basic	[illegible]	[illegible]	[illegible]
Diluted	[illegible]	[illegible]	[illegible]
Net Income (Loss) Per Share:			
Basic	[illegible]	[illegible]	[illegible]
Diluted	[illegible]	[illegible]	[illegible]
Weighted Average Shares Outstanding:			
Basic	40,000	[illegible]	[illegible]
Diluted	[illegible]	[illegible]	[illegible]

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Stockholders' Equity (Deficit)

FOR THE YEARS ENDED DECEMBER 31, 1997, 1998 AND 1999

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Notes Receivable from Stockholders	Retained Earnings (Deficit)	Total Stockholders' Equity (Deficit)
BALANCE, December 31, 1996	140,000	$ 4,037,000	$ –	$ –	$ 140,000	$ 4,177,000
Net income	–	–	–	–	4,495,000	4,495,000
BALANCE, December 31, 1997	140,000	4,037,000	–	–	4,635,000	8,672,000
Conversion to $0.001 par value stock	–	(4,037,000)	4,037,000	–	–	–
Effect of merger with PWT Acquisition Corp. and recapitalization (Note 1)	7,176,988	7,000	1,193,000	–	(86,771,000)	(85,571,000)
Issuance of common stock	9,658,012	10,000	4,708,000	–	–	4,718,000
Accrued cumulative dividends—preferred stock	–	–	(1,324,000)	–	–	(1,324,000)
Issuances of common stock for cash and notes receivable	612,458	1,000	291,000	(233,000)	–	59,000
Net loss	–	–	–	–	(667,000)	(667,000)
BALANCE, December 31, 1998	17,587,458	18,000	8,905,000	(233,000)	(82,803,000)	(74,113,000)
Net proceeds from initial public offering of common stock	12,765,000	12,000	118,121,000	–	–	118,133,000
Conversion of preferred stock	5,040,868	5,000	50,404,000	–	–	50,409,000
Accrued cumulative dividends—preferred stock	–	–	(4,085,000)	–	–	(4,085,000)
Net income	–	–	–	–	15,906,000	15,906,000
BALANCE, December 31, 1999	35,393,326	$ 35,000	$173,345,000	$ (233,000)	$(66,897,000)	$106,250,000

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31, 1997, 1998 AND 1999

	1997	1998	1999
Operating Activities:			
Net income (loss)	$ 4 495 000	$ (667 000)	$ [illegible]
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Extraordinary item—loss on early extinguishment of debt net of income tax benefit	—	417 000	—
Costs of merger with PWT Acquisition Corp. and recapitalization	—	3 004 000	—
Depreciation and amortization	2 204 000	4 106 000	[illegible]
Amortization of deferred financing costs	—	438 000	[illegible]
Gain on disposal of answering service division	(385 000)	—	—
Gain on disposal of equipment	(15 000)	—	—
Interest earned on restricted cash	—	—	[illegible]
Provision for doubtful accounts	216 000	100 000	[illegible]
Deferred income tax provision	711 000	963 000	[illegible]
Changes in operating assets and liabilities:			
Increase in trade accounts receivable	(2 034 000)	(1 061 000)	[illegible]
Decrease (increase) in accounts receivable from related parties	(67 000)	97 000	[illegible]
Decrease (increase) in income tax receivable	0	(1 971 000)	[illegible]
(Increase) decrease in inventories	195 000	(117 000)	[illegible]
Increase in prepaid expenses and other current assets	(175 000)	(263 000)	[illegible]
Decrease (increase) in other assets	(56 000)	91 000	[illegible]
Increase in accounts payable	654 000	3 988 000	[illegible]
Increase in accrued interest on Senior Notes	—	—	[illegible]
Increase in income taxes payable	—	—	[illegible]
Increase (decrease) in accrued payroll and related expenses and other liabilities	133 000	1 908 000	[illegible]
Net cash provided by operating activities	5 876 000	12 033 000	[illegible]
Investing Activities:			
Purchases of equipment, vehicles and leasehold improvements	(7 103 000)	(42 176 000)	[illegible]
Purchases of short-term investments	—	—	[illegible]
Purchase of restricted cash investments, net of maturities of $10,238,000	—	—	[illegible]
Proceeds from disposal of answering service division	402 000	—	—
Proceeds from disposal of equipment	32 000	145 000	—
Net cash used in investing activities	(6 619 000)	(42 031 000)	[illegible]
Financing Activities:			
Proceeds from issuance of Senior Notes	—	—	[illegible]
Net proceeds from initial public offering of common stock	—	—	[illegible]
Repayment of senior secured borrowings	—	—	[illegible]
Proceeds from notes payable	5 931 000	10 514 000	—
Repayments on notes payable	(1 332 000)	(2 658 000)	[illegible]
Principal payments on capital leases	(730 000)	(828 000)	—
Payment for deferred financing costs	—	(1 195 000)	[illegible]
Proceeds from senior secured borrowings	—	15 587 000	—
Increase in other long-term obligations	—	9 000 000	—
Proceeds from the issuance of common stock	—	9 000	—
Merger with PWT Acquisition Corp. and recapitalization:			
Proceeds from the issuance of preferred stock	—	31 844 000	—
Proceeds from the issuances of common stock	—	5 968 000	—
Proceeds from senior secured borrowings	—	75 413 000	—
Payments to existing stockholders	—	(74 015 000)	—
Extinguishments of notes payable and capital leases	—	(23 159 000)	—
Payment for deferred financing costs	—	(1 894 000)	—
Costs of merger with PWT Acquisition Corp. and recapitalization	—	(2 954 000)	—
Repayment of loans payable to officers and stockholder	211 000	—	—
Net cash provided by financing activities	3 558 000	41 631 000	[illegible]
Net increase in cash and cash equivalents	2 915 000	11 633 000	[illegible]
Cash And Cash Equivalents:			
Beginning of year	638 000	3 603 000	[illegible]
End of year	$ 3 603 000	$ 15 236 000	$ [illegible]

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

ITEM 1. ORGANIZATION

Pac-West Telecomm, Inc. (the Company) is a rapidly growing provider of integrated communications services in the western United States. The Company's customers include Internet Service Providers (ISPs), small and medium businesses and enhanced communications service providers, many of which are communications intensive users.

The Company was incorporated in May 1996 in the state of California as a wholly owned subsidiary of CalPage (a telephone, answering and paging services company), also formerly named Pac-West Telecomm, Inc. CalPage transferred its telephone and answering service divisions to the Company effective September 30, 1996 (the Initial Transfer).

During 1997, the Company sold the customer base and other assets of its answering service division (see Note 10).

The success of the Company is dependent upon several factors. These factors include the Company's ability to penetrate additional markets and to manage network growth and technological change within the telecommunications industry, the successful implementation of local and enhanced services to its customers and ISPs, and competition from preexisting and new providers of local and long-distance services, as well as positive and timely responses regarding governmental regulations.

On September 16, 1998, the Company completed a merger with PWT Acquisition Corp. (PWT) and a recapitalization of the Company (the Transaction). PWT was formed by a group of investors (the New Stockholders) for the purpose of injecting additional equity into the Company and effecting the recapitalization. In connection with the Transaction, PWT was merged into the Company, with the Company being the surviving corporation. In connection with the Transaction, the existing stockholders of the Company received cash payments of approximately $74 million, as well as shares of newly issued preferred and common stock of the Company in exchange for a substantial portion of their ownership interests. Additionally, at the consummation of the Transaction, the Company paid transaction bonuses and consultant's costs totaling approximately $3.8 million, which are included in the accompanying statements of operations. Under the terms of the Transaction, the existing stockholders of the Company were entitled to receive additional consideration up to $20 million in the event that certain billings under dispute were received subsequent to the recapitalization (see Note 5). After consummation of the Transaction, the existing stockholders continue to hold approximately 28 percent of the issued and outstanding common stock of the Company. As a result of the continued significant ownership interests of the existing stockholders, no adjustments have been made to the historical carrying amounts of the Company's assets and liabilities as a result of the Transaction.

In November 1999, the Company consummated an initial public offering of its common stock. A total of 12,765,000 shares were issued in connection with the offering resulting in net proceeds after underwriters' discount and expenses of approximately $118.1 million. In addition, concurrent with the offering, all outstanding preferred stock and related accrued cumulative dividends were converted into 5,040,868 shares of the Company's common stock.

ITEM 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Concentration of Customers and Suppliers

The relative concentrations of customers and suppliers of the Company are:

	1997	1998	1999
Revenues (percent of revenues): Incumbent Local Exchange Carriers (ILECs, see Note 5)	[illegible]	[illegible]	[illegible]
Suppliers (percent of operating costs): largest supplier	[illegible]	[illegible]	[illegible]

In 1997, 1998 and 1999, the Company's largest supplier was also the largest ILEC.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Regulation and Competition

Rates charged by the Company for certain telephone services are subject to the approval of various regulatory authorities. Trends in the telecommunications industry point toward increased competition in virtually all markets and the continued deregulation or alternative regulation of telecommunications services in many jurisdictions.

Revenue Recognition

Revenues from the sale of telecommunications products are recognized in the month in which the service is provided, except for reciprocal compensation generated by calls placed to ISPs connected through the Company's network.

The rights of competitive local exchange carriers, such as the Company, to receive this type of compensation is the subject of numerous regulatory and legal challenges (see Note 5). Until this issue is ultimately resolved, the Company will continue to recognize this revenue on a cash-received basis.

Revenues from the sale of telecommunications products are recognized upon installation, or if no installation is required, upon shipment. Initial non-recurring revenues from the installation of telecommunication products are recognized upon completion of installation to the extent of direct costs incurred. Any initial nonrecurring installation revenue in excess of direct costs is deferred and amortized over the expected service contract period, generally two years or less.

Cash Equivalents

For purposes of reporting cash flows, the Company considers all highly liquid investments with an original maturity of three months or less from the date of acquisition to be cash equivalents.

Restricted Cash

Restricted cash represents short-term investments deposited in an interest reserve trust account to fund the initial interest payments through February 1, 2000 under the $150,000,000 Senior Notes. All such interest payments have been made.

Short-Term Investments

All investments with an original maturity of greater than three months from the date of acquisition are accounted for under Financial Accounting Standards Board (FASB) Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The Company determines the appropriate classification at the time of purchase. All investments as of December 31, 1999 were classified as available-for-sale and appropriately carried at fair value. Realized gains and losses are included in other income, net in the accompanying statements of operations. Differences between cost and fair value are recorded as unrealized gains and losses in a separate component of stockholders' equity. As of December 31, 1999, the cost of these investments approximated market.

Inventories

Inventories consist of telephone equipment, parts and installation materials, which are valued at the lower of cost or market. Cost is determined by the average cost method. Provision is made to reduce slow moving inventory to reflect its estimated net realizable value.

Equipment, Vehicles and Leasehold Improvements

Equipment, vehicles and leasehold improvements are stated at cost and include network and other communication equipment, office furniture and equipment, vehicles, leasehold improvements, projects in progress and equipment deposits. Equipment includes assets acquired under capital leases. Expenditures for maintenance are charged to expense as incurred. Upon retirement, the asset cost and related accumulated depreciation are removed from the financial statements. Gains and losses associated with dispositions of equipment, vehicles and leasehold improvements are reflected as a component of other income, net in the accompanying statements of operations. Depreciation and amortization is computed using the straight-line method based on the following estimated useful lives:

Equipment	3 to 7 years
Vehicles	5 years
Leasehold improvements	10 years or life of lease, whichever is shorter

The Company capitalizes interest on capital projects when the project involves considerable time and major expenditures. Such interest is capitalized as part of the cost of the equipment and leasehold improvement and is amortized over the remaining life of the assets. Interest is capitalized based on rates for borrowings that are outstanding over the period required to complete the asset. In 1998 and 1999, the Company capitalized $303,000 and $2,346,000, respectively, of interest related to capital projects. Capitalizable interest in 1997 was insignificant.

Depreciation and amortization of equipment, vehicles and leasehold improvements was $2,204,000, $4,106,000 and $8,475,000 for the years ended December 31, 1997, 1998 and 1999, respectively.

Included in projects in progress at December 31, 1999 is $20,828,000 for deposits paid or payable on equipment not in service at year-end.

Deferred Financing Costs, Net

Deferred financing costs, net consist primarily of capitalized amounts for underwriter fees, professional fees and other expenses related to the issuance and subsequent registration of the $150,000,000 Senior Notes. These deferred financing costs are being amortized on a straight-line basis (which approximates the effective interest method) over the estimated 10 year term of the notes beginning January 29, 1999. Other deferred financing costs are for the senior notes exchange offering and costs relating to the senior credit facility. Amortization expense for the years ended December 31, [illegible] and [illegible] was $1,438,000 and $1,[illegible]62,000, [illegible] and is included within interest expense in the accompanying statements of operations.

Other Assets

At December 31, other assets consist of the following:

	[illegible]	[illegible]
Deferred financing costs	$ [illegible]	$ [illegible]
Acquisition of lease rights	–	[illegible]
Long-term portion of prepaid expenses and deposits	–	[illegible]
Long-term portion of covenant not to compete	[illegible]	–
Other	[illegible]	[illegible]
	$ [illegible]	$ [illegible]

During 1999, the [illegible] lease rights of additional space in its Los Angeles facility. This [illegible] is included in other assets as listed above and is being amortized over the life of the lease.

Other Accrued Liabilities

Other accrued liabilities include approximately $1,[illegible] and $397,000 as of December 31, [illegible] and [illegible], respectively, of amounts collected from customers for taxes due to various governmental and regulatory authorities.

Supplemental Statements of Cash Flows Information

	1997	[illegible]	[illegible]
Cash paid during the period for:			
Interest (net of amount capitalized)	$ 924,000	$ [illegible]	$ [illegible]
Income taxes (net of refunds)	2,351,000	[illegible]	[illegible]
Supplemental disclosure of noncash transactions:			
Acquisition of fixed assets using capital lease obligations	4,781,000	[illegible]	–
Issuance of the Preferred Stock in connection with the Transaction	–	[illegible]	–
Refinancing of capital lease obligation with note payable	–	[illegible]	–

Income Taxes

The Company provides for income taxes in accordance with Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes" (SFAS No. [illegible] [illegible]

[illegible]

Other Comprehensive Income

[illegible]

Segment Reporting

[illegible]

[illegible]

[illegible]

Other Recent Pronouncements

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and for Hedging Activities," effective for fiscal years beginning after June 15, 1999. Management does not expect adoption of SFAS No. 133 in future periods to have a significant impact on the Company's financial statements.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 (SAB 101), Revenue Recognition in Financial Statements. SAB 101 provides guidance on applying generally accepted accounting principles to revenue recognition in financial statements, and is effective for us in the second quarter of 2000. While we believe that SAB 101 will have no material effect on our current accounting policies, we will evaluate our current policies to ensure that they are in accordance with SAB 101.

Income (Loss) Per Share

Income (loss) per share has been calculated under SFAS No. 128, "Earnings per Share." SFAS No. 128 requires companies to compute income (loss) per share under two methods (basic and diluted). Basic net income (loss) per share is calculated by dividing net income (loss) by the weighted average shares of common stock outstanding during the period. Diluted net income (loss) per share calculation considers the effect of dilutive securities (stock options and convertible preferred stock) as follows:

	For the Year Ended December 31, 1999		
	Income	Shares	Per Share
Basic net income per share: Net income attributable to common stockholders	$11,821,000	20,172,968	$ 0.59
Effect of dilutive securities:			
Convertible redeemable preferred stock	—	—	
Stock options	—	1,120,860	
Diluted net income per share: Income available to common stockholders and assumed conversions	$11,821,000	21,293,828	$ 0.56

Conversion of the convertible redeemable preferred stock for the years ended December 31, 1998 and 1999 and the effect of the exercise of stock options for year ended December 31, 1998 are antidilutive and have been excluded from the calculation of diluted income (loss) per share. The Company consummated an initial public offering of its common stock and converted all outstanding convertible redeemable preferred stock in November 1999 (see Note 1).

Basic and diluted income per share was the same for the year ended December 31, 1997 as there were no convertible preferred stock or stock options outstanding during 1997.

The Company evaluated the requirements of the Securities and Exchange Commission Staff Accounting Bulletin (SAB) No. 98 and concluded that there are no nominal issuances of common stock or potential common stock that would be required to be shown as outstanding for all periods presented herein as outlined in SAB No. 98.

3. LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS:

Long-term debt and other long-term obligations consisted of the following at December 31, 1998 and 1999:

	1998	1999
Senior Notes	$ —	$150,000,000
Senior secured borrowings and other long-term obligations	100,000,000	—
Notes payable, less current portion	116,000	17,000
	$100,116,000	$150,017,000

On January 29, 1999, the Company issued $150,000,000 of Senior Notes at par. The Senior Notes bear interest at 13.5 percent payable in semiannual installments, with principal due on February 1, 2009.

Proceeds of the Senior Notes were used to repay $100,000,000 of senior secured borrowings (including $9,000,000 of other long-term obligations subsequently financed through senior secured borrowings) and to establish an interest reserve account to cover initial interest payments due under the Senior Notes through February 1, 2000.

The Senior Notes carry provisions that allow the Company, at its option, to (i) redeem up to 35 percent of the notes with proceeds of certain public offerings of equity prior to February 1, 2002, (ii) redeem all or part of the notes at specified prices on or after February 1, 2004 or (iii) offer to exchange the notes within 180 days from the issue date for a new issue of identical debt securities registered under the Securities Act of 1933, as amended (the Securities Act). In August 1999, the Company completed the registration of these notes under the Securities Act and on September 22, 1999 all of the unregistered Senior Notes were exchanged for Senior Notes registered under the Securities Act of 1933.

The basic covenants of these notes restrict (subject to certain limitations) the Company's future ability to pay dividends, repurchase stock, pledge or sell assets as security for other transactions, or engage in mergers and business combinations. The covenants allow the Company to incur additional debt subject to various limitations.

The Company has a three-year senior credit facility expiring June 15, 2002 that provides for maximum borrowings of $40 million to finance working capital, the cost of the Company's planned capital expansion and other corporate transactions. The borrowings are secured by substantially all of the Company's assets. Borrowings under this senior credit facility will bear interest, at the Company's option, at (1) the Base Rate (as defined) or (2) the LIBOR Rate (as defined) plus between 2.25 percent and 3.5 percent. As of December 31, 1999, there were no amounts outstanding under this facility and the borrowing rate would have been 9.25 percent. The credit facility requires the Company to meet certain financial tests, including, without limitation, maximum levels of debt as a ratio of earnings before interest, taxes, depreciation and amortization (as defined), minimum interest coverage and maximum amount of capital expenditures. The credit facility contains certain covenants which, among other things limit the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, acquisitions, mergers and consolidations, prepayments of other indebtedness (including the Senior Notes), liens and encumbrances and other matters customarily restricted in such agreements, unless specific consent is obtained.

At December 31, 1998 and 1999, notes payable consisted of contracts payable to banks and finance companies for vehicles, requiring monthly principal and interest payments of $602 to $1,510 at interest rates from 0.9 percent to 8.2 percent due through June 2001. Notes payable are secured by Company owned vehicles. Future principal payments consist of $99,000 and $17,000 in 2000 and 2001, respectively.

4. EXTRAORDINARY ITEM—LOSS ON EARLY EXTINGUISHMENT OF DEBT:

In conjunction with the Transaction (see Note 1) and the receipt of the senior secured borrowings during 1998, as discussed in Note 3, the Company repaid certain amounts outstanding under notes payable and capital leases for equipment. The resulting loss in 1998 from the early extinguishment of the debt of $695,000, less the applicable income tax benefit of $278,000, has been reflected as an extraordinary item in the accompanying statements of operations for the year ended December 31, 1998.

5. COMMITMENTS AND CONTINGENCIES:

Leases

The Company leases [illegible] facilities in [illegible], Canada, Los Angeles, Las Vegas and Seattle pursuant to noncancelable operating leases that expire in June 2002, November 2002, September 2006, August 2009 and December 2009, respectively. The lease expiring in June 2002 also contains five-year renewal options. The leases expiring in November 2002, September 2006, August 2009 and December 2009 also contain two five-year renewal options. The Company also leases telephone equipment sites and telephone circuits on month-to-month, annual and long-term noncancelable leases. Management of the Company expects that these leases will be renewed or replaced by other leases in the normal course of business.

The Company's future minimum lease payments with initial terms in excess of one year as of December 31, 1999, are as follows:

	Operating Leases	
	Sites	Telephone Circuits
2000	$ [illegible]	$ [illegible]
2001	[illegible]	[illegible]
2002	[illegible]	[illegible]
2003	[illegible]	[illegible]
2004	[illegible]	[illegible]
2005 and thereafter	[illegible]	[illegible]
	$ [illegible]	$ [illegible]

Rental expense charged to operations for the years ended December 31, 1997, 1998 and 1999, for all operating leases for sites was $432,000, $[illegible] and $1,260,000, respectively, and is included in selling, general and administrative expense in the accompanying statements of operations. Rental expense charged to operations for telephone circuits of approximately $6,000,000, $9,[illegible],000 and $12,7[illegible],000 for the years ended December 31, 1997, 1998 and 1999, respectively, is included in operating costs in the accompanying statements of operations.

Rental expense paid to related parties was approximately $0, $35,000 and $163,000 for the years ended December 31, 1997, 1998 and 1999, respectively.

Purchase Commitments

At December 31, 1999, the Company has approximately $19,000,000 of purchase orders outstanding for [illegible] due for delivery during 2000. These [illegible] orders are cancelable up to 60 days prior to delivery without penalty and are expected to be financed from the proceeds received from the Senior Notes, from internally generated cash flows, from borrowings under the senior credit facility or from proceeds from the Company's initial public offering consummated November 9, 1999.

In addition, the Company is in the process of implementing a new billing and operations support system. Total estimated costs for this system aggregate approximately \$16,500,000 of which approximately \$9,000,000 was incurred in 1999, \$6,000,000 is estimated to be incurred in 2000 and \$1,500,000 in 2001. All of the amounts incurred in 1999 are recorded in projects in progress at December 31, 1999.

During 1998 and 1999, the Company purchased approximately 30 percent and 56 percent, respectively, of total fixed assets from a single vendor.

Employment Agreements

The Company has entered into employment agreements with certain key executives that provide for minimum annual base salaries, bonus entitlements upon the achievement of certain objectives, and the issuance of stock options.

These employment agreements, which were approved by the Company's stockholders in 1998 in connection with the Transaction (see Note 1), granted options to two executives to purchase up to 568,750 shares of the Company's common stock. The exercise price of these options of \$0.48 per share approximated the fair market value of the Company's common stock at the date of grant. These options vest over various dates through October 2001 and expire at various dates through October 2008 (see Note 6).

The employment agreements were effective as of or subsequent to the close of the Transaction and have terms varying from one to three years; however, they may be terminated by either party at an earlier date under certain circumstances. As of December 31, 1998 and 1999, the Company accrued approximately \$304,000 and \$811,000 in accrued payroll and related expenses in the accompanying balance sheets for bonuses payable under these agreements.

Revenue Recognition and Legal Proceedings

The Company has established interconnection agreements with certain Incumbent Local Exchange Carriers (ILECs). The Telecommunications Act of 1996 requires ILECs to enter into interconnection agreements with Competitive Local Exchange Companies (CLECs), such as the Company) and other competitors and requires state Public Utilities Commissions (PUCs) to arbitrate such agreements.

The interconnection agreements outline, among other items, compensation arrangements for calls originating or terminating in the other party's switching equipment, payment terms, and level of services.

Various ILECs have disputed, and are continuing to dispute, that internet traffic calls made to an ISP are not local calls, and as such are not covered by the interconnection agreements. Further, two ILECs with which the Company has interconnection agreements had withheld payments from amounts billed by the Company under their agreements since August 1997, and have filed complaints with the Superior Court of the State of California and the California and Nevada Public Utility Commissions (PUCs). The Superior Court ordered the complaint stayed pending the California PUC's review of the issues raised by the complaint.

In February 1999, the Federal Communications Commission (FCC) issued a Declaratory Ruling on the issue of reciprocal compensation for calls bound to ISPs. The FCC ruled that the calls are jurisdictionally interstate calls. The FCC, however, determined that this issue did not resolve the question of whether reciprocal compensation is owed. The FCC noted a number of factors that would allow the state PUCs to leave their decisions requiring the payment of compensation undisturbed.

On June 24, 1999, the California PUC adopted a decision in the arbitration proceeding between the Company and Pacific Bell which held that reciprocal compensation would be payable for ISP calls under the new interconnection agreement with Pacific Bell which became effective on June 29, 1999. Pacific Bell has requested a rehearing of the decision, although Pacific Bell has paid the full amount of billings for calls since the effective date of the new agreement.

On September 9, 1999, the Company entered into a settlement agreement with Pacific Bell regarding its claims for unpaid reciprocal compensation under their prior interconnection agreement. Under the terms of the settlement agreement, Pacific Bell agreed to pay \$20.0 million to the Company and \$20.0 million to certain stockholders of the Company as of the date of the recapitalization (see Note 1) in settlement of those claims. As a result of these payments, the terms of the September 1998 recapitalization requiring additional distribution to certain stockholders have been satisfied.

On September 2, 1999, Nevada Bell named the Company and others as defendants in a suit to reverse the decision of the Public Utilities Commission of Nevada. The Company is contesting the claims of Nevada Bell and no assurances can be given concerning the outcome of this case or any resulting appeal.

On August 25, 1999, the Company along with the commissioners of the California Public Utilities Commission and others, were named as a defendant in an action filed by GTE California (GTE). The action challenges the legality of the California Public Utilities Commission's decision regarding requiring reciprocal compensation for traffic termination to ISPs. GTE argues that such calls to ISPs are not local calls within the meaning of its agreement with the Company even though they are dialed and billed as local calls. The Company is contesting the claims of GTE.

In October 1999, GTE paid, and the Company recorded as revenue, $6,308,000 of reciprocal compensation that GTE had previously withheld. GTE has not waived its rights to appeal, contest and seek subsequent reimbursements of amounts paid for reciprocal compensation.

In February 2000, the California Public Utilities Commission commenced a separate generic proceeding to develop its policy regarding reciprocal compensation.

The Company cannot predict the impact of the FCC's ruling on existing state decisions or the outcome of pending appeals or on additional cases in this matter. Given the uncertainty concerning the final outcome of the PUC proceedings, the possibility of future extended appeals or additional litigation, and future decisions by the FCC, the Company continues to record the revenue associated with reciprocal compensation billings to ILECs on a cash-received basis.

The amounts withheld by the two ILECs which had withheld payments from amounts billed by the Company under their agreements during the years ended December 31, 1997, 1998 and 1999 are as follows:

	1997	1998	1999
Total amount billed to specified ILECs during the year	$14,858,000	$48,264,000	$[illegible]
Amount withheld by specified ILECs and not recorded as revenue in the Company's statements of operations	3,793,000	32,843,000	[illegible]
Amounts received for prior withholding and recorded as revenue	—	254,000	[illegible]
Net amount recorded as revenue from the specified ILECs during the year	$11,065,000	$15,6[illegible]	$[illegible]

6. STOCKHOLDERS' EQUITY:

Common Stock

[illegible]

Stock Split

[illegible]

Convertible Redeemable Preferred Stock

[illegible]

NOTES TO FINANCIAL STATEMENTS

Stock Options

In January 1999, the Company's Board of Directors approved the terms of the 1999 Stock Incentive Plan (the "Plan") which authorizes the granting of stock options, including restricted stock, stock appreciation rights, dividend equivalent rights, performance units, performance shares or other similar rights or benefits to employees, directors, consultants and advisors. Options granted under the Plan have a term of ten years. In addition, options have been granted to two senior officers outside of the 1999 Plan but governed by the rules of the 1999 plan. An aggregate of 3,150,000 shares of common stock have been reserved for option grants.

A summary of the status of the Company's stock options plan at December 31, 1999 and changes during the years ended December 31, 1998 and 1999 are presented in the table below:

	Qualifying	Nonqualifying	Total	Weighted Average Exercise Price	Weighted Average Fair Value Of Options Granted
Balance, December 31, 1997	–	–	–	–	
Granted	–	568,750	568,750	$ 0.48	$ 0.09
Balance, December 31, 1998	–	568,750	568,750	0.48	
Granted	1,325,865	366,335	1,692,200	5.06	2.00
Canceled	(36,300)	–	(36,300)	2.57	
Balance, December 31, 1999	1,289,565	935,085	2,224,650	$ 3.93	

Options outstanding, exercisable and vested by price range at December 31, 1999 are as follows:

Range of Exercise Price	Number Outstanding	Weighted Average Contractual Life	Number Vested and Exercisable
$ 0.48	568,750	8.8	422,917
2.14	1,215,900	9.3	–
10.00	319,000	9.8	224,000
22.06	121,000	9.9	–
	2,224,650		646,917

The Company has adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." Had compensation expense for the Plan been determined based on the fair value at the grant dates, as prescribed in SFAS No. 123, the Company's earnings and earnings per share would have been as follows:

	1997	1998	1999
Net income (loss) attributable to common stockholders:			
As reported	$ 4,495,000	$ (1,991,000)	$ 11,921,000
Pro forma	4,495,000	(2,020,000)	11,423,000
Basic earnings per common share			
As reported	$ 32.11	$ (0.38)	$ 0.58
Pro forma	32.11	(0.38)	0.57
Diluted earnings per common share			
As reported	$ 32.11	$ (0.38)	$ 0.56
Pro forma	32.11	(0.38)	0.54

The fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used for the grants: expected dividend yield of 0 percent in all periods; expected volatility of 74 percent for 1999 and 0 percent for 1997 and 1998; weighted average risk-free interest rates ranging from 4.9 percent to 6.17 percent for all periods presented in the table above, and expected lives of four years for all periods.

7. INCOME TAXES:

The provision for income taxes consists of the following:

	1997	1998	1999
Current			
Federal	$ 783,000	$ 353,000	$ 6,795,000
State	503,000	245,000	—
Deferred			
Federal	546,000	861,000	5,595,000
State	165,000	102,000	721,000
	$ 2,997,000	$ 1,561,000	$ 13,111,000

The Company's provision for income tax differed from the amount computed by applying the statutory federal income tax rate to income before income taxes and extraordinary item, as follows:

	1997	Rate	1998	Rate	1999	Rate
Income tax determined by applying the statutory federal income tax rate to income before income taxes and extraordinary item	$2,547,000	34.0%	$ 446,000	34.0%	$10,156,000	35.0%
State income taxes, net of federal income tax benefit	450,000	6.0	230,000	17.5	470,000	1.6
Federal income tax effect of nondeductible costs related to the [illegible] (see Note 1)	—	—	885,000	67.6	—	—
Severance compensation settlement	—	—	—	—	1,500,000	5.2
Changes in reserves	—	—	—	—	936,000	3.2
Other	—	—	—	—	49,000	0.2
Provision for income taxes	$2,997,000	40.0%	$1,561,000	119.1%	$ 13,111,000	45.2%

The Company's balance sheet effects of deferred tax items are:

	1997	1998	1999
Trade accounts receivable allowances	$ 129,000	$ 171,000	$ 173,000
Vacation and other accrued expenses	26,000	76,000	130,000
Inventory reserves	46,000	46,000	95,000
Tax credits	—	876,000	151,000
State taxes	250,000	163,000	152,000
Deferred tax assets	451,000	1,332,000	701,000
Depreciation and amortization	(1,097,000)	(2,834,000)	(5,982,000)
Capitalized [illegible]	—	(130,000)	(884,000)
Severance compensation settlement	—	—	(980,000)
Other reserves	(128,000)	(105,000)	(908,000)
Deferred tax liabilities	(1,225,000)	(3,069,000)	(8,754,000)
Net deferred tax liability	(774,000)	(1,737,000)	(8,053,000)
Less: Amount classified as current deferred tax asset	160,000	151,000	580,000
Net noncurrent deferred tax liability	$ (934,000)	$ (1,888,000)	$ (8,633,000)

Tax credits of $876,000 and $151,000 shown above, represent unused tax credits associated with the payment of Alternative Minimum Tax (AMT) as of December 31, 1998 and 1999, respectively. Such credits, which do not expire, may be used to offset future regular taxes payable.

8. RELATED-PARTY TRANSACTIONS:

Bay Alarm Company (Bay Alarm)

[illegible]

[illegible]

[illegible]

Notes Receivable from Stockholder

[illegible]

9. RETIREMENT PLAN:

In October 1996, the Company adopted a 401(k) retirement plan (the Plan) for all full-time employees who have completed six months of service. The plan year is from January 1 to December 31, and the Company will contribute $0.50 for every $1.00 contributed by the employee, subject to the Company's contribution not exceeding 3 percent of the employee's salary. Participants become fully vested after six years of service, although they vest incrementally on an annual basis after two years of service and until the six-year period is completed. The Company recorded selling, general and administrative expense of $63,000, $58,000 and $134,000 for the years ended December 31, 1997, 1998 and 1999, respectively, for the Company's matching contributions.

Employees of the Company previously contributing to the CallPage 401(k) retirement plan (with identical provisions to the Plan) were able to roll their accumulated benefits into the Plan at date of commencement (October 1, 1996), with all prior employer contributions becoming fully vested on the date of rollover.

10. SALE OF ANSWERING SERVICE DIVISION:

In March 1997, the Company sold the customer base and other assets of its answering service division for $420,000, payable $200,000 in cash and a promissory note of $220,000. The promissory note was paid in October 1997 at a discount of $18,000. The Company recognized a net gain of $385,000 on the sale in the year ended December 31, 1997.

11. SUBSEQUENT EVENTS:

Effective January 1, 2000, the Company acquired the customer base and certain other assets of Napa Valley Telecom (Napa Telecom), a switch-based, long distance telecommunications company headquartered in Napa Valley, California. The total purchase price, which was paid in cash, was approximately $4,000,000 plus additional payments not to exceed $500,000 if certain revenue targets are met. In connection with this agreement, the Company granted certain key employees of Napa Telecom options to purchase the Company's common stock at its November 1999 initial public offering price of $10. As a result, the Company will recognize deferred compensation of approximately $900,000. This amount will be amortized as an operating expense over the four year vesting term.

NOTES TO FINANCIAL STATEMENTS

Effective February 1, 2000, the Company acquired all of the outstanding stock of Installnet, Inc. (Installnet) and three other related companies headquartered in Southern California. Installnet is primarily in the business of telecommunications equipment installation. The total purchase price, which was paid in cash and stock approximated $14,000,000 plus additional payments not to exceed $1,500,000, if certain revenue targets are met. In addition, the Company has granted options to certain Installnet employees to purchase an aggregate of 105,000 shares of the Company's common stock at the market price at the date of grant.

These acquisitions will be accounted for using the purchase method of accounting.

EXHIBIT E

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RR #1, Box 94-E, Dingmans Ferry, PA 18328; Phone: 570/686-7714; Fax: 570/686-4132 Vol. 5 Issue 16 April 24-30,2000

PAC WEST TELECOMM, INC.

Pursuing targeted market areas

Internet and small and medium-sized businesses

Pac-West Telecomm, Inc.
NASDAQ - PACW

WSCR# 103084
WALLACE W. GRIFFIN
President and
Chief Executive Officer

Interview by John O'Hanlon
Publisher and Managing Editor

Wallace W. Griffin

"I have been involved in the telecommunications industry since graduating college in 1962 in North Dakota. I joined the old Bell system and spent 30 years working in every imaginable part of the telecommunications industry including installing telephones, teaching at technical schools, marketing and general management. I had a great career, most of which was spent in the Midwest, and I ultimately came to run one of the largest business units of US West, the US West Marketing Resources Group from 1987 to 1992. I then retired and decided to do something more entrepreneurial with the rest of my career life. I was involved with the cable industry for a few years and then got involved with purchasing Pac-West Telecomm in California. Over the past 18 months, we have been in the financial markets and last year we raised $276 million of capital to accelerate the growth of our business in the Western United States."

Newly Public

"Pac-West Telecomm is a competitive local exchange company, or CLEC, as compared to an incumbent local exchange carrier, or ILEC. The opportunities for Pac-West have been amplified by the Telecommunications Act of 1996, which opened up the industry for competition. Pac-West is pursuing targeted market areas in telecommunications and data services in the Western part of the country and like any growing business, requires capital to grow. We did a high-yield bond offering in the first quarter of '99 for $150 million and we were the only first issue of '99 in the sector. At that time, the capital markets looked strong for an IPO and we took the company public on November 4, 1999 in a $126 million IPO. Our stock came out at $10 on that date and today we are trading at $32 to 33. It has been a great ride and we are growing every aspect of the business, including profitability."

Unique over the competition

"We're profitable. Our estimation is that there are about 600 CLECS in the country, and Pac-West is one of less than a handful that are profitable. Our two niche areas include Internet infrastructure services for Internet Service Providers (ISPs), where we provide both dial-up and high-speed access, and integrated communications services to the small and medium-sized business market (SMB). Our full-service SMB offering is very unique in that we bundle the telephone sets, PBX, local dial tone, long distance, and data services into a complete integrated package for one price. Our motto is one company, one call, one bill. Last year we quadrupled our SMB business. This market is under served by the incumbent carriers, and until now, no one else in the marketplace was addressing the needs of these customers. In the Internet market, our broad geographic footprint is what makes us unique.

"In California, ISPs can co-locate their equipment and connect to the Internet backbone in our 3 SuperPOP (point-of-presence) switching facilities and be able to cover the entire state, rather than having to locate equipment in each of California's eleven local access and transport areas (LATAs). This substantially reduces the ISP's equipment and maintenance costs, and gives them instant access to 32 million people in California, including 11 million households and a couple of million businesses. We are implementing this same strategy in each of our market areas. Our SuperPOP configuration enables our ISP customers to offer their customers access to the Internet from almost any point in the state through a local call. We offer ISPs something that the incumbent carriers and other CLECs don't."

First-to-Market

"At Pac-West, we have an advantage in that we know how to build and replicate our network strategy and we are first to market. Certainly it takes a lot of telephone numbers, traffic management and getting all of the circuits in place to accomplish that, but we know how to do it and have done it before. We have an advantage, and although it could be replicated, it would take time and resources and we are not after 100% of the market share."

WALLACE W. GRIFFIN
President and
Chief Executive Officer

Making money

"The way we make money is by building a network that is among the highest utilization networks in the country. We accomplish this by aggregating and concentrating our traffic into very few corridors, which gives us very high utilization and low unit cost. The unique usage patterns of our two customers groups generates high utilization of our network, with SMBs utilizing our services during the day, and ISPs utilizing our services primarily during the evenings and weekends. We are not the low cost provider, but we do charge competitive rates with the value add of geographic coverage. Last year, our revenues were $95 million, which was more than double what they were the year before and our EBITDA was in the 12% range. We have a 12% cash flow margin on revenue, our gross margins were in the high 40s and we even had earnings per share. Not common in our industry. The Street estimated that we would be in the $.10 to .14 range, but our EPS was actually $.56 last year, which was an excellent return for our investors."

State-of-the-art products

"All of our products are digital and we have the latest state-of-the-art telephone sets and PBXs. We are not offering satellite or voice over the Internet services yet, because we do not think these services are quite ready for prime time. Obviously, we are continually testing and watching the trends, but for now, we are focusing our resources on providing our customers with full-service, integrated voice and data communications packages. We are not on the bleeding edge of technology, but we are following right behind. For instance, we do use a lot of fiber optics, but most of it is leased. We believe we create greater value by building and owning software-driven switches in multiple locations and leasing transport facilities from other carriers. This strategy provides us with significant cost and time to market advantages over our competitors, and generates higher rates of return on invested capital."

Quality

"The quality of telecom, data services and the Internet, including speed and accuracy, have dramatically improved over the last couple of years with the advent of fiber optics and all of the electronics that ride on fiber. Fiber is much more reliable and less affected by weather and moisture than previously used copper wire. Chip electronics have also become much more reliable over the past five years."

Agreements

"To move into the future, Pac-West has to interconnect with all of the incumbent players. We currently have interconnection agreements with Pacific Bell, SBC and U.S. West. In addition, we have now opened up in Washington, and are moving eastward toward Colorado, Utah and Arizona this year, so we also interconnect with other long distance carriers to exchange traffic. My background helps me work through this because I know all of the networks and players and how to accomplish the best interconnect arrangement for us and the incumbent carrier. Our network is very interconnected, therefore, we work with all of the players that on most days would look more like our competitors than our partners, but that is the way the industry works. We buy most of our switching equipment from Alcatel and Cisco, and purchase our PBXs from Mitel.

The future

"Over the last 30 years, I have seen a lot of dramatic change and in the last five, I have seen as much change as I saw in the previous 30 years. We have people on staff here that are acquainted with all of the latest exciting technologies, which we continually probe with regard to when we should introduce them. We are in the process of converting our network from circuit-switched to packet-switched with technology that is just being launched by Alcatel, Lucent, Nortel, and all of the other major players. This will make our network even more efficient and robust than it is today. It is fun to watch the changes occurring in this industry. In fact, Pac-West's founder, John La Rue, just bought an old step by step switch that he installed in a little museum he is building. Back in the '60s, I used to teach how those switches operated. Looking at that switch brought back a lot of nostalgic memories. Things have really changed over the years. We used to fill up a whole big room with 1,000 lines. You can now put 1,000 lines on your fingertip."

Expansion

"Pac-West began its operation in California, and we now have more than 100,000 access lines. In addition, we opened in Nevada late last year and Seattle, Washington the beginning of this year. The way that we expand is to provide a whole state with services at one time. We will continue to expand toward the East in what we think is the highest growth footprint in the country the ten western states. In the second quarter of 2000, we will open in Colorado and Arizona, and in the third quarter, we will be in Oregon, Idaho and Utah. In the fourth quarter, we will open in Texas and New Mexico, which will give us a footprint in ten western states."

Going forward

"Going forward, we know what we have to do and we have the right culture embedded in the organization to do it. We know we need to satisfy our customers and make sure that every product we sell makes money and delivers value to our customers. That formula has always worked for this company and we have been around for 20 years and making money for the past ten or 15 years. We continue to execute and make the right decisions to take us forward. Because the industry is moving so fast, I cannot predict what alliances we will have one year from now or what technologies we will be using two years from now, but we will continue to make the right decisions to take us forward."

"I am optimistic that we can continue to produce the kind of performance that we have produced in the past. Currently, we have alliances with companies like Covad for high-speed DSL services, as well as with companies that provide content management to make the Internet backbone more effective, such as Akamai and iBEAM. We are working on future alliances that I cannot disclose, but they will help us to exchange traffic on a national basis more efficiently. On the technology side, we are as advanced as anybody else in the industry. We primarily use off-the-shelf products from companies like Alcatel, Nortel, Lucent and Cisco, which involve IP telephony, ATM, frame relay switching, and all of the latest technologies. In this regard, we are as current as any company and plan to stay that way."

> **"We are focusing our resources on providing our customers with full-service, integrated voice and data communications packages."**
> **— WALLACE W. GRIFFIN**

The international market

"We can communicate with any part of the world with our network as it is today and we expect to improve on that in the future. Presently, we do not plan to have a footprint that covers the globe, but we certainly have customers that are in constant communication with people around the planet. Because of that, we need to comply with all of the international and domestic standards to make sure the communication system works."

Focus

"Our plan is to go with market segments and services that are under served, so that we can grow in the most efficient way. That has worked for us in the past, and I expect it will continue to work for us in the future. We have had no deterioration in our margins in the last two years since we started the company on a rapid growth ramp. It is a day to day management challenge and company-wide focus, and I am optimistic that we will continue our track record."

Handling additional demand

"Once the network is built out in the ten western states, the amount of capital we will require to increase revenues is nominal. Once the infrastructure is in place, we will basically have to add salespeople and plug in capacity to make the network grow. The basic chassis for the network is in place, so we simply add capacity by adding plug-in units and add growth by putting the right number of people in our sales and service organizations to support the growth. To a large extent, our expenses are incremental to our revenues in the future. If the revenues do not occur, we do not expend money. If we somehow fell into a market where the growth rate fell from 100% growth to 20%, we would simply reduce the amount of investment in new equipment and people supporting the growth. We are financed through mid 2001 and once the infrastructure is in place, we will add sales and some general administration to support a larger multi-state infrastructure, but mostly the increased revenues drop directly to the bottom line, except for taxes."

Analysts' predictions

"Analysts say that we can grow Pac-West to a $500 million company in five years time and drop a considerable amount of that money to at least the cash flow line. Because of increased competition and pricing pressure, the gross margins we expect will probably stay in the range they are in now. Presently, the gross margins in our company are in the 60 to 70% range and even if they dropped to the low 60s, they are still very good margins. As the business grows after the infrastructure is in place, EBITDA will grow almost directly in line with revenues. For 2000, the analysts feel that we can increase revenues to approximately $125 million and continue to grow even more rapidly after that because the infrastructure will be in place."

Strategy

"My plan and the plan of the board of directors is to continue to grow this business, and take advantage of this market window in the Internet and small and medium-sized businesses. It is my commitment that we are going to continue to grow this business at double-digit rates sequentially by quarter, for at least the next two to three years. Going forward, the board and I are in agreement that we will continue to focus on our current two customer groups - small and medium-sized businesses and Internet play. Our strategy is working for us, and we are executing well against our business plan. We will support our growth plan with acquisitions from time to time and have completed two this year. Basically, we target acquisitions that complement our product mix, consolidate our customer base, or give us better geographic coverage. We will continue to grow in the ten western states by delivering an increased value proposition to our customers."

"We have a great management team that has done this before, and right now, our investors and management are very pleased with our performance."
— WALLACE W. GRIFFIN

Employees

"To grow the business we need management, technical, marketing and sales talent. As everybody knows, we are living in a full employment market so we have to do things that make our company more attractive to prospective employees, including compensation, stock options and the opportunity for growing wealth. This is a great place to work because it is a growing, profitable company that offers a promise of security, but even with all of these things, it is still a real challenge to find qualified employees. It is a day-to-day challenge to recruit and retain the right talent, and we devote a lot of time and effort to this. Our policy is for every employee to own a piece of the company. Every employee is issued stock options after six months of employment. In the future, we will e hance this benefit with some ty of stock purchase plan and co tinue to refresh the option po as we go forward to make sure provide the necessary incentiv for retention and growing t business."

Loaded for Success

"The bond market was not ve friendly in the first quarter of 199 and we did not have a warm a fuzzy feeling after we got throu that round. We thought the e uity markets looked more attra tive, so we made a decisi around June to do an IPO later the year. This would entail si nificant resources, which sent in a direction that was not eas changeable, but thankfully it b worked out well and we have h a great response to the initial fering."

"We think we have a gre growth opportunity before because we are addressing t two fastest-growing markets the country, which are t Internet infrastructure market a the small and medium busin market. Addressing these t markets in the highest gro footprint in the nation-the western states, loads us for s cess. We have a great mana ment team that has done this fore, and right now, our invest and management are ve pleased with our performance

PAC WEST

TELECOMM, INC.

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Pac-West Telecomm

Focusing on the Needs of Small and Medium-Sized Businesses

Designing, purchasing, and maintaining an integrated voice and data communications network can be a time-consuming and complicated process. Rapid changes in technology, a growing list of service providers, and a wide array of product offerings make it difficult for businesses to determine the right communications provider for their needs.

Pac-West Telecomm, Inc., a rapidly growing provider of integrated communications services, has discovered a way to simplify this process for thousands of small and medium-sized businesses throughout California, Nevada and Washington. Pac-West offers voice, data, and Internet services in one complete package, offering business customers the ease, convenience, and cost savings of one company and one bill for all of their telecommunications needs, and eliminating the confusion and hassle of dealing with multiple communications providers and multiple monthly bills.

What makes Pac-West unique is its ability to provide the telephone equipment and the voice, data, and Internet services, all from one company. For one monthly fee, Pac-West bundles a state-of-the-art digital phone system, including design, installation, and maintenance, with local and long distance service, Internet access, high-speed data service, and voice mail and e-mail. Customer support is available 24 hours a day, 7 days a week to ensure the system delivers peak performance.

Founded in [illegible] Pac-West [illegible] (Nasdaq: PACW), is rapidly expanding its operations into new markets. Pac-West currently offers its services in California, Nevada and Washington, and plans to have operations in the ten western states by the end of 2000. Pac-West's target markets include Internet infrastructure services to Internet service providers and integrated communications services to small and medium-sized businesses. Wally Griffin, Pac-West's President and CEO, says, "Our mission is to become the dominant provider of integrated communications services to our target customers in the ten western states."

This year, Pac-West acquired Napa Valley Telecom and [illegible] Inc. of San Diego, retaining employees from both acquisitions to bring its total number of employees to [illegible]. Griffin says, "These acquisitions enable us to accelerate our growth in our target markets, expand our customer base, enhance our product mix, and add skilled and experienced personnel to our sales and delivery forces so we can better serve the needs of our customers."

As Pac-West expands its operations into new states, Griffin adds, "Our biggest challenge will be to attract and retain a skilled workforce and management team. We are aggressively seeking qualified personnel in each of our markets and have implemented several new compensation and benefit enhancements to retain top-caliber employees."

Wally Griffin, Pac-West's President and CEO

"Pac-West offers voice, data, and Internet services in one complete package, offering business customers the ease, convenience, and cost savings of one company and one bill for all their telecommunications needs."

For over 20 years, Pac-West has been committed to providing business customers with a single source for reliable and cost-effective communications solutions backed by exceptional service. Griffin concludes, "As the world of telecommunications evolves, we will continue to lead the way, expanding our network and embracing new technologies, so we can continue to provide our customers with the telecommunications tools they need to remain competitive today and into the future."

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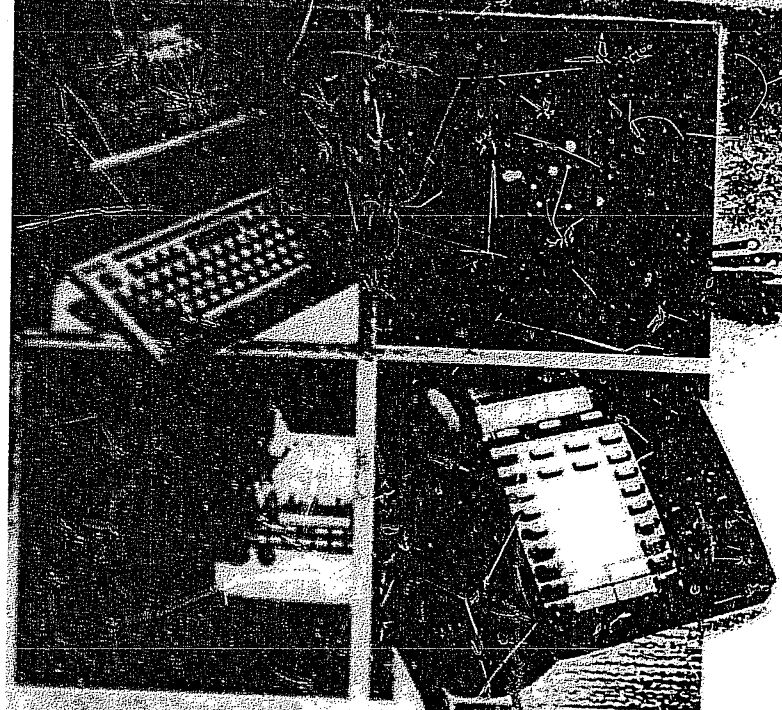


Call Distribution

Call Distribution can improve the efficiency and productivity of your business!

Uniform Call Distribution (UCD) is a call distribution feature available to customers who subscribe to Pac-West's Direct Digital Telephone Service (DDTS). UCD can be added to your DDTS service to answer, queue, and evenly distribute incoming calls to specific individuals within an agent group, i.e. sales, technical support, or an order desk. UCD is designed to improve the efficiency and productivity of your business. Your callers receive better service by having their calls answered quicker, and your agents benefit from receiving an equal distribution of incoming calls. UCD is an add-on feature of DDTS, so there is no expensive equipment to purchase. You pay a small installation cost and a low monthly service charge that is added to your monthly DDTS fee.

Benefits Of UCD:

- Low cost method for controlling the distribution of incoming calls.
- No expensive equipment to purchase.
- Incoming calls are answered quicker, improving customer service.
- Even distribution of calls maximizes agent productivity.

How Does It Work?

UCD is a simple upgrade to your DDTS hardware and software that directs your incoming calls to one or more designated agent groups, i.e. sales, parts, or billing. Incoming calls are evenly distributed to a specified group of telephone extensions within the agent group. With UCD, all of your agents receive approximately the same number of incoming calls. It's an excellent feature if your agents are evaluated or compensated based on the number of orders or sales received.

If all agents are busy, callers are connected to a recorded announcement. After the announcement, callers are connected to music on-hold and placed in a queue in the order their call was received. If no agents in the group become available after a predetermined waiting time, callers are re-routed to another extension. This extension can be a bell that alerts agents that a caller is still holding, an extension that forwards callers to voice mail, or an extension that transfers callers to another party within the company.

Call Distribution Options

Pac-West offers two call distribution options with DDTS: Uniform Call Distribution (UCD) and Automatic Call Distribution (ACD). The first step in determining which option is right for your business is to identify how you intend to use call distribution. The second step is to assess your current call volume, including the number, time of day, and duration of your incoming calls.

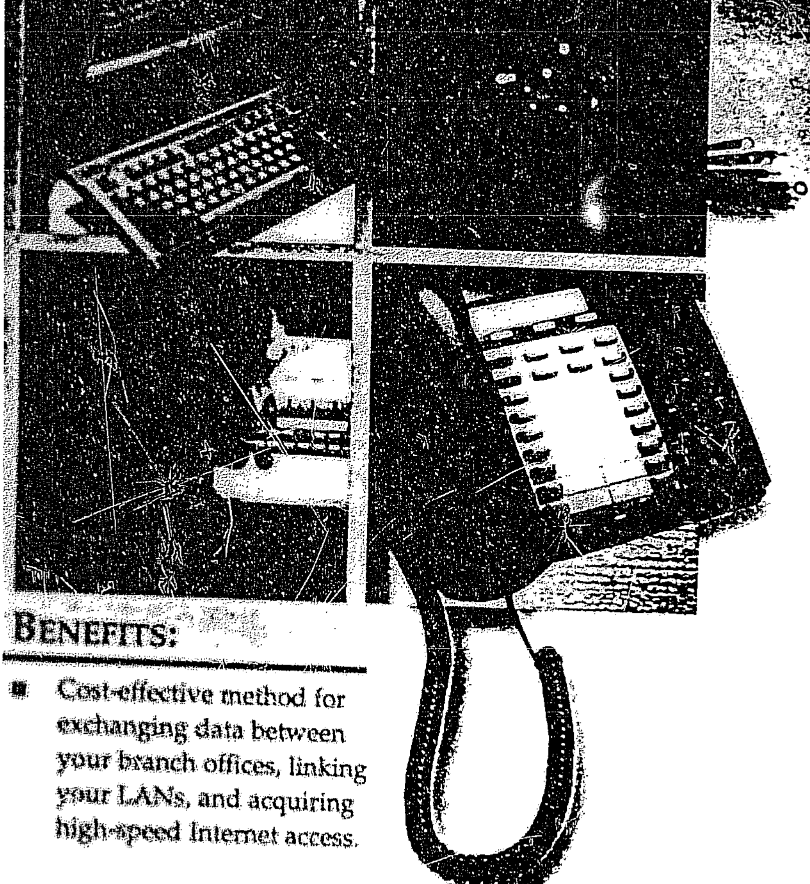
If your intent is to distribute incoming calls evenly to your agents, and you have less than five agents and a low call volume, your business could definitely benefit from UCD. If your business receives a high volume of calls, and you have several agents up to a large call center, you may want to consider Automatic Call Distribution (ACD). ACD is a more powerful add-on feature designed to efficiently manage a higher call volume, a larger number of agents, and more complex call processing applications.

ar Pac-West Account Executive can help you determine e best call distribution option for your business needs.

To learn more about Pac-West's call distribution options, contact your Pac-West Account Executive or call our sales department at:

1-800-PAC-WEST

PAC WEST TELECOMM, INC.



ADVANTAGE

The most cost-effective method available for linking your LANs and obtaining high-speed Internet access.

Pac-West's Data Advantage service is available to Direct Digital Telephone Service (DDTS) and Facilities-Based Dial Tone (FBDT) customers who utilize a Pac-West provided digital circuit to transport their voice traffic. Data Advantage enables these customers to utilize the spare channel capacity on their digital circuit to transport data.

How Does It Work?

As a Pac-West DDTS or FBDT customer, you are currently using a portion of a 24-channel digital circuit, usually between 10-20 channels, to transport your voice traffic. Typically, the remaining 4-14 channels are not utilized. Pac-West's Data Advantage service is a cost-effective method for utilizing this spare channel capacity on your digital circuit to transport your data traffic.

Pac-West's Data Advantage service provides data transport on a point-to-point basis. Each leg of a digital circuit connects your business location to a Pac-West central office. To connect two of your business locations to each other, Pac-West combines two of these circuit legs at the central office to create a point-to-point circuit between your two sites.

A data adapter is needed for each end of the point-to-point data circuit. Each data adapter has one V.35 port for the point-to-point circuit. Additional V.35 ports may be provided at no additional charge. The data adapter will normally be located in your telephone closet. To connect the data adapter to your local area network (LAN), you can place a router in the telephone closet or use V.35 extenders. You are responsible for providing the router and the cable that connects the V.35 port on the data adapter to your equipment.

How To Get Instant Internet Access

A point-to-point circuit is used to connect your site directly to an Internet service provider (ISP) that is located in a Pac-West central office. You will be charged for the leg of the circuit running from your site to the Pac-West central office. The ISP is responsible for the cost of the leg of the circuit running to the ISP, and the data adapter at the ISP's end. This eliminates the need for modems and analog lines, providing your business with instant Internet access. We offer four bandwidths: 56K, 112K, 224K, and 336K. You select the bandwidth that best fits your business needs. As your business needs grow, you can increase to the next bandwidth level for a minimal charge.

Benefits:

- Cost-effective method for exchanging data between your branch offices, linking your LANs, and acquiring high-speed Internet access.
- Less expensive than Pacific Bell's frame relay service.
- More efficient use of your digital facilities.
- High-speed Internet or interoffice access available in 4 bandwidth levels: 56K, 112K, 224K, or 336K.
- Your bandwidth can be increased to the next level as your business needs grow.
- Eliminates the need for modems and analog lines.
- The ability to instantly access the Internet and quickly download information gives your business a competitive advantage and improves productivity.
- Includes CSU/DSU as part of the data adapter. Pacific Bell's frame relay service requires you to purchase and maintain a CSU/DSU.
- Your business enjoys the ease and convenience of dealing with one company and one bill for all your telecommunications needs.
- Our trained technicians are available 24 hours a day, 7 days a week to ensure your communications network delivers peak performance.

With Pac-West managing your telephone network, you can spend your time managing your business.

CONDITIONS OF SERVICE:

Data transport on spare channels of DDTS or FBDT service will be provided at standard prices in situations where the customer has sufficient spare channel capacity, taking into account forecasted voice channel needs.

With DDTS, if voice traffic on the Pac-West provided digital circuit increases to the point where some or all of the channels that are carrying data are needed for voice traffic, the customer may be charged an additional fee or be required to relinquish one or more of the data channels to carry voice traffic. With FBDT service, the customer is responsible for providing the necessary digital facilities, and thus may be required to subscribe to an additional digital facility. Data channels can only be ordered in quantities of one, two, four or six 56K channels.

Data transport is offered on a term basis only. With DDTS, that term will be co-terminous with that of the customer's DDTS service. If data transport is added after the start of DDTS service, the term for the DDTS service will be extended to a minimum of two years from start of the data transport service.

Data transport is provided on a point-to-point basis. Because all circuits are point-to-point circuits, if a customer has one circuit connecting each of two remote sites with a data center, there will be two circuits into the data center (one from each of the remote sites). This requires the data adapter at the data center site to have two V.35 ports (one for each of the remote office circuits).

One data adapter (incorporates CSU/DSU) is needed for each end of the point-to-point data circuit. The customer must provide the cable from the data adapter's V.35 port to the customer's equipment.

The data adapter will normally be located in the customer's telephone closet and it can share the UPS associated with the DDTS equipment. To connect the data adapter to the customer's LAN, the customer can place a router in the telephone closet and run an Ethernet cable to the LAN. The customer can also use V.35 extenders to transport data to the computer room. The customer must provide suitable mounting in the telephone closet for the router or extender and an 8-foot V.35 cable. Pac-West will connect the V.35 cable to the V.35 connector on the data terminal.

The data adapter must be powered by a true or modifie[d] sine wave UPS acceptable to Pac-West.

The data adapter is a critical piece of equipment used i[n] the provisioning of the customer's telephone service. The customer must be aware that if the settings on the data adapter are adjusted, or the data adapter is unplugged, loses power, is turned off, or is disconnecte[d] for any reason, the customer's voice and data telephon[e] traffic will be interrupted.

If the customer wishes to run a point-to-point circuit from a customer's site to an ISP located in a Pac-West central office, the customer is responsible for the charg[e] for the leg of the circuit running from the customer's s[ite] to the central office. The ISP is responsible for the leg [of] the circuit running to the ISP and for providing the da[ta] adapter at the ISP's end.

In order to directly connect the customer's LAN to an [ISP] via the Pac-West data channel, the customer must be running a TCP/IP network. Currently, TCP/IP is use[d to] transport data from the ISP to the customer's site. Pa[c-]West may offer frame relay transport service in the ne[ar] future which may result in a reduced cost from the IS[P to] the customer for Internet access. Consequently, the customer should strongly consider obtaining routers t[hat] can handle frame relay as well as TCP/IP in order to [be] able to inexpensively upgrade in the future, should P[ac-]West offer frame relay service.

Whether the data transport is via TCP/IP or frame re[lay] service, Pac-West will only provide the data circuit between the ISP and the customer, or between the customer's sites, and that data circuit will terminate [at a] V.35 port at the customer's site. It is the sole responsibility of the customer to design, install and maintain the connection of the data circuit into the customer's network.

For more information on Pac-West's Data Advantage service, contact your Pac-West Account Executive, or call our sales department at:

1-800-PAC-WEST

VOICE & FAX MAIL

An advanced voice and fax messaging service that keeps you in Constant Touch® with your business.

Constant Touch®, Pac-West's advanced voice and fax messaging service, lets you do much more than just receive and store messages. With Constant Touch®, you no longer need to give callers your separate office number, fax number, pager number, and cellular number. Instead, you can now give callers just one number – your Constant Touch® number!

There's no expensive hardware to purchase or complicated software to program. All you do is subscribe to the service, and we take care of the rest. You can have as many voice mailboxes as you have employees, making Constant Touch® a smart investment for any size business, from a single entrepreneur working in a home office to a large corporation with dozens of branch offices.

ADVANCED FEATURES

Fax Mail
Receive and store faxes while you're away from the office or traveling on business. Faxes can be forwarded to any fax machine you select, at any time you choose. Advanced options are available, including Almost Never Busy Fax, Secure Fax, and Fax On-Demand.

One Number Service
Combine your office, fax, pager, and cellular numbers into one telephone number. The Constant Touch® system dials each of your numbers until it locates you, and then prompts you that a caller is holding. You decide whether to speak to the caller immediately, send them to your voice mail, or transfer them to another party.

Direct Dial
The Direct Dial feature saves you time and money by letting you make local and long distance calls directly from your voice mailbox. Avoid expensive calling card surcharges and fumbling for loose change at a pay phone. Just dial your Constant Touch® number and follow the prompts to place an outbound call.

Personal Greeting Schedule
Each mailbox can have up to five personalized greetings, which can be programmed to play during specified times throughout the day.

Password Protection
To enter the voice mail system, you must first enter a personal access code, which you assign and can change as often as you like.

SIMPLIFY YOUR COMMUNICATIONS

- Receive and store voice and fax messages.
- Forward faxes to any fax machine you select.
- Receive multiple messages at the same time.
- Combine all your telephone numbers into one number.
- Be notified by pager that you have a message waiting.
- Make outbound calls directly from your mailbox.

RATES AS LOW AS $9.95 PER MONTH!

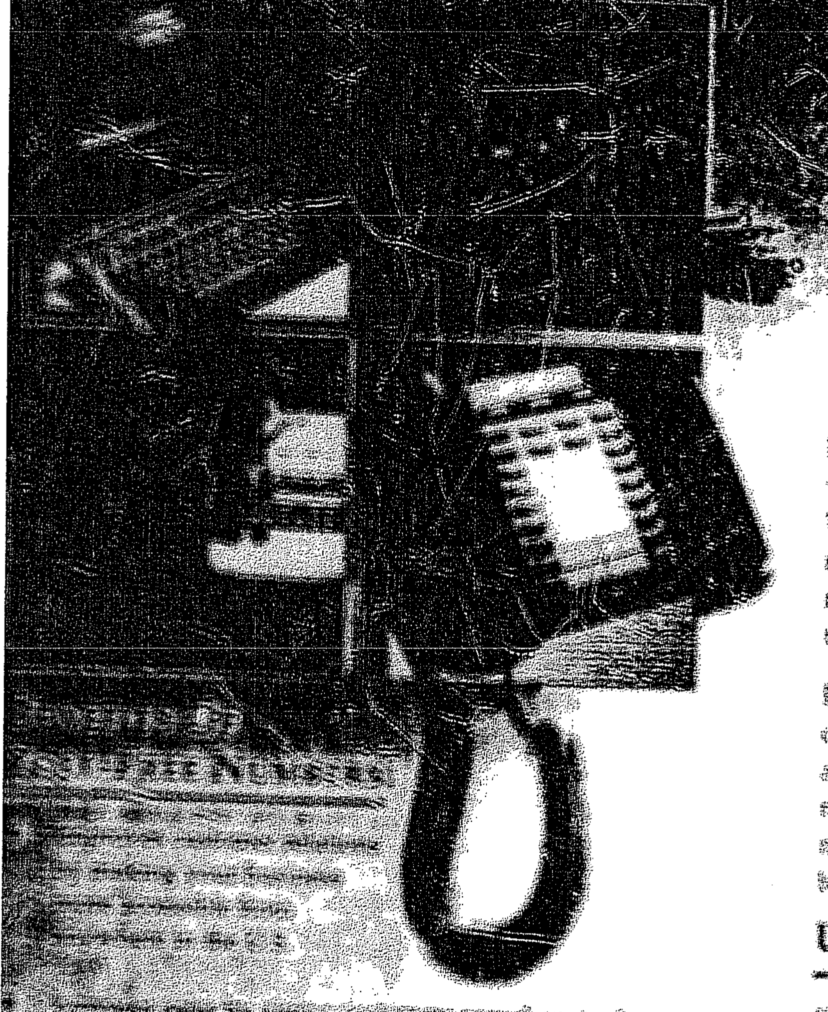
Feature Package	A	B	C
Monthly Charge	$9.95	$19.95	$24.95
Installation Charge	$0	$0	$0

To learn more about Pac-West's Constant Touch® service, contact your Pac-West Account Executive or call our sales department today at:

1-800-PAC-WEST

PAC WEST TELECOMM, INC.

Pac-West Telecomm, Inc. ■ 4210 Coronado Avenue ■ Stockton, CA 95204 ■ 1-800-722-9378 ■ Fax (209) 926-4005 ■ www.pacwest.com



Toll-Free Service

The most convenient and affordable way for customers to reach your business from anywhere in the U.S.

Pac-West's toll-free numbers (800/888/877) make your business more accessible by giving your customers an easy way to reach you, at no charge, from anywhere in the U.S. Whether your goal is to improve customer relations, maximize your sales efforts, or reach a wider geographic market, Pac-West will help you design a toll-free network that meets the specific needs of your business.

Pac-West saves you money by routing your toll-free calls directly to your business lines, so you don't have the additional expense of a dedicated 800 line. Our low monthly service charge and competitive per minute rates make toll-free numbers an excellent way to expand your business presence anywhere in the U.S.

Use A Toll-Free Number At Home Too!

Pac-West's low monthly service charge and competitive per minute rates make toll-free numbers an affordable option for residential and personal use too. To protect against misdial charges, Pac-West can provide you with a security toll-free number, which requires callers to enter a personal identification number (PIN).

Have a child away at college?
Get a toll-free number for them to use to call home.

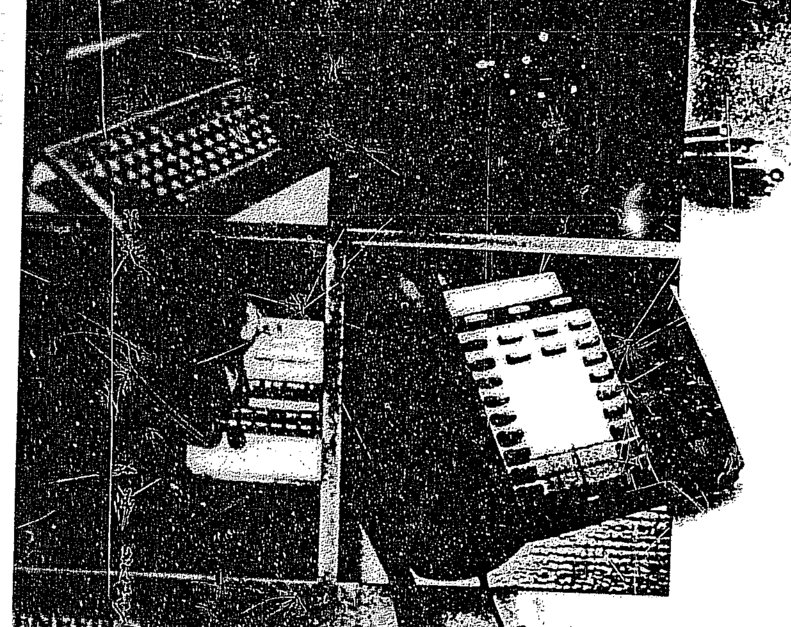
Do family and friends live out of state?
Toll-free numbers give your family and friends an easy and affordable way to reach you from anywhere in the U.S.

Need to have a conference call with relatives?
Get Pac-West's toll-free audio conferencing service, and you can have a group conference call with friends and family located anywhere in the country.

To learn more about Pac-West's toll-free service, contact your Pac-West Account Executive or call our sales department at:

1-800-PAC-WEST

PAC WEST TELECOMM, INC.



Audio Conferencing

A cost-effective way to communicate with groups of people located in multiple offices, cities, or states.

Pac-West's audio conferencing service is an easy-to-use automated dial-in service. It's a fast and cost-effective way to communicate with groups of employees, vendors, or customers who are located in multiple offices, cities, or states. Call participants can access the conference call from anywhere in the U.S. through a toll-free number. There are no set-up fees or per call charges, and conferences are passcode protected for security.

Benefits

- Conference calls are more cost effective than traveling to meetings.
- Low per minute toll-free rates.
- No set-up fees or per call charges.
- Setting up a conference call is quick and easy.
- Conferences can be arranged in minutes, in the event of a major company announcement or emergency situation.
- Calls are passcode protected for security.
- Conference calls can be scheduled at any time, 24 hours a day, 7 days a week.
- Call participants can access the conference from any location in the U.S.
- Participants can call into the conference even when they're on the road, using their cell phone.
- There can be up to 24 participants per call.
- Conferences can last up to 4 hours.
- Participants are announced as they enter and exit the group.
- Conference calls are great for press releases, company announcements, branch office updates, training, surveys, interviewing, and focus groups.

Setting Up A Conference Call Is Easy!

We simply assign your business a nationwide toll-free number and a 7-digit personal identification number (PIN). When you need to have a conference call, you simply notify the people who will be participating in the call, and give them the toll-free number and PIN.

At the designated time, call participants simply dial the toll-free number and enter their PIN. The system will ask each participant to state their name, which will be announced to the group. After recording their name, participants will be automatically connected to the conference. As each caller joins the conference, the system will state the group size. There can be up to 24 participants per call.

No Per Call Set-Up Charges!

Set-Up Fee Per Conference	Rate Per Minute Per Participant	Monthly Service Charge
$0	$0.25*	$10.00

Calls from AK/HI: $0.30 per minute.

To learn more about Pac-West's audio conferencing service, contact your Pac-West Account Executive or call our sales department at:

1-800-PAC-WEST

PAC WEST TELECOMM, INC.

Pac-West Telecomm, Inc. ■ 4210 Coronado Avenue ■ Stockton, CA 95204 ■ 1-800-722-9378 ■ Fax (209) 926-4005 ■ www.pacwest.com

Remote Call Forwarding

Establish a local business presence in new cities without the capital expense of a new branch office.

Pac-West's Remote Call Forwarding (RCF) service enables you to expand your business presence in other cities without the capital investment associated with opening a new branch office. Your customers gain the convenience of reaching your business through a local call and your business gains the competitive advantages of having a local presence in more cities.

How Does It Work?

Pac-West assigns your business an RCF number that is a local telephone number in any city you select, and forwards this number to your main telephone number. When a prospective customer dials your RCF number, their call is automatically forwarded to your main office. This provides your business with a local telephone number, plus white and yellow page directory listings in cities where your business does not have a physical branch office.

Other telephone companies charge a monthly service fee for RCF service, plus a set-up charge and additional charges for each incoming call (voice path) that can be received at one time on your remote call forwarding number. With Pac-West's RCF service, there's no set-up charge* and no charge for additional voice paths. Multiple callers (up to your telephone system's capacity) can call your number at the same time, and all will get through to your business, so you don't have to worry about busy signals or missed business opportunities.

Low Monthly Fee & No Set-Up Cost!

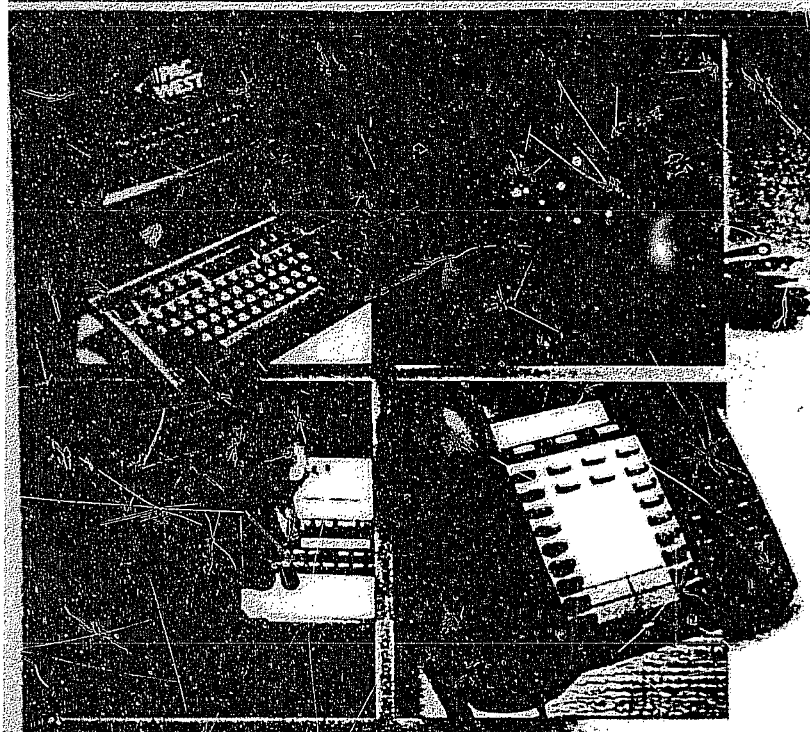
Set-Up Charge	Monthly Service Charge	Additional Charge per Voice Path
$0*	$11.00**	$0

*Set-up charge waived if customer signs a 1 yr. agreement, or if RCF service is in conjunction with customer's Pac-West long distance agreement.
**Customer will also be billed per minute usage charges in accordance with month-to-month or term agreement rates

To learn more about Pac-West's remote call forwarding service, contact your Pac-West Account Executive or call our sales department at:

1-800-PAC-WEST

PAC WEST TELECOMM, INC.



BUSINESS SERVICES

One Company • One Call • One Bill

PRODUCTS & SERVICES

Direct Digital Telephone Service
Includes phones, phone service, voice mail, and maintenance in one integrated monthly service

Local Dial Tone
One bill for your local and long distance service

Long Distance Service
Digital clarity, competitive rates

Telephone Systems
Feature-rich PBX and key systems

Data Transport
Cost-effective method for connecting your branch offices

Private Line Service
Dedicated voice and data private line circuits

Voice & Fax Mail
Advanced voice and fax messaging capabilities

Toll-Free Service
Custom vanity numbers available

Audio Conferencing
Easy-to-use automated dial-in service

Remote Call Forwarding
Affordable way to expand your presence in new cities

Calling Cards
Low rates and no per-call fees or surcharges

Prepaid Phone Cards
Great for customer and employee incentives

Founded in 1980, Pac-West Telecomm, Inc. is an integrated communications provider (ICP) offering customers the ease and convenience of one company and one bill for all their telecommunications needs. As a full-service telephone company, Pac-West offers business customers a single source for advanced voice and data solutions, including telephone systems, local and long distance service, data transport, voice mail, and maintenance.

DIRECT DIGITAL TELEPHONE SERVICE

For one monthly fee, your business subscribes to an integrate monthly service that includes feature-rich digital telephones, local and long distance access, voice mail, and maintenance. There's nothing to buy or lease, and you only deal with one company and one bill for all your telecommunications needs. DDTS also offers powerful options like instant Internet acces and high-speed data transport, giving your business the abili to send and receive e-mail, exchange data between branch offices, and quickly download information from the Internet.

LOCAL DIAL TONE

You can now choose your local telephone service provider. Pac-West is leading the way with competitively priced local dial tone and a full range of custom calling features, includin call forwarding, call return, and hunt groups. With Pac-West you enjoy the convenience of one company and one bill for your local and long distance service.

LONG DISTANCE SERVICE

Pac-West has been providing high quality, low-priced long distance service for over 17 years, offering substantial saving on calls within the state, across the U.S., and throughout the world. You can choose the rate plan that best fits your business calling patterns. Long distance account codes are available for cost control and accounting records.

TELEPHONE SYSTEMS

Pac-West offers the highest quality, most advanced telephon systems on the market. Our sales, customer service, and technical team work closely with your business to design, install, and maintain an integrated voice and data communications system tailored to meet the specific needs o

Pac-West's data transport service is offered exclusively to customers who have Pac-West provided digital circuits to transport their voice traffic. Our data transport service enables you to use the spare channel capacity on your Pac-West digital circuit to transport data between your branch offices or obtain high-speed Internet access.

Dedicated Private Line Service

Pac-West provides dedicated voice and data private line circuits that can be integrated into your existing communications network. Available circuits include: DS-3, T-1, 56K, 3002, FXO, FXS, DPT, DPO, 2 Wire and 4 Wire E & M. We will carefully assess your network and recommend the right circuit design for your business needs.

Voice & Fax Mail

Constant Touch®, Pac-West's advanced voice messaging service, provides one number convenience by combining your office, fax, cellular, and pager numbers into one number. Available features include Direct Dial, Fax Mail, and Pager Notification. Constant Touch® packages start as low as $9.95 per month with no installation charge. Advanced fax messaging options are also available, including Almost Never Busy Fax, Secure Fax, and Fax On-Demand.

Remote Call Forwarding

Pac-West's remote call forwarding (RCF) service is an easy and affordable way to expand your business presence in other cities without the capital expense of a physical location. We simply assign your business a local telephone number in any city you select, and forward this number to your main number. This provides your business with a local telephone number, plus white and yellow page directory listings in a city where you don't have a physical address. Your customers benefit from the convenience of local calling, and your business builds a "local presence" in new cities.

Account Codes

Account codes provide an easy method for tracking and allocating your company's telephone charges to specific departments, projects, or clients. Users simply enter a pre-assigned code before dialing their calls. Each outgoing call will be categorized by account code on your monthly phone bill. Account codes can also be used to reduce outgoing telephone charges by restricting calling access to only those individuals who have been assigned an account code.

Toll-Free Numbers

Toll-free numbers are the [illegible] way for your customers to [illegible] the U.S. Pac-West routes toll-free [illegible] business lines, eliminating the [illegible] dedicated 800 line. Each toll-free [illegible] per month and you save money [illegible] minute usage rates. For easy tracking [illegible] provide your business with a [illegible] the date, time, and originating [illegible] incoming call.

Audio Conferencing

Pac-West's audio conferencing [illegible] automated dial-in service. It's the [illegible] effective way to communicate [illegible] are located in multiple branch [illegible] Call participants can access the [illegible] location in the U.S. through a [illegible] passcode protected for security, and [illegible] fees or per-call charges. [illegible] numbers are just $10.00 per [illegible] $0.25 per minute.* (Calls from [illegible] $0.30 per minute.)

Calling Cards

Calling cards are an easy [illegible] long distance calls when [illegible] road. Pac-West's calling [illegible] a toll-free number anywhere in the [illegible] are $0.199 per minute. (Calls to [illegible] $0.239 per minute.) There are no [illegible] surcharges.* International [illegible]

Prepaid Phone Cards

Prepaid phone cards are an easy [illegible] make phone calls. Users [illegible] from anywhere in the U.S., and the [illegible] deducted from their prepaid [illegible] cards are an effective tool for [illegible] telephone expenses. By [illegible] phone card, instead of a calling card, [illegible] budget a fixed telephone [illegible] also make great [illegible] and employees.

For more information on Pac-West's business services, contact your Pac-West Account Executive, or call our sales department at

1-800-PAC-WEST

Toll-free calls made from pay telephones are subject to an additional FCC surcharge of $0.30 per call.

EXHIBIT F

MANAGEMENT BIOGRAPHIES

Pac-West's proposed operations will be directed by its current senior management, Mr. Wallace Griffin, Mr. John LaRue, Mr. Jason Mills, and Mr. John Sumpter.

Mr. Wallace Griffin, CEO and Director, has gained his management and telecommunications experience through multiple senior management positions at US West, including Executive Vice President of US West and President and CEO of US West Marketing Resources Group. In addition, he worked for Jones International, serving as group President for their CATV and educational television subsidiaries. Mr. Griffin has over thirty-five years experience in telecommunications.

Mr. John LaRue, Executive Vice President of Technology and Network Operations, Director and Founder of Pac-West, gained his technical experience through assignments with the Navy and Atomic Energy Commission. For the past thirty years, Mr. LaRue has been involved in the telecommunications industry. Under his technical guidance, Pac-West has grown into a large and well-managed telecommunications company.

Mr. Jason Mills, Vice President Network Operations, has worked for Pac-West for approximately ten years. During this time, he has been responsible for network development and operations, including all functions regarding the ordering and provisions of digital network services. Mr. Mills scope of responsibility includes the maintenance and monitoring of tens of thousands of circuits and the central office switching equipment.

Mr. John Sumpter, Vice President of Regulatory, has worked for Pac-West since July of 1999. He has over twenty-eight years of experience in the telecommunications industry. Prior to Pac-West, he was employed with AT&T where he held several executive legal regulatory positions, including Division Manager of Law and Government Affairs, District Manager of Switched Services Product Management, and District Manager of Marketing. Mr. Sumpter is responsible for Pac-West's relations with government regulatory agencies, regulatory compliance, and intercarrier relations.

Joel A. Effron has served as Senior Vice President of Sales and Marketing for Pac-West Telecomm, Inc. since April of 1997. Prior to joining Pac-West, Mr. Effron served as President of three corporations, including a $35 million marketing, installation, and service company for business telephone systems, a communication and entertainment start-up company, and a computer manufacturer. Mr. Effron has over 25 years experience in the telecommunications industry with extensive senior management experience in marketing, planning, policies, and procedures, and manpower development.

MORRISON & FOERSTER LLP

DETACH AND RETAIN THIS STATEMENT

5110

Vendor Number 050995 Ref 1 SF
PUBLIC UTILITIES COMMISSIO

INVOICE	DATE	AMOUNT	INVOICE	DATE
RQ 372020	08/18/00	250.00	TC00-178	

Check Number
Check Date

Filing fee - application for certification

MORRISON & FOERSTER LLP
425 MARKET STREET
SAN FRANCISCO, CA 94105-2482
415-268-7000

TOUCH OR RUB TOUCHSAFE™ AREA TO SEE VALID AND VERIFY AUTHENTICITY

BANK OF AMERICA

5110

PAY
TWO HUNDRED FIFTY AND NO/100 DOLLARS

*******250.00

TO THE
ORDER OF
PUBLIC UTILITIES COMMISSION
STATE OF SOUTH DAKOTA

PIERRE, SD

SF

⑈5110690⑈ ⑆121141822⑆ 73136⑈01356⑈

South Dakota Public Utilities Commission

WEEKLY FILINGS

For the Period of August 17, 2000 through August 23, 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

CT00-096 In the Matter of the Complaint filed by Thermo Bond Buildings Int'l, Inc., Elk Point, South Dakota, against Qwest Corporation, formerly known as U S WEST Communications, Inc., MCI WorldCom and USBI Regarding Unauthorized Charges and Exorbitant Rates after Switching its Long Distance Services to MCI.

Complainant alleges that USBI and WorldCom Network Services billed for unauthorized long distance services at excessive rates after the complainant had switched all of the business lines over to MCI for long distance services. The complainant alleges that SDCL 49-31-93 was broken and it is requesting that a $1000.00 be paid by the telecommunications company that initiated the unauthorized charges.

Staff Analyst: Charlene Lund
Staff Attorney: Karen E. Cremer
Date Docketed: 08/18/00
Intervention Deadline: N/A

CT00-097 In the Matter of the Complaint filed by John M. Lynch, Sioux Falls, South Dakota, against MCI WorldCom Regarding Unauthorized Switching of Services.

The Complainant claims that his telecommunications service was switched without authorization. He is requesting $1000 for his inconvenience.

Staff Analyst: Leni Healy
Staff Attorney: Karen Cremer
Dated Docketed: 08/22/00
Intervention Deadline: NA

CT00-098 In the Matter of the Complaint filed by Bert Flaten, Sioux Falls, South Dakota, against AT&T Communications of the Midwest, Inc. Regarding Unauthorized Switching of Services.

The Complainant alleges that his telecommunications service was switched without authorization. He is requesting credit for all charges.

Staff Analyst: Leni Healy
Staff Attorney: Karen Cremer

Date Docketed: 08/22/00
Intervention Deadline: NA

ELECTRIC

EL00-023 In the Matter of the Application of the City of Pierre for a Construction Permit for 4.83 Miles of 115kV Electric Transmission Line in Hughes County, South Dakota.

The City of Pierre has submitted an application for a permit to construct transmission facilities as defined at SDCL 49-41B-2(9)(b). These facilities consist of approximately 4.83 miles of new 115 kilovolt (kV) electric transmission line and associated terminal facilities between the City's Ash Substation and the Western Area Power Administration Oahe-Pierre 115kV line. In addition, a 0.80 mile segment of the City's Ash to Evans 115kV transmission line would be relocated to a new route and constructed on new structures. Both transmission lines are located in Hughes County, South Dakota.

Staff Analyst: Michele Farris
Staff Attorney: Karen Cremer
Date Docketed: 08/21/00
Intervention Deadline: 09/08/00

EL00-024 In the Matter of the Application of Black Hills Corporation to Effect a Share Exchange with Black Hills Holding Corporation.

Application by Black Hills Corporation to exchange all of its outstanding shares of Black Hills Corporation stock for shares of Black Hills Holding Corporation stock and establishment of Black Hills Holding Corporation as a holding company as defined in the Public Utility Holding Company Act.

Staff Analyst: Dave Jacobson
Staff Attorney: Karen Cremer
Date Docketed: 08/23/00
Intervention Deadline: NA

TELECOMMUNICATIONS

TC00-125 In the Matter of the Application of Telera Communications, Inc. for a Certificate of Authority to Provide Telecommunications Services, Including Local Exchange Services, in South Dakota.

Telera Communications, Inc. is seeking a Certificate of Authority to provide interexchange and local exchange telecommunication services in South Dakota. The applicant intends to provide specific forms of intrastate local exchange and interexchange telecommunications services targeted primarily at business customers. Services include: 1) switched local exchange services including carrier access and 2) interexchange (switched and dedicated) services including 1+ and 101XXXX outbound dialing, toll-free inbound dialing and data services. The applicant does not seek to provide resold or facilities-based local exchange service in the territory of rural telephone companies.

Staff Analyst: Keith Senger
Date Docketed: 08/18/00
Intervention Deadline: 09/08/00

TC00-126 In the Matter of the Filing for Approval of a Second Amendment to an Interconnection Agreement between Midco Communications, Inc. d.b.a. Midcontinent Communications, Inc. and Qwest Corporation.

A second amendment to an interconnection agreement between Qwest Corporation fka U S WEST Communications, Inc. (Qwest) and MIDCO Communications, Inc. dba MidContinent Communications, Inc. has been filed with the Commission for approval. The original agreement was approved by the Commission in Docket TC99-023 and was effective May 5, 1999. The first amendment to the agreement was approved by the Commission in Docket TC99-023 and was effective June 6, 2000. The Second Amendment will add the terms and conditions for Unbundled Dedicated Interoffice Transport (UDIT). Any party wishing to comment on the Second Amendment may do so by filing written comments with the Commission and the parties to the amendment no later than September 7, 2000. Parties to the amendment may file written responses to the comments no later than twenty days after the service of the initial comments.

Staff Attorney: Karen Cremer
Date Docketed: 08/18/00
Initial Comments Due: 09/07/00

TC00-127 In the Matter of the Application of Tel West Communications, LLC for a Certificate of Authority to Provide Local Exchange Services in South Dakota.

Tel West Communications, LLC is seeking a Certificate of Authority to provide resold local exchange telecommunication services in South Dakota. The applicant intends to provide all forms of intrastate telecommunications services including basic residential exchange services, call waiting, caller ID, and call forwarding.

Staff Analyst: Heather Forney
Date Docketed: 08/21/00
Intervention Deadline: 09/08/00

TC00-128 In the Matter of the Application of Pac-West Telecomm, Inc. for a Certificate of Authority to Provide Telecommunications Services in South Dakota.

Pac-West Telecomm, Inc. is seeking a Certificate of Authority to provide resold interexchange telecommunication services in South Dakota. The applicant intends to provide presubscribed message toll calling and a full range of other inbound and outbound voice and data services.

Staff Analyst: Keith Senger
Date Docketed: 08/22/00
Intervention Deadline: 09/08/00

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/

TC00-128

PAC-WEST TELECOMM, INC.
1776 West March Lane, Ste. 250
Stockton, California 95207
Phone: 1.800.399.1234
Fax: 209.926.4272

November 17, 2000

VIA FEDERAL EXPRESS

Keith Senger, Utility Analyst
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION
State Capitol Building
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

Re: *Pac-West Telecomm, Inc. - Tariff*

Dear Mr. Senger:

Enclosed please find revised pages 25 and 26 of our Tariff, which incorporates your recommended changes.

Thank you for your assistance in this regard.

Very truly yours,

Nancy Griffin
Regulatory Compliance Coordinator
PAC-WEST TELECOMM, INC.

Enclosure

SECTION 2 - GENERAL RULES AND REGULATIONS

2.14 RULE 14 - LIMITATION OF LIABILITY (Cont'd)

2.14.2 FURNISHING OF SERVICES

The Company's obligation to furnish service is dependent upon its ability to secure and retain suitable facilities and rights for the provision of the service without unreasonable expense. The Company makes no warranty, whether express, or implied or statutory, as to the description, quality, merchantability, completeness or fitness for any purpose of service or local access, or as to any other matter, all of which warranties by the Company are hereby excluded and disclaimed.

2.14.3 TRANSMITTING MESSAGES

The Company shall not be liable for errors in transmitting, receiving, or delivering oral messages by telephone over the lines of the Company and connecting utilities except as determined by the Commission or a court of competent jurisdiction pursuant to SDCL 49-13-1 and 49-13-1.1.

2.14.4 LIABILITY OF THE COMPANY

The Company's liability, if any, for damages arising out of its negligent provision of any service or *failure to provide any service, or for mistakes, omission, interruptions, delays, error, or defects in* transmission during the course of furnishing service, shall be in accordance with to SDCL 49-13-1 and 49-13-1.1. Any mistakes, omissions, interruptions, delays, errors, or defects in transmission or service that are caused by or contributed to by the negligence or willful acts of the Customer, or that arise from facilities or equipment used by the Customer, shall not result in the imposition of any liability upon the Company.

The Company will not be liable for any act, omission to act, negligence, or defect in the quality of service of any underlying carrier or other service provider whose facilities or services are used in furnishing any portion of the service received by the Customer.

The Company will not be liable for any failure of performance due to causes beyond its control, including by not limited to cable dig-up by a third party, acts of God, civil disorders, actions of governmental authorities, actions of civil or military authority, labor problems, national emergency, insurrection, riots, war, fire, flood, atmospheric conditions, or other phenomena of nature, such as radiation. In addition, the Company will not be liable for any failure of performance due to necessary network reconfiguration, system modifications for technical upgrades, or actions taken by any court or governmental agency having jurisdiction over the Company.

SECTION 2 - GENERAL RULES AND REGULATIONS

2.14 RULE 14 - LIMITATION OF LIABILITY (Cont'd)

2.14.4 LIABILITY OF THE COMPANY (Cont'd)

The Company will not be liable for any failure of performance caused by or the result of any act or omission by the Customer or any entity other than the Company who furnishes services, facilities, or equipment used in connection with the Company's services or facilities.

2.14.5 OVERPAYMENT

The Company will not be obligated to refund any overpayment by a Customer unless a written claim for such overpayment, together with substantiating evidence that will reasonably permit the Company to verify such claim, is submitted within 180 days of the alleged overpayment.

2.14.6 DISCLAIMER OF WARRANTIES

Except as expressly provided in this tariff, the Company makes no expressed or implied representations, or warranties, including warranties regarding merchantability or fitness for a particular purpose.

2.15 RULE 15 - USE OF SERVICE FOR UNLAWFUL PURPOSES

The Company's services are furnished subject to the condition that they will not be used for any unlawful purpose. Service will not be furnished if any law enforcement agency, acting within its jurisdiction advises that such services are being used or are likely to be used in violation of the law. If the Company receives other evidence giving reasonable cause to believe that such services are being or are likely to be so used, it will either discontinue or deny the services or refer the matter to the appropriate law enforcement agency.

2.16 RULE 16 - UNAUTHORIZED USE

Any individual who uses or receives the Company's service, other than under the provisions of an accepted application for service and a current Customer relationship, shall be liable for both the tariffed cost of the service received and the Company's cost of investigation and collection.

2.17 RULE 17 - LIMITATION OF AVAILABILITY

All services provided by the Company are subject to the initial and continuing availability of necessary facilities furnished by the Company and connecting carriers and may not be available in all locations.

2.18 RULE 18 - LOCAL TAXATION

Any county, municipality, or other taxing agency that requires the Company to pay a tax or fee based on revenues generated from the provision of services to Customers within the agency's jurisdiction shall furnish the Company with a listing of all address within its jurisdiction. Such listing must be on a magnetic computer media in a form acceptable to the Company that will allow the Company to identify all Customers to which the tax or fee applies.

SECTION 2 - GENERAL RULES AND REGULATIONS

2.14 RULE 14 - LIMITATION OF LIABILITY (Cont'd)

2.14.2 FURNISHING OF SERVICES

The Company's obligation to furnish service is dependent upon its ability to secure and retain suitable facilities and rights for the provision of the service without unreasonable expense. The Company makes no warranty, whether express, or implied or statutory, as to the description, quality, merchantability, completeness or fitness for any purpose of service or local access, or as to any other matter, all of which warranties by the Company are hereby excluded and disclaimed.

2.14.3 TRANSMITTING MESSAGES

The Company shall not be liable for errors in transmitting, receiving, or delivering oral messages by telephone over the lines of the Company and connecting utilities except as determined by the Commission or a court of competent jurisdiction pursuant to SDCL 49-13-1 and 49-13-1.1.

2.14.4 LIABILITY OF THE COMPANY

The Company's liability, if any, for damages arising out of its negligent provision of any service or failure to provide any service, or for mistakes, omission, interruptions, delays, error, or defects in transmission during the course of furnishing service, shall be determined in accordance with SDCL 49-13-1 and 49-13-1.1. Any mistakes, omissions, interruptions, delays, errors, or defects in transmission or service that are caused by or contributed to by the negligence or willful acts of the Customer, or that arise from facilities or equipment used by the Customer, shall not result in the imposition of any liability upon the Company.

The Company will not be liable for any act, omission to act, negligence, or defect in the quality of service of any underlying carrier or other service provider whose facilities or services are used in furnishing any portion of the service received by the Customer.

The Company will not be liable for any failure of performance due to causes beyond its control, including by not limited to cable dig-up by a third party, acts of God, civil disorders, actions of governmental authorities, actions of *civil or military authority, labor problems, national emergency,* insurrection, riots, war, fire, flood, atmospheric conditions, or other phenomena of nature, such as radiation. In addition, the Company will not be liable for any failure of performance due to necessary network reconfiguration, system modifications for technical upgrades, or actions taken by any court or governmental agency having jurisdiction over the Company.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE APPLICATION OF PAC-WEST TELECOMM, INC. FOR A CERTIFICATE OF AUTHORITY TO PROVIDE INTEREXCHANGE TELECOMMUNICATIONS SERVICES IN SOUTH DAKOTA	)))))	**ORDER GRANTING CERTIFICATE OF AUTHORITY** **TC00-128**

On August 22, 2000, the Public Utilities Commission (Commission), in accordance with SDCL 49-31-3 and ARSD 20:10:24:02, received an application for a certificate of authority from Pac-West Telecomm, Inc. (Pac-West).

Pac-West proposes to provide presubscribed message toll calling and a full range of other inbound and outbound voice and data services. A proposed tariff was filed by Pac-West. The Commission has classified long distance service as fully competitive.

On August 24, 2000, the Commission electronically transmitted notice of the filing and the intervention deadline of September 8, 2000, to interested individuals and entities. No petitions to intervene or comments were filed and at its November 30, 2000, meeting, the Commission considered Pac-West's request for a certificate of authority. Commission Staff recommended granting a certificate of authority, subject to the condition that Pac-West not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapter 49-31, specifically 49-31-3 and ARSD 20:10:24:02 and 20:10:24:03. The Commission finds that Pac-West has met the legal requirements established for the granting of a certificate of authority. Pac-West has, in accordance with SDCL 49-31-3, demonstrated sufficient technical, financial and managerial capabilities to offer telecommunications services in South Dakota. The Commission approves Pac-West's application for a certificate of authority, subject to the condition that Pac-West not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission. As the Commission's final decision in this matter, it is therefore

ORDERED, that Pac-West's application for a certificate of authority is hereby granted, subject to the condition that Pac-West not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission. It is

FURTHER ORDERED, that Pac-West shall file informational copies of tariff changes with the Commission as the changes occur.

Dated at Pierre, South Dakota, this 7th day of December, 2000.

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 first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: Delaine Kolbo

Date: 12/8/00

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg

JAMES A. BURG, Chairman

Pam Nelson

PAM NELSON, Commissioner

Laska Schoenfelder

LASKA SCHOENFELDER, Commissioner

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

CERTIFICATE OF AUTHORITY

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

Authority was Granted November 30, 2000
Docket No. TC00-128

This is to certify that

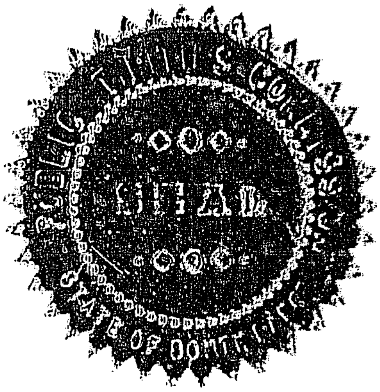
PAC-WEST TELECOMM, INC.

is authorized to provide interexchange telecommunications services in South Dakota, subject to the condition that Pac-West Telecomm, Inc. not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission.

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

Dated at Pierre, South Dakota, this 7th day of December, 2000.

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION:



James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner