

DIVIDER

STATE OF NORTH DAKOTA
INFORMATION TECHNOLOGY DEPARTMENT
SFN 2053 (4-2002)

PU-2603-01-529

VarTec Telecom, Inc.

Local Exchange

Public Convenience & Nece

Filed 10/2/2001

Closed 12/20/2001

01

DESCRIPTION



Public Service Commission
State of North Dakota

COMMISSIONERS

Susan E. Wefald, President
Leo M. Reinbold
Anthony T. Clark

Executive Secretary
Jon H. Mielke

600 E Boulevard Ave. Dept. 408
Bismarck, North Dakota 58505-0480
web: www.psc.state.nd.us
e-mail: sab@oracle.psc.state.nd.us
TDD 800-366-6888
Fax 701-328-2410
Phone 701-328-2400

December 20, 2001

Kevin Allen
VarTec Telecom Inc
1600 Viceroy Dr
Dallas TX 75235

Dear Mr. Allen:

On December 20, 2001, the Commission issued Certificate of Public Convenience and Necessity No. 4791 to VarTec Telecom, Inc. to provide facilities-based local exchange telecommunications services in North Dakota, Case No. PU-2603-01-529. The original certificate is enclosed.

Sincerely,

A handwritten signature in cursive script that reads "Sharon Helbling".

Sharon Helbling
Public Utilities Division

sdh

Enclosure

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

VarTec Telecom Inc.
Local Exchange
Public Convenience & Necessity

Case No. PU-2603-01-529

AFFIDAVIT OF SERVICE BY CERTIFIED MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Sharon Helbling deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **20th day of December, 2001**, she deposited in the United States Mail, Bismarck, North Dakota, **one** envelope with certified postage, return receipt requested, fully prepaid, securely sealed and each containing a photocopy of:

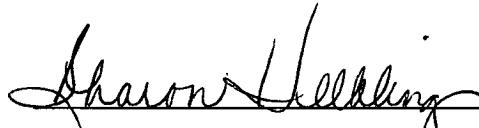
Order


The envelope was addressed as follows:

Kevin Allen
VarTec Telecom Inc
1600 Viceroy Dr
Dallas TX 75235
Cert. No. 7099 3220 0002 8483 0931

Each address shown is the respective addressee's last reasonably ascertainable post office address.

Subscribed and sworn to before me
this **20th day of December, 2001**.





Notary Public

SEAL

SANDRA L. SCOTT
Notary Public, STATE OF NORTH DAKOTA
My Commission Expires JUNE 11, 2004

APPROVED

MOTION

DATE: 12-19-01
KMF

December 19, 2001

**VarTec Telecom, Inc.
Local Exchange
Public Convenience & Necessity**

Case No. PU-2603-01-529

I move the Commission adopt the Order and issue a Certificate of Public Convenience and Necessity to VarTec Telecom, Inc. to provide facilities-based competitive local exchange telecommunications services throughout North Dakota, Case No. PU-2603-01-529.

JRL/sdh

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

VarTec Telecom, Inc.
Local Exchange
Public Convenience & Necessity

Case No. PU-2603-01-529

ORDER

December 19, 2001

On October 2, 2001, VarTec Telecom, Inc. (VarTec) filed an application for a certificate of public convenience and necessity to provide facilities-based competitive local exchange telecommunications services throughout North Dakota.

On October 4, 2001 the Public Service Commission's Director of Accounting filed a memorandum indicating that VarTec has the financial ability to provide telecommunications service in North Dakota.

On October 24, 2001, the Commission issued a Notice of Opportunity for Hearing, which provided until November 26, 2001 for receiving comments or requests for hearing. No requests for hearing were received. The Commission's notice identified the following issues to be considered in this matter:

1. Fitness and ability of the applicant to provide service.
2. Adequacy of the proposed service.
3. The technical, financial and managerial ability of the applicant to provide service.

On October 26, 2001, the Rural Telephone Company Group filed comments requesting that any order granting the application should include limitations included in previous cases to preserve the "rural safeguard" rights of rural telephone companies under 47 U.S.C. 251(f).

On December 5, 2001, the Commission conducted an informal hearing of VarTec's application.

VarTec is a Texas corporation with headquarters in Dallas, Texas. VarTec has been registered as a reseller of local and interexchange services in North Dakota since October, 2001. VarTec provides interexchange services in nearly all states and local services in Texas and Kansas. VarTec is authorized to provide local service in several states and has applications pending in several others. Biographical information indicates that VarTec's management and key personnel have extensive

telecommunications operational experience and technical expertise. The Commission finds VarTec is fit, able, and has the technical, financial and managerial ability to provide service.

VarTec intends to provide local services on a UNE platform while continuing to provide interexchange services to business and residential customers in North Dakota. VarTec states that its local service offerings may include basic residential and business services, vertical services, ancillary services, private line services and data transmission services. VarTec included an initial tariff with its application, which has been docketed as Case No. PU-2603-01-622. The Commission finds VarTec's proposed service adequate.

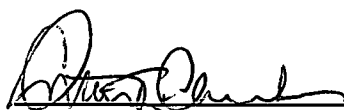
In this Case, as in other cases in which statewide authority was requested, the Commission will adhere to the precedent established in the AT&T certificate case, Case No. PU-453-96-83. In AT&T, the Commission held that its determination of the public interest with regard to the service territories of rural telephone companies is subject to any future proceedings under Section 251(f)(1) or (2) of the Telecommunications Act of 1996 (47 U.S.C. §251(f)(1) or (2)). The Commission also held that granting the certificate on a statewide basis is not a ruling that affects the rights of specific rural telephone companies under 47 U.S.C. §251(f).

Order

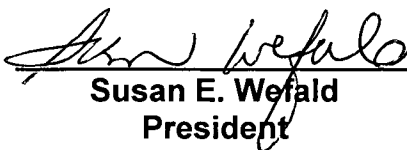
The Commission Orders:

1. The application of VarTec Telecom, Inc. for a certificate of public convenience and necessity to provide facilities-based competitive local exchange telecommunications services throughout North Dakota is GRANTED.
2. Granting VarTec a certificate to provide competitive local exchange service on a statewide basis does not affect the rights of rural telephone companies under 47 U.S.C. §251(f).

PUBLIC SERVICE COMMISSION



Anthony T. Clark
Commissioner



Susan E. Wefald
President



Leo M. Reinbold
Commissioner

STATE OF NORTH DAKOTA

Certificate of Public Convenience and Necessity

Certificate Number 4791

This is to certify that public convenience and necessity require, and permission is granted for VarTec Telecom, Inc., a telecommunications public utility, to provide statewide local exchange telecommunications services, with facilities, in North Dakota.

This certificate is issued in Case No. PU-2603-01-529 and is conditioned upon VarTec Telecom, Inc. securing the franchise or other authority of the proper municipal or other authority for the exercise of these rights and privileges.

Bismarck, North Dakota, December 19, 2001.

ATTEST:

PUBLIC SERVICE COMMISSION



Executive Secretary

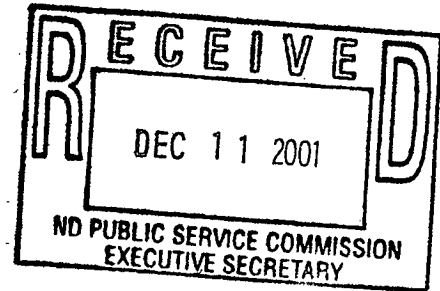


Commissioner



VarTec Telecom, Inc.

December 10, 2001



VIA OVERNIGHT DELIVERY

Jon H. Mielke
Executive Secretary
North Dakota Public Service Commission
600 E. Boulevard Ave. Department 408
Bismark, North Dakota 58505-0480

Re: Case No. PU-2603-01-529 - *Affidavit*
Application of VarTec Telecom, Inc. for Authority to Provide Resold Exchange
Telecommunications Services

Dear Executive Secretary Mielke:

Pursuant to the request of Commission staff, and in connection with the above referenced application, VarTec Telecom, Inc. ("VarTec") hereby submits an original and (7) seven copies of the attached Affidavit, signed by Patricia Zacharie, Regulatory Counsel of VarTec. The Affidavit is being submitted to the Commission to further support its application and to attest to the Company's fitness and ability to operate as a Local Service Provider.

To verify receipt of this mailing, please date and file stamp copy of this correspondence (attached) and return it in the self-addressed postage prepaid envelope provided. Should you have any questions, or require additional information, please feel free to contact me directly at (214) 424-6680. Thank you for your time and consideration regarding this matter.

Sincerely,

Jennifer Aviles
Regulatory Affairs

cc: Kevin Allen
Manager of Regulatory Affairs
VarTec Telecom, Inc.
1600 Viceroy Drive
Dallas, Texas 75235

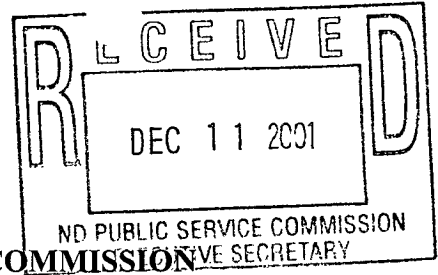
13 PU-2603-01-529 Pages: 1

Cover letter re Affidavit

by VarTec Telecom, Inc.

12/11/2001

CC: Comm Legal Ilona Jerry



**BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION**

In the Matter of the Application of)
)
VarTec Telecom, Inc.)
)
For A Certificate of Public Convenience and)
Necessity to Provide Facilities-Based Local)
Exchange Telecommunications Services)
in the State of North Dakota)

Docket No.: PU-2603-01-529

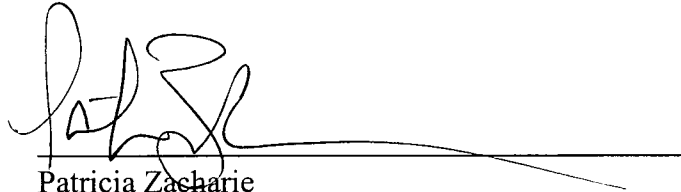
AFFIDAVIT

I, Patricia Zacharie, of lawful age, being first duly sworn depose and say as follows:

- 1) I am Regulatory Counsel for VarTec Telecom, Inc., and I am authorized and competent to make this statement on behalf of VarTec Telecom, Inc.
- 2) To the best of my knowledge, all of the following statements and representations made are true and correct.
- 3) VarTec seeks the authority to provide facilities-based local exchange services to business and residential customers throughout the state of North Dakota.
- 4) VarTec possesses sufficient technical ability to be able to provide local exchange telecommunications services to the benefit of the general public. Applicant began providing interexchange services in North Dakota shortly after being granted authority to conduct business in North Dakota in March 1992 and has been providing interexchange telecommunications services subject to the jurisdiction of the Federal Communications Commission since November 15, 1989.
- 5) VarTec possesses the technical and managerial expertise and experience necessary to provide the services it proposes. VarTec has provided the Commission with descriptions of the backgrounds of VarTec's management, which demonstrate management's extensive experience and expertise.
- 6) In addition, Applicant's technical personnel have completed many hours of comprehensive training in courses provided by equipment manufacturers and leading industry schools. All technical personnel are trained and cross-trained on all network systems, subsystems and test equipment utilized by the Applicant. VarTec will also rely on the technical

qualifications of its underlying carriers to provide local exchange service to consumers in North Dakota.

- 7) Initially, the Applicant does not intend to utilize any of its own local telecommunications facilities. VarTec intends to provide local exchange service by purchasing and reselling network elements utilizing the unbundled network elements platform of the incumbent local exchange carriers, in the initial market introduction.
- 8) VarTec has provided the Commission with its most recent unaudited financial statements. VarTec has access to adequate capital needed for its entry into the North Dakota local telecommunications market. Initial costs should be minimal as the Company does not intend to immediately construct facilities within the state of North Dakota. Furthermore, VarTec has experienced and competent technical, managerial and other personnel to be able to provide quality local services to the benefit of the general public.



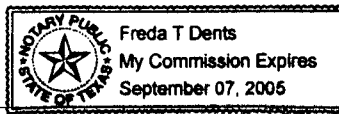
Patricia Zacharie
Regulatory Counsel
VarTec Telecom, Inc.

State of Texas

Subscribed and sworn before me this 10th day of December, 2001. In testimony whereof, I have hereunto set my hand the day, month and year aforesaid.

Freda T Dents
Notary Public

My Commission expires: _____



APPROVED

DATE: 12-5-01
KMF

MOTION

December 5, 2001

VarTec Telecom, Inc.
Local Exchange
Public Convenience & Necessity

Case No. PU-2603-01-529

I move the Commission bill VarTec Telecom, Inc. for costs incurred to date in Case No. PU-2603-01-529, VarTec Telecom, Inc., Local Exchange, Public Convenience & Necessity.



Public Service Commission
State of North Dakota

COMMISSIONERS

Susan E. Wefald, President
Leo M. Reinbold
Anthony T. Clark

Executive Secretary
Jon H. Mielke

600 E Boulevard Ave. Dept. 408
Bismarck, North Dakota 58505-0480
web: www.psc.state.nd.us
e-mail: sab@oracle.psc.state.nd.us
TDD 800-366-6888
Fax 701-328-2410
Phone 701-328-2400

December 5, 2001

Kevin Allen
VarTec Telecom Inc
1600 Viceroy Dr
Dallas TX 75235

RE: Case No. PU-2603-01-529
VarTec Telecom, Inc.
Local Exchange
Public Convenience & Necessity

Enclosed is a copy of the statement approved at the December 5, 2001 Public Service Commission meeting for the expenses incurred to date in Case No. PU-2603-01-529.

Under N.D.C.C. 49-21-01.7, these expenses are billed through the Valuation Fund and must be paid for by the telecommunications company involved.

Please make your check payable to the *Public Service Commission*.

Sincerely,


Gloria Geiger
Admin Staff Officer
701-328-2401

Enc.

Billing Statement

December 5, 2001

VarTec Telecom, Inc.
Local Exchange
Public Convenience & Necessity

Case No. PU-2603-01-529

Bill To:

VarTec Telecom, Inc.\$249.63

Expenses Incurred to Date:

Advertising Costs\$249.63

Send Payment and a Copy of this Statement To:

Public Service Commission
600 E Boulevard Ave Dept 408
Bismarck ND 58505-0480

Federal Tax ID 45-0309764

INFORMAL AGENDA

December 5, 2001

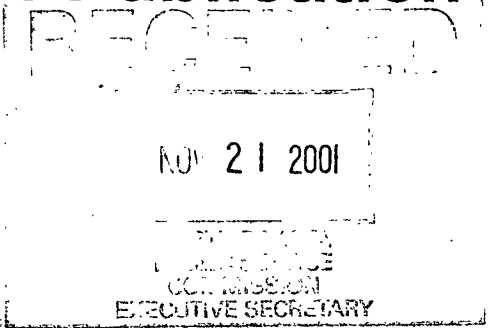
PU-400-01-525 Northern States Power Company
Cost of Gas Rider
Approval

PU-2603-01-529 VarTec Telecom, Inc.
Local Exchange
Public Convenience and Necessity

5 **PU-400-01-525** Pages: 0
Informal hearing held
by Public Service Commission
12/05/2001 CC: Comm Legal Ilona . .

10 **PU-2603-01-529** Pages: 0
Informal hearing held
by Public Service Commission
12/05/2001 CC: Comm Legal Ilona Jerry .

Affidavit of Publication



State of North Dakota)
County of Burleigh)

Laurie Thiel

, being duly sworn, state as follows:

1. I am the designated agent, under the provisions and for the purposes of, Section 31-04-06, NDCC, for the newspapers listed on the attached exhibits.
2. The newspapers listed on the exhibits published the advertisement of:
Var Tec Telecom, Inc., 1 time(s)
as required by law or ordinance.
3. All of the listed newspapers are legal newspapers in the State of North Dakota and, under the provisions of Section 46-05-01, NDCC, are qualified to publish any public notice or any matter required by law or ordinance to be printed or published in a newspaper in North Dakota.

Signed: [Signature]

Subscribed and sworn to before me this 12th day of November A.D. 2001.

[Signature]

LAURIE SCHAFFER
Notary Public, STATE OF NORTH DAKOTA
My Commission Expires DEC. 1, 2005

North Dakota Advertising Service, Inc.

1435 Interstate Loop Bismarck, ND 58501-0567 • PHONE (701) 223-6397 • FAX (701) 223-8185 • www.ndna.com

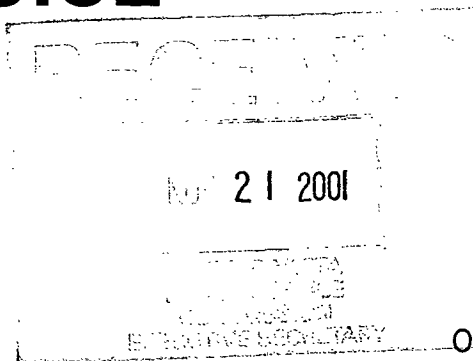
INVOICE

Date: 11/18/2001

Page: 1

To:

JON H. MIELKE
PUBLIC SERVICE COMMISSION
STATE CAPITOL
BISMARCK ND 58505



Client: Public Service Commission

Order: 01111FF1

Newspaper	Date	Inches	Page#	Rate	Amount
Bismarck Tribune	VarTec Tel 10/30/2001	42.00	SPR2	0.61	25.62
Devils Lake Daily Journal	VarTec Tel 10/30/2001	44.00	SPR2	0.57	25.08
Dickinson Press	VarTec Tel 10/30/2001	48.00	SPR2	0.52	24.96
Fargo, The Forum	VarTec Tel 11/05/2001	40.00	SPR2	0.73	29.20
Grand Forks Herald	VarTec Tel 10/30/2001	41.00	SPR2	0.61	25.01
Jamestown Sun	VarTec Tel 10/30/2001	48.00	SPR2	0.50	24.00
Minot Daily News	VarTec Tel 10/30/2001	50.00	SPR2	0.42	21.00
Valley City Times-Record	VarTec Tel 10/30/2001	48.00	SPR2	0.52	24.96
Wahpeton Daily News	VarTec Tel 11/01/2001	48.00	SPR2	0.52	24.96
Williston Herald	VarTec Tel 10/30/2001	46.00	SPR2	0.54	24.84

*** ADVERTISING TOTAL 249.63

*** TOTAL DUE 249.63

This invoice is due and payable upon receipt. Unpaid items over 30 days from invoice date are subject to a finance charge. The finance charge is computed by a periodic rate of 1 3/4 percent per month (or a minimum charge of 50 cents for balances of under \$50), which is an annual percentage rate of 21 percent. Total unpaid balance may be paid at any time.

Please pay from this invoice — No statement will be sent. Return duplicate with remittance to North Dakota Advertising Service, Inc.

Notice Of Opportunity For Hearing
October 24, 2001
Case # PU-2603-01-529

Bismarck	10-30
Devils Lake	10-30
Dickinson	10-30
Fargo	11-05
Grand Forks	10-30
Jamestown	10-30
Minot	10-30
Valley City	10-30
Wahpeton	11-1
Williston	10-30



LAW OFFICES OF

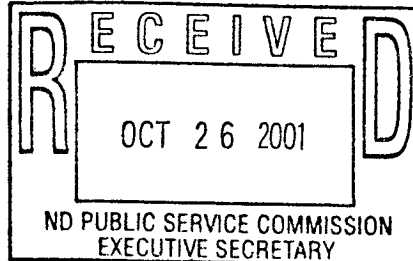
PRINGLE & HERIGSTAD, P.C.

BREMER BANK BUILDING
20 SW 1ST STREET
POST OFFICE BOX 1000
MINOT, NORTH DAKOTA 58702
(701) 852-0381
FAX (701) 857-1361
E-mail: pringle@ndak.net

ROGER O. HERIGSTAD
MARK F. PURDY
DONALD A. NEGAARD
JAMES E. NOSTDAHL
CAROL K. LARSON
DAVID J. HOGUE
REED A. SODERSTROM
MARK R. HAYS

MICHAEL A. BOSH
BRENT M. OLSON
DENISE C. HAYS
DEBRA L. HOFFARTH
OF COUNSEL
HERBERT L. MESCHKE
JAN M. SEBBY
RETIRED
THOMAS A. WENTZ

October 25, 2001



Jon Mielke, Executive Secretary
Public Service Commission
600 E. Boulevard Ave.
Bismarck, ND 58505-0480

VARTEC TELECOM, INC./CASE NO. PU-2603-01-529 - PC&N APPLICATION

On behalf of the "Rural Telephone Company Group," we file the enclosed comments (original plus seven copies) regarding the above-named application for a certificate of public convenience and necessity to provide facilities-based competitive local exchange telecommunications services "throughout North Dakota."

Very truly yours,

Michael A. Bosh
Pringle & Herigstad, P.C.

jb
enc.
cc/enc: Jennifer Aviles - VarTec Telcom, Inc.

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

VarTec Telecom, Inc.
Local Exchange
Public Convenience & Necessity

Case No. PU-2603-01-529

COMMENTS
OF
RURAL TELEPHONE COMPANY GROUP

The Rural Telephone Company Group (RTCG) is a group of telecommunications carriers, each of which is an “incumbent local exchange carrier” and a “rural telephone company” under the federal Telecommunications Act of 1996 (the Act) and each has legal interests in this case under the Act.

The Rural Telephone Company Group includes:

BEK Communications Cooperative
Consolidated Telcom
Dakota Central Telecommunications Cooperative and Dakota Central Telecom I
Dickey Rural Telephone Cooperative and Dickey Rural Communications, Inc.
Inter-Community Telephone Company, LLC and Inter-Community Telephone
Company II, LLC
Midstate Telephone Company and Midstate Communications, Inc.
North Dakota Telephone Company
Northwest Communications Cooperative
Polar Communications Mutual Aid Corporation and Polar Telecommunications, Inc.
Red River Rural Telephone Association and Red River Telecom, Inc.
Reservation Telephone Cooperative
SRT Communications, Inc.
United Telephone Mutual Aid Corporation and Turtle Mountain Communications
West River Telecommunications Cooperative

In PSC Case No. PU-453-96-83, AT&T applied for and was granted a certificate of public convenience and necessity to provide local telecommunications service throughout the State of North Dakota, subject to limitations in the Commission's Order:

"8. Public convenience and necessity requires the granting of a statewide certificate to AT&T to provide local service. However, the Commission's determination of the public interest with regard to the service territories of rural telephone companies is subject to any future proceedings under §251(f)(1) or (2) of the Act.

9. Granting AT&T's application for a statewide certificate is not a ruling that affects the rights of specific rural telephone company pursuant to 47 U.S.C. §251(f)."

In PSC Case No. PU-987-96-390, Sprint applied for and was granted a certificate of public convenience and necessity to provide local telecommunications service throughout the State of North Dakota, subject to limitations based on the precedent established in the AT&T case:

"One issue which has been addressed in other Certificate of Public Convenience and Necessity cases was raised by the intervener, NDATC. This issue concerns rural telephone companies and what effect the grant of a certificate would have on them. NDATC identified its interest in this proceeding, and the interests of its members, as a concern that the grant of a certificate of public convenience and necessity not defeat the rural protections provided by the Telecommunications Act of 1996.

The Commission agrees with NDATC that the question is important and must be addressed. This issue will apply to all certificate requests affecting any service area of any rural telephone company in North Dakota. It is the opinion of the Commission that in all such cases, any determination of public interest is subject to future proceedings regarding rural protections or exemptions.

In the instant case the Commission will adhere to the precedent established in the AT&T certificate case, Docket No. PU-453-96-83, on this issue. In AT&T, the Commission held that its determination of the public interest with regard to the service territories of rural telephone companies is subject to any future proceedings under Section 251(f)(1) or (2) of the Telecommunications Act of 1996 (47 U.S.C. §251(f)(1) or (2)). The Commission also held that granting the certificate on a statewide basis is not a ruling that affects the rights of specific rural telephone companies under 47 U.S.C. §251(f). Both Sprint and NDATC agree that the qualifications

expressed in the AT&T case appropriately apply to Sprint's request for a statewide certificate of public convenience and necessity. The inclusion of these conditions satisfies NDATC's concerns, and is not objectionable to Sprint."

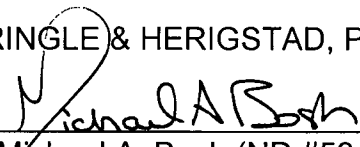
The AT&T precedent has been cited at least one time following the Sprint case, in Case No. PU-1693-97-269, where a statewide certificate was granted to Eclipse Communications Corp (a subsidiary of Western Wireless Corporation), subject to the rights of rural telephone companies under 47 U.S.C. 251(f).

In reliance on the precedent established by the Commission in the AT&T, Sprint and Eclipse/Western Wireless cases, the RTCG does not request intervention and does not request a hearing on the pending application. The RTCG does request that any order issued to grant the pending application should include limitations substantially the same as those in the AT&T, Sprint and Eclipse/Western Wireless cases, to preserve the "rural safeguard" rights of rural telephone companies under 47 U.S.C. 251(f).

Dated this 25th day of October, 2001.

PRINGLE & HERIGSTAD, P.C.

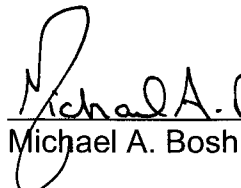
By


Michael A. Bosh (ND #5313)
Attorneys for RTCG
Bremer Bank Bldg., 2nd Floor
20 - 1st Street SW
P.O. Box 1000
Minot, ND 58702-1000

CERTIFICATE OF SERVICE

A true and correct copy of the foregoing Comments of Rural Telephone Company Group was, on the 25th day of October, 2001, mailed to:

Jennifer Aviles, Regulatory Affairs
VarTec Telecom, Inc.
1600 Viceroy Drive
Dallas, TX 75235


Michael A. Bosh

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

VarTec Telecom Inc.
Local Exchange
Public Convenience & Necessity

Case No. PU-2603-01-529

AFFIDAVIT OF SERVICE BY CERTIFIED MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Sharon Helbling deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **25th day of October, 2001**, she deposited in the United States Mail, Bismarck, North Dakota, **one** envelope with certified postage, return receipt requested, fully prepaid, securely sealed and each containing a photocopy of:

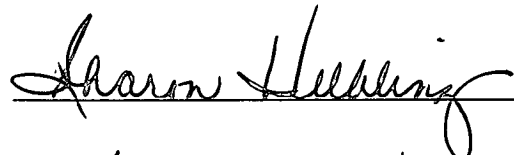
Notice of Opportunity for Hearing

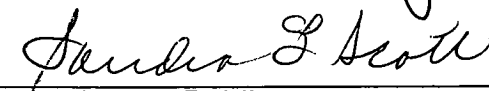
The envelope was addressed as follows:

Kevin Allen
VarTec Telecom Inc
1600 Viceroy Dr
Dallas TX 75235
Cert. No. 7000 0520 0022 8655 3742

Each address shown is the respective addressee's last reasonably ascertainable post office address.

Subscribed and sworn to before me
this **25th day of October, 2001**.





Notary Public

SEAL



7

PU-2603-01-529

Pages: 3

Affidavit of Service by Mail

by Public Service Commission

10/25/2001

CC: Comm Legal Ilona Jerry.

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

VarTec Telecom, Inc.
Local Exchange
Public Convenience & Necessity

Case No. PU-2603-01-529

AFFIDAVIT OF SERVICE BY ORDINARY MAIL OR E-MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Sharon Helbling deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **25th day of October, 2001**, she deposited in the United States Mail, Bismarck, North Dakota, envelopes by first class mail, fully prepaid, securely sealed, each containing a photocopy of:

Notice of Opportunity for Hearing

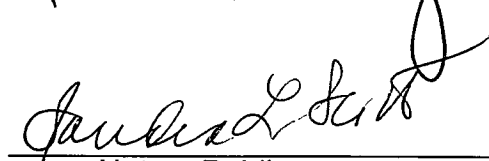
The envelopes were addressed as follows:

See Attached List

Each address shown is the respective addressee's last reasonably ascertainable post office address.

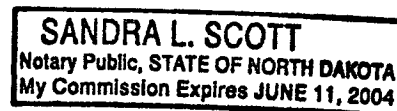
Subscribed and sworn to before me
this **25th day of October, 2001**.





Notary Public

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Helbling, Sharon D.

From: Helbling, Sharon D.
Sent: Thursday, October 25, 2001 9:09 AM
To: ndna (E-mail)
Subject: Notice of Opportunity for Hearing and Notice of Opportunity to File Written Comments

**Colleen
North Dakota Newspaper Association**

Colleen,

Please have the attached Notice of Opportunity for Hearing and Notice of Opportunity to File Written Comments published as legal publications in the next issue of the ten North Dakota daily newspapers, and run them as "News Item Only" articles as well.

Send the bill to the Public Service Commission, along with a tear sheet for billing purposes.

If you have any questions, please call me at 328-4076.

Thank you.

**Sharon Helbling
Public Utilities Division**



1.doc



1.doc

6

PU-2603-01-529

Pages: 1

Notice e-mailed to NDNA requesting
publication
by Public Service Commission

1

10/25/2001

CC: Comm Legal Illona Jerry .

APPROVED

MOTION

DATE: 10-24-01
KMF

October 24, 2001

**VarTec Telecom, Inc.
Local Exchange
Public Convenience & Necessity**

Case No. PU-2603-01-529

I move the Commission issue a Notice of Opportunity for Hearing in the application of VarTec Telecom, Inc. for a Certificate of Public Convenience and Necessity to provide facilities-based competitive local exchange telecommunications services throughout North Dakota, Case No. PU-2603-01-529.

JRL/sdh

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

VarTec Telecom, Inc.
Local Exchange
Public Convenience & Necessity

Case No. PU-2603-01-529

NOTICE OF OPPORTUNITY FOR HEARING

October 24, 2001

On October 2, 2001, VarTec Telecom, Inc. of Dallas, Texas, filed an application for a certificate of public convenience and necessity to provide facilities-based competitive local exchange telecommunications services throughout North Dakota.

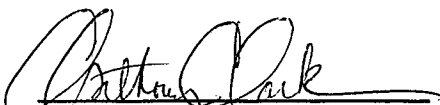
The issues to be considered in these matters are:


1. Fitness and ability of the applicant to provide service.
2. Adequacy of the proposed service.
3. The technical, financial and managerial ability of the applicant to provide service.


Those interested are invited to comment on the application in writing. Persons desiring a hearing must file a written request identifying their interest in the proceeding and the reasons for requesting a hearing. Comments and requests for hearings must be received by **November 26, 2001**. If deemed appropriate, the Commission can determine these matters without hearings.

For more information contact the Public Service Commission, State Capitol, Bismarck, North Dakota 58505, 701-328-2400; or Relay North Dakota 1-800-366-6888 TTY. If you require any auxiliary aids or services, such as readers, signers, or Braille materials please notify Jon Mielke, Executive Secretary.

PUBLIC SERVICE COMMISSION


Anthony T. Clark
Commissioner


Susan E. Wefald
President


Leo M. Reinbold
Commissioner

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

VarTec Telecom, Inc.
Local Exchange
Public Convenience and Necessity

Case No. PU-2603-01-529

AFFIDAVIT OF SERVICE BY CERTIFIED MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Sharon Helbling deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **4th day of October, 2001**, she deposited in the United States Mail, Bismarck, North Dakota, **one** envelope with certified postage, return receipt requested, fully prepaid, securely sealed and each containing a photocopy of:


Staff Memorandum on Financial Ability

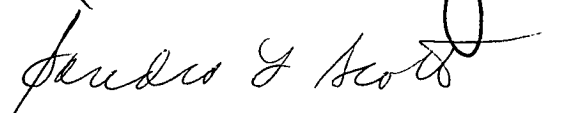
The envelopes were addressed as follows:

Kevin Allen
VarTec Telecom, Inc.
1600 Viceroy Dr
Dallas TX 75235
Cert. No. 7000 0520 0022 8655 3759

Each address shown is the respective addressee's last reasonably ascertainable post office address.

Subscribed and sworn to before me
this **4th day of October, 2001**.





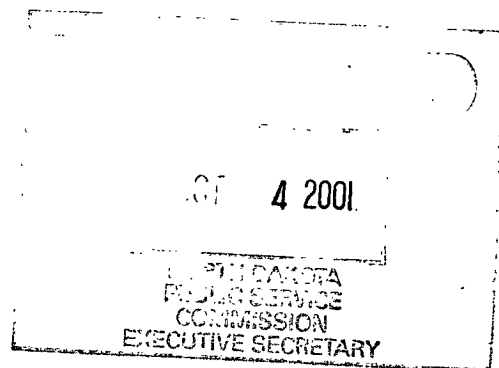
Notary Public

SEAL



Memo

To: Jon Mielke
From: Mike Diller *Mike Diller*
Date: October 4, 2001
Re: VarTec Telecom, Inc.
Local Exchange PC&N
Case No. PU-2603-01-529



The following is written to provide the commission with a very limited review of this case regarding the financial ability of the applicant to provide service in North Dakota.

As part of its application, VarTec submitted financial information for the period ending December 31, 2000. According to that information, the applicant has sufficient equity to provide service in North Dakota.

The Telecommunications Act of 1996 established a national policy to create a competitive environment for telephone service. The applicant is one of many companies responding to the Act.

I see no reason to deny the applicant's request.

In accordance with the Commission's wishes, I have served this document on the applicant.



VarTec Telecom, Inc.

September 28 , 2001



VIA OVERNIGHT DELIVERY

Jon H. Mielke
Executive Secretary
North Dakota Public Service Commission
600 E Boulevard Ave. Department 408
Bismark, North Dakota 58505-0480

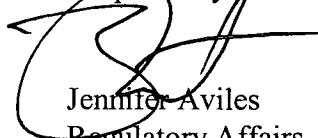
Re: VarTec Telecom, Inc.'s Application for Authority to Provide Facilities-Based Local Exchange Telecommunications Services

Dear Executive Secretary Mielke:

Transmitted herewith on behalf of VarTec Telecom, Inc. ("VarTec") is an original and six (6) copies of the Company's Application for authority to provide facilities based local exchange telecommunications services within the State of North Dakota.

Acknowledgment and date of receipt of this filing are respectfully requested. Please date and file stamp copy of this correspondence (attached) and return it in the self-addressed postage prepaid envelope provided. Please direct all correspondence regarding this filing to the undersigned directly at (214) 424-6680. Thank you for your time and consideration regarding this matter.

Respectfully submitted,



Jennifer Aviles
Regulatory Affairs

Enclosures

cc: Becky Gipson
Director of Regulatory Affairs
VarTec Telecom, Inc.

1 **PU-2603-01-529** Pages: 87

Local Exchange PC&N Filing

by VarTec Telecom, Inc.

10/02/2001

CC: Comm Legal Ilona Jerry .



VarTec Telecom, Inc.

September 28 , 2001



VIA OVERNIGHT DELIVERY

Jon H. Mielke
Executive Secretary
North Dakota Public Service Commission
600 E Boulevard Ave. Department 408
Bismark, North Dakota 58505-0480

Re: VarTec Telecom, Inc.'s Application for Authority to Provide Facilities-Based Competitive Local Exchange Telecommunications Services

Dear Executive Secretary Mielke:

Transmitted herewith on behalf of VarTec Telecom, Inc. ("VarTec") is an original and six (6) copies of the Company's Application for authority to provide facilities-based local exchange telecommunications services within the State of North Dakota.

Enclosed with this application is a sealed envelope containing information which the Company respectfully requests be treated as confidential and proprietary information as it contains sensitive information regarding VarTec's business operations.

Acknowledgment and date of receipt of this filing are respectfully requested. Please date and file stamp copy of this correspondence (attached) and return it in the self-addressed postage prepaid envelope provided. Please direct all correspondence regarding this filing to the undersigned directly at (214) 424-6680. Thank you for your time and consideration regarding this matter.

Respectfully submitted,



Jennifer Aviles
Regulatory Affairs

Enclosures

cc: Becky Gipson
Director of Regulatory Affairs
VarTec Telecom, Inc.

**BEFORE THE
NORTH DAKOTA PUBLIC SERVICE COMMISSION**

In the Matter of the Application of)
)
VarTec Telecom, Inc.)
)
For A Certificate of Public Convenience and)
Necessity to Provide Facilities-Based Local)
Exchange Telecommunications Services)
in the State of North Dakota)

File No.: _____

APPLICATION OF VARTEC TELECOM, INC.

I. INTRODUCTION

VarTec Telecom, Inc. (“VarTec”) hereby applies to the North Dakota Public Service Commission (“Commission”) for authority to provide facilities-based local exchange telecommunications services throughout the State of North Dakota. VarTec, concurrent with this filing, is submitting an application for authority to provide resold local exchange services throughout the State of North Dakota. In support of its Application, VarTec submits the following information:

II. QUALIFICATIONS

1. Description of Applicant

Applicant’s legal name is VarTec Telecom, Inc. Applicant will conduct business in the State of North Dakota for the services described in this Application utilizing the name VarTec Telecom, Inc.

Applicant maintains its principal place of business at the following address:

VarTec Telecom, Inc.
1600 Viceroy Drive
Dallas, Texas 75235
Telephone: (214) 424-1000
Facsimile: (214) 424-1510

VarTec is a corporation duly organized and existing under the laws of the State of Texas. VarTec was incorporated on February 27, 1989. A copy of Applicant's Certificate of Authority to conduct business in the State of North Dakota and its Certificate of Good Standing is attached hereto as Exhibit A.

2. Correspondence or communications pertaining to this application or the ongoing operations of VarTec should be directed to the following contact:

Kevin Allen
Manager, Regulatory Affairs
VarTec Telecom, Inc.
1600 Viceroy Drive
Dallas, Texas 75235
Telephone: (214) 424-1513
(800) 583-8832, extension 1513
Facsimile: (214) 424-1510
Email: kcallen@vartec.net

3. Applicant's Officers and Directors

A list of VarTec's officers and directors is attached hereto as Exhibit B.

4. Description of Applicant's Financial Qualifications

VarTec is financially qualified to provide local exchange services in the State of North Dakota.

In support of this application, attached hereto as Exhibit C are copies of VarTec's unaudited financial statements for fiscal year ending December 31, 2000.

6. Description of Applicant's Managerial and Technical Qualifications

VarTec possesses the technical and managerial expertise and experience necessary to provide the services it proposes. Descriptions of the backgrounds of VarTec's management, which demonstrate the extensive experience and expertise, are attached hereto and incorporated herein by reference as Exhibit D. Applicant's technical personnel have completed many hours of comprehensive training in courses provided by equipment manufacturers and leading industry schools. All technical personnel are trained and

cross-trained on all network systems, subsystems and test equipment utilized by the Applicant. Network reliability is of the utmost importance to the Applicant; however, Applicant will also rely on the technical qualifications of its underlying carriers to provide local exchange service to consumers in North Dakota.

7. Description of Existing Authority of Applicant

VarTec is currently authorized to provide and provides interexchange services in Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

Applicant is currently authorized to provide local services in Arkansas, Florida, Kansas, Missouri, Montana, New Jersey, North Carolina, Oregon, Oklahoma and Texas. Additionally, VarTec has provisional authority for local service in Pennsylvania. VarTec exercised its local service operating authority within the State of Texas in March 2000 and in the State of Kansas in September 2001 by providing basic local exchange and call management services. VarTec is now in the process of planning its launch of local service offerings in other states. VarTec currently has applications for local exchange authority pending in Alabama, Arizona, California, Colorado, Connecticut, Delaware, District of Columbia, Georgia, Idaho, Indiana, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Mississippi, Nebraska, Nevada, New Hampshire, New Mexico, Ohio, Rhode Island, South Carolina, Tennessee, Utah, Vermont, Virginia, West Virginia, Wisconsin, and in Wyoming. Additionally, VarTec recently requested to expand its local service operating authority in Oregon.

III. PROPOSED SERVICES

1. Description of Proposed Network and Services

VarTec seeks authority to provide facilities-based local exchange telecommunications services to and from all points in the State of North Dakota. Applicant intends to provide facilities-based services utilizing the unbundled network elements platform (“UNE-P”) of the incumbent local exchange carriers and as such, does not intend to construct any new facilities at this time. VarTec’s telecommunications services will be available on a full-time basis, 24 hours a day, seven days a week. VarTec’s local exchange services may include, but will not be limited to, the following: (1) basic residential and business local exchange services (exchange access service, flat rate service, operator access, etc.); (2) residential and business customer and class features (call waiting, caller ID, call forwarding, etc.); (3) residential and business ancillary services (911, directory assistance, etc.); (4) private line services; and (5) data transmission services. In addition, Applicant will continue to offer interexchange telecommunications services to business and residential customers in the State of North Dakota. Applicant proposes to offer “bundled” telecommunications service packages which include local exchange service, long distance and call management services (e.g., call waiting, caller identification). By combining local exchange service with other telecommunications and non-telecommunications services, Applicant intends to offer more beneficial and competitive services to increase competition within the state.

2. Initial Tariff

Attached hereto as Exhibit E is Applicant’s proposed tariff.

3. Regulatory Compliance

As with VarTec’s long distance service operations, VarTec’s marketing practices will comply with all Commission rules and anti-slamming regulations. VarTec primarily utilizes direct-mail marketing to reach consumers and build upon its customer base, but other forms of marketing (e.g., direct sales) may also be

employed by VarTec to promote its local service offerings to North Dakota customers. VarTec will comply with all state and federal rules and regulations regarding marketing practices, including verification requirements for carrier changes. VarTec is willing to comply with all applicable Commission rules, regulations, and standards regarding its proposed services.

IV. PUBLIC INTEREST CONSIDERATIONS

The grant of this Application will promote the public interest by increasing competition in the provision of telecommunications services in North Dakota. Competition promotes not only lower prices but also efficiency in the delivery of services and in the development of new services. These benefits work to maximize the public interest by providing continuing incentives for carriers to reduce costs, while simultaneously promoting the availability of potentially desirable services.

The entry of VarTec into the North Dakota telecommunications market will provide customers with a wider array of choices for service providers and services. Furthermore, customers will reap the benefits of competition through lower prices, increased quality of service and advanced technology and telecommunications services.

Finally, grant of this Application will advance the goals of the Federal Telecommunications Act of 1996, which was adopted to promote competition and reduce regulation in order to secure lower prices and higher quality telecommunications services for consumers. In light of the benefits that VarTec will bring to North Dakota consumers, VarTec respectfully requests that the Commission grant it a certificate of public convenience and necessity without undue delay.

WHEREFORE, VarTec Telecom Inc., respectfully requests that the North Dakota Public Service Commission grant it full authority to provide facilities-based local exchange telecommunications services, as herein requested, throughout the State of North Dakota.

Respectfully submitted,


Becky Gipson
Director of Regulatory Affairs
VarTec Telecom, Inc.

Dated September 28, 2001

State of North Dakota



AMENDED CERTIFICATE OF AUTHORITY OF

VARTEC NATIONAL, INC.

The undersigned, as Secretary of State of the State of North Dakota, hereby certifies that an Application of

VARTEC NATIONAL, INC.

for an Amended Certificate of Authority to transact business in this State, duly signed and verified pursuant to the provisions of the Act, have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Amended Certificate of Authority to

VARTEC TELECOM, INC.

under the name of

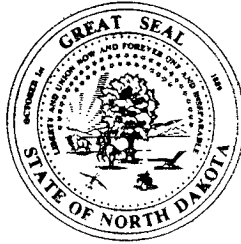
VARTEC TELECOM, INC..

Dated: August 21, 1992

Jim Kusler
Secretary of State

State of North Dakota

SECRETARY OF STATE



CERTIFICATE OF GOOD STANDING

OF

VARTEC TELECOM, INC.

The undersigned, as Secretary of State of the State of North Dakota, hereby certifies that VARTEC TELECOM, INC., a Texas corporation, authorized to transact business in the State of North Dakota on March 31, 1992, and according to the records of this office as of this date, has paid all fees due this office as required by North Dakota statutes governing foreign corporations.

ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Good Standing to

VARTEC TELECOM, INC.

Issued: September 25, 2001

A handwritten signature in cursive script, reading "Alvin A. Jaeger".

Alvin A. Jaeger
Secretary of State

State of North Dakota



CERTIFICATE OF AUTHORITY OF

VARTEC NATIONAL, INC.

The undersigned, as Secretary of State of the State of North Dakota, hereby certifies that an application of

VARTEC NATIONAL, INC.
for a Certificate of Authority to transact business in this State, duly signed and verified pursuant to the provisions of the North Dakota Century Code, have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Authority to

VARTEC NATIONAL, INC.
to transact business in this State under the name of

VARTEC NATIONAL, INC.

Dated: March 31, 1992

Jim Kusler
Secretary of State

5. It desires to pursue in the transaction of business in your State other or additional purposes than set forth in its prior application for a Certificate of Authority, as follows: No Change

(If purposes not changed, insert words "No Change")

6. This application is accompanied by a certified statement of amendment duly authenticated by the proper officer of the state or country where the corporation is incorporated.

We the undersigned have read the foregoing application, know the contents thereof, and verily believe the statements made therein to be true.

Dated: July 29, 19 92

By *[Signature]*
(President or Vice President)

And *[Signature]*
(Secretary or Assistant Secretary)

Certificate No. _____

Filed: 8-21, 19 92

Receipt No. _____ Filed By: *[Signature]*

Secretary of State
By _____
Deputy

EXHIBIT B

**VARTEC TELECOM, INC.
Officers and Directors**

**VARTEC TELECOM, INC.
CORPORATE OFFICERS AND DIRECTORS**

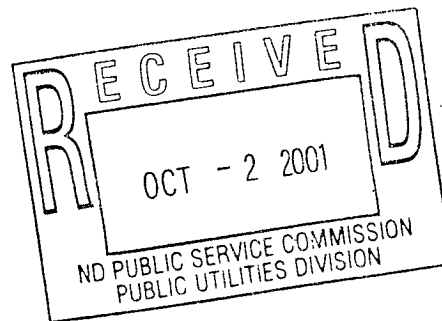
<u>Office</u>	<u>Director</u>	<u>Name</u>	<u>Address</u>
President	2/27/89*	A. Joe Mitchell, Jr.	1600 Viceroy Dallas, TX 75235-2306 (214) 424-1000
Exec Vice President	3/2/89*	Walter J. Frank, Jr.	1309 Louisville Avenue Monroe, LA 81201 (601) 354-2620
Vice President	8/20/01*	Ron L. Hughes	1600 Viceroy Dallas, TX 75235-2306 (214) 424-1000
Vice President Assistant Secretary		Michael G. Hoffman	1600 Viceroy Dallas, TX 75235-2306 (214) 424-1000
Vice President	8/20/01*	Connie F. Mitchell	1600 Viceroy Dallas, TX 75235-2306 (214) 424-1000
Secretary	5/21/93*	Joseph D. Fail	27 South 2 nd Street P.O. Box 925 Bay Springs, MS 39422 (601) 764-2195
Treasurer		Gary D. Egger	1600 Viceroy Dallas, TX 75235-2306 (214) 424-1000
Assistant Treasurer		Robert J. Healea	236 E. Capitol St., 6 th Floor Jackson, MS 39201 (601) 354-2620
	8/20/01*	H. Ray Atkinson	1600 Viceroy Drive Dallas, Texas 75235-2306 (214) 424-1000

Current officers and directors serve until successors are appointed.

* Date of initial election to Board of Directors

EXHIBIT C

VARTEC TELECOM, INC. Financial Qualifications



VarTec Telecom, Inc.
Consolidated Financial Statements
As of December 31, 2000
UNAUDITED

VarTec Telecom, Inc.
Consolidated Statement of Financial Position (in \$000's)
As of December 31, 2000
UNAUDITED

ASSETS	
Cash & Receivables, Net	\$ 204,215
Prepays & Other Current Assets	<u>27,128</u>
Total Current Assets	231,343
Assets of Discontinued Operations	3,329
Property, Plant & Equipment, Net	118,920
Noncurrent Assets	<u>202,709</u>
TOTAL ASSETS	<u><u>\$ 556,301</u></u>
LIABILITIES & SHAREHOLDERS' EQUITY	
Accounts Payable	\$ 76,170
Current Portion of Long-Term Debt	35,289
Other Current Liabilities	<u>78,733</u>
Total Current Liabilities	190,192
Long-Term Debt	225,970
Liabilities of Discontinued Operations	2,178
Other Liabilities	<u>8,674</u>
Total Liabilities	427,015
Total Shareholders' Equity	<u>129,286</u>
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	<u><u>\$ 556,301</u></u>

VarTec Telecom, Inc.
Consolidated Statement of Operations (in \$000's)
For the Year Ended December 31, 2000
UNAUDITED

Operating Revenue	\$ 995,013
Operating Expenses	
Access Costs	454,787
Selling, General, & Administrative Expenses	326,085
Expansion Marketing Expenses	88,602
Depreciation and Amortization	<u>44,968</u>
Operating Expenses	<u>914,443</u>
Operating Income	80,570
Other Income (Expense) - Net	<u>(21,504)</u>
Earnings Before Taxes	59,065
Income Tax Expense	<u>23,982</u>
Net Income from Continuing Operations	35,083
Discontinued Operations, Net of Taxes	<u>(13,373)</u>
Net Income	<u><u>\$ 21,709</u></u>

ADDENDUM

The financial statements provided herein have not been audited nor reviewed and, accordingly, no opinion or other form of assurance is expressed. Management has elected to omit substantially all of the disclosures and the statements of cash flows required by generally accepted accounting principles. If the omitted disclosures and statements of cash flows (as well as actual information in lieu of estimates and all necessary adjustments for interim monthly financial statements) were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, this financial statement is not designed for those who are not informed about such matters.

EXHIBIT D

VARTEC TELECOM, INC. Summary of Managerial Qualifications

VarTec has sufficient managerial resources to provide the proposed services to consumers. Please find the following summaries of the background and experience of VarTec's corporate officers:

A. Joe Mitchell, Jr.
President

Mr. Mitchell is a principal shareholder and the founder of VarTec. Mr. Mitchell has been an innovator in the long distance telephone business for many years. He received a Bachelor of Science Degree in Engineering and has performed post graduate work in Mechanical Engineering at Oklahoma State University. Mr. Mitchell was one of the original founders and initial President of ClayDesta Communications. He managed ClayDesta Communications from concept through start-up and successful operation. ClayDesta grew to annualized revenues in excess of \$50 million during Mr. Mitchell's three-year tenure. After leaving ClayDesta Communications, Mr. Mitchell formed the wholesale division at Teleconnect, later known as Telecom*USA. Prior to its acquisition by MCI, Telecom*USA was the fourth largest long distance company in the U.S. While at Teleconnect, Mr. Mitchell's wholesale division grew from start-up to \$60 million in annual revenues in only eighteen months. Mr. Mitchell's management experience and business relationships with high-volume customers across the nation are a critical asset for VarTec.

Ron L. Hughes
Chief Operating Officer

Mr. Hughes is a minority shareholder in VarTec. Mr. Hughes has a Bachelor of Science Degree in Biochemistry with a Math minor from Abilene Christian University where he graduated cum laude. He has over fifteen years of experience in the telecommunications industry. During his seven years of employment with Southwestern Bell Telephone Company, Mr. Hughes held positions as Communications Consultant, Account Executive, Customer Services Supervisor, Certified Industry Consultant and Product Delivery Marketing Manager. Upon leaving Southwestern Bell, Mr. Hughes became one of the original founders of ClayDesta Communications where he reported directly to Mr. Mitchell. While at ClayDesta, Mr. Hughes held the title of Senior Vice President - Sales/Marketing and was responsible for the entire sales effort of one hundred outside sales and one hundred fifty telemarketing personnel as well as directing the marketing and advertising effort. At VarTec, Mr. Hughes oversees the Company's Customer Service, Network, Sales and Marketing Departments.

Managerial and Technical Ability
To Provide Service (Continued)

Gary D. Egger
Treasurer
Executive Vice President

Mr. Egger is a minority shareholder in VarTec. He received Bachelor of Business Administration degrees in Accounting and Finance from the University of Iowa. His finance and accounting experience spans more than fourteen years. He served three years with the big six accounting firm Ernst and Young, and held various financial positions with the prestigious William Morris Agency as well as Litton Industries. Prior to coming to VarTec, Mr. Egger served eight years with Telecom*USA as Vice President of Finance and Chief Financial Officer of the Teleconnect division. At VarTec, Mr. Egger is responsible for overseeing the Company's Billing and Accounting departments.

Michael G. Hoffman, Esq.
Chief Legal Officer
General Counsel and
Executive Vice President
Legal and Regulatory Affairs

Mr. Hoffman received a Bachelor of Arts Degrees in History and Latin American Studies with a Political Science minor from Dickinson College in Carlisle, Pennsylvania, where he graduated magna cum laude and Phi Beta Kappa. Mr. Hoffman then obtained a Juris Doctor Degree from the Washington College of Law at the American University in Washington, D.C. At law school, Mr. Hoffman was awarded highest honors in complex litigation and wrote on the American University Journal of International Law and Policy. Mr. Hoffman's regulatory and legal experience is significant. Mr. Hoffman clerked for the Mergers and Acquisitions Unit of the Federal Deposit Insurance Corporation's Legal Division, negotiating and drafting agreements for open bank assistance. Prior to joining VarTec, he worked as an associate in the Washington, D.C. office of Arter & Hadden, a 350-attorney national law firm based in Cleveland, Ohio. In addition to Mr. Hoffman's representation of VarTec at the Firm, he provided legal and regulatory counsel to numerous interexchange telecommunications carriers and business corporations. Further, Mr. Hoffman represented clients before various state and federal administrative agencies and regulatory bodies. While at the law firm, he also participated in a wide array of litigation matters involving employment law, fraud, insurance defense and workers' compensation, as well as copyright and trademark protection. Mr. Hoffman joined VarTec in May 1992 as its Corporate Counsel and Director of Regulatory Affairs. In this capacity, Mr. Hoffman has overseen VarTec's application for business licenses and certificates of authority in numerous jurisdictions. Additionally, he is responsible for VarTec's on-going compliance requirements, governmental affairs and inquiries, as well as the regulatory duties imposed on the Company by the Federal Communications Commission and various state utility commissions in the jurisdictions in which the Company currently operates. Mr. Hoffman was promoted to the position of Vice President in May 1993, Senior Vice President in November 1994 and Executive Vice President in November 1997.

EXHIBIT F

**VARTEC TELECOM, INC.
Initial Tariff**

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

TITLE PAGE

NORTH DAKOTA LOCAL TELECOMMUNICATIONS TARIFF

This tariff contains the description, regulations, and rates applicable to the furnishing of Local Exchange Services provided by VarTec Telecom, Inc. with principle offices at 1600 Viceroy Drive, Dallas, Texas 75235. This tariff applies to Local Exchange Services furnished within the State of North Dakota. This tariff is on file with the North Dakota Public Utilities Commission, where copies may be inspected during normal business hours.

North Dakota Public Utilities Commission
600 East Boulevard
Department 408
Bismark, North Dakota 58505-0480

The name, address and telephone number for the person who is responsible for providing information with respect to the operating procedures of VarTec Telecom, Inc. are listed below.

ISSUED:

By: Melissa A. Smith, Esq.
Vice President - External Legal Affairs
1600 Viceroy Drive
Dallas, Texas 75235
(214) 424-1000

EFFECTIVE:

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

CHECK SHEET

<u>Page No.</u>	<u>Revision No.</u>	<u>Page No.</u>	<u>Revision No.</u>	<u>Page No.</u>	<u>Revision No.</u>
Title	Original*	31	Original*	62	Original*
1	Original*	32	Original*		
2	Original*	33	Original*		
3	Original*	34	Original*		
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26	Original*	57	Original*		
27	Original*	58	Original*		
28	Original*	59	Original*		
29	Original*	60	Original*		
30	Original*	61	Original*		

* New or Revised

ISSUED:

By: Melissa A. Smith, Esq.
Vice President - External Legal Affairs
1600 Viceroy Drive
Dallas, Texas 75235
(214) 424-1000

EFFECTIVE:

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

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ISSUED:

EFFECTIVE:

By: Melissa A. Smith, Esq.
Vice President - External Legal Affairs
1600 Viceroy Drive
Dallas, Texas 75235
(214) 424-1000

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

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ISSUED:

EFFECTIVE:

By: Melissa A. Smith, Esq.
Vice President - External Legal Affairs
1600 Viceroy Drive
Dallas, Texas 75235
(214) 424-1000

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

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ISSUED:

EFFECTIVE:

By: Melissa A. Smith, Esq.
Vice President - External Legal Affairs
1600 Viceroy Drive
Dallas, Texas 75235
(214) 424-1000

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

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ISSUED:

By: Melissa A. Smith, Esq.
Vice President - External Legal Affairs
1600 Viceroy Drive
Dallas, Texas 75235
(214) 424-1000

EFFECTIVE:

LOCAL TELECOMMUNICATIONS SERVICES TARIFF

TARIFF FORMAT

Page Numbering - Page numbers appear in the upper right hand corner of the page. Pages are numbered sequentially and from time to time new pages may be added to the tariff. When a new page is added between existing pages, a decimal is added to the preceding page number. For example, a new page added between Page Nos. 3 and 4 would be numbered 3.1.

Explanation of Symbols - When changes are made in any tariff page, a revised page will be issued canceling the tariff page affected. Changes will be identified on the revised page(s) through the use of the following symbols:

- (C) - to signify changed regulation.
- (D) - to signify discontinued rate, regulation, or text.
- (I) - to signify increased rates.
- (M) - to signify material relocated from one page to another without change.
- (N) - to signify new rate, regulation, or text.
- (R) - to signify reduced rate.
- (S) - to signify reissued material.
- (T) - to signify a change in text, but no change in rate or regulation.
- (Z) - to signify a correction.

In addition to symbols for changes, each changed provision in the tariff shall contain a vertical line in the right hand margin of the page which clearly shows the exact number of lines being changed.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

APPLICATION OF TARIFF

This tariff applies to the furnishing of Local Exchange Services, as defined herein, by VTI. Local Exchange Services are furnished for the use of Customers in placing and/or receiving local telephone calls within the Local Service Area as defined herein. Services, features and functions will be provided where facilities, including but not limited to, billing capability, technical capability and the ability of VTI to purchase service elements from appropriate tariffs for resale are available.

The provision of Local Exchange Services is subject to existing regulations and terms and conditions specified in this tariff and VTI's current tariffs, and may be revised, added to or supplemented by superceding issues. Local Exchange Services described herein may be offered in conjunction with VTI's interexchange services.

VTI reserves the right to offer its Customers a variety of competitive services as deemed appropriate by VTI.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

1.0 DEFINITIONS

1.1 Definitions of Terms

Account - A Customer record relating to service or equipment billed to a single telephone number. Service may be provided to one premises or may extend to another premises as long as it is part of the main telephone number.

Building - The term "same building" is to be interpreted to mean a structure under one roof, or two or more structures on the same premises which are connected by a covered passageway in which the wires or cables of the telephone company may be placed without exposure to outside electrical circuits or the weather. In no case can conduit be considered as a covered passageway. The term "same building" does not include those buildings connected by a covered public mall.

Central Office - A common carrier switching center in which trunks and loops are terminated and switched.

Collect Call - Denotes a billing arrangement by which the charge for a message may be reversed provided the charge is accepted at the called service point. A collect call may be billed to a Calling Card or third number. If the called service point is identified as a Pay Telephone, the charges must be billed to a Calling Card or third number.

Commission - North Dakota Public Utilities Commission

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

1.0 DEFINITIONS (Continued)

1.1 Definitions of Terms (Continued)

Communications System - Channels and other facilities which are capable, when not connected to the Telecommunications Network, of two-way communications between terminal equipment.

Company or Carrier - VarTec Telecom, Inc. unless otherwise clearly indicated by the context.

Construction Charge - A separate initial charge made for construction of pole lines, circuits, facilities, etc., in excess of that contemplated under the rates quoted herein.

Customer - The person, firm, corporation or other entity which initiates a call on VTI's network, or accepts billing for the call on VTI's network, subject to the terms and conditions of VTI's tariff regulations.

Demarcation Point - The point of demarcation and/or interconnection between a telecommunication provider's facilities and terminal equipment, protective apparatus or wiring at a subscriber's premises. Telephone company installed facilities at/or constituting the demarcation point shall consist of wire and/or a jack conforming to Sub-part F of Part 68 of the Federal Communications Commission's rules.

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1.0 DEFINITIONS (Continued)

1.1 Definitions of Terms (Continued)

Directory Listing - The publication in the white pages telephone directory of information relative to the Customer's assigned telephone number, by which telephone users are enabled to ascertain the telephone number of a desired individual or business.

Equipment Space - An area or areas, agreed upon by the parties, located on or within a structure that is specifically designated for the purpose of terminating regulated telephone services and housing facilities. The necessary security, lighting, commercial power and environmental controls are provided within this area.

Exchange - A telephone system which provides for service within a specified area known as the "Exchange Area."

Installation Charge - An initial and non-recurring charge made under certain conditions covering the cost or portion of the cost of the work of connecting and furnishing telephone service.

InterLATA - Calls or circuits between different Local Access and Transport Areas.

IntraLATA - Calls or circuits totally within the same Local Access and Transport Area.

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1.0 DEFINITIONS (Continued)

1.1 Definitions of Terms (Continued)

Jurisdiction - A geographic area meeting each of the following conditions: presided over by the same regulatory body, within the boundary of a single state and an area in which VTI is authorized to provide service.

Local Access and Transport Area - A geographic area established for the administration of telecommunications service. It encompasses designated local operating telephone company exchanges which are grouped to serve common social economic and miscellaneous purposes.

Local Exchange Service - Local telephone service provided by any individual, partnership, association, joint-stock company, trust, governmental entity or corporation.

Local Service Area - The area within which service is furnished between stations without charge other than the regular exchange service charge, whether the service is flat rated or measured.

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1.0 DEFINITIONS (Continued)

1.1 Definitions of Terms (Continued)

Network Control Signaling - The transmission of signals used in the telecommunications system which performs functions such as supervision (control, status and charging signals), address signaling (e.g., dialing), calling and called number identification, audible tone signals (call progress signals indicating re-order or busy conditions, alerting, coin denominations, coin collect and coin return tones) to control the operation of switching machines in the telecommunications system.

Pay Telephone - The equipment placed by a Payphone Service Provider to facilitate the provisioning of pay telephone service to the Customer. Such service is utilized by the use of coins or alternative billing mechanisms.

Premises - All portions of the same building occupied by the same Customer, provided that 1) the portions are not separated from each other by intervening offices, rooms or suites not occupied by the Customers, or 2) the portions on different floors are contiguous and that the portion on the upper floor is directly above the portion occupied on the lower floor. All of the buildings occupied by the same Customer, provided that all of the buildings are located on the same plot of ground and are not intersected by a public highway (A public highway is considered to mean a vehicular thoroughfare which is governmentally owned).

Station - The network control signaling unit, data set or other equipment at the Customer's premises which enables the Customer to establish the communications connections to effect communications through such connections. Denotes a termination of an individual exchange line or PBX trunk provided in accordance with the provisions of this tariff, in switching equipment located in an exchange foreign to the exchange in which the Customer is located.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

1.0 DEFINITIONS (Continued)

1.1 Definitions of Terms (Continued)

Subscriber - The person, firm, partnership, corporation, or other entity who designates the Company as its primary carrier for telecommunications service. Thus, the Subscriber has a pre-existing business arrangement with the Company and is also a customer.

Telecommunications Network - All facilities of the telephone company that are used to provide its services.

Telephone Company - VarTec Telecom, Inc.

Telephone Number - A designation assigned to a subscriber's station for convenience in operating. Telephone numbers may include the name of a central office, which is termed the "Central Office Designation."

Termination Charge - A charge made to a subscriber if the contract is terminated prior to the expiration of the contract period.

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1.0 DEFINITIONS (Continued)

1.2 Glossary of Acronyms

- CO** - Central Office
- CPE** - Customer Provided Equipment
- DTMF** - Dual Tone Multi-Frequency
- ILEC** - Incumbent Local Exchange Carrier
- LEC** - Local Exchange Carrier
- LATA** - Local Access and Transport Area
- PBX** - Private Branch Exchange
- VTI** - VarTec Telecom, Inc.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS

2.1 Undertaking of Company

2.1.1 General

VTI undertakes to provide the services offered in this tariff according to the terms and conditions and at the rates and charges specified herein.

The furnishing of Local Exchange Services consists of one-way or two-way communication to or from a Demarcation Point on the Customer's premises and another Demarcation Point within a Local Service Area as specified in Section 3 of this tariff.

Services, features and functions will be provided where facilities include, but are not limited to, billing capability and technical capability and such capabilities are available to VTI without unreasonable expense.

A month is considered to have thirty (30) days for the purpose of computing charges in this tariff.

Some services listed in this tariff (e.g., interexchange services) are offered in conjunction or association with services made available with VTI's interexchange service. For such services, the rules, regulations, terms and conditions detailed in VTI's interexchange tariff also apply.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)

2.1 Undertaking of Company (Continued)

2.1.2 Scope

VTI undertakes to furnish Local Exchange Services within the State of North Dakota under the terms and conditions of this tariff. Service is available twenty-four (24) hours a day, seven (7) days a week.

VTI is responsible under this tariff only for the services and facilities provided herein. Should Customers use such services and facilities to obtain access to services offered by other providers, VTI assumes no responsibility for such other service.

2.1.3 Limitations

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

The furnishing of service under this tariff is subject to availability on a continuing basis of all necessary facilities from the ILECs or other providers to VTI for resale.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)

2.1 Undertaking of Company (Continued)

2.1.4 Terms and Conditions

Customers may be required to enter into written service orders which shall contain or reference a specific description of the service ordered, the rates to be charged, the duration of the service, and the terms and conditions in this tariff. The Customer may also be required to execute any other documents as may reasonably be requested by VTI in connection with the provisioning of Local Exchange Services.

At the expiration of any term specified in a service order, or in any extension thereof, service shall continue on a month to month basis at the then current rates unless terminated by either party pursuant to an executed contract between the Customer and VTI or pursuant to the Commission's rules and regulations. Any termination shall not relieve the Customer of its obligation to pay any charges incurred under the service order and this tariff prior to termination. The rights and obligations which by their nature extend beyond the termination of the term of the service order shall survive such termination.

This tariff shall be interpreted and governed by the laws of the State of North Dakota.

Other telecommunications companies must not interfere with the right of any person or entity to obtain service directly from VTI.

The Customer has no property right to the telephone number or any other number designation associated with services furnished by VTI. VTI reserves the right, on sixty (60) days notice, to change such numbers, or the central office designation associated with such numbers, or both, assigned to the Customer, whenever VTI deems it necessary to do so in the conduct of its business.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)

2.1 Undertaking of Company (Continued)

2.1.5 Liability of the Company

VTI shall not be liable for any act or omission of any entity furnishing to VTI or VTI's Customers facilities or equipment used for or with the services VTI offers or for the acts or omissions of other telecommunications companies or Local Exchange Carriers.

With respect to any claim or suit, by a Customer or by others, for damages associated with the ordering (including the reservation of any specific number for use with a service), installation (including delays thereof), provision, termination, maintenance, repair, interruption or restoration of any service or facilities offered under this tariff, and subject to the provisions of this tariff, VTI's liability, if any, shall be limited as provided herein.

The liability of VTI for damages arising out of the furnishing of its services, including but not limited to, mistakes, omissions, interruptions, delays, or errors, other defects, or representations by VTI, or use of these services or damages arising out of the failure to furnish the service whether caused by acts or omission, shall be limited to the extension of allowances for interruptions as set forth in Section 2.11. The extension of such allowances for interruption shall be the sole remedy of the Customer and the sole liability of VTI. VTI will not be liable for any direct, indirect, incidental, special, consequential, exemplary or punitive damages to Customer as a result of any Company service, equipment or facilities, or the acts or omissions or negligence of VTI's employees or agents.

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2.0 RULES AND REGULATIONS (Continued)

2.1 Undertaking of Company (Continued)

2.1.5 Liability of the Company (Continued)

VTI shall not be liable for any defacement of or damage to Customer premises resulting from the furnishing of services or equipment on such premises or the installation or removal thereof, unless such defacement or damage is caused by gross negligence or willful misconduct of VTI's agents or employees. No agents or employees of other telecommunications companies shall be deemed to be agents or employees of VTI.

VTI shall not be liable for any delay or failure of performance or equipment due to causes beyond its control, including but not limited to the following: acts of God, fire, flood, explosion or other catastrophes; law, order, regulation, direction, action or request of the United States government or of any other government, including state and local governments having or claiming jurisdiction over VTI or of any department, agency, commission, bureau, corporation or other instrumentality of any one or more of these federal, state, or local governments, or of any military authority; preemption of existing service in compliance with national emergencies; insurrections; riots; wars; unavailability of rights-of-way or materials, or strikes, lockouts, work stoppages, or other labor difficulties.

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2.0 RULES AND REGULATIONS (Continued)

2.1 Undertaking of Company (Continued)

2.1.5 Liability of the Company (Continued)

VTI shall not be liable for any damages or losses due to the fault or negligence of, or any omission by, the Customer or due to the failure or malfunction of Customer-provided equipment or facilities.

The Customer shall indemnify and hold VTI harmless from any and all loss, claims, demands, suits or other action, or any liability whatsoever, whether suffered, made, instituted, or asserted by another party or person(s), and for any loss, damage, or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal, condition, location or use of any installation provided by VTI. VTI reserves the right to require each Customer to sign a service order acknowledging acceptance of the provisions of this section as a condition precedent to such installations.

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2.0 RULES AND REGULATIONS (Continued)

2.1 Undertaking of Company (Continued)

2.1.5 Liability of the Company (Continued)

Notwithstanding the Customer's obligations as set forth in Section 2.4, VTI shall be indemnified, defended, and held harmless by the Customer or by others authorized by it to use the service against any claim, loss or damage arising from Customer's use of services furnished under this tariff including:

- (a) claims for defamation, libel, slander, invasion of privacy, infringement of copyright, unauthorized use of trademark, trade name, or service mark, unfair competition, interference with, misappropriation or violation of any contract, proprietary or creative right, or any other injury to any proprietary or creative right, or any other injury to any person, property or entity arising from the material, data, information or content, revealed to, transmitted, processed, handled or used by VTI under this tariff;
- (b) patent infringement claims arising from combining or connecting the service offered by VTI with apparatus and systems of the Customer or others and
- (c) all other claims arising out of any act or omission of the Customer or others in connection with any service provided by VTI pursuant to this tariff.

The entire liability of VTI for any claim, loss, damage or expense from any cause whatsoever shall in no event exceed sums actually paid to VTI by the Customer for the specific services giving rise to the claim.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)

2.1 Undertaking of Company (Continued)

2.1.5 Liability of the Company (Continued)

VTI MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PECULIAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

VTI shall not be liable for any act or omission of any other company or companies furnishing a portion of the service, or for damages associated with service, channels or equipment which it does not furnish, or for damages which result from the operation of Customer-provided systems, equipment, facilities or services which are interconnected with VTI services.

The underlying service provider shall intercept all calls to a number listed incorrectly in the telephone directory until a new directory is distributed or a correction sheet is mailed to each Customer.

In conjunction with a non-published telephone number, VTI will not be liable for failure or refusal to complete any call to such telephone when the call is not placed by the number. VTI will try to prevent the disclosure of the number of such telephone but will not be liable should such number be divulged.

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

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)

2.1 Undertaking of Company (Continued)

2.1.5 Liability of the Company (Continued)

With respect to Emergency 911 Service, the following applies:

1. This service is offered as an aid in handling assistance calls in connection with fire, police and other emergencies. VTI is not responsible for any losses, claims, demands, suits or any liability whatsoever, whether suffered, made, instituted or asserted by the Customer or by any other party or person for any personal injury to or death of any person or persons, and for any loss, damage or destruction of property, whether owned by the Customer or others, caused or claimed to have been caused by mistakes, omissions, interruptions, delays, errors or other defects in the provision of this service or installation, operation, failure to operate, maintenance, removal, presence, condition, location or use of any equipment and facilities furnishing this service.

2. Neither is VTI responsible for any infringement or invasion of the right of privacy of any person or persons, caused or claimed to have been caused, directly or indirectly, by the installation, operation, failure to operate, maintenance, occasion by the use of Emergency 911 service features and the equipment associated therewith, or by any services furnished by VTI, including but not limited to, the identification of the telephone number, address or name associated with the telephone used by the party or parties accessing Emergency 911 service, and which arise out of the negligence or other wrongful act of VTI, the Customer, its Customers, agencies or municipalities, or the employees or agents of any one of these.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)

2.1 Undertaking of Company (Continued)

2.1.6 Notification of Service

VTI will provide the Customer reasonable notification, including the planned date, time and duration, of activities affecting service that may occur in normal operation of its business. Such activities may include but are not limited to, equipment or facilities additions, removals or rearrangements and routing and preventive maintenance. Generally, such activities are not specific to an individual Customer but affect many Customers' services. VTI will work cooperatively with the Customer to determine the reasonable notification requirements. With some emergency or unplanned conditions affecting service, such as outage resulting from cable damage, notification to the Customer may not be possible.

2.1.7 Provision of Equipment and Facilities

VTI shall use reasonable efforts to make services available to a Customer on or before a particular date, subject to the provisions of and compliance by the Customer with the regulations contained in this tariff. VTI does not guarantee availability, except as stated or expressly provided for in this tariff.

VTI shall use reasonable efforts to maintain facilities that it furnishes to the Customer. The Customer, or anyone designated by the Customer (except the ILEC) may not rearrange, disconnect, remove, attempt to repair or otherwise interfere with any of the facilities installed by VTI, except upon written consent of VTI.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)

2.1 Undertaking of Company (Continued)

2.1.7 Provision of Equipment and Facilities (Continued)

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

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

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

Equipment VTI provides or installs at the Customer premises for use in connection with services VTI offers, shall not be used for any purpose other than that for which VTI provides, installs or has installed on its behalf.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)

2.1 Undertaking of Company (Continued)

2.1.8 Non-Routine Installation

At the Customer's request, installation and/or maintenance may be performed outside VTI's regular business hours or in hazardous locations. In such cases, charges based on the cost of the actual labor, material, or other costs incurred by or charged to VTI will apply. If installation is started during regular business hours and continues into time periods, including but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

2.1.9 Ownership of Facilities

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

2.2 Prohibited Uses

The services VTI offers shall not be used for any unlawful purposes or for any use which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits. Services may not be used for any purpose for which any payment or other compensation is received by the Customer except when the Customer is a duly authorized regulated telecommunications company.

VTI may require a Customer to discontinue its transmission of signals if said transmission is causing interference to others.

VTI may discontinue service if a Customer fails to comply with any of the rules herein. The Customer's service will only be suspended or discontinued as allowed under the Commission Rules.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)**2.3 Discontinuance and Restoration of Service****2.3.1 Intentional Abuse of Service**

VTI has the right to refuse telephone service to any premises and at any time to discontinue telephone service, if it finds it necessary to do so to protect itself against intentional abuse. Intentional abuse of service includes, without limiting the generality of the foregoing, the use of service or facilities of VTI to transmit a message or to locate a person or otherwise to give or obtain information, without payment of an exchange service charge. Another form of such abuse is an intentional uninterrupted connection of one exchange station to another station, excluding those connections charged for on an elapsed time basis, which permits the use of the facilities in a manner similar to private line service. It also includes intentional receiver off-hook conditions.

2.3.2 Disconnection of Service for Cause

Upon non-payment of any sum due to VTI or upon violation of any of the conditions governing the furnishing of services as provided in this tariff, VTI may by notice in writing mailed to the Customer, without incurring any liability, temporarily discontinue the furnishing of service to the Customer. Telephone services may be discontinued fifteen (15) days after mailing notice of intention to discontinue service, and a service order charge will be made by Carrier for restoration of such Authorization Code and/or line. If VTI elects to discontinue service, the Customer shall be responsible for all charges through the date of termination.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)

2.3 Discontinuance and Restoration of Service (Continued)

2.3.2 Disconnection of Service for Cause (Continued)

If any Customer-provided equipment is used with facilities provided by VTI in violation of any law or any of the provisions in this tariff, VTI will take such action as is necessary for the protection of its facilities or the service of its other Customers and other persons provided with telecommunications services. The Customer shall discontinue such use of the equipment or correct the violation immediately upon actual or constructive knowledge of a violation and shall confirm in writing to VTI within fifteen (15) calendar days that such use has ceased or that the violation has been corrected. Failure of the Customer to discontinue such use or correct the violation and to give the required written confirmation to VTI within the time stated above shall result in interruption of the service of the Customer creating the violation, once appropriate notice of the potential disconnection or suspension has been provided by VTI to the Customer pursuant to North Dakota state law.

Service may be refused, reduced, or partially or completely discontinued without notice in the event VTI is informed that the service is used in such a manner that will adversely affect VTI's service to others.

VTI may disconnect service in accordance with the terms hereof without any liability.

Customers having their local service terminated by VTI will be notified by VTI in accordance with the applicable rules and regulations of the Commission regarding termination of service.

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LOCAL TELECOMMUNICATIONS SERVICES TARIFF

2.0 RULES AND REGULATIONS (Continued)

2.3 Discontinuance and Restoration of Service (Continued)

2.3.3 Restoration of Service

When a Customer's service has been disconnected in accordance with this tariff, service will be re-established only upon the basis of an application for new service.

If a service has been suspended, discontinued or disconnected for nonpayment, service will be re-established upon receipt of all charges due, which includes charges for services and facilities during the period of suspension and which may include a service restoration fee. If the Customer has a history of payments returned for insufficient funds, VTI may require payment by cash, money order or certified check. If such payment is made by personal check, restoration of service will be effective only upon bank clearance of the check.

2.4 Customer Obligations and Liability

The Customer is responsible for the payment of bills associated with the use of VTI's service. Whether or not authorized by the Customer, this includes payment for calls and services: (1) originated at the Customer's number(s), (2) accepted at the Customer's number(s) (e.g., collect calls) and/or (3) incurred at the specific request of the Customer.

The Customer is responsible for making VTI facilities and equipment available periodically for maintenance purposes at a time agreeable to both VTI and the Customer. No allowance for interruptions in service will be made for the period during which service is interrupted for such purposes.

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2.0 RULES AND REGULATIONS (Continued)

2.4 Customer Obligations and Liability (Continued)

The Customer is responsible for reimbursing VTI for damages to, or loss of, VTI's facilities or equipment caused by the acts or omissions of the Customer, the non-compliance by the Customer with these regulations or by fire or theft or other casualty on the Customer's premises, unless caused by the negligence or willful misconduct of the employees or agents of VTI. VTI may, upon reimbursement for damages, cooperate with the Customer in prosecuting a claim against the person causing such damage, and the Customer shall be subrogated to VTI's right of recovery of damages to the extent of such payment.

The Customer is responsible for obtaining, maintaining, and otherwise having full responsibility for all rights-of-way and conduit necessary for installation of fiber optic cable and associated equipment used to provide Local Exchange Service to the Customer from the cable building entrance or property line to the location of the equipment space described herein. Any costs associated with obtaining and maintaining the rights-of-way described herein, including the costs of altering the structure to permit installation of VTI-provided facilities, shall be borne entirely by, or may be charged by VTI to, the Customer. VTI may require the Customer to demonstrate its compliance with this section prior to accepting an order for service.

The Customer is responsible for complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of VTI facilities and equipment in any Customer premises or the rights-of-way for which Customer is responsible as defined herein, and granting or obtaining permission for VTI agents or employees to enter the premises of the Customer at any time for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of VTI.

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2.0 RULES AND REGULATIONS (Continued)

2.4 Customer Obligations and Liability (Continued)

The Customer is responsible for providing at no charge, as specified from time to time by VTI, any needed personnel, equipment, space and power to operate VTI facilities and equipment installed on the premises of the Customer, and the level of heating and air conditioning necessary to maintain the operating environment on such premises.

The Customer shall be responsible for placing orders for service. When placing an order for service, Customer must provide the name(s) and address(es) of the person(s) responsible for the payment of service charges, the name(s), telephone number(s), and address(es) of the Customer contact person(s) and any other information as deemed appropriate by VTI.

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

The Customer is responsible for not creating or allowing to be placed or maintained any liens or other encumbrances on VTI's equipment or facilities.

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2.0 RULES AND REGULATIONS (Continued)

2.5 Claims

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

- (a) any loss, destruction or damage to property of VTI or any third party, or the death of or injury to persons, including, but not limited to, employees or guests of either VTI or the Customer, to the extent caused by or resulting from negligent or intentional act or omission of the Customer, its employees, agents, representatives or
- (b) any claim, loss, damage, expense or liability for infringement of any copyright, patent, trade secret, or any proprietary or intellectual property right of any third party, arising from any act or omission by the Customer, including, with limitation, use of VTI's services and facilities in a manner not contemplated by the service order between the Customer and VTI.

2.6 Customer Equipment and Channels

2.6.1 Interconnection of Facilities

Services furnished by VTI may be connected to the services or facilities of other authorized telecommunications companies only when authorized by, and in accordance with, the terms and conditions of the tariffs of the other telecommunications companies which are applicable to such connections. Service furnished by VTI is not part of a joint undertaking with such other carriers.

Any special interface equipment necessary to achieve compatibility between the facilities and equipment of VTI used for furnishing Local Exchange Service and the channels, facilities, or equipment of others may be provided at the Customer's expense.

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2.0 RULES AND REGULATIONS (Continued)

2.6 Customer Equipment and Channels (Continued)

2.6.1 Interconnection of Facilities (Continued)

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

2.6.2 Customer Responsibility

The Customer is responsible for taking all necessary legal steps for interconnecting his/her Customer-provided terminal equipment of communications systems with VTI's facilities. Customers shall secure all licenses, permits, rights-of-way, and other arrangements necessary for such interconnections.

2.7 Inspections

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

If the protective requirements for Customer-provided equipment are not being complied with, VTI may take such action as it deems necessary to protect its facilities, equipment and personnel. VTI may immediately and without notice deny service when the Customer submits VTI or non-VTI personnel to hazardous conditions. When the Customer circumvents VTI's ability to charge for its services, to prevent and protect against fraud or acts in a way that may cause immediate harm to the local exchange network or other VTI services, VTI will give the Customer prior notice before denying service.

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2.0 RULES AND REGULATIONS (Continued)

2.8 Payments and Charges

2.8.1 Payment for Service

The Customer is responsible for payment of all charges for service and facilities furnished by VTI to the Customer, whether authorized or not. If an entity other than VTI imposes charges on VTI, in addition to its own internal costs, and in connection with a service for which a VTI charge is specified, those charges may be passed on to the Customer.

Customers may pay for service by credit card, an authorized payment agent, or check or other method of payment as deemed appropriate by VTI.

When a payment for service is made by check, draft, or similar negotiable instrument, a returned check charge will be made by Carrier for each such item returned unpaid by a bank to Carrier for any reason. The acceptance of checks, drafts, or other negotiable instruments for the satisfaction of the Customer's debts to Carrier shall not constitute a waiver by Carrier of its right to payment by legal tender.

2.8.2 Taxes

Any assessments, franchise fees, privileges, licenses, occupation, excise, or other similar fees or taxes, whether in a lump sum or at a flat rate, based upon receipts or property units, imposed upon VTI by any governmental authority shall be added pro rata, insofar as practical, to the rates and charges stated in VTI's rate schedules. VTI shall, so long as any such tax or fee is in effect, add to the bills of the Customers an amount sufficient to recover any such tax or fee and may list this amount separately on the bill.

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2.0 RULES AND REGULATIONS (Continued)**2.8 Payments and Charges (Continued)****2.8.3 Establishment and Re-establishment of Credit**

VTI may conduct a credit investigation of each Customer or applicant prior to accepting the service order. A Customer whose service has been discontinued by VTI for non-payment of bills for any telecommunications service will be required to pay all bills due to VTI for telecommunications services or make other arrangements satisfactory to VTI and to re-establish credit before service is restored or any service started.

2.8.4 Billing and Collection

The Customer is responsible for payment of all charges for equipment or facilities and services furnished by VTI to the Customer.

VTI will establish a monthly billing date for each Customer account and shall bill all charges incurred by, and credits due to the Customer under this tariff. Recurring charges are billed in advance of the month(s) in which service is provided, except where prohibited by law. Usage sensitive charges will be billed for the preceding billing period. Recurring charges and usage sensitive charges for the federal government will be billed in arrears. Bills are due by the payment due date shown on the bill.

When service does not begin on the first day of the billing cycle, or end on the last day of the billing cycle, the charge for the fraction of the billing cycle in which service was furnished will be calculated on a pro rata basis.

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2.0 RULES AND REGULATIONS (Continued)

2.8 Payments and Charges (Continued)

2.8.5 Billing Disputes

The date of the dispute shall be the date VTI receives sufficient documentation to enable it to investigate the dispute. The Customer is responsible for notifying VTI, either verbally or in writing, of any charges in dispute and the specific basis of such dispute. All charges not in dispute shall be paid by the Customer by the payment due date. Upon notification of a dispute, VTI shall undertake an investigation of the disputed charges. At the conclusion of the investigation, VTI shall notify the Customer of any amount determined by VTI to be correctly charged, and such amount shall become immediately due. Amounts determined by VTI to be correctly charged shall also be subject to the late payment fee specified in this tariff.

In the event of a dispute, the Customer may be liable for reasonable court costs and attorneys' fees.

2.8.6 Reserved for Future Use.

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2.0 RULES AND REGULATIONS (Continued)

2.8 Payments and Charges (Continued)

2.8.7 Late Payment Fee

Customers billed directly by VT or its agents for usage charges incurred as the result of utilizing VT's service will be assessed a late payment fee equal to 1.5% of any unpaid monthly balance if payment is not received by VT by the due date specifically listed on the Customer's bill.

Late payment fees do not apply to the disputed portion of unpaid balances, if resolved in favor of the Customer. The disputed portion of unpaid balances, if resolved in favor of VTI, may be subject to the late payment fee as of the original due date noted on the Customer's bill. Undisputed amounts of the same bill may be subject to the late payment fee if they remain unpaid by the due date noted on the Customer's bill.

Collection procedures are unaffected by the application of the late payment fee. The late payment fee does not apply to final accounts.

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2.0 RULES AND REGULATIONS (Continued)

2.9 Cancellation, Discontinuance and Changes

2.9.1 Cancellation of Application for Service

When a Customer cancels an application for service prior to the start of service or prior to any special construction, no charges will be imposed except for these specified herein.

Where, prior to cancellation by the Customer, VTI incurs any expenses in installing the service that it otherwise would not have incurred, a charge equal to the costs VTI incurred, less net salvage, shall apply, but in no case shall this charge exceed the sum of the charge for the minimum period of services ordered, including installation charges, and all charges others levy against VTI that would have been chargeable to the Customer had service begun.

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2.0 RULES AND REGULATIONS (Continued)

2.9 Cancellation, Discontinuance and Changes (Continued)

2.9.1 Cancellation of Application for Service (Continued)

Where VTI incurs an expense in connection with special construction, or where special arrangements of facilities or equipment have begun, before VTI receives a cancellation notice, a charge equal to the costs incurred, less net salvage, applies.

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

2.9.2 Cancellation of Service

If a Customer cancels a service order or terminates services before the completion of the term for any reason whatsoever, the Customer agrees to pay VTI the following:

- (a) all nonrecurring charges reasonably expended by VTI to establish service to the Customer.
- (b) any disconnection, early cancellation, or termination charges reasonably incurred and paid to third parties by VTI.
- (c) all recurring charges associated with the service being utilized for the balance of applicable term.
- (d) any other charges set forth in this tariff or in the service order for such early cancellation or termination.

The above sums shall become due as of the effective date of the cancellation or termination and be payable within the period, as set forth in this tariff.

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2.0 RULES AND REGULATIONS (Continued)

2.9 Cancellation, Discontinuance and Changes (Continued)

2.9.3 Discontinuance of Service

VTI may discontinue or refuse to furnish any and/or all service(s) to the Customer or applicant for service without incurring any liability if VTI deems that such action is necessary to prevent or to protect against fraud or to otherwise protect its personnel, agents, facilities, equipment, assets or service.

The discontinuance of service(s) by VTI pursuant to this Section does not relieve the Customer of any obligation to pay VTI for charges due for service(s) rendered up to the time of discontinuance. In addition, VTI may declare all future monthly and other charges which would have been payable by the Customer during the remainder of the term for which such services would have otherwise been provided to the Customer, to be immediately due and payable.

In the event VTI incurs fees or expenses, including attorneys' fees, in collecting or attempting to collect any charges owed VTI, the Customer will be liable to VTI for the payment of all such fees and expenses reasonable incurred.

VTI may discontinue service of any Customer who, with intent to annoy, telephones another and addresses to or about such other person any obscene language or addresses to such other person any threat to inflict injury to the person or property of the person addressed or any family member.

VTI may discontinue service of any Customer who, with intent to annoy, repeatedly telephones another without disclosing his true identity to the person answering the telephones, whether or not conversation ensues during the telephone calls.

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2.0 RULES AND REGULATIONS (Continued)

2.9 Cancellation, Discontinuance and Changes (Continued)

2.9.3 Discontinuance of Service (Continued)

VTI may, without incurring any liability, discontinue or suspend service without notice or refuse service if: (a) the Customer provides false information to VTI regarding the Customer's identity, address, creditworthiness, its past or current use of communications services, or its planned use of VTI's service(s); (b) the Customer uses service to transmit a message, locate a person or otherwise give or obtain information without payment for the service or (c) the Customer uses, or attempts to use, service with the intent to avoid the payment, either in whole or in part, of the tariffed charges for the service by using or attempting to use any fraudulent means or devices.

VTI may, without incurring any liability, discontinue or suspend service within fifteen (15) days written notice, or refuse service if (a) the Customer refuses to furnish information to VTI regarding the Customer's creditworthiness, his/her past or current use of communications services or his/her planned use of service(s); (b) any material portion of the facilities used by VTI to provide service to the Customer is condemned or a casualty renders all or any material portion of such equipment or facilities inoperable beyond feasible repair; (c) any governmental order or directive calls for the discontinuation of service, the Customer alters the services to be provided, or the Customer violates an applicable federal, state or local law or regulation or (d) the Customer uses service without payment for the service or the Customer fails to pay any amounts owing to VTI for services to which the Customer subscribes or had subscribed or used.

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2.0 RULES AND REGULATIONS (Continued)

2.9 Cancellation, Discontinuance and Changes (Continued)

2.9.4 Changes in Service

If the Customer makes or requests material changes in circuit engineering, equipment or facility specifications, service parameters, premises locations, or otherwise materially modifies any provision of the application for service, Customer charges shall be adjusted accordingly.

2.10 Credit Allowance - Directory Listings

For listings in alphabetical telephone directories and information records furnished without additional charge, no liability shall be attached to the Company. Subject to the provisions of Section 2.1.5 of this tariff, VTI shall allow, for errors or omissions in alphabetical telephone directories (excluding the use of bold face type), an amount within the following limits:

- (a) for listings and lines of information in alphabetical telephone directories furnished at additional charge, an amount not in excess of the charge for that listing during the effective life of the directory in which the error or omission occurred.
- (b) for listings in information records furnished at additional charge, an amount not in excess of the charge for the listing during the period the error or omission continued.

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2.0 RULES AND REGULATIONS (Continued)

2.11 Allowances for Interruptions in Service

When the use of service or facilities finished by VTI is interrupted due to any cause other than the negligence or willful act of the Customer, or the operation or failure of the facilities or equipment provided by the Customer, a pro rata adjustment of the monthly charges subject to interruption will be allowed for the service and facilities rendered useless and inoperative by reason of the interruption whenever said interruption continues for a period of twenty-four (24) hours or more from the time the interruption is reported to or known to exist by VTI, except as otherwise specified in VTI's tariffs.

It shall be the obligation of the Customer to notify VTI immediately of any interruption in service for which a credit allowance is desired by Customer. Before giving such notice, the Customer shall ascertain that the trouble is not being caused by any action or omission of the Customer within his or her control, or is not in wiring or equipment, if any, furnished by Customer and connected to VTI's terminal. If the Customer reports a service, facility or circuit to be inoperative but declines to release it for testing and repair, it is considered to be impaired, but not interrupted.

2.11.1 Credit Allowances

Credit for failure of service or equipment will be allowed only when failure is caused by or occurs in facilities or equipment owned, provided and billed for by VTI.

Credit allowances for failure of service or equipment starts when Customer notifies VTI of the failure or when VTI becomes aware of the failure and ceases when the operation has been restored and an attempt has been made to notify Customer.

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2.0 RULES AND REGULATIONS (Continued)**2.11 Allowances for Interruptions in Service (Continued)****2.11.1 Credit Allowances (Continued)**

For calculating credit allowances, every month is considered to have thirty (30) days. A credit allowance is applied on a pro rata basis against the monthly charges specified hereunder and is dependent upon the length of the interruption. Only those facilities on the interrupted portion of the circuit will receive a credit. Credit allowances for services outages that exceed 24 hours in duration will be rounded up to the next whole twenty-four (24) hours.

2.11.2 Limitations on Allowances

No credit will be made for interruptions due to the negligence of, or noncompliance with the provisions of this tariff by, the Customer or for interruptions due to the negligence of any person using VTI's facilities with the Customer's permission. No credit will be given by VTI for interruptions due to the failure or malfunction of non-VTI equipment or interruptions of service during any period in which VTI is not given full and free access to its facilities and equipment for the purpose of investigating and correcting interruptions. No credit will be given to the Customer for interruptions of service during a period in which the Customer continues to use the service on an impaired basis, interruptions of service during any period when the Customer has released service to VTI for maintenance purposes or for implementation of a Customer order for a change in service arrangements, or interruption of service due to circumstances or causes beyond the control of VTI.

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2.0 RULES AND REGULATIONS (Continued)

2.12 Transfers and Assignments

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

2.13 Notices and Communications

All notices or other communications required to be given pursuant to this tariff will be in writing. Notices and other communications of either party, and all bills mailed by VTI, shall be presumed to have been delivered to the other party on the third business day following deposit of the notice, communication or bill with the U.S. Mail or a private delivery service, prepaid and properly addressed, or when actually received or refused by the addressee, whichever occurs first.

VTI or the Customer shall advise the other party of any changes to the address designated for notices, billing or other communications.

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2.0 RULES AND REGULATIONS (Continued)

2.14 Violation of Regulations

When any terminal equipment or communications system is used with Local Exchange Services in violation of any of the provisions of this tariff, VTI will take any necessary immediate action to protect its services or interests, including disconnection of the service, and will promptly notify the Customer of the violation in writing. Within ten (10) days upon receipt of said notification, the Customer shall discontinue such improper use of the terminal equipment or communications system or correct the violation and shall confirm in writing to VTI that such use has ceased or that the violation has been corrected. Failure of the Customer to discontinue such use or to correct the violation and to give the required written confirmation to VTI within the time stated above shall result in disconnection of the Customer's service until such time as the Customer complies with the provisions of this tariff.

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3.0 SERVICE DESCRIPTIONS

3.1 General

VarTec's Local Exchange Service provides Customers with unlimited calling to points within their designated local calling area. VarTec concurs with the exchange areas and exchange maps filed by the incumbent Local Exchange Carriers and currently on file with the Commission.

VTI also provides optional services to allow Customers to efficiently manage the call flow generated over their telephone line(s). These services are subject to availability of facilities and compatibility with Customer type of access line and premises equipment. Optional services are only available to Customers of VTI's basic local services and are not available on Centrex and PBX trunks. When multiple services are activated on the same line, certain services may take precedence over others.

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3.0 SERVICE DESCRIPTIONS (Continued)

3.2 Basic Residential Local Service

Basic Residential Local Service allows residential Customers to place local calls according to the rates as set forth herein. The standard features of Basic Residential Local Service include an assigned telephone number, dial tone, Dual Tone Multi-Frequency (DTMF – i.e., Touch Tone) and rotary signaling, access to long distance services and unlimited local calling within the standard local calling area.

Customers of Basic Residential Local Service have the ability to utilize 911/E911 emergency services, 711, 611 and 411 services (where available), operator services and long distance services. In addition, the Customer will have a listing in the applicable 911/E911 database, white pages telephone directory and the Directory Assistance database. Information obtained from the Customer is required but may have a designation for non-publication.

Increments for provision of non-optional Extended Area Service will be added when applicable.

Basic Residential Local Service is available only as part of VarTec's One ChoiceSM Premium Package. Rates and charges associated with VarTec's One ChoiceSM Premium Package are set forth in Section 4.2.1 following.

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3.0 SERVICE DESCRIPTIONS (Continued)**3.2 Basic Residential Local Service****3.2.1 One ChoiceSM Premium Package**

One ChoiceSM Premium Package provides residential Customers in North Dakota with local calling and selected optional features for a flat rate. In order to subscribe to One ChoiceSM Premium Package, Customers must select VTI as the primary service provider for local exchange, intraLATA interexchange and interLATA interexchange telecommunications services. Furthermore, Customers must select VTI's One ChoiceSM Long Distance Service of VTI's interexchange services. The availability of One ChoiceSM Premium Package to Customers may be restricted based upon both VTI's access to resold services through the incumbent local exchange carrier and the Customer's creditworthiness as determined by information contained in a credit bureau report received from a credit reporting agency.

One ChoiceSM Premium Package includes Basic Residential Local Service as described in Section 3.2, Call Waiting as described in Section 3.4.10, Caller ID as described in Section 3.4.11 and Three-Way Calling as described in 3.4.13. One ChoiceSM Premium Package does not include equipment associated with the Caller ID feature.

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3.0 SERVICE DESCRIPTIONS (Continued)

3.3 (Reserved for Future Use)

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3.0 SERVICE DESCRIPTIONS (Continued)

3.4 Call Management Features

VTI offers optional Call Management Features as described herein to allow Customers to efficiently manage the call flow generated over their telephone line(s). These services are subject to availability of facilities and compatibility with Customer type of access line and premises equipment. Optional services are only available to Customers of VTI's basic local service and are not available on Centrex and PBX trunks. When multiple services are activated on the same line, certain services may take precedence over others.

Rates and charges associated with the Call Management Features described herein are set forth in Section 4.4 following.

3.4.1 Auto Redial

Auto Redial enables the Customer to redial automatically the last outgoing telephone number. If that telephone number is busy, the service will make call attempts to the telephone number for a maximum of thirty (30) minutes beginning with the Customer's activation of Auto Redial, in an effort to establish the call. The Customer will be signaled with a distinctive ring when the call can be completed. Customers access Auto Redial by dialing *66 and can cancel an Auto Redial activation by dialing *86.

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3.0 SERVICE DESCRIPTIONS (Continued)**3.4 Call Management Features (Continued)****3.4.2 Call Block**

Call Block enables the Customer to block calls from pre-selected telephone numbers and/or the last incoming call (without knowing the number). To block specified telephone numbers, the Customer builds a screening list via code activation. Customers may access their screening list to add telephone numbers by dialing *60. Customers may deactivate Call Block by dialing *80. To block an unknown telephone number after receiving the call, the Customer enters a blocking code to add the number to the Customer's screening list. In the event that facilities are unavailable to provide incoming call screening from the Customer's list, standard call completion will occur. Customers whose telephone numbers are blocked are directed to a prerecorded announcement regarding the block.

3.4.3 Call Forwarding

Call Forwarding enables the Customer to transfer all incoming calls to another telephone number. The Customer is responsible for the payment of charges (i.e., toll charges) for each call between the Customer's call forwarding equipped telephone and the telephone to which the call is being forwarded. The transmission may not meet normal standards depending upon the distance and routing necessary. Customers who are subscribed to Call Forwarding activate the service by dialing #72 and can deactivate the service by dialing #73.

Call Forwarding may also include the Call Forwarding - Busy Line and Call Forwarding - Don't Answer features described in Sections 3.4.4 and 3.4.5. However, only one Call Forwarding feature is allowed for each telephone line.

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3.0 SERVICE DESCRIPTIONS (Continued)**3.4 Call Management Features (Continued)****3.4.4 Call Forwarding - Busy Line**

Call Forwarding - Busy Line allows incoming calls that encounter a busy condition to be forwarded to a pre-designated telephone number. The Call Forwarding - Busy Line Customer is responsible for the payment of charges (i.e., toll charges) for each call between his/her call forwarding equipped telephone line and the line to which the call is being forwarded. The transmission may not meet normal standards depending upon the distance and routing necessary.

3.4.5 Call Forwarding - No Answer

Call Forwarding - No Answer allows incoming calls which are not answered after a pre-determined number of rings to be automatically forwarded to a pre-designated telephone number. The Call Forwarding - No Answer Customer is responsible for the payment of charges (i.e., toll charges) for each call between his/her call forwarding equipped telephone line and the line to which the call is being forwarded. The transmission may not meet normal standards depending upon the distance and routing necessary.

3.4.6 Call Forwarding - Busy Line/No Answer

Call Forwarding - Busy Line/No Answer provides the features of Call Forwarding - Busy Line as described in Section 3.4.4 as well as the features of Call Forwarding - No Answer as described in Section 3.4.5. The Customer is responsible for the payment of charges (i.e., toll charges) for each call between his/her call forwarding equipped telephone line and the line to which the call is being forwarded. The transmission may not meet normal standards depending upon the distance and routing necessary.

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3.0 SERVICE DESCRIPTIONS (Continued)**3.4 Call Management Features (Continued)****3.4.7 Remote Access to Call Forwarding**

Remote Access to Call Forwarding provides the Customer that is a subscriber of a Call Forwarding service with the ability to activate, deactivate or change Call Forwarding designations from a remote location. This service can only be accessed from a DTMF equipped telephone which has a full set of characters, including "*" and "#." All charges incurred to access the remote number will be billed appropriately. The transmission may not meet normal standards depending upon the distance and routing necessary. The Customer must also subscribe to one of the Call Forwarding features described herein.

3.4.8 Selective Call Forwarding

Selective Call Forwarding provides the Customer with the ability to forward incoming calls from pre-selected telephone numbers to another telephone number. The Customer can construct or modify a telephone number screening list. VTI equipment will screen incoming calls against the Customer's list and forward only those from telephone numbers on the list. The Selective Call Forwarding Customer is responsible for the payment of charges (i.e., toll charges) for each call between the Selective Call Forwarding equipped telephone line and the line to which the call is being forwarded. Calls from numbers not on the list will receive standard call completion. The Customer must also subscribe to one of the Call Forwarding features described herein.

Subscribers to Selective Call Forwarding activate the service and construct or modify the screening list by dialing *63 and following the prompts. This service may be temporarily deactivated by dialing *83.

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3.0 SERVICE DESCRIPTIONS (Continued)

3.4 Call Management Features (Continued)

3.4.9 Call Return

Call Return enables the Customer to redial automatically the last incoming call, whether or not it was answered. If that telephone number is busy, automated continuous attempts will occur to call the number for a maximum of thirty (30) minutes beginning with the Customer's activation of Call Return in an attempt to establish the call. The Customer will be signaled with a distinctive ring when the call can be completed. Customers activate Call Return by dialing *69.

3.4.10 Call Waiting

Call Waiting alerts Customers via a tone signal while a call is in progress to indicate a second call is waiting and, by operation of the switchhook, allows the Customer to place the first call on hold and answer the waiting call. Call Waiting subscribers may deactivate Call Waiting for the duration of one call by dialing *70 prior to the direct-dialed digits. Call Waiting is automatically reactivated for the next originating or terminating call.

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3.0 SERVICE DESCRIPTIONS (Continued)

3.4 Call Management Features (Continued)

3.4.11 Caller ID

Caller ID allows the Customer to identify the calling party prior to the telephone being answered. Caller ID displays the name and/or telephone number of the calling party on the Customer's CPE before the call is answered at the Customer's premises. Caller ID consists of two features: 1) Calling Number Delivery, which identifies the telephone number of the calling party, before the telephone is answered and 2) Calling Name and Number Delivery, which identifies the name and telephone number of the calling party, before the telephone is answered. Caller ID requires a period of time equivalent to two ringing tones in order to produce the name and telephone number display on the CPE. Caller ID displays non-published telephone numbers, unless the Customer who has a non-published listing activates a call identification block.

Any Customer subscribing to Caller ID will be responsible for the provision of a display device which will be located on the Customer's premises. The installation, repair, and technical capability of that equipment to function in conjunction with the feature specified herein will be the responsibility of the Customer. Company assumes no liability and will be held harmless for any incompatibility of this equipment to perform satisfactorily with the network features described herein.

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3.0 SERVICE DESCRIPTIONS (Continued)

3.4 Call Management Features (Continued)

3.4.12 Speed Calling

Speed Calling enables a Customer to place calls to other telephone numbers by dialing a one or two digit code rather than the complete telephone number. Speed Calling 8 Number allows for an eight (8) telephone number capacity, wherein the telephone numbers are assigned a one digit code.

Customers may program Speed Calling 8 Number by dialing 74# and waiting for the dial tone. Customers then dial the code (consisting of numbers 2 through 9) to be assigned and the telephone number, including area code if necessary. To dial the number, Customers dial the code number followed by the pound sign (#).

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3.0 SERVICE DESCRIPTIONS (Continued)

3.4 Call Management Features (Continued)

3.4.13 Three-Way Calling

Three-Way Calling enables a Customer to add a third party to an existing call without operator assistance, thereby establishing a three-way conversation. The transmission may not meet normal standards depending on the distance and routing necessary to activate a three-way call.

Customers access Three-Way Calling during a current call by pressing and releasing the receiver button to receive a second dial tone, dialing the third-party telephone number, and pressing and releasing the receiver button to connect the two calls.

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3.0 SERVICE DESCRIPTIONS (Continued)**3.4 Call Management Features (Continued)****3.4.14 Anonymous Call Rejection**

Anonymous Call Rejection allows a Customer to reject all calls which have been indicated as anonymous, unavailable or private by the calling party. When Anonymous Call Rejection is active, the called party receives no alerting for a call that has been rejected. The call is routed to a denial announcement and subsequently terminated.

Customers who are subscribed to Anonymous Call Rejection activate the service by dialing *77 and can deactivate the service by dialing *87.

3.4.15 Call Waiting ID

Call Waiting ID allows the Customer to identify the calling party on a waiting call prior to the telephone being answered. Call Waiting ID displays the telephone number and/or name of the calling party on a Customer's CPE while a call is in progress. Call Waiting ID requires a period of time equivalent to two ringing tones in order to produce the name and telephone number display on the CPE. Call Waiting ID displays non-published telephone numbers, unless the Customer who has a non-published listing activates a call identification block. Call Waiting ID requires subscription to Call Waiting and Caller ID Services as described in Sections 3.4.10 and 3.4.11.

3.4.16 Caller ID - Delivery Blocking

Caller ID - Delivery Blocking prevents the delivery, display and announcement of the end-user's Directory Number and Directory Name on all calls dialed from an exchange service equipped with this option. When active, the end-user's telephone name and number will not appear on the called party's Caller ID CPE or be disclosed in another way.

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4.0 RATE SCHEDULES**4.1 General**

The rates for the services described in Section 3, including but not limited to, Basic Residential Local Service and Call Management Features, are provided herein. The rates and charges set forth herein may include one-time charges, per-call charges or monthly subscription charges.

4.2 Basic Residential Local Service - Rates and Charges

Basic Residential Local Service is available only as part of VarTec's One ChoiceSM Premium Package. Rates and charges associated with VarTec's One ChoiceSM Premium Package are set forth in Section 4.2.1 following.

4.2.1 One ChoiceSM Premium Package - Rates and Charges

Subscribers of One ChoiceSM Premium Package will be billed at the following rate in addition to all charges associated with the Customer's optional services and/or long distance usage, if any:

Monthly Rate	-	\$39.95
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In addition, optional Call Management features as described in Section 3.4 and 3.5 are available to subscribers of One ChoiceSM Premium Package and will be billed at the rates set forth therein in addition to all charges associated with the Customer's One ChoiceSM Premium Package.

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4.0 RATE SCHEDULES

4.3 (Reserved for Future Use)

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4.0 RATE SCHEDULES (Continued)

4.4 Call Management Features - Rates and Charges

Subscribers to Call Management Features will be billed at the following rates in addition to all charges associated with the Customer's basic local service plan.

	<u>Monthly Rate</u>
Auto Redial	\$5.95
Call Block	\$5.95
Call Forwarding	\$5.95
Call Forwarding - Busy Line	\$5.95
Call Forwarding - No Answer	\$5.95
Call Forwarding - Busy/No Answer	\$5.95
Remote Access to Call Forwarding	\$5.95
Selective Call Forwarding	\$5.95
Call Waiting	\$5.95
Caller ID - Number Only	\$8.95
Caller ID - Name & Number	\$9.95
Speed Calling 8	\$5.95
Three-Way Calling	\$5.95
Anonymous Call Rejection	\$5.95
Call Waiting ID	\$5.95
Caller ID - Delivery Blocking	\$5.95
Call Return	\$5.95

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94-2603-01-529

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Kevin Allen
 Var Sec Telecom Inc
 1600 Vickery Dr
 Dallas TX 75235

2. Article Number (Copy from service label)

7000 0520 0022 8655 3759

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

10-9-01

C. Signature

[Signature]

- Agent
- Addressee

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type

- Certified Mail Express Mail
- Registered Return Receipt for Merchandise
- Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Kevin Allen
 Var Sec Telecom Inc
 1600 Vickery Dr
 Dallas TX 75235

2. Article Number (Copy from service label)

7099 3220 0002 8483 0931

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

12/31

C. Signature

[Signature]

- Agent
- Addressee

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type

- Certified Mail Express Mail
- Registered Return Receipt for Merchandise
- Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes